
Monitoring Report for 6 Months to end September 2013

Report by the Chief Financial Officer

Peebles Common Good Fund Sub-Committee

27 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 It has been agreed that expenditure on the division of the ground floor of the Old Corn Exchange and the donation to the Dovecot Court sheltered Housing would be funded by a transfer from Revenue Reserve. When the budget was set no provision was made for any rental income from the Old Corn Exchange, which has now been let. No budget was set for income from sale of land but it was agreed that this income should be used to supplement the Capital Reserve.
- 1.4 Taking the above factors into account it is projected that there will be a surplus of £16,524 available to return to Revenue Reserves or to be used to boost other budgets in the current year eg Grants & Donations, which is already fully committed. This compares to an initial budget deficit of £701.
- 1.5 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, virement to address required budget changes 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 Working Group approves:-**
 - (a) the financial performance for 2013/14 as shown in Appendix 2**
 - (b) the virements detailed in Appendix 6**

and notes:-

(c) the key figures shown in Appendix 1

(d) the Grants Analysis provided in Appendix 3

(e) the projected balances on Revenue and Capital Reserves as shown in Appendix 4

(f) the performance of the Property Portfolio as shown in Appendix 5

And determines

(g) the level of funding to transfer to the New Investment Fund following consideration of the content of Appendix 7.

3 PROJECTED OUTTURN 2013/14

- 3.1 Appendix 1 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, Grants paid and payable, Revenue and Capital reserves and the performance of the Property Portfolio.
- 3.3 Appendix 6 shows the requested virements to adjust the initial budgets for the year.
- 3.4 The lease of the Corn Exchange building was terminated by the previous tenant at the end of November 2012 and in order to make the ground floor more marketable it was agreed that the shop on the High Street and the youth facility on School Brae should be altered to create two unlinked units. The probable outturn for this work is lower than initial estimates when the work was approved and the budget set. When the budget for this was approved it was agreed that there would be a transfer from the Revenue Reserve to fund it. Both units are now let and the projected outturn for rental income is increased accordingly. The projected outturn is £17,505 greater than the initial rental budget.
- 3.5 The expenditure on property is now projected to be £2,800 in excess of the budget due to having to pay rates on the Old Corn Exchange whilst it was empty and having to provide new fencing at Neidpath Grazing.
- 3.6 Projected income from interest on balances invested in the Council's Loan Fund is not credited until the end of the year. It should however be remembered that the final outturn is dependent on interest rates over the remainder of the year. No account has been taken of any changes which could happen to investment income following any transfers of funds into the approved investment fund under the Common Good & Trust Fund Single Investment Strategy.
- 3.7 During the year income of £7,500 has been received for the sale of land and it has already been agreed in advance that this should be added to the Capital Reserve.
- 3.8 Taking all of the above into consideration the Common Good Fund is projecting total expenditure of £94,275 and income of £68,831 supplemented by a draw down of £21,648 from the Revaluation Reserve and the approved transfer from Revenue Reserve of £20,320 resulting in an outturn net income available to transfer to Revenue Reserves of £16,524 which is £17,225 greater than the budget of £701 to be transferred out of Reserves to fund an excess of expenditure over income.

4 REVENUE & CAPITAL RESERVES

- 4.1 Appendix 4 shows the effect on accumulated reserves of the transfer to and from Reserves and the projected outturn for 2013/14.
- 4.2 When the budget for the year was set out it was agreed that the Revenue Reserve would fund the cost of the works £17,200 to divide the ground floor of the Old Corn Exchange. Since, at the end of March 2013, the funds received from Scottish Gas for project funding at Dovecot Court Sheltered Housing had not been expended and accordingly added to the Revenue Reserve, it was also agreed that the Revenue Reserve would fund the donation of £2,500 in 2013/14. Accordingly at the start of the year it was agreed that £20,320 would be transferred out of the Revenue Reserve to assist to fund the current year's budget.

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 7 sets out the total level of funds available £368,482 and identifies a level of retention of funds for short term use £39,421 and the level of funds which could be considered available for medium and long term investment £329,061.

6 IMPLICATIONS

6.1 Financial

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

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.

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)

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Background Papers:

Previous Minute Reference:

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**Scottish Borders Council
Peebles Common Good**

Appendix 1

**Key
Figures**

2013/14

Based upon data to 30.9.13

£ £

Projected Outturn:			
Property	Rental Income		54,605
	Less Expenditure on property		-8,000
	Net Income		46,605
Income from other sources:-			
	Interest on Capital & Revenue Loans Funds with SBC	4,000	
	Land Sale	7,500	
	Cash collected from Fountain	20	
			11,520
			58,125
Less Expenditure on running costs:-			
	Cost of Haylodge Toilets	-6,800	
	Net Central Support Service Costs	-5,121	
			-11,921
Excess of Income over running costs			46,204
Less Expenditure other than running costs:-			
	Alterations to Shop at Old Corn Exchange	-15,000	
	Net Grants & Donations made to local bodies	-27,500	
			-42,500
			3,704
Transfer from Reveue Reserve agreed at start of year			20,320
			24,024
Less transfer to Capital Reserve			-7,500
Projected Funds available to return to Revenue Reserve at yend of year			16,524

Revenue Reserve			
	Revenue Reserve at start of year		54,823
	Less transfer to Revenue Budget at start of year		-20,320
			34,503
	Repayment of loan by Tweed Green		3,000
			37,503
	Add Projected funding available from net Revenue income above		16,524
Projected Revenue Reserve at end of year			54,027

Grants & Donations			
-	Approved budget for Grants		27,500
-	Less approved expenditure:-		
	Prior Year Grants to be paid this year	-5,000	
	Grant to be made as condition of Donation received	-2,500	
	Grants approved in 2013/14 to date	-20,000	
			-27,500
Remaining current budget available for grants in the rest of the year			0

Investments & Loans			
	Funds on Interest Free Loan to Tweedgreen until 31.3.13		3,000
	Less repaid		(3,000)
			0
Revenue in SBC Loans Funds			

Funds invested in SBC Revenue Loans Fund at start of current year	45,528
Capital in SBC Loans Funds	
Funds invested in SBC Capital Loans Fund at start of current year	316,250
Movement in this fund in the year to date	0

Effect of inflation on the value of the Funds invested in the SBC Capital Loans Fund	
RPI March 2012 to March 2013	3.28%
Transfer from revenue required to retain buying power of this investment	10,373

SCOTTISH BORDERS COUNCIL
PEEBLES COMMON GOOD FUND
REVENUE BUDGET MONITORING 2013/14

Appendix 2

Description	Current Approved Annual Budget	Actual Transaction for 6 months to 30/9/13	Over / (Under) spend to date against full year budget	Projected Outturn for the year	Projected Over / (under) spend for year against full year budget
	(1)	(2)	(2)-(1) (3)	(4)	(4)-(1) (5)
Expenditure	£	£	£	£	£
Donations and contributions					
Material for Gardens at Dovecot Court Sheltered Housing	2,500	0	(2,500)	2,500	0
Approved prior to 31.3.13	5,000	5,000	0	5,000	0
For approval in 2013/14	20,000	0	(20,000)	20,000	0
	27,500	5,000	(22,500)	27,500	0
Property costs	5,200	10,527	5,327	8,000	2,800
Shop Division	17,820	2,518	(15,302)	15,000	(2,820)
Haylodge Toilet Provision	6,500	5,731	(769)	6,800	300
Central support recharges	7,827	0	(7,827)	7,827	0
Depreciation	21,648	0	(21,648)	21,648	0
Transfer to Capital Reserve				7,500	7,500
	86,495	23,775	(62,720)	94,275	7,780
Income					
Donations from Fountain	(20)	0	20	(20)	0
Sale of Land	0	(7,500)	7,500	(7,500)	(7,500)
Rents etc	(37,100)	(21,962)	15,138	(54,605)	(17,505)
Interest received	(4,000)	0	4,000	(4,000)	0
Central Support Recharges Grant	(2,706)	0	2,706	(2,706)	0
	(43,826)	(29,462)	29,364	(68,831)	(25,005)

Funding from Fixed Asset Restatement Reserve		(21,648)	0	21,648	(21,648)	0
Funding from reserves for Shop Division & Grant re DCSH funded in 2012/13	*	(20,320)		20,320	(20,320)	0
Net (Income) / Expenditure		701	(5,687)	8,612	(16,524)	(17,225)

SCOTTISH BORDERS COUNCIL

PEEBLES COMMON GOOD FUND

Appendix 3

DONATIONS AND CONTRIBUTIONS PAID AND APPROVED 2013/14

	Date Approved	£	£	£
Approved budget for 2013/14				27,500
Paid as at 30 September 2013				
<u>Approved prior to 31.3.13</u>				
Eastgate Theatre Upgraded IT and integrated Boxoffice for online booking	6.3.13	5,000		
			5,000	
<u>Approved in Current Year</u>				
			0	
Total paid as at 30 September 2013			5,000	
Approved but not yet paid as at 30 September 2013				
<u>Approved in Current Year</u>				
Peebles Rugby Football Club - Drainage & Lighting	8.5.13	20,000		
			20,000	
<u>To be made as part of income condition from Scottish Gas Network Donation</u>				
Materials for Gardens at Dovecot Court Sheltered Housing			2,500	
Total approved but not yet paid as at 30 September 2013			22,500	
Total paid and approved as at 30 September 2013			27,500	27,500
Available remaining current budget to year end				0

SCOTTISH BORDERS COUNCIL

PEEBLES COMMON GOOD FUND

Appendix 4

PROJECTED RESERVES AT 31 MARCH 2014

Revenue Reserve	£
Balance as at 31 March 2013	(54,823)
Less Transfer to supplement revenue budget	<u>20,320</u>
	(34,503)
Projected net income for 2013/14	(16,524)
Tweedgreen Loan repaid	<u>(3,000)</u>
Projected balance at 31 March 2014	<u>(54,027)</u>

Capital Reserve

Balance as at 31 March 2013	(366,045)
Projected movement during 2013/14	(7,500)
Projected balance at 31 March 2014	<u>(373,545)</u>

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Appendix 5

Peebles Common Good

Details of Assets, Rent Generated & Property Costs. 2013/14

	Net Book Value at 31.3.13	Annual Rental Budget	Projected Rental Outturn at 31.3.14	Property Revenue Costs to 30.09.13	Fencing	Water & Rates	Electrical Works	New Tank & Pump system	Insurance	Joinery	Estates & Property team recharge
	£	£	£	£	£	£	£	£	£	£	£
Jedderfield Farm & Farmhouse	83,567	2,100	2,100								
Neidpath Grazings	11,750	300	300	2,945	2,945						
New Kingsland P S Site	60,000	3,500	3,500								
Kingsland Sub Station site	0										
Old Corn Exchange	31,160	0	11,200								
Old Corn Exchange - Band Hall		450	450	713		713					
Old Corn Exchange - Shop	145,920	110	6,415	6,091		6,071				20	
Peebles Golf Course	142,000	15,290	15,290								
Connor Ridge Monitoring Station	0										
Eliot's Park Grazings	100,000										
Kirklands Garages (8)		600	600								
Tweed Green	0										
Tweed Green - Garage 1	2,500		0								
Tweed Green - Garage 2	1,740		0								
Tweed Green - Garage 3	1,400		0								
Tweed Green Car Park site	0										
Greenside Car Park site	0										
Kingsmeadows Car Park site	0										
Kingsmeadow Rd Toilets site	800										
Gas Governor Site	750										
Haylodge Depot	36,846	8,150	8,150								
Land at site of 2 Haylodge Cottages	10,200										
Haylodge Park (Rent is for Pavilion site)	0	150	150								
Haylodge Park Play Area	0										
Haylodge Park Toilets - Site only	300			144			144				
Ninians Haugh Park Play Area	0										
Ninians Haugh Park	0										
Tweed Fishings	0										
Fotheringham Bridge	0										

Details of Assets, Rent Generated & Property Costs. 2013/14

	Net Book Value at 31.3.13	Annual Rental Budget	Projected Rental Outturn at 31.3.14	Property Revenue Costs to 30.09.13	Fencing	Water & Rates	Electrical Works	New Tank & Pump system	Insurance	Joinery	Estates & Property team recharge
	£	£	£	£	£	£	£	£	£	£	£
Victoria Park Area 1 & 2	0										
Victoria Park Amenity Fues	0										
Victoria Park Tennis Courts	18,399										
Victoria Park Construction Store	0										
Cuddy Green	0										
Old Town Green	0										
Old Town Wall	0										
Land at March Street	0										
Walkershaugh ACF Site	3,900	400	400								
Walkershaugh Store	28,880	6,050	6,050								
Walkershaugh Bowling Green	400										
Railway Site, Walkershaugh	0										
Railway Embankments Walkershaugh	0										
Venlaw Amenity Ground	0										
Venlaw Quarry - stone rights only	0										
Venlaw Wood	9,500										
The Gytes - former mill lade land only	0										
George Meikle Kemp Monument	0										
Fountain outside Eastgate				17				17			
Sundries effecting more than one property											
Property Insurances				506					506		
Property Services Time recharge				112							112
	690,012	37,100	54,605	10,527	2,945	6,784	144	17	506	20	112

PEEBLES COMMON GOOD

Budget Virement Requirement

1 Virement is required from

Department	Peebles Common Good	2013/14	2014/15	2015/16
Service		£	£	£
Budget Head	Shop division	(2,800)		
Total		(2,800)	0	0

To

Department	Peebles Common Good	2013/14	2014/15	2015/16
Service		£	£	£
Budget Head	Property Costs	2,800		
Total		2,800	0	0

Because

To use underspending on Property Division upon additional general property costs
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2 Virement is required from

Department	Peebles Common Good	2013/14	2014/15	2015/16
Service		£	£	£
Budget Head	Sale of Land	(7,500)		
Total		(7,500)	0	0

To

Department	Peebles Common Good	2013/14	2014/15	2015/16
Service		£	£	£
Budget Head	Transfer to Capital Reserve	7,500		
Total		7,500	0	0

Because

To create budget for the income from the sale of land

**SCOTTISH BORDERS COUNCIL
PEEBLES COMMON GOOD FUND**

Appendix 7

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 at 1.4.13		
Revenue	45,528	
Capital	<u>316,250</u>	
		<u>361,778</u>
		361,778
Loan repayment received	3,000	
Income from external sources	<u>66,125</u>	
	69,125	
Expenditure to external bodies	<u>62,421</u>	
Projected cash surplus for year to 31.3.14		<u>6,704</u>
Funds available for short & long term holding		<u>368,482</u>
<u>Projected funding requirements</u>		
Projected Running Costs for a year	11,921	
Projected Grants for a year	27,500	
Projected one off costs in next 3 years	<u>0</u>	
	39,421	
<i>Interest & Dividend Annual income</i>	<u>4,000</u>	
	35,421	
<i>Net Property Surplus</i>	<u>46,605</u>	
<i>Annual core projected surpluses</i>	<u>11,184</u>	
Proposed short term fund holding level in SBC Loans Fund		39,421
Funding available for New Investment Fund		<u><u>329,061</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)	316,250	
Transfer from funds held on SBC Loans Funds (Revenue)	<u>12,811</u>	
		<u><u>329,061</u></u>