
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2019

Report by the Chief Financial Officer

SELKIRK COMMON GOOD SUB-COMMITTEE

9 September 2019

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for the three months to 30 June 2019 and full year projected out-turn for 2019/20 and projected balance sheet values as at 31 March 2020.**
- 1.2 Appendix 1 provides a projected income and expenditure position. This shows a projected deficit of £22,295 for the year.
- 1.3 Appendix 2 provides a projected balance sheet as at 31 March 2020. It shows a projected decrease in the reserves of £91,607.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected rental income for 2019/20 and actual property expenditure to 30 June 2019.
- 1.5 Appendix 4 shows the value of the Kames Capital Investment Fund to 30 June 2019.

2 RECOMMENDATIONS

2.1 It is recommended that the Common Good Sub-Committee:

- (a) Agrees the projected income and expenditure for 2019/20 in Appendix 1 as the revised budget for 2019/20;**
- (b) Notes the projected balance sheet value as at 31 March 2020 in Appendix 2;**
- (c) Notes the summary of the property portfolio in Appendix 3; and**
- (d) Notes the current position of the investment in the Kames Capital Investment Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 30 June 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 2019/20

4.1 Appendix 1 provides details on income and expenditure for the 2019/20 financial year. The projected net position is a deficit of £22,295.

4.2 Income & Expenditure – Rental Income

Rental income for 2019/20 is shown in Appendices 1 & 3, with Appendix 3 detailing the annual rental income by individual property.

4.3 Income & Expenditure – Non-Property Related Income

(a) The projected outturn position shows an amount of £350 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £14,850 which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames.

(b) Included with other income is a rebate from Kames capital (£67), which has been re-invested to purchase an additional 61 units.

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure to 30 June 2019 is detailed in Appendix 3 by property, amounting to £574.

4.5 Income & Expenditure – Grants & Other Donations

(a) The grants and other donations approved and distributed to 30 June 2019 are shown below.

Grant Recipients	Approved	£
Approved and Paid to 30 June 2019		
Selkirk Ex Soldiers Association	12/06/19	400
Scottish Borders Walking Festival	12/06/19	1,000
Souter Stormers	12/06/19	1,502
Total Paid to 31 March 2020		2,902
Approved but not paid		
Knowepark Parent Partnership For Garden	26/06/19	2,000
Selkirk Rugby Football Club	12/06/19	5,000
		7,000
Budget 2019/20		19,725
(Unallocated)/Overallocated Budget		(9,823)

4.6 **Income & Expenditure – Depreciation Charge**

The projected depreciation charge for the year is £69,312. 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 to 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 five 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 2019/20 and projected value at 31 March 2020. Also included in the projections for fixed assets is the sale of a piece of land at South Common Farm (sale proceeds of £64,500).

4.9 **Balance Sheet – Kames Capital Investment Fund**

The fund has a 5.17% 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 +12.61% since investment in February 2018.

4.10 **Balance Sheet – Cash Balance**

The projected cash held by the fund is £47,949 at 31 March 2020 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2019	(73,022)
Projected surplus/(deficit) for year from I&E Statement	(23,261)
Net Cash Movement in Debtors/Creditors	40,000
Disinvestment in Kames	40,000
Rebate Investment in Kames	(268)
Sale of Land at South Common Farm	64,500
Projected Closing Balance at 31 March 2020	47,949

4.11 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Kames Capital Investment 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 financial implications other than those explained above in Section 4.

5.2 Risk and Mitigations

There is a risk that investments in the Kames Capital Investment 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 are being consulted and their appropriate comments will be incorporated into this report.*

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Selkirk Common Good Committee 26 June 2019

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SELKIRK COMMON GOOD FUND

INCOME AND EXPENDITURE 2019/20

	Actuals at 30/06/19	Full Year Approved Budget 2019/20	Full Year Projected Out-turn 2019/20	Full Year Projected Over/(Under) Spend 2019/20	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	(51,860)	(62,656)	(62,656)		4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(350)	(350)			
Kames Investment – Dividends Rec'd	(2,423)	(14,850)	(14,850)		4.3	
Realised Gain on Disinvestment	0	0	(966)	(966)	4.3	
Misc Income	(67)	0	(268)	(268)		
Total Income	(54,350)	(77,856)	(79,090)	(1,234)		
Property Expenditure						
Property Costs – General	574	71,000	71,000			
Total Property Expenditure	574	71,000	71,000			
Grants & Other Donations	2,902	19,725	19,725		4.5	
	0					
Central Support Service Charge		10,660	10,660			
Depreciation						
Depreciation Charge	0	69,312	69,312		4.6	
Contribution from Revaluation Reserve	0	(69,312)	(69,312)		4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	50,874	23,529	22,295	(1,234)		

SELKIRK COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 March 2020

	Opening Balance at 01/04/19 £	Projected Movement in Year £	Projected Balances at 31/03/20 £
Fixed Assets			
Land & Buildings	3,042,049	(133,812)	2,908,237
Moveable Assets	1,500	0	1,500
Total Fixed Assets	3,043,549	(133,812)	2,909,737
Capital in Kames Investment Fund			
Investment in Kames Fund	266,957	(38,766)	228,191
Unrealised Gains/(Loss)	2,083	0	2,083
Market Value	269,040	(38,766)	230,274
Current Assets			
Debtors	51,551	(40,000)	11,551
Cash deposited with SBC	(73,022)	120,971	47,949
	(21,471)	80,971	59,500
Current Liabilities			
Creditors	(35)	0	(35)
Receipts in Advance	(543)	0	(543)
	(578)	0	(578)
Net Assets	3,290,540	(91,607)	3,198,933
Funded by:			
Reserves			
Revenue Reserve	(70,300)	22,295	(48,005)
Capital Reserve	(197,083)	(64,500)	(261,583)
Revaluation Reserve	(3,023,157)	133,812	(2,889,345)
Total Reserves	(3,290,540)	91,607	(3,198,933)

SELKIRK COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2019/20
(Actual Income and Expenditure to 30 June 2019)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/19 £	Actual Depn Charge 2019/20 £	Sale of Land 2019/20 £	Actual Net Book Value at 31/03/20 £	Actual Rental Income 2019/20 £	Actual Property Expenditure at 30/06/19				
						Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
The Green Hut	4,800	0		4,800	1,175	0	0	0	0	0
Town Hall Clock	0	0		0	0	0	0	0	0	0
Pant Well Monument	0	0		0	0	0	0	0	0	0
Victoria Hall Caretakers Flat	41,975	2,605		39,370	0	0	0	0	0	0
Victoria hall	661,039	40,354		620,685	0	0	0	0	0	0
Pringle Park	0	0		0	0	0	0	0	0	0
Victoria Park Pavilion site	2,000	0		2,000	200	0	0	0	0	0
Pringle Park Play Area	0	0		0	0	0	0	0	0	0
Selkirk Golf Course	78,500	0		78,500	0	0	0	0	0	0
South Common Farm	445,570	3,686	64,500	377,384	9,600	0	0	0	0	0
Smedheugh Farm	770,800	4,640		766,160	23,500	0	0	0	0	0
Selkirk Hill Grazings	35,000	0		35,000	410	0	0	0	0	0
Linglie Farm	611,665	3,667		607,998	7,300	60	0	0	0	60
Victoria Park & Caravan Site	0	0		0	0	0	0	0	0	0
26 Market Place	21,835	1,933		19,902	4,160	0	0	(6)	0	(6)
28 Market Place	29,300	2,640		26,660	5,600	241	0	(116)	0	125
Selkirk Town Hall	105,065	9,787		95,278	0	395	0	0	0	395
South Common Plantations	3,500	0		3,500	0	0	0	0	0	0
Smedheugh Farm Shootings	4,000	0		4,000	200	0	0	0	0	0
Smedheugh Plantations	9,500	0		9,500	0	0	0	0	0	0
Linglie Plantations	16,000	0		16,000	0	0	0	0	0	0
Linglie Farm Shootings	8,000	0		8,000	0	0	0	0	0	0
Linglie Mast Site	87,000	0		87,000	10,311	0	0	0	0	0
South Common Farm Shootings	0	0		0	200	0	0	0	0	0

Fixed Assets – Land & Buildings	Net Book Value at 31/03/19 £	Actual Depn Charge 2019/20 £	Sale of Land 2019/20 £	Actual Net Book Value at 31/03/20 £	Actual Rental Income 2019/20 £	Actual Property Expenditure at 30/06/19				
						Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Bog Park Recreation Area	0	0		0	0	0	0	0	0	0
Shawburn Amenity Ground	0	0		0	0	0	0	0	0	0
Shawburn Toll Embankment	0	0		0	0	0	0	0	0	0
Bog Park Playground	0	0		0	0	0	0	0	0	0
Victoria Park Play Area	0	0		0	0	0	0	0	0	0
Civic Amenity Site	70,800	0		70,800	0	0	0	0	0	0
Rosebank Quarry Former	0	0		0	0	0	0	0	0	0
Tip Site	0	0		0	0	0	0	0	0	0
Rosebank Quarry Play Area	35,000	0		35,000	0	0	0	0	0	0
Shawpark Road	700	0		700	0	0	0	0	0	0
Development Site	0	0		0	0	0	0	0	0	0
River Etrick Salmon Fishing Right	-	-		-					0	0
Sir Walter Scott Property Expenditure - General										
Total	3,042,049	69,312	64,500	2,908,237	62,656	696	0	(122)	0	574

Fixed Assets – Moveable Assets	Net Book Value at 31/03/19
	£
Provosts Badge & Chain	0
Treasurer’s Badge & Chain	0
Baillies Badges & Chains	0
Burgess Cup	0
Burgess Roll	0
Silver Arrow Display Case	1,500
Haining Painting	0
Total	1,500

SELKIRK COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	Units	£
Kames Capital Investment (February 2018)	168,040	181,938
Additional Kames Capital Investment March 2018	46,331	50,000
Additional Kames Capital Investment August 2018	69,335	75,000
Kames Fund Disinvestment March 2019	(37,216)	(40,294)
Kames Fund Rebate - (2018-2019)	290	313
Kames Fund Rebate - (2019-2020)	61	67
Kames Fund Disinvestment June 2019	(36,052)	(39,033)
Total Invested to 31 March 2020	210,789	227,990

Value of Investment	£
31 March 2018	231,938
30 June 2018	229,977
30 September	305,525
31 December 2018	288,700
31 March 2019	269,040
30 June 2019	233,639
Increase/(Decrease) from Total Cash Invested	5,648