

---

## **MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2018**

**Report by the Chief Financial Officer**

---

### **KELSO COMMON GOOD FUND SUB-COMMITTEE**

**10 June 2019**

---

#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the details of the income and expenditure for the Kelso 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 £10,321 for the year, which varies from the projected surplus figure reported at 11 March 2019 meeting due to lower than anticipated grant expenditure.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2019. It shows a decrease in reserves of £39,785.
- 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 Kelso Common Good Fund 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 projections to 31 March 2020. 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 detail on income and expenditure for the 2018/19 financial year. The projected net position for the year is a surplus of £10,321.

#### 4.2 Income & Expenditure – Rental Income

There is no Rental Income from the properties owned by the Common Good.

#### 4.3 Income & Expenditure – Non-Property Related Income

The actual outturn position shows an amount of £270 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £13,859 which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames.

#### 4.4 Income & Expenditure – Property Expenditure

There are no Property Expenses on the Kelso Common Good properties.

#### 4.5 Income & Expenditure – Grants & Other Donations

There are currently no requests for financial assistance from the Kelso Common Good Fund.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 March 2019</b>		
Ex Kelso Laddies Club	14/09/2018	2,000
Kelso Over 60's Club	13/12/2018	400
<b>Total Paid to 31 March 2019</b>		<b>2,400</b>
<b>Budget 2018/19</b>		<b>4,900</b>
<b><i>(Unallocated)/Overallocated Budget</i></b>		<b><i>(2,500)</i></b>
<b>Total Grants Approved not yet paid</b>		<b>0</b>

#### 4.6 Income & Expenditure – Depreciation Charge

The depreciation charge is projected to be £42,500. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation reserve at the end of the financial year.

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 2018, projected depreciation charges for 2018/19 and projected value as at 31 March 2019.

#### 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, however 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 £29,324 at 31 March 2019 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2018</b>	<b>39,977</b>
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	10,321
Net Cash Movement in Debtors/Creditors	(704)
Investment in Kames	(20,000)
Kames Fund Rebate	(270)
<b>Projected Closing Balance as at 31 March 2019</b>	<b>29,324</b>

#### 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 Capital 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 the 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)

Kirsty Robb Sara Halliday	Pension and Investments Manager Tel: 01835 825249 Treasury Business PartneTel: 01835 824000 Extn 5854
------------------------------	--

### Background Papers:

**Previous Minute Reference:** Kelso Common Good Committee 11 March 2019

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. We can also give information on other language translations as well as providing additional copies.

Contact us at Pension & Investments, Council Headquarters, Newtown St Boswells,  
Melrose, TD6 0SA.  
Tel: 01835 824000  
Fax: 01835 825166  
Email: [t&cteam@scotborders.gov.uk](mailto:t&cteam@scotborders.gov.uk)

## KELSO COMMON GOOD FUND

## 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
	£	£	£	£	
<b><i>Non-Property Related Income</i></b>					
Interest on Cash deposited with Council	(237)	(61)	(176)	(250)	4.3
Kames Fund Investment – Dividends Rec'd	(13,859)	(12,688)	(1,171)	(14,130)	4.3
Misc Income	(270)	0	(270)	0	
<b>Total Income</b>	<b>(14,366)</b>	<b>(12,749)</b>	<b>(1,617)</b>	<b>(14,380)</b>	
<b><i>Property Expenditure</i></b>					
Property Costs – General	0	200	(200)	0	4.4
<b>Total Property Expenditure</b>	<b>0</b>	<b>200</b>	<b>(200)</b>	<b>0</b>	
<b>Grants &amp; Other Donations</b>	<b>2,400</b>	<b>4,900</b>	<b>(2,500)</b>	<b>3,100</b>	4.5
<b>Central Support Service Charge</b>	<b>1,645</b>	<b>1,645</b>	<b>0</b>	<b>1,755</b>	
<b><i>Depreciation</i></b>					
Depreciation Charge	42,500	42,500	42,500	42,500	4.6
Contribution from Revaluation Reserve	(42,500)	(42,500)	(42,500)	(42,500)	
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Net (Surplus)/Deficit for year</b>	<b>(10,321)</b>	<b>(6,004)</b>	<b>(4,317)</b>	<b>(9,525)</b>	

## KELSO COMMON GOOD FUND

## PROJECTED BALANCE SHEET VALUE AT 31 March 2019

	Opening Balance at 01/04/18 £	Projected Movement in Year £	Closing Balance at 31/03/19 £	Projected Balances at 31/03/20 £
<b>Fixed Assets</b>				
Land & Buildings	736,700	(42,500)	694,200	651,700
Moveable Assets	19,080	0	19,080	19,080
Feu Duties	0	0	0	0
<b>Total Fixed Assets</b>	<b>755,780</b>	<b>(42,500)</b>	<b>713,280</b>	<b>670,780</b>
<b>Capital in Kames Investment Fund</b>				
Investment in Kames Fund	244,550	20,270	264,820	264,820
Unrealised Gains/(Loss)	(790)	2,644	1,854	1,854
<b>Market Value</b>	<b>243,760</b>	<b>22,914</b>	<b>266,674</b>	<b>266,674</b>
<b>Current Assets</b>				
Debtors	500	704	1,204	1,204
Cash deposited with SBC	39,977	(10,653)	29,324	29,324
	<b>40,477</b>	<b>(9,949)</b>	<b>30,528</b>	<b>30,528</b>
<b>Current Liabilities</b>				
Creditors	0	0		0
Receipts in Advance	0	0		0
	<b>0</b>	<b>0</b>		<b>0</b>
<b>Net Assets</b>	<b>1,040,017</b>	<b>(29,535)</b>	<b>1,010,482</b>	<b>967,982</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve	(38,915)	(10,321)	(49,236)	(48,966)
Capital Reserve	(245,322)	(2,644)	(247,966)	(248,236)
Revaluation Reserve	(755,780)	42,500	(713,280)	(670,780)
<b>Total Reserves</b>	<b>(1,040,017)</b>	<b>29,535</b>	<b>(1,010,482)</b>	<b>(967,982)</b>

**KELSO COMMON GOOD FUND**

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

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18  £	Projected Depn Charge 2018/19  £	Projected Net Book Value at 31/03/19  £	Projected Rental Income 2018/19  £	Actual Property Expenditure at 31/03/19				
					Repairs  £	Rates, Water & Power  £	Ins  £	Other  £	Total  £
Tait Hall	730,000	42,500	687,500	0	0	0	0	0	0
Pinnaclehill Woodlands	6,700	0	6,700	0	0	0	0	0	0
Prop & Est Service- Time Chg	0	0	0	0	0	0	0	0	0
Property Expenditure (Summary)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>736,700</b>	<b>42,500</b>	<b>694,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Fixed Assets – Moveable Assets	Net Book Value at 31/03/18  £
Silver Bowl & Salver	19,080
<b>Total</b>	<b>19,080</b>



**KELSO COMMON GOOD FUND****INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Initial Investment - 13 December 2013	72,185	134,964
Further 2013-14 Investments	58,841	111,148
Newton Fund Disinvestment (February 2018)	(131,069)	(244,550)
Kames Capital Investment (February 2018)	225,870	244,550
Kames Capital Investment (September 2018)	18,490	20,000
Kames Fund Rebate	250	270
<b>Total Invested to 30 September 2018</b>	<b>244,610</b>	<b>264,820</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2018	243,760
30 June 2018	242,314
30 September 2018	263,151
31 December 2018	248,661
31 March 2019	266,674
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>1,854</b>