
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2022

Report by Acting Chief Executive

HAWICK COMMON GOOD FUND SUB-COMMITTEE

25 August 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Hawick Common Good Fund for the three months to 30 June 2022, a full year projected out-turn for 2022/23, and projected balance sheet values as at 31 March 2023.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2022/23. This shows a projected surplus of £85,459 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected increase in reserves of £21,118.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2022/23 and actual property income to 30 June 2022.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2022/23 and actual property expenditure to 30 June 2022.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2023.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 June 2022.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Agrees the projected income and expenditure for 2022/23 in Appendix 1 as the revised budget for 2022/23;**
 - (b) Notes the projected balance sheet value as at 31 March 2023 in Appendix 2;**
 - (c) Notes the summary of the property portfolio in Appendices 3 and 4; and**
 - (d) 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 30 June 2022 and projections to 31 March 2023. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2023.

4 FINANCIAL POSITION 2022/23

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year. The projected net position for the year is a surplus of £85,459.

4.2 Income & Expenditure –Property Income

- (a) Rental income for 2022/23 is shown in Appendices 1 & 3a, with Appendix 3a detailing the actual annual rental income by individual property. Actual income is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.
- (b) The projected rental income for 2022/23 has been increased by £5,359 to reflect £7,269 additional income for the Common Haugh Car Park, and a reduction of £1,910 for Pilmuir Farm Cottage rental (due to a break in tenancy for re-decoration).

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 £21,113 with the projection for 2022/23 returning to the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Rebate income from Aegon Asset Management received in March 2022 of £114 was accounted for in 2021/22 however the corresponding 106 units have been purchased in April 2022.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2022/23 is shown in Appendices 1 & 3b, with Appendix 3b detailing the actual 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 projected property expenditure for 2022/23 has been increased by £5,000 to cover the re-decoration works required at Pilmuir Farm Cottage.
- (c) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2022/23. 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 2023 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2022		
Hawick Ex-Service Association	29/03/22	1,082
Hawick Golf Club (multi-year award, final Sep 22)	28/05/19	4,600
Total Paid to 31 March 2023		5,682
Approved but not yet paid		
Hawick Salvation Army hire of Hall for Xmas Service (recurring annual payment)	19/03/19	200
Total Grants Approved not paid		200
2022/23 Budget		46,000
(Unallocated)/Overallocated Budget		(40,118)

4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2022/23 is currently estimated using a 2% uplift on the 2021/22 charge. This is subject to revision once a full Service Charge Review has been completed and approved by Council.

4.7 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.

4.8 Appendix 2 provides the actual balance sheet value as at 1 April 2022, the projected movement in year and a projected balance sheet as at 31 March 2023.

4.9 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 actual values of the individual properties at 1 April 2022, projected depreciation charges for 2022/23 and projected values at 31 March 2023.

4.10 Balance Sheet – Investment Fund

The fund has a 10.46% 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 10.70% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £224,328 at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	139,331
Projected surplus for year from Income & Expenditure Statement	85,459
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon	(462)
Projected Closing Balance at 31 March 2023	224,328

4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2022, but due to the nature of the markets no estimate has been made for the future 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 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 Sustainable Development Goals

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 Climate Change

There are no effects on climate change 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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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, Director (People Performance & Change), the Clerk to the Council and Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson
Acting Chief Executive

Signature

Author(s)

Kirsty Robb Sara Wilson	Pensions and Investments Manager - Tel: 01835 825249 Treasury Business Partner - Tel: 01835 824000 Ext.5854
----------------------------	--

Background Papers:

Previous Minute Reference: Hawick Common Good Committee 7 June 2022 and 27 July 2022

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

PROJECTED INCOME AND EXPENDITURE 2022/23

	Actuals at 30/06/22	Full Year Approved Budget 2022/23	Full Year Projected Out-turn 2022/23	Full Year Projected Over/ (Under) Spend 2022/23	Para Ref	Comments
	£	£	£	£		
Property Income						
Rental Income	(68,292)	(95,472)	(100,831)	(5,359)	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(550)	(550)		4.3	
Investment Fund – Dividends Rec'd	(2,355)	(21,113)	(21,113)		4.3	Est 5% return
Other Income	0	(450)	(450)		4.3	
Pilmuir Servitude	0	(75,000)	(75,000)		4.3	
Total Income	(70,647)	(192,585)	(197,944)	(5,359)		
Property Costs Detailed in App'x 3b	25,260	49,100	54,100	5,000	4.4	
Grants & Other Donations	1,082	46,000	46,000		4.5	3 year average
Central Support Service Charge	0	12,385	12,385		4.6	Subject to review
Depreciation						
Depreciation Charge	0	64,341	64,341		4.7	
Contribution from Revaluation Reserve	0	(64,341)	(64,341)		4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(44,305)	(85,100)	(85,459)	(359)		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023

	Opening Balance at 01/04/22	Projected Movement in Year	Projected Closing Balance at 31/03/23
	£	£	£
Fixed Assets			
Land & Buildings	4,163,827	(64,341)	4,099,486
Heritable Assets	3,000	0	3,000
Feu Duties	18	0	18
Total Fixed Assets	4,166,845	(64,341)	4,102,504
Capital in Investment Funds			
Investment Fund Book Value	457,165	462	457,627
Unrealised Gains/(Loss)	3,141	0	3,141
Market Value	460,306	462	460,768
Current Assets			
Debtors	22,155	0	22,155
Cash deposited with SBC	139,331	84,997	224,328
Total Current Assets	161,486	84,997	246,483
Current Liabilities			
Creditors	(745)	0	(745)
Receipts in Advance	(11,167)	0	(11,167)
Total Current Liabilities	(11,912)	0	(11,912)
Net Assets	4,776,725	21,118	4,797,843
Funded by:			
Reserves			
Revenue Reserve	(147,568)	(85,459)	(233,027)
Capital Reserve	(598,147)	0	(598,147)
Revaluation Reserve	(4,031,010)	64,341	(3,966,669)
Total Reserves	(4,776,725)	(21,118)	(4,797,843)

HAWICK COMMON GOOD FUND
APPENDIX 3a
PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual income to 30 June 2022 and projections to 31 March 2023)

Rental Income – Land & Buildings	2022/23			
	Approv'd Budget	Project'd Budget	Actuals as at 30/06/22	Project'd Net (Return) /Loss
	£	£	£	£
General				
Cross Wynd Car Park	0	0	0	0
Moat Park	0	0	0	0
Moat Park Playground	0	0	0	0
Buccleuch Bowling Club	0	0	0	0
Hawick Bowling Club	0	0	0	0
Henderson Gardens	0	0	0	0
Hawick Golf Course	(4,630)	(4,630)	0	(4,630)
Acreknowe Reservoir (Part)	0	0	0	0
Williestruther Loch/Path	(400)	(400)	(300)	(400)
Williestruther Cottage	(6,500)	(6,500)	(3,792)	(6,300)
Lothian Street Store	(2,550)	(2,550)	(2,685)	(2,550)
Common Haugh Car Park	0	(7,269)	(420)	(7,269)
Underhaugh	0	0	0	0
Hawick Moor Racecourse & Bldgs	(700)	(700)	(1,050)	(700)
Hawick Moor Shootings	(300)	(300)	0	(300)
Woodend Grazings (West)	0	0	0	0
Millpath Stables	0	0	0	500
Ca'Knowe Monument	0	0	0	0
Volunteer Park & Stand	(1,750)	(1,750)	(1,008)	(1,750)
Hawick Burgh Woodlands	0	0	0	0
Woodend Grazings (East)	(195)	(195)	(215)	(195)
Hawick Golf Club Sub Stn Site	(75)	(75)	0	(75)
Hawick 3G Pitch	0	0	0	0
Site (Part of Tennis Court)	0	0	0	0
Hornshole	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0
Backbraes Woodlands	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0
Property Expenditure General	0	0	0	30,000
General Sub Total	(17,100)	(24,369)	(9,470)	6,331
Pilmuir				
Pilmuir Farm	(45,000)	(45,000)	(40,750)	(29,600)
Pilmuir Farm Cottage	(7,200)	(5,290)	(2,400)	(290)
Pilmuir Sub Total	(52,200)	(50,290)	(43,150)	(29,890)
St Leonards				
St Leonards Farmhouse Buildings	(9,600)	(9,600)	(6,773)	(6,600)
St Leonards Cottage & Park	(8,472)	(8,472)	(2,824)	(8,472)
St Leonards Hut	0	0	0	0
St Leonards Grazings	(7,500)	(7,500)	(5,625)	(7,500)
St Leonards Horse Gallop	(600)	(600)	(450)	(600)
St Leonards Sub Total	(26,172)	(26,172)	(15,672)	(23,172)
Total	(95,472)	(100,831)	(68,292)	(46,731)

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual expenditure to 30 June 2022)

Property Expenditure – Land & Buildings	2022/23				
	Approv'd Budget	Project'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total
	£	£	£	£	£
General					
Cross Wynd Car Park	0	0	0	0	0
Moat Park	0	0	0	0	0
Moat Park Playground	0	0	0	0	0
Buccleuch Bowling Club	0	0	0	0	0
Hawick Bowling Club	0	0	0	0	0
Henderson Gardens	0	0	0	0	0
Hawick Golf Course	0	0	0	0	0
Acreknowe Reservoir (Part)	0	0	486	0	486
Williestruther Loch/Path	0	0	0	0	0
Williestruther Cottage	200	200	33	0	33
Lothian Street Store	0	0	0	(31)	(31)
Common Haugh Car Park	0	0	0	174	174
Underhaugh	0	0	0	0	0
Hawick Moor Racecourse & Bldgs	0	0	3,763	(247)	3,516
Hawick Moor Shootings	0	0	0	0	0
Woodend Grazings (West)	0	0	0	0	0
Millpath Stables	500	500	845	(295)	550
Ca'Knowe Monument	0	0	0	0	0
Volunteer Park & Stand	0	0	0	0	0
Hawick Burgh Woodlands	0	0	0	0	0
Woodend Grazings (East)	0	0	0	0	0
Hawick Golf Club Sub Stn Site	0	0	0	0	0
Hawick 3G Pitch	0	0	0	0	0
Site (Part of Tennis Court)	0	0	0	0	0
Hornshole	0	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0	0
Property Expenditure General	30,000	30,000	0	0	0
General Sub Total	30,700	30,700	5,127	(399)	4,728
Pilmuir					
Pilmuir Farm	15,400	15,400	19,430	0	19,430
Pilmuir Farm Cottage	0	5,000	0	0	0
Pilmuir Sub Total	15,400	20,400	19,430	0	19,430
St Leonards					
St Leonards Farmhouse Buildings	3,000	3,000	0	0	0
St Leonards Cottage & Park	0	0	0	0	0
St Leonards Hut	0	0	1,190	(88)	1,102
St Leonards Grazings	0	0	0	0	0
St Leonards Horse Gallop	0	0	0	0	0
St Leonards Sub Total	3,000	3,000	1,190	(88)	1,102
Total	49,100	54,100	25,747	(487)	25,260

PROPERTY PORTFOLIO VALUATION FOR 2022/23
(Projected property valuation to 31 March 2023)

Fixed Assets – Land & Buildings	Net Book Value at 01/04/22	Project'd Depn Charge 2022/23	Project'd Net Book Value at 31/03/23
	£	£	£
General			
Cross Wynd Car Park	0	0	0
Moat Park	0	0	0
Moat Park Playground	0	0	0
Buccleuch Bowling Club	15,000	0	15,000
Hawick Bowling Club	15,000	0	15,000
Henderson Gardens	0	0	0
Hawick Golf Course	66,000	0	66,000
Acreknowe Reservoir (Part)	0	0	0
Williestruther Loch/Path	5,700	0	5,700
Williestruther Cottage	181,998	(6,000)	175,998
Lothian Street Store	16,379	(540)	15,839
Common Haugh Car Park & WCs	98,500	0	98,500
Underhaugh	0	0	0
Hawick Moor Racecourse & Bldgs	43,100	(2,300)	40,800
Hawick Moor Shootings	1,500	0	1,500
Woodend Grazings (West)	2,000	0	2,000
Millpath Stables	25,925	(1,025)	24,900
Ca'Knowe Monument	0	0	0
Volunteer Park & Stand	277,328	(28,225)	249,103
Hawick Burgh Woodlands	318,000	0	318,000
Woodend Grazings (East)	1,500	0	1,500
Hawick Golf Club Sub Stn Site	750	0	750
Hawick 3G Pitch	82,500	0	82,500
Site (Part of Tennis Court)	1,000	0	1,000
Hornshole	0	0	0
Haggis Ha/Burnflat Wall	0	0	0
Backbraes Woodlands	7,400	0	7,400
100 Stairs and Adjacent Land	0	0	0
General Sub Total	1,159,580	(38,090)	1,121,490
Pilmuir			
Pilmuir Farm	1,976,998	(7,667)	1,969,331
Pilmuir Farm Cottage	184,574	(5,142)	179,432
Pilmuir Sub Total	2,161,572	(12,809)	2,148,763
St Leonards			
St Leonards Farmhouse Buildings	264,974	(6,675)	258,299
St Leonards Cottage & Park	199,697	(6,767)	192,930
St Leonards Hut	3,000	0	3,000
St Leonards Grazings	355,000	0	355,000
St Leonards Horse Gallop	20,000	0	20,000
St Leonards Sub Total	842,671	(13,442)	829,229
Total	4,163,823	(64,341)	4,099,482

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)	426	429
Aegon Fund Rebate (2021-2022)	421	462
Aegon Fund Rebate (2022-2023)	106	114
Total Invested to 30 June 2022	422,366	457,279

Value of Investment	£
31 March 2018	453,948
31 March 2019	459,044
31 March 2020	387,110
31 March 2021	460,311
31 March 2022	460,306
30 June 2022	409,442
Unrealised Gain/(Loss) on Investment	(47,837)

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2018	-0.30	
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
to 31 March 2021	+0.78	+16.84
to 30 June 2021	+1.10	+18.71
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02
to 31 March 2022	+0.68	+22.56
to 30 June 2022	-10.46	+10.70