
Monitoring Report for 6 Months to end September 2013

Report by the Chief Financial Officer

Selkirk Common Good Sub Committee

23 October 2013

1 PURPOSE AND SUMMARY

- 1.1 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 a required budget change 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 .**
- 1.2 Total expenditure is projected to be in line with the approved budget for 2013/14, whilst income is projected to be less than budgeted by £127 due, in the main, to minor adjustments to rent and interest outturn projections.
- 1.3 The agreement at the last meeting of this Sub Committee to enter into a five year management agreement with the Selkirk Hill Management Group, instead of considering annual grants to them, requires the creation of a definitive annual budget of £10,000 for this activity out of the funds budgeted for Grants and Donations. To this end a budget virement is proposed as set out in appendix 6.
- 1.4 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.
- 1.5 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.

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.**
- (f) the virement proposed in Appendix 6
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 in an extended format, Grants paid and payable, Revenue and Capital reserves and the performance of the Property Portfolio.
- 3.3 Appendix 6 sets out a virement request to create a budget for the approved fee to the Selkirk Hill Management Group out of the budget approved for Grants & Donations.
- 3.4 Projected income from interest on balances invested in the Council's Loan Fund is projected to be £100 less than the budget since currently the capital advanced to SBC Loans Fund is only earning half of the interest rate used to set the budget. 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. Interest is not credited until the end of the year and therefore the amount is dependent on interest rates over the remainder of the year.
- 3.5 Projected rental income is £77 below the budget level due to changes in the rent now agreed for shooting rights.
- 3.7 A donation from the fishing club of £50 has been received but had not been budgeted for.
- 3.8 Taking all of the above into consideration the Common Good Fund is projecting total expenditure of £114,666 and income of £67,478 supplemented by a draw down of £54,564 from the Revaluation Reserve, resulting in an outturn net income of £7,376 being £127 lower than the budget.

4 REVENUE & CAPITAL RESERVES

- 4.1 Appendix 4 shows the effect on accumulated reserves of the projected outturn for 2013/14.

5

- 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 and identifies a level of retention of funds for short term use and the level of funds which could be considered available for medium and long term investment.

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 economy through protection of employment, positive impacts upon the quality of community life, 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.

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

**Scottish Borders Council
Selkirk Common Good**

Appendix 1

Key Figures 2013/14

£ £

Projected Outturn			
Property	Rental Income		62,576
	Less Expenditure on property		-15,000
	Net Income		47,576
Add Other income sources:-			
	Interest on Capital & Revenue Loans Funds with SBC	900	
	Donations - Fishing Club annual donation	50	
			950
			48,526
Less Expenditure on running costs:-			
	Expenditure on Selkirk Hill management agreement	-10,000	
	Net Central Support Service Costs	-11,150	
			-21,150
Excess of income over running costs			27,376
Less Expenditure other than running costs			
	Grants & Donations made to local bodies	-20,000	
			-20,000
Projected Surplus available to increase Reserves			7,376

Revenue Reserve			
Revenue Reserve at start of year			128,641
	Add Excess of income over expenditure for year from above		7,376
Projected Revenue Reserve at end of year			136,017

Grants & Donations			
-	Total Grants budget for the year		20,000
-	Less Prior year grants approved to be paid in 2013/14	-11,590	
-	Less Grants approved in 2013/14 to date	-400	
-			-11,990
-	Remaining available budget		8,010

Investments & Loans			
Investments externally managed			0
Revenue in SBC Loans Funds			
	Funds invested in SBC Revenue Loans Fund at start of current year		127,440
Capital in SBC Loans Funds			
	Funds invested in SBC Capital Loans Fund at start of current year		48,606
	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		1,594

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

Appendix 2

Description	Current Budget for the year to 31.3.14	Actual Transactions to 30.9.13	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	15,000	4,692		10,308	15,000	0	0
Selkirk Hill Management Agreement		0		0	10,000	10,000	0
Central Support Services recharges	15,102	0		15,102	15,102	0	0
Administration	0	0		0	0	0	0
Depreciation/Impairment	54,564	0		54,564	54,564	0	0
Donations and contributions	30,000	8,700		21,300	20,000	0	10,000
Total Expenditure	114,666	13,392	0	101,274	114,666	10,000	10,000

Description	Current Budget for the year to 31.3.14	Actual Transactions to 30.9.13	Under generation of income to date against full year budget	Over generation of income 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	62,653	44,846	17,807		62,576	77	0
Donation	0	50		50	50	0	50
Interest received	1,000	0	1,000		900	100	0
Central Support Services support grant	3,952	0	3,952		3,952	0	0
	67,605	44,896	22,759	50	67,478	177	50
Funding from Fixed Asset Restatement Reserve	54,564	0	54,564		54,564	0	0
Total Income	122,169	44,896	77,323	50	122,042	177	50

Net Income Totals	7,503	31,504			7,376		
Net expenditure over spend & under generation of Income						127	
Net expenditure under spend & income over generation				24,001			

**SCOTTISH BORDERS COUNCIL
SELKIRK COMMON GOOD FUND
DONATIONS AND CONTRIBUTIONS PAID AND APPROVED
2013/14**

Appendix 3

	Date Approved	£	£	£
Approved 2013/14 Budget				30,000
Less virement requested to fund Selkirk Hill management agreement				<u>10,000</u>
				20,000
Paid as at 30 September 2013				
Flodden 500- Interpretation boards & benches for memorial garden	31/10/2012	3,000		
Selkirk Rhinos P7 Mini Rugby Tour to Dublin	01/03/2013	700		
Selkirk Football Club Stand	01/03/2013	5,000		
			<u>8,700</u>	
Total paid as at 30 September 2013			8,700	
Approved but not paid as at 30 September 2013				
Selkirk Chamber of Commerce- Improve prospects for retailing in town	31/10/2012	2,890		
Selkirk Silver Band Slow Melody Contest	04/09/2012	400		
			<u>3,290</u>	
Total approved but not paid as at 30 September 2013			3,290	
Total paid and approved as at 30 September 2013			<u>11,990</u>	
Remaining available 2013/14 budget				<u><u>8,010</u></u>

SCOTTISH BORDERS COUNCIL

Appendix 4

SELKIRK COMMON GOOD FUND

RESERVES AT 31 MARCH 2014

Revenue Reserve

£

Balance as at 31 March 2013

128,641

Add Projected Net Surplus for 2013/14

7,376

Projected balance at 31 March 2014

136,017

Capital Reserve

£

Balance as at 31 March 2013

48,606

Movement during 2013/14

0

Balance at 31 March 2014

48,606

**SCOTTISH BORDERS COUNCIL
SELKIRK COMMON GOOD FUND
Property Portfolio Performance**

Appendix 5

2013/14

	1.4.13 Book Value	Rental Income		Expenditure to 30 September 2013								
		Current Budget	Projected Outturn	Plumbing / Central Heating	Insurance	Painting	Roof	General repairs	Dykes Fencing & Drains	Common Riding related	Estates & Property Service	Total
	£	£	£	£	£	£	£	£	£	£	£	£
Linglie Farm Farmouse & Cottages	353,029	7,500	7,500		392				1,886		9	2,287
Linglie Farm Shootings	7,500	750	600									0
Linglie Mast Site	68,500	10,832	10,832									0
Linglie Plantation	10,000											0
Pant Well	0											0
Pringle Park	0											0
Pringle Park Play Area	0											0
Shawburn Rd Amenity Ground	0											0
Shawburn Toll Embankment	0											0
Bog Park Recreation Ground	0											0
Rosebank Quarry	0											0
Rosebank Quarry Play Area	0											0
River Ettrick Salmon Fishing	700											0
Selkirk Golf Course	69,000											0
Selkirk Shooting Range	0	11	11									0
Selkirk Hill	20,500	410	410									0
Selkirk Town Hall Clock	0											0
Selkirk Town Hall	122,240				127						0	127

1.4.13 Book Value	Rental Income		Expenditure to 30 September 2013								
	Current Budget	Projected Outturn	Plumbing / Central Heating	Insurance	Painting	Roof	General repairs	Dykes Fencing & Drains	Common Riding related	Estates & Property Service	Total
£	£	£	£	£	£	£	£	£	£	£	£
Selkirk Town Hall Shops	0				0	0	465				465
Shop - 26 Market Place	22,776	4,125	4,160								0
Shop - 28 Market Place	31,160	5,600	5,600								0
Smedheugh Farm Shooting	1,750	175	194								0
South Common Farm Shootings	1,750	175	194								0
Smedheugh Farm & Farmhouse	293,867	23,500	23,500	479	416						894
Smedheugh Plantation	5,600										0
South Common Farm Farmhouse & Cottages	304,600	8,400	8,400		370						370
South Common Plantation Selkirk	2,400										0
Riverside Amenity Site land	75,000										0
The Green Hut	20,167	1,175	1,175								0
Shawpark Rd Development Site	37,500										0
Victoria Hall & Caretakers Flat	707,224								532		532
Victoria Park & Caravan Park	0										0
Victoria Park Pavilion site General	1,750				1					17	17
2,157,013	62,653	62,576	479	1,304	0	0	465	1,886	532	26	4,692

**Scottish Borders Council
Selkirk Common Good**

Appendix 6

Budget Virement Requirement

1 Virement is required from

Department	Selkirk Common Good	2013/14	2014/15	2015/16
Service	Selkirk Common Good General	£	£	£
Budget Head	Grants	(10,000)	0	0
		(10,000)	0	0

To

Department	Selkirk Common Good	2013/14	2014/15	2015/16
Service	Selkirk Hill	£	£	£
Budget Head	Management Fee	10,000	0	0
		10,000	0	0

Because

To provide budget for the 5 year agreement started in 2013/14 for the management of Selkirk Hill by the Selkirk Hill Management Group

**SCOTTISH BORDERS COUNCIL
SELKIRK 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	127,440	
Capital	48,606	
	<hr/>	176,046
		<hr/>
		176,046
Projected surplus for year to 31.3.14		<hr/>
		7,376
Funds available for short & long term holding		<hr/>
		183,422
<u>Projected funding requirements</u>		
Projected Running Costs for a year	21,150	
Projected Grants for a year	20,000	
Projected one off costs in next 3 years	0	
	<hr/>	
Proposed short term fund holding level in SBC Loans Fund		<hr/>
		41,150
Funding available for New Investment Fund		<hr/>
		142,272
<u>Fund Transfer proposals</u>		
Transfer of all deposits of external investments	0	
Transfer of all funds held on SBC Loans funds (Capital)	48,606	
Transfer from funds held on SBC Loans Funds (Revenue)	93,666	
	<hr/>	
		<hr/>
		142,272