
**Monitoring Report for 6 Months to end September 2013 and
Investment Level Determination**

Report by the Chief Financial Officer

Lauder Common Good Sub Committee

21 November 2013

1 PURPOSE AND SUMMARY

- 1.1 On 29th August the Council approved the formation of an Investment Fund in accordance with the approved Single Investment Strategy for Common Good and Trust Funds. Common Good Sub Committees now have to determine the level of funding which they wish to transfer into this new Investment Fund.
- 1.2 The investment fund is most suitable for funds to be held on a medium to long term basis so sufficient funds should be retained in the SBC Loans Fund for immediate use. Appendix 7 sets out the funds which are available for investment and the funds which the Sub Committee may consider need to be retained for current activities in the short term.
- 1.3 The only difference between the budget and the projected outturn for the year to 31 March 2014 is in Rental income, which is showing a higher outturn than budget of £105.
- 1.4 This report sets out details of transactions for the 6 months to 30 September 2013, the projections of the annual outturn with variances from the current budget and the projected effect on Revenue and Capital Reserves at 31 March 2014.
It also provides information to enable the Sub Committee to recommend a level of funding to transfer into the New Investment Fund .

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Common Good Sub Committee approves:-**
 - (a) the financial performance for 2013/14 as shown in Appendix 2 notes:-**
 - (b) the key figures shown in Appendix 1**
 - (c) the Grants Analysis provided in Appendix 3**
 - (d) the projected balances on Revenue and Capital Reserves as shown in Appendix 4**
 - (e) the performance of the Property Portfolio as shown in Appendix 5.****and determines :-**

(f) the level of funding to transfer to the New Investment Fund following consideration of the content of Appendix 6.

3 PROJECTED OUTTURN 2013/14

- 3.1 Appendix 1 continues to be developed and brings together key financial data on the Revenue performance and Balance Sheet situation for 2013/14.
- 3.2 Appendices 2 to 5 provide details on the Revenue budget in an extended format, Grants paid and payable, Revenue and Capital reserves and the performance of the Property Portfolio.
- 3.3 Currently all expenditure is projected to be in line with the budget.
- 3.4 Projected rental income is £105 greater than the budget level due to full year grazing rentals.
- 3.5 Taking all of the above into consideration the Common Good Fund is projecting total expenditure of £29,990 and income of £16,977 supplemented by a draw down of £9,228 from the Revaluation Reserve, resulting in an outturn net expenditure of £3,785 being £105 higher than the budget.

4 REVENUE & CAPITAL RESERVES

- 4.1 Appendix 4 shows the effect on accumulated reserves of the projected outturn for 2013/14 and the transfers between the Renwick Bequest, the Council and Lauder Common Good Fund.

5 INVESTMENTS

- 5.1 Following on from the Council's approval of the setting up of a new investment fund in line with the approved Single Investment Strategy for Common Good and Trust Funds, the next step is for each Common Good Sub Committee to consider and determine how much of its funds it wishes to place in the new investment fund, which is best used for medium and long term fund holding to obtain the desired returns. It is anticipated that the income generated by the new investment fund will be significantly greater than that currently available from the funds held in SBC Loans Funds. At this stage there has been no account taken of this potential additional income in the current years monitoring statements.
- 5.2 Appendix 6 sets out the total level of funds available £202,440 and identifies a level of retention of funds for short term use £3,785 and the level of funds which could be considered available for medium and long term investment £198,655.

6 IMPLICATIONS

6.1 Financial

There are no financial implications, other than those explained above in Sections 3, 4 and 5.

6.2 Risk and Mitigations

No significant risk to the financial position of the fund is identified.

6.3 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals contained in this report.

6.4 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 quality of community life and improvements in local amenities. 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.

6.5 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.

7 CONSULTATION

- 7.1 The Head of Corporate Governance, the Head of Strategic Policy, the Head of Audit and Risk, the HR Manager 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)

Name	Designation and Contact Number
Andrew R S Mitchell	Senior Financial Analyst, Corporate Finance. 01835 824000 Extn 5974

Background Papers:

Previous Minute Reference:

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

Contact us at Andrew Mitchell, Senior Financial Analyst, Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Extn 5974 Fax: 01835 825011, email: amitchell@scotborders.gov.uk

LAUDER COMMON GOOD

Key Figures on Projections for 2013/14

	Projected Outturn for year to 31.3.14		
	£	£	£
Revenue Reserve Opening Balance			129,916
Income			
Property Rents		9,755	
Interest from funds held by SBC		1,200	
Interest from Loan to Golf Club		600	
		<u>11,555</u>	
Expenditure			
Net Central Support Services Recharge	4,340		
Property Costs	6,000		
Grants	5,000		
		<u>15,340</u>	
Excess of Regular Expenditure over Income			<u>3,785</u>
Revenue Reserve Balance before Transfers			126,131
Transfers			
Transfer from Renwick Bequest			<u>2,487</u>
			128,618
Transfer to Capital Reserve			
Net Surplus on Park Transactions		100,504	
Funds from Renwick Bequest		2,487	
		<u>102,991</u>	
Projected Revenue Reserve Closing Balance			<u><u>25,627</u></u>

The Revenue Reserve Closing Balance is now projected to be £105 greater than initially budgeted.

Projected Outturn for 2013/14 Capital Reserve

Capital Reserve Opening Balance		96,821
Transfers from Revenue Reserve detailed above		<u>102,991</u>
Projected Capital Reserve Closing Balance		<u><u>199,812</u></u>

Liquid Funds

The Assets of Lauder Common Good include funds held by SBC on two different basis rather like a Common Good Fund's Current Bank Account and Deposit Account :- Revenue funds are held as accessible with no notice and generate interest at a level lower than the Capital funds which have been held on 95 days notice.

As at 31 March 2013 the balances on these accounts were:-

	£
Revenue ("Current Account")	109,404
Capital ("Deposit Account")	<u>96,821</u>
	<u><u>206,225</u></u>

The impact of the transfers between Revenue and Capital Reserves upon the above holdings is :-

	£
Revenue ("Current Account") reduced to	6,413
Capital ("Deposit Account") increased to	<u>199,812</u>
	<u><u>206,225</u></u>

RENWICK BEQUEST

Projections for 2013/14

	£	£
Revenue Reserve Opening Balance		105,487
Contribution to SBC Park Project	103,000	
Transfer balance to Common Good	<u>2,487</u>	
Revenue Reserve Transfer Total		<u>105,487</u>
Projected Revenue Reserve Closing Balance		<u><u>0</u></u>

SCOTTISH BORDERS COUNCIL

Appendix 2

LAUDER COMMON GOOD FUND

REVENUE BUDGET MONITORING 2012/13

Description	Proposed Current Budget for the year to 31.3.14	Actual Transactions to 30.09.13	Over spend to date against full year budget	Under spend to date against full year budget	Projected Outturn for year to 31.3.14	Projected over spend for year against full year budget	Projected under spend for year against full year budget
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	£	£	£	£	£	£	£
Expenditure							
Property costs	6,000	1,002		4,998	6,000	0	0
Central support recharges	9,762	0		9,762	9,762	0	0
Administration	0	0		0	0	0	0
Depreciation	9,228	0		9,228	9,228	0	0
Donations and contributions	5,000	1,959		3,041	5,000	0	0
Total Expenditure	29,990	2,961	0	27,029	29,990	0	0

Description	Proposed Current Budget for the year to 31.3.14	Actual Transactions to 30.09.13	Under generation of income for year to date against full year budget	Over generation of income for year to date against full year budget	Projected Outturn for year to 31.3.14	Projected under generation of income for year against full year budget	Projected over generation of income for year against full year budget
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	£	£	£		£		£
Income							
Rents etc	9650	5,154	4,496		9,755		105
Interest received							
General Common Good	1,800	0	1,800		1,800	0	0
Renwick Bequest		0	0			0	0
Central Support Recharges Grant	5,422	0	5,422		5,422	0	0
	16,872	5,154	11,718	0	16,977	0	105
Funding from Fixed Asset Restatement Reserve	9,228	0	9,228		9,228	0	0
Total Income	26,100	5,154	20,946	0	26,205	0	105
Net Expenditure Totals	3,890				3,785		
Net Income Totals		2,193					
Net expenditure under spend & under generation of Income			6,083				
Net expenditure under spend & over generation of Income							105

SCOTTISH BORDERS COUNCIL

Appendix 3

LAUDER COMMON GOOD FUND

DONATIONS AND CONTRIBUTIONS PAID AND APPROVED 2013/14

	Date	£	£	£
Approved Budget for 2013/14	Approved			5000
Paid as at 30 September 2013				
Lauderdale Community Council - Footpath maintenance	25.2.13		1459	
Lauderdale Community Council - Wellbeing Project	27.8.13		500	
Total paid as at 30 September 2013			1,959	
Approved but not paid as at 30 September 2013	Date			
Approved				
Trading Post CIC 18 months Broadband for Public Hall	22.3.12	300		
Grant withdrawn	27.8.13	<u>(300)</u>		
Total approved but not paid as at 30 September 2013			0	
Total paid and approved as at 30 September 2013			1,959	
Remaining Budget available for 2013/14			3,041	

SCOTTISH BORDERS COUNCIL

Appendix 4

LAUDER COMMON GOOD FUND

PROJECTED RESERVES AT 31 MARCH 2014

Revenue Reserve

	Renwick Bequest	General	Total
	£	£	£
Balance as at 31 March 2013	105,487	129,916	235,403
Less projected transfer to SBC Capital Funding	-103,000		-103,000
Less transfer to Common Good Fund	-2,487	2,487	0
Less Transfer to Capital Reserve		-102,991	-102,991
Less projected net expenditure for 2013/14		-3,785	-3,785
Projected Balance at 31 March 2014	0	25,627	25,627

Capital Reserve

	£
Balance as at 31 March 2013	96,821
Projected movement during 2013/14	102,991
Projected Balance at 31 March 2014	199,812

SCOTTISH BORDERS COUNCIL
LAUDER COMMON GOOD FUND
Property Portfolio Performance
to end September 2013

Appendix 5

Fixed Assets	1.4.13 Book Value	Rental Income		Expenditure to end September 2013						
		Current Budget	Projected Outturn	Roof	Rates	Repairs Walls & Fences	Power	Estates & Property Service	Insurance	Total
	£	£	£	£	£	£		£	£	£
Lauder Town Hall		0	0		716		(526)		100	291
Mid Row, Lauder		0	0							0
Lauder Golf Course	58,500	0	0							0
Lauder Common Farm	510,375	7,800	7,800	0				0		0
Lauder Common Shootings	10,500	1,050	1,050							0
Lauder Common Plantations	3,850	0	0							0
Old Castleriggs Recreation Ground	0	0	0							0
Old Castleriggs Grazing	4,000	200	200							0
Raith's & Chester's Acres	8,000	235	235							0
Old Refuse Tip grazings 1 & 2	0	260	260							0
Calfward Park Grazings	3,400	105	210							0
Paddock Walls						0				0
Burnmill Area	0									0
Old Cemetery	0									0
War Memorial	0									0
The Avenue Toilet - Land only	600									0
Public Hall - Land only	6,000									0
General Property Insurance									711	711
Income & Expenditure Totals		9,650	9,755	0	716	0	(526)	0	811	1,002
Total Net Book Value	605,225									

**SCOTTISH BORDERS COUNCIL
LAUDER COMMON GOOD FUND**

Appendix 6

Determination of levels for transfer of funds to New Investment Fund

	£	£
<u>Funds available for investment</u>		
External Investments at 1.4.13		0
Funds held in SBC Loans Funds per Appendix 1		
Revenue	6,413	
Capital	199,812	
	<u> </u>	206,225
		<u>206,225</u>
Projected deficit for year to 31.3.14		<u>3,785</u>
Funds available for short & long term holding		<u>202,440</u>
<u>Projected funding requirements</u>		
Projected Running Costs for a year	4,340	
Projected Grants for a year	5,000	
Projected one off costs in next 3 years	0	
	<u>9,340</u>	
Interest & Dividend Annual income	1,800	
	<u>7,540</u>	
Net Property Surplus	3,755	
Annual core projected deficits	<u>3,785</u>	
Proposed short term fund holding level in SBC Loans Fund		<u>3,785</u>
Funding available for New Investment Fund		<u><u>198,655</u></u>
<u>Fund Transfer proposals</u>		
Transfer of all deposits of external investments	0	
Transfer of all funds held on SBC Loans funds (Capital)	199,812	
Transfer into funds held on SBC Loans Funds (Revenue)	<u>-1,157</u>	
		<u><u>198,655</u></u>