
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2020 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2021/22

Report by Executive Director, Finance & Regulatory

HAWICK COMMON GOOD FUND SUB-COMMITTEE

16 March 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Hawick Common Good Fund for the nine months to 31 December 2020, a full year projected out-turn for 2020/21, projected balance sheet values as at 31 March 2021 and proposed budget for 2021/22.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2020/21. This shows a projected surplus of £252 for the year, which is better than the deficit figure reported at the 9 December 2020 meeting, mainly due to an improvement in the return on the Aegon Investment Fund.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2021. It shows a projected increase in the reserves of £2,273.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and net return for 2020/21 and actual property income to 31 December 2020.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2020/21 and actual property expenditure to 31 December 2020.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2021.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 December 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
- (a) Agrees the projected income and expenditure for 2020/21 in Appendix 1 as the revised budget for 2020/21;**
 - (b) Agrees the proposed budget for 2021/22 as shown in Appendix 1;**

- (c) Notes the projected balance sheet value as at 31 March 2021 in Appendix 2;**
- (d) Notes the summary of the property portfolio in Appendices 3 and 4; and**
- (e) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 5.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 December 2020, projections to 31 March 2021 and proposed budgets for 2021/22. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2021 and 31 March 2022

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides detail on income and expenditure for the 2020/21 financial year. The projected net position for the year is a surplus of £252. Also included is the proposed budget for 2021/22.

4.2 Income & Expenditure –Property Income

(a) Rental income for 2020/21 is shown in Appendices 1 & 3a, with Appendix 3a detailing the projected annual rental income by individual property. Projected rental income for the current year has been reduced following the recent agreement for a 3 month rent free period on Williestruther Cottage; the proposed budget for 2021/22 assumes a full 12 months rent will be payable. Actual income is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals

4.3 Income & Expenditure – Non-Property Related Income

- (a) The projected outturn position shows an amount of £550 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £18,965 with the revised projection estimated at 4.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 4.5% return is less than the overall 5% target and the monthly distribution profile projections provided by Aegon, but is an improvement on the original 2.5% budgeted return.
- (b) Included within other income is a rebate from Aegon Asset Management of £210 which, along with the £110 received in March 2020, has been re-invested to purchase an additional 326 units.
- (c) The servitude income of £52,000 for Pilmuir is not yet finalised or signed, however it is currently anticipated that the agreement will be finalised during 2020/21 and the income received.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2020/21 is shown in Appendices 1 & 3b, with Appendix 3b detailing the projected property expenditure by individual property. Actual expenditure is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.
- (b) The total proposed Budget for 2021/22 is shown in Appendix 1.

- (c) Appendices 3a and 3b now show a full breakdown of the proposed budget for property rental and repairs for 2021/22. These will be revised as further information is received.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2021 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 December 2020		
Hawick Golf Club notional rent contribution	28/05/19	9,200
Hawick Royal Albert United Football Club	24/06/20	5,000
Hawick Community Council	02/09/20	7,745
Hawick Reivers Festival 2020 (part repayment due)	26/11/19	(566)
Future Hawick	22/12/20	9,500
Total Paid to 31 March 2021		30,879
Approved but not yet paid		
Hawick Salvation Army hire of Hall for Xmas Service (recurring annual payment)	19/03/19	200
Hawick in Bloom	26/11/19	1,833
Hawick Volunteers	22/12/20	11,000
Hawick Recreational	25/01/21	7,374
Total Grants Approved		51,286
2020/21 Revised Budget		54,250
<i>(Unallocated)/Overallocated Budget</i>		2,964
2021/22 Commitments		
Hawick in Bloom	26/11/19	1,888
Hawick Golf Club	28/05/19	4,600

4.6 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £64,341. 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 2020, the projected movement in year and a projected balance as at 31 March 2021; along with projected balance to 31 March 2022.

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 2019. Appendix 4 shows the values of the individual properties at 31 March 2020, projected depreciation charges for 2020/21 and projected value at 31 March 2021; along with projected balance to 31 March 2022.

4.9 Balance Sheet – Investment Fund

The fund has a 0.61% unrealised loss 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 14.09% since investment in February 2018.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £137,751 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	137,888
Surplus for year from Income & Expenditure Statement	252
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon	(389)
Projected Closing Balance at 31 March 2021	137,751

4.11 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2020, with an estimate for the current years' movement based on the market position at 31 December 2020.

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 Aegon Asset Management 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 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which forms part of the governance of the management of the Common Good Funds. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing 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 Chief Legal Officer (including as Monitoring 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
Executive Director Finance & Regulatory

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Hawick Common Good Committee 8 December 2020, and 20 January 2021.

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.

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**HAWICK COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2020/21 AND 2021/22**

APPENDIX 1

	Actuals at 31/12/20	Full Year Approved Budget 2020/21	Full Year Projected Out-turn 2020/21	Full Year Projected Over/ (Under) Spend 2020/21	Full Year Proposed Budget 2021/22	Para Ref	Commentary
	£	£	£	£	£		
Property Income							
Rental Income	(123,195)	(101,526)	(99,901)	1,625	(101,526)	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council	0	(550)	(550)		(550)	4.3	Estimated revised to 4.5% return
Investment Fund – Dividends Rec'd	(11,665)	(10,535)	(18,965)	(8,430)	(18,965)	4.3	
Other Income	(210)	(640)	(640)		(640)	4.3	
Pilmuir Servitude	0	(52,000)	(52,000)		0	4.3	
Sale of Timber	(61,298)	(64,000)	(64,000)		0	4.3	
Total Income	(196,368)	(229,251)	(236,056)	(6,805)	(121,681)		
Property Costs Detailed in App'x 3b	50,825	113,400	113,400		44,650	4.4	
Cost of Tree Planting	25,831	56,250	56,250		0	4.4	
Grants & Other Donations	30,879	51,250	54,250	3,000	52,000	4.5	
Central Support Service Charge	11,904	11,904	11,904		12,142		21/22 – 2% uplift
Depreciation							
Depreciation Charge	0	64,341	64,341		64,341	4.6	
Contribution from Revaluation Reserve	0	(64,341)	(64,341)		(64,341)	4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0	0	0		
Total Net (Surplus)/Deficit for year	(76,929)	3,553	(252)	(3,805)	(12,889)		

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2021

	Opening Balance at 01/04/20	Projected Movement in Year	Projected Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
Fixed Assets				
Land & Buildings	4,427,909	(64,341)	4,363,568	4,299,227
Heritable Assets	3,000	0	3,000	3,000
Feu Duties	18	0	18	18
Total Fixed Assets	4,430,927	(64,341)	4,366,586	4,302,245
Capital in Investment Funds				
Investment Fund Book Value	456,274	389	456,663	457,052
Unrealised Gains/(Loss)	(69,164)	66,362	(2,802)	(2,802)
Market Value	387,110	66,751	453,861	454,250
Current Assets				
Debtors	28,255	0	28,255	28,255
Cash deposited with SBC	137,888	(137)	137,751	150,251
Total Current Assets	166,143	(137)	166,006	178,506
Current Liabilities				
Creditors	(3,145)	0	(3,145)	(3,145)
Receipts in Advance	(11,476)	0	(11,476)	(11,476)
Total Current Liabilities	(14,621)	0	(14,621)	(14,621)
Net Assets	4,969,559	2,273	4,971,832	4,920,380
Funded by: Reserves				
Revenue Reserve	(148,625)	(252)	(148,877)	(161,766)
Capital Reserve	(525,842)	(66,362)	(592,204)	(592,204)
Revaluation Reserve	(4,295,092)	64,341	(4,230,751)	(4,166,410)
Total Reserves	(4,969,559)	(2,273)	(4,971,832)	(4,920,380)

HAWICK COMMON GOOD FUND

APPENDIX 3a

**PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual income to 31 December 2020 and projected 2021/22)**

Rental Income – Land & Buildings	2020/21				2021/22	
	Approv'd Budget	Project'd	Actual	Project'd Net (Return) /Loss	Proposed Budget	Propos'd Net (Return) /Loss
	£	£	£	£	£	£
General						
Moat Park	0	0	0	0	0	0
Moat Park Playground	0	0	0	0	0	0
Hawick Golf Course	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)
Acreknowe Reservoir (Part)	0	0	0	0	0	0
Williestruther Loch	(400)	(400)	(700)	(400)	(400)	(400)
Williestruther Cottage	(6,500)	(4,875)	(10,292)	(4,875)	(6,500)	(950)
Lothian Street Store	(2,550)	(2,550)	(2,684)	(2,550)	(2,550)	(2,550)
Common Haugh Car Park	(1,289)	(1,289)	(3,142)	(1,289)	(1,289)	(1,289)
Hawick Moor Racecourse & Bldgs	(700)	(700)	0	(700)	(700)	(700)
Hawick Moor Shootings	(300)	(300)	(300)	(300)	(300)	(300)
Woodend Grazings (West)	(195)	(195)	0	(195)	(195)	(195)
Millpath Stables	0	0	0	0	0	500
Ca'Knowe Monument	0	0	0	0	0	0
Volunteer Park & Stand	(1,750)	(1,750)	(2,711)	(1,750)	(1,750)	(1,750)
Hawick Burgh Woodlands	0	0	0	0	0	0
Woodend Grazings (East)	(195)	(195)	(195)	(195)	(195)	(195)
Hawick Golf Club Sub Stn Site	(75)	(75)	0	(75)	(75)	(75)
Common Riding	0	0	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0	0	0
Williestruther Path	0	0	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0	0	0
Property Expenditure General	0	0	0	30,000	0	30,000
General Sub Total	(23,154)	(21,529)	(29,224)	8,471	(23,154)	12,896
Pilmuir						
Pilmuir Farm	(45,000)	(45,000)	(40,750)	36,400	(45,000)	(38,600)
Pilmuir Farm Cottage	(7,200)	(7,200)	(9,600)	(7,200)	(7,200)	(7,000)
Pilmuir Farm Shed & Silage Pit	0	0	0	0	0	0
Pilmuir Sub Total	(52,200)	(52,200)	(50,350)	29,200	(52,200)	(45,600)
St Leonards						
St Leonards Farmhouse Buildings	(9,600)	(9,600)	(18,150)	(7,600)	(9,600)	(7,600)
St Leonards Cottage & Park	(8,472)	(8,472)	(11,296)	(8,472)	(8,472)	(8,472)
St Leonards Hut	0	0	0	0	0	0
St Leonards Grazings (Lot 1B)	(7,500)	(7,500)	(13,125)	(7,500)	(7,500)	(7,500)
St Leonards Horse Gallop	(600)	(600)	(1,050)	(600)	(600)	(600)
St Leonards Grazings (Lot 1A)	0	-	0	0	0	0
	-	-	-	-	-	-
St Leonards Sub Total	(26,172)	(26,172)	(43,621)	(24,172)	(26,172)	(24,172)
Total	(101,526)	(99,901)	(123,195)	13,499	(101,526)	(56,876)

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual expenditure to 31 December 2020 and projected 2021/22)

Property Expenditure – Land & Buildings	2020/21					2021/22
	Approv'd Budget	Project'd	Actual (Repair & Maint)	Actual (Other)	Actual Total	Proposed Budget
	£	£	£	£	£	£
General						
Moat Park	0	0	0	0	0	0
Moat Park Playground	0	0	0	0	0	0
Hawick Golf Course	0	0	3,339	0	3,339	0
Acreknowe Reservoir (Part)	0	0	0	0	0	0
Williestruther Loch	0	0	3,747	0	3,747	0
Williestruther Cottage	0	0	576	0	576	5,550
Lothian Street Store	0	0	0	(28)	(28)	0
Common Haugh Car Park	0	0	0	542	542	0
Hawick Moor Racecourse & Bldgs	0	0	350	93	443	0
Hawick Moor Shootings	0	0	0	0	0	0
Woodend Grazings (West)	0	0	0	0	0	0
Millpath Stables	0	0	0	215	215	500
Ca'Knowe Monument	0	0	0	0	0	0
Volunteer Park & Stand	0	0	0	0	0	0
Hawick Burgh Woodlands	0	0	13,681	0	13,681	0
Woodend Grazings (East)	0	0	0	0	0	0
Hawick Golf Club Sub Stn Site	0	0	0	0	0	0
Common Riding	0	0	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0	0	0
Williestruther Path	0	0	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0	0	0
Property Expenditure General	30,000	30,000	0	0	0	30,000
General Sub Total	30,000	30,000	21,693	822	22,515	36,050
Pilmuir						
Pilmuir Farm	81,400	81,400	11,656	0	11,656	6,400
Pilmuir Farm Cottage	0	0	40	0	40	200
Pilmuir Farm Shed & Silage Pit	0	0	0	0	0	0
Pilmuir Sub Total	81,400	81,400	11,696	0	11,696	6,600
St Leonards						
St Leonards Farmhouse Buildings	2,000	2,000	10,979	0	10,979	2000
St Leonards Cottage & Park	0	0	1,551	0	1,551	0
St Leonards Hut	0	0	3,869	216	4,085	0
St Leonards Grazings (Lot 1B)	0	0	0	0	0	0
St Leonards Horse Gallop	0	0	0	0	0	0
St Leonards Grazings (Lot 1A)	0	0	0	0	0	0
St Leonards Sub Total	2,000	2,000	16,399	216	16,615	2,000
Total	113,400	113,400	49,788	1,038	50,826	44,650

HAWICK COMMON GOOD FUND
APPENDIX 4
**PROPERTY PORTFOLIO VALUATION FOR 2020/21
(Projected property valuation to 31 March 2021 and 31 March 2022)**

Fixed Assets – Land & Buildings	Net Book Value at 01/04/20	Project'd Depn Charge 2020/21	Projected Net Book Value at 31/03/21	Project'd Depn Charge 2021/22	Projected Net Book Value at 31/03/22
	£	£	£	£	£
General					
Moat Park	0	0	0	0	0
Moat Park Playground	0	0	0	0	0
Hawick Golf Course	66,000	0	66,000	0	66,000
Acreknowe Reservoir (Part)	0	0	0	0	0
Williestruther Loch	5,700	0	5,700	0	5,700
Williestruther Cottage	193,998	6,000	187,998	6,000	181,998
Lothian Street Store	17,459	540	16,919	540	16,379
Common Haugh Car Park	82,000	0	82,000	0	82,000
Hawick Moor Racecourse & Bldgs	47,700	2,300	45,400	2,300	43,100
Hawick Moor Shootings	1,500	0	1,500	0	1,500
Woodend Grazings (West)	1,800	0	1,800	0	1,800
Millpath Stables	27,975	1,025	26,950	1,025	25,925
Ca'Knowe Monument	0	0	0	0	0
Volunteer Park & Stand including 3G Pitch and Site (Part of Tennis Court)	404,778	28,225	376,553	28,225	348,328
Hawick Burgh Woodlands	318,000	0	318,000	0	318,000
Woodend Grazings (East)	1,500	0	1,500	0	1,500
Hawick Golf Club Sub Stn Site	750	0	750	0	750
Common Riding	0	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0	0
Williestruther Path	0	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0	0
Property Expenditure General	-	-	-	-	-
General Sub Total	1,169,160	38,090	1,131,070	38,090	1,092,980
Pilmuir					
Pilmuir Farm	1,992,332	7,667	1,984,665	7,667	1,976,998
Pilmuir Farm Cottage	194,858	5,142	189,716	5,142	184,574
Pilmuir Farm Shed & Silage Pit	0	0	0	0	0
Pilmuir Sub Total	2,187,190	12,809	2,174,381	12,809	2,161,572
St Leonards					
St Leonards Farmhouse Buildings	278,324	6,675	271,649	6,675	264,974
St Leonards Cottage & Park	213,231	6,767	206,464	6,767	199,697
St Leonards Hut	3,000	0	3,000	0	3,000
St Leonards Grazings (Lot 1B)	290,000	0	290,000	0	290,000
St Leonards Horse Gallop	20,000	0	20,000	0	20,000
St Leonards Grazings (Lot 1A)	267,000	0	267,000	-	267,000
St Leonards Sub Total	1,071,555	13,442	1,058,113	13,442	1,044,671
Total	4,427,905	64,341	4,363,564	64,341	4,299,223

Fixed Assets – Moveable Assets	Net Book Value at 31/03/21 £
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

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	420,634	455,420
Aegon Fund Rebate (2018-2019)	430	465
Aegon Fund Rebate (2019-2020)	349	389
Aegon Fund Rebate (2020-2021)	326	320
Total Invested to 31 December 2020	421,739	456,594

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
30 June 2019	466,824
30 September 2019	467,199
31 December 2019	483,031
31 March 2020	387,110
30 June 2020	417,484
30 September 2020	420,369
31 December 2020	453,792
Unrealised Gain/(Loss) on Investment	(2,802)

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2018	-0.03	
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98
to 30 June 2020	-8.52	+2.76
to 30 September 2020	-7.91	+4.83
to 31 December 2020	-0.61	+14.09