
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2019

Report by the Chief Financial Officer

KELSO COMMON GOOD FUND SUB-COMMITTEE

17 September 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 three months to 30 June 2019 and a full year projected balance sheet values as at 31 March 2020.**
- 1.2 Appendix 1 provides a projected income and expenditure position. This shows a projected surplus of £9,595 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2020. It shows a decrease in reserves of £32,905.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected rental income for 2019/20 and actual property expenditure to 31 March 2020.
- 1.5 Appendix 4 shows the value of the Kames Capital Investment Fund to 31 March 2020.

2 RECOMMENDATIONS

2.1 It is recommended that the Kelso Common Good Fund 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 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 detail on income and expenditure for the 2019/20 financial year. The projected net position for the year is a surplus of £9,595.

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

(a) The projected outturn position shows an amount of £250 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £14,130 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

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

4.5 Income & Expenditure – Grants & Other Donations

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		
Kelso & District Amenity Society	10/06/2019	495
Total Paid to 31 March 2020		495
Approved not yet paid		
Woodend Garden Association	10/06/2019	1,090
Budget 2019/20		3,100
(Unallocated)/Overallocated Budget		(1,515)

4.6 Income & Expenditure – Depreciation Charge

The depreciation charge for the year 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 2019, projected depreciation charges for 2019/20 and projected value as at 31 March 2020.

4.9 **Balance Sheet – 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 cash held by the fund is projected to be £38,649 at 31 March 2020 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2019	29,324
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	9,595
Net Cash Movement in Debtors/Creditors	0
Kames Fund Rebate	(270)
Projected Closing Balance as at 31 March 2020	38,649

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)

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Background Papers:

Previous Minute Reference: Kelso Common Good Committee 10 June 2019

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KELSO COMMON GOOD FUND

INCOME AND EXPENDITURE 2019/20

	Actuals as 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
<i>Non-Property Related Income</i>					
Interest on Cash deposited with Council	(0)	(250)	(250)		4.3
Kames Fund Investment – Dividends Rec'd	(2,573)	(14,130)	(14,130)		4.3
Misc Income	(67)	0	(270)	(270)	
Total Income	(2,640)	(14,380)	(14,650)	(270)	
<i>Property Expenditure</i>					
Property Costs – General	0	0	200	200	4.4
Total Property Expenditure	0	0	200	200	
Grants & Other Donations	495	3,100	3,100		4.5
Central Support Service Charge		1,755	1,755		
<i>Depreciation</i>					
Depreciation Charge	42,500	42,500	42,500		4.6
Contribution from Revaluation Reserve	(42,500)	(42,500)	(42,500)		
Net impact of Depreciation on Revenue Reserve	0	0	0		
Total Net (Surplus)/Deficit for year	(2,145)	(9,525)	(9,595)	(70)	

KELSO COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AT 31 March 2019

	Opening Balance at 01/04/19 £	Projected Movement in Year £	Projected Balances at 31/03/20 £
Fixed Assets			
Land & Buildings	694,200	(42,500)	651,700
Moveable Assets	19,080	0	19,080
Feu Duties	0	0	0
Total Fixed Assets	713,280	(42,500)	670,780
Capital in Kames Investment Fund			
Investment in Kames Fund	264,820	270	265,090
Unrealised Gains/(Loss)	1,854	0	1,854
Market Value	266,674	270	266,944
Current Assets			
Debtors	1,204	0	1,204
Cash deposited with SBC	29,324	9,325	38,649
	30,528	9,325	39,853
Current Liabilities			
Creditors	0	0	0
Receipts in Advance	0	0	0
	0	0	0
Net Assets	1,010,482	(32,905)	977,577
Funded by:			
Reserves			
Revenue Reserve	(49,236)	(9,595)	(58,831)
Capital Reserve	(247,966)	0	(247,966)
Revaluation Reserve	(713,280)	42,500	(670,780)
Total Reserves	(1,010,482)	32,905	(977,577)

KELSO 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 £	Projected Depn Charge 2019/20 £	Projected Net Book Value at 31/03/20 £	Projected Rental Income 2018/19 £	Actual Property Expenditure at 30/06/19				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Tait Hall	687,500	42,500	645,000	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
Total	694,200	42,500	651,700	0	0	0	0	0	0

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

KELSO COMMON GOOD FUND**INVESTMENTS EXTERNALLY MANAGED**

Cost of Investment	Units	£
Kames Capital Investment (February 2018)	225,870	244,550
Kames Capital Investment (September 2018)	18,490	20,000
Kames Fund Rebate – (2018-2019)	250	270
Kamed Fund rebate – (2019-2020)	61	67
Total Invested to 30 September 2018	244,671	264,887

Value of Investment	£
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
30 June 2019	271,193
Increase/(Decrease) from Total Cash Invested	6,306