
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2019

Report by the Chief Financial Officer

HAWICK COMMON GOOD FUND SUB-COMMITTEE

28 May 2019

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Hawick Common Good Fund for the year 2018/19 including balance sheet values as at 31 March 2019, and proposed budget for 2019/2020.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2018/19. This shows a projected surplus of £28,513 for the year, which varies from the projected surplus figure reported at 19 March 2019 meeting due to additional rental income (backdated) for the Common Haugh as well as a reduction in property costs.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2019. It shows a projected decrease in reserves of £6,447.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual rental income for 2018/19 and actual property expenditure to 31 March 2019.
- 1.5 Appendix 4 shows the value of the Kames Capital Investment Fund to 31 March 2019.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2018/19 in Appendix 1;**
 - (b) Agrees the proposed budget for 2019/20 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value as at 31 March 2019 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3;**
 - (e) Notes the current position of the Kames Capital Investment Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 March 2019 and proposed budgets for 2019/20. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2020.

4 FINANCIAL POSITION 2018/19

4.1 Appendix 1 provides details on income and expenditure for the 2018/19 financial year, which resulted in a surplus of £28,513.

4.2 Income & Expenditure –Property Income

- (a) Rental income for 2018/19 is shown in Appendices 1 & 3 with Appendix 3 detailing the projected annual rental income by individual property. Actual income for 2018/19 includes an invoice for £10,000 relating to Common Haugh rental for 2016/17 and 2017/18.
- (b) The projected budget for 2019/20 (£108,300) includes an increase in the rental income for St Leonards Cottage following let to a new tenant.

4.3 Income & Expenditure – Non-Property Related Income

- (a) The projected outturn position shows an amount of £221 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £24,873, which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames.
- (b) Included within other income is a rebate from Kames Capital (£465), which has been reinvested to purchase an additional 430 units.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure to 31 March 2019 is detailed in Appendix 3 by property.
- (b) The proposed Budget for 2019/20 is shown in Appendix 1. The increase in proposed budget includes works to St Leonards Cow Byre agreed at Common Good Fund meeting of 19 March 2019.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 30 March 2019 are shown below.

Grant Recipients	Approved	£
Approved and Paid to 31 March 2019		
Hawick Honorary Provost Council	07/06/18	2,500
Live Music Hawick	18/07/18	3,550
Burnfoot Community Council	27/08/18	2,000
Hawick Archaeological Society	28/08/18	1,000
Hawick Operatic Society	30/08/18	3,500
Escape Youth Services	31/08/18	4,000
Hawick Community Council	31/08/18	4,300
Homebasics (Tweeddale) Co Ltd	21/09/18	4,300
Act 1 Youth	03/01/19	3,500
RSCDS	04/01/19	400
Hawick Reiver Committee (2019)	10/01/19	3,000
Live Borders	29/01/19	(10)
Hawick Horse Racing 2018/19 rent	31/03/19	700
Hawick Golf Club	31/03/19	8,050
Total Paid to 31 March 2019		40,790
2018/19 Budget		35,000
<i>(Unallocated)/Overallocated Budget</i>		<i>5,790</i>
Approved but not yet paid		
Hawick Salvation Army hire of Hall for Xmas Service (recurring annual payment)	08/11/14	200
Future Hawick	19/03/19	5,000
Future Hawick	19/03/19	2,000
Total Grants Approved		7,200

4.6 Income & Expenditure – Depreciation Charge

This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation reserve.

4.7 Appendix 2 provides the balance sheet value as at 31 March 2019, the projected movement in year and a projected balance as at 31 March 2020.

4.8 Balance Sheet – Fixed Assets

All fixed assets of the Common Good Fund are revalued every 5 years as part of the Council's rolling programme. The fixed assets were revalued at 1 April 2014. Appendix 3 shows the values of the individual properties at 31 March 2019, projected depreciation charges for 2019/20 and projected value at 31 March 2020.

4.9 Balance Sheet – Investment Fund

The fund has a 3.86% unrealised gain in market value since investment, largely due to continued volatility in investment markets. Overall, taking account of the income received the fund has achieved a return of +9.41% since investment in February 2018.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is £12,084 at 31 March 2019 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2018	30,798
Surplus for year from Income & Expenditure Statement	28,513
Net cash movement in Debtors/Creditors	(46,762)
Rebate Investment in Kames	(465)
Projected Closing Balance at 31 March 2019	12,084

4.11 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised gain for the Kames Fund as at 31 March 2019 but due to the nature of the markets no estimate has been made for the current years' movement.

5 IMPLICATIONS

5.1 Financial

There are no further implications other than those explained above in section 4.

5.2 Risk and Mitigations

There is a risk that investments in the Kames Fund may reduce in value due to market or investment performance. This risk cannot be fully mitigated; however, it is being managed by the selection of a Fund Manager with a clear objective of preserving capital values while aiming to produce returns in line with their benchmark.

5.3 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals contained in this report.

5.4 Acting Sustainably

Whilst there are no economic, social or environmental effects arising from the proposals contained in this report, there are, through the activities reported upon, positive impacts upon the economy through protection of employment, positive impacts upon the quality of community life and improvements in local amenities and nurturing of local talent. The potential improvement in levels of income through the use of the new investment fund will act to make the Common Good Fund more sustainable in the future.

5.5 Carbon Management

There are no effects on carbon emissions arising from the proposals contained in this report.

5.6 Rural Proofing

There are no effects on rural proofing arising from the proposals contained in this report.

5.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes required to the Scheme of Administration or Scheme of Delegation arising from the proposals contained in this report.

6 CONSULTATION

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR, Communications and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Hawick Common Good Committee 19 March 2019.

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HAWICK COMMON GOOD FUND
APPENDIX 1
PROJECTED INCOME AND EXPENDITURE 2018/19

	Actuals at 31/03/19 £	Full Year Approved Budget 2018/19 £	Over / (Under) Spend 2018/19 £	Proposed Budget 2019/20 £	Para Ref	Commentary
Property Income						
Rentals Receivable	(114,487)	(105,413)	(9,074)	(108,300)		
Property Recharges						
Non-Property Related Income						
Interest on Cash deposited with Council	(221)	(250)	29	(250)		
Investment Fund – Dividends Rec'd	(24,873)	(22,692)	(2,181)	(25,370)		
Other Income	301	0	301	0		
Pilmuir Servitude				(52,000)		
Sale of Timber	0	0	0	(40,000)		
Total Income	(139,280)	(128,355)	(10,92)	(225,920)		
Property Costs Detailed in Appendix 3	59,136	70,000	(10,864)	107,650		
Cost of Tree Planting	0	0	0	0		
Grants & Other Donations	40,790	35,000	5,790	33,500		
Central Support Service Charge	10,841	10,841	0	11,557		
Depreciation						
Depreciation Charge	39,591	39,591	0	39,591		
Contribution from Revaluation Reserve	(39,591)	(39,591)	0	(39,591)		
Net impact of Depreciation on Rev Res	0	0	0	0		
Total Net (Surplus)/Deficit for year	(28,513)	(12,514)	(15,999)	(73,213)		

HAWICK COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 March 2019

	Opening Balance at 01/04/18 £	Movement in Year £	Closing Balance at 31/03/19 £	Projected Balances at 31/03/20 £
Fixed Assets				
Land & Buildings	3,556,087	(39,591)	3,516,496	3,476,905
Heritable Assets	3,000	0	3,000	3,000
Feu Duties	18	0	18	18
Total Fixed Assets	3,559,105	(39,591)	3,519,514	3,479,923
Capital in Investment Funds				
Investment Fund Book Value	455,420	465	455,885	455,855
Unrealised Gains/(Loss)	(1,472)	4,631	3,159	3,159
Market Value	453,948	5,096	459,044	459,044
Current Assets				
Debtors	19,517	21,967	41,484	41,484
Cash deposited with SBC	30,798	(18,714)	12,084	17,013
Total Current Assets	50,315	3,253	53,568	58,497
Current Liabilities				
Creditors	(22,603)	20,873	(1,730)	(1,730)
Receipts in Advance	(12,654)	3,923	(8,731)	(8,731)
Total Current Liabilities	(35,256)	24,795	(10,461)	(10,461)
Net Assets	4,028,112	(6,447)	4,021,665	3,987,003
Funded by: Reserves				
Revenue Reserve	(11,308)	(28,513)	(39,821)	(44,285)
Capital Reserve	(593,534)	(4,631)	(598,165)	(598,630)
Revaluation Reserve	(3,423,270)	39,591	(3,383,679)	(3,344,088)
Total Reserves	(4,028,112)	6,447	(4,021,665)	(3,987,003)

HAWICK COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2018/19
(Projected Income and Expenditure to 31 March 2019)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18	Deprec'n Charge 2018/19	Net Book Value at 31/03/19	Rental Income 2018/19	Actual Property Expenditure at 31/03/19				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
General									
Moat Park	0	0	0	0	0	0	0	0	0
Moat Park Playground	0	0	0	0	0	0	0	0	0
Hawick Golf Course	73,000	0	73,000	9,200	433	0	0	0	433
Acreknowe Reservoir (Part)	0	0	0	0	1,846	0	0	0	1,846
Williestruther Loch	4,500	0	4,500	400	2,498	0	0	0	2,498
Williestruther Cottage	161,484	4,629	156,855	4,875	1,600	0	0	0	1,600
Lothian Street Store	16,148	463	15,685	2,550	0	0	0	0	0
Common Haugh Car Park	82,000	0	82,000	18,892	472	687	0	570	1,729
Underhaugh	0	0	0	0	0	0	0	0	0
Hawick Moor Racecourse & Bldgs	30,040	1,240	28,800	875	4,636	428	0	0	5,064
Hawick Moor Shootings	4,000	0	4,000	275	0	0	0	0	0
Woodend Grazings (West)	1,500	0	1,500	195	0	0	0	0	0
Millpath Stables	20,260	560	19,700	0	86	483	0	0	569
Ca'Knowe Monument	0	0	0	0	0	0	0	0	0
Volunteer Park & Stand	280,269	14,933	265,336	50	794	0	0	0	794
Hawick Burgh Woodlands	99,000	0	99,000	0	0	0	0	0	0
Woodend Grazings (East)	1,000	0	1,000	195	0	0	0	0	0
Hawick Golf Club Sub Stn Site	750	0	750	(75)	0	0	0	0	0
Common Riding	0	0	0	0	0	0	0	488	488
Haggis Ha/Burnflat Wall	0	0	0	0	0	0	0	0	0
Williestruther Path	0	0	0	0	246	0	0	0	246
100 Stairs and Adjacent Land	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	-	-	-	-	987	0	0	0	987
General Sub Total	773,951	21,825	752,126	37,432	13,598	1,598	0	1,058	16,254

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18 £	Deprec'n Charge 2018/19 £	Net Book Value at 31/03/19 £	Rental Income 2018/19 £	Actual Property Expenditure at 31/12/18				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Pilmuir									
Pilmuir Farm	1,785,005	3,749	1,781,256	44,943	6,915	0	0	0	6,915
Pilmuir Farm Cottage	145,600	3,600	142,000	7,200	1,684	0	0	0	1,684
Pilmuir Farm Shed & Silage Pit	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	-	-	-	-	0	0	0	0	0
Pilmuir Sub Total	1,930,605	7,349	1,923,256	52,143	8,599	0	0	0	8,599
St Leonards									
St Leonards Farmhouse Buildings	236,444	4,889	231,555	9,589	12,181	0	0	0	12,181
St Leonards Cottage & Park	192,884	5,529	187,355	5,648	18,742	0	0	177	18,919
St Leonards Hut	3,200	0	3,200	0	2,646	471	0	0	3,117
St Leonards Grazings (Lot 1B)	135,000	0	135,000	0	67	0	0	0	67
St Leonards Horse Gallop	17,000	0	17,000	300	0	0	0	0	0
St Leonards Grazings (Lot 1A)	267,000	0	267,000	9,375	0	0	0	0	0
Property Expenditure (General)	-	-	-	-	0	0	0	0	0
St Leonards Sub Total	851,528	10,418	841,110	24,912	33,636	471	0	177	34,284
Total	3,556,087	39,591	3,516,496	114,487	55,833	2,069	0	1,235	59,137

Fixed Assets – Moveable Assets	Net Book Value at 31/03/18 £
Official Robes	0
Pictures in Municipal Buildings	0
Provost's Chain	0
Feu Duty Redemptions	18
Hizzie Leathers	3,000
James Wilson Statue	0
Total	3,018

HAWICK COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Initial Investment - 13 December 2013	102,901	192,394
Further 2013-14 Investments	88,292	166,777
Further 2016-17 Investments	52,815	100,000
Newton Fund Disinvestment (February 2018)	(244,088)	(459,171)
Kames Capital Investment (February 2018)	420,634	455,420
Kames Fund Rebate	430	465
Total Invested to 31 March 2018	421,064	455,885

Value of Investment	£
31 March 2018	453,948
30 June 2018	451,256
30 September 2018	452,981
31 December 2018	428,037
31 March 2019	459,044
Unrealised Gain/(Loss) on Investment	3,159