
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2014

Report by the Chief Financial Officer

JEDBURGH COMMON GOOD SUB COMMITTEE

4 February 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report sets out details of transactions on the Jedburgh Common Good Fund for the 9 months to 31 December 2014 and projects full year revenue income and expenditure for 2014/15 and balance sheet values at 31 March 2015.**
- 1.2 Appendix 1 provides a projected Income and Expenditure position. This shows a projected deficit of £5,081 for the year, an increase of £2,662 against approved budget due mainly to higher than budgeted grant awards.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2015. This shows a decrease in the Revenue Reserve of £5,081 to fund the projected deficit. The projected usable cash revenue reserve is £78,521.
- 1.4 This Appendix also shows a projected increase in the Capital Reserve of £2,154.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Common Good Sub Committee:**
 - (a) **Agrees the projected out-turn in Appendix 1 as the revised budget for 2014/15.**
 - (b) **Notes the projected Balance Sheet as detailed in Appendix 2.**
 - (c) **Notes the current position of the investment in the Newton Fund as detailed in Appendix 3.**
 - (d) **Considers whether there should be a transfer from the usable cash balance within the revenue reserve to the capital reserve invested in the Newton Fund.**

3 BACKGROUND

- 3.1 This report provides the Committee with financial information and projections for the period to 31 December 2014. The report also contains a projected balance for the Common Good Fund to the 31 March 2015.

4 FINANCIAL POSITION 2014/15

- 4.1 Appendix 1 provides detail on income and expenditure for the 2014/15 financial year. The net position for the year is a deficit of £5,081 which will be funded from the Revenue Reserves.

Income & Expenditure - Non-Property Related Income

- 4.2 Jedburgh Bowling Club has repaid £21,000 of the loan and has now agreed a repayment schedule for the balance. The interest projections have been reviewed and updated resulting in projected additional income of £338.
- 4.3 The projected out-turn includes an estimate for the interest receivable on cash deposited with the Council. This, however, does not show as an actual income until the end of the financial year as amount is dependent on interest rates and the average cash revenue balance invested with the Council's Loans Fund over the full financial year.
- 4.4 The Capital Reserve is invested in the Newton Fund and distributions from are made twice a year in September and February. A dividend of £14,979 was received by the Jedburgh Common Good Fund at 30 September 2014. The Newton Fund is currently anticipated to fully return the £25,000 budget, however, this is subject to the underlying performance of the investments held by the Fund.

Income & Expenditure - Grants and Other Donations

- 4.5 The Grants and Other Donations distributed to 31 December 2014 are shown below. These exceed the current budget by £27,000. With the possibility of additional grants being awarded before the year end it is recommended the budget should increase to £30,000. There are currently no other outstanding commitments.

Grant Recipients	Approved	£
Jedburgh Border Games – New Cannon	02/04/14	700
Jedburgh Walking Festival – General support	02/04/14	5,000
Refund from Jedburgh Walking Festival		(2,500)
Callants Festival (2014) General support	04/06/14	4,000
Jed Shed – Start up costs	04/06/14	1,500
Jedburgh Rugby Club – Boilers & Heating system	01/10/14	15,000
Jedburgh Community Council – Xmas lights	26/11/14	5,000
Total Paid to 31 December 2014		28,700
Projected Out-Turn		30,000
Remaining Unallocated Budget		1,300

Balance Sheet

- 4.6 Appendix 2 provides the balance sheet position at 31 March 2014, the projected movement in year and a projected final balance sheet position for 31 March 2015.
- 4.7 All fixed assets of the Common Good Fund are revalued every 5 years as part of the Council's rolling program. The fixed assets currently shown on the Balance Sheet are due for revaluation from 1 April 2014. The Council's Estates Section is currently finalising these and the final year end balance sheet will be adjusted to reflect these revaluations.

Usable Cash Balance within Revenue Reserve

- 4.8 The usable cash held by the fund as part of its Revenue Reserve is projected to be £78,521, an in year projected movement of £16,371. The movement is from the following:

Projected Usable Cash Revenue Balance	£	£
Opening Balance at 1.4.14		62,150
Repayment of Principal (Long Term Debtors):		
Jedburgh Bowling Club loan	21,000	
Jedburgh Golf Club loan	1,000	
Jedburgh Community Trust loan	167	
		22,167
Projected deficit for year from Income & Expenditure Statement		(5,081)
Net cash movement in Debtors/ Creditors		(715)
Projected Closing Balance at 31.3.15		78,521

In light of the projected usable cash balance in the revenue reserve being £78,521, it is proposed that the Sub-Committee consider transferring some additional cash into the Capital Reserve with the Newton Fund to improve returns and allow for capital appreciation.

Capital Reserve

- 4.9 The projections for the Capital Reserve include the unrealised profits for the Newton Fund as at 31 December 2014.

5 IMPLICATIONS

5.1 Financial

There are no further financial implications other than those explained above in Section 3.

5.2 Risk and Mitigations

There is a risk that investments in the Newton Fund may reduce in value due to market or investment performance. This risk cannot be fully mitigated, however, it is being managed through by the selection of a Fund Manager with a clear objective of preserving capital values while aiming to produce returns in line with the benchmark.

5.3 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals contained in 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, 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 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 Financial Officer, the Service Director Regulatory Services as Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments have been incorporated into the final report.

Approved by

Chief Financial Officer

Signature – David Robertson

Author(s)

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Background Papers:

Previous Minute Reference:

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JEDBURGH COMMON GOOD FUND

PROJECTED INCOME AND EXPENDITURE 2014/15

	ACTUAL TO 31/12/14	FULL YEAR APPROVED BUDGET	FULL YEAR PROJECTED OUTTURN	PROJECTED OVER/(UNDER) SPEND	Para Ref	COMMENTARY
	£	£	£	£		
<i>Non-Property Related Income</i>						
Interest receivable – from loan to Jedburgh Bowling Club	(1,399)	(1,346)	(1,684)	(338)	4.2	
Interest receivable - from loan to Jedburgh Golf Club	(112)	(224)	(224)	-		2 nd Interest Payment for 2014/15 due in January 2015
Interest on cash deposited with Council Newton Fund investment - Dividends receivable	-	(240)	(240)	-	4.3	
	(14,979)	(25,000)	(25,000)	-	4.4	Second dividend to be received at the end of February 2015
Total Non-Property Income	(16,490)	(26,810)	(27,148)	(338)		
Grants & Donations to Local Bodies	28,700	27,000	30,000	3,000	4.5	
<i>Running Costs</i>						
Central Support Service Charge	-	3,621	3,621	-		
SBC Grant towards Service Charge	-	(1,392)	(1,392)	-		
Net Running Costs	-	2,229	2,229	-		
<i>Depreciation</i>						
Depreciation charge	10,271	10,271	10,271	-		Estimate based on current Net Book Values
Contribution from Revaluation Reserve	(10,271)	(10,271)	(10,271)	-		
Net impact of depreciation on the revenue reserve	0	0	0	-		
Total Net (Surplus)/Deficit for the year	12,210	2,419	5,081	2,662		

JEDBURGH COMMON GOOD FUND

ESTIMATED SUMMARY BALANCE SHEET POSITION AS AT 31 DECEMBER 2014

	Opening Balance at 31 March 2014 £	Projected Movements in year £	Projected Balances at 31 March 2015 £
Fixed Assets:			
Land & Buildings			
Jedburgh Castle Jail	1575	(788)	787
Mary Queen Scots House	396,968	(8,799)	388,169
Provosts Room	15,580	(684)	14,896
Murray's Green Park	0	0	0
Dounehill	0	0	0
Ramparts	0	0	0
Market Cross	0	0	0
Total Fixed Assets	414,123	(10,271)	403,852
Capital in Newton Investment Fund Market Value as at 31.12.14*	873,584	2,154	875,738
Long-Term Debtors			
Loan to Jedburgh Bowling Club	70,000	(21,000)	49,000
Loan to Jedburgh Golf Club	5,500	(1,000)	4,500
Loan to Jedburgh Community Trust	5,000	(167)	4,833
Total Long-Term Debtors	80,500	(22,167)	58,333
Current Assets			
Cash deposited with SBC	62,150	16,371	78,521
Debtors	-	285	285
Total Current Assets	62,150	16,656	78,806
Current Liabilities			
Creditors	(430)	430	-
Net Assets	1,429,927	(13,198)	1,416,729
Funded by:			
Reserves			
Revenue Reserve **	(142,220)	5,081	(137,139)
Capital Reserve **	(876,257)	(2,154)	(878,411)
Revaluation Reserve	(411,450)	10,271	(401,179)
Total Reserves	(1,429,927)	13,198	(1,416,729)

Note:

* The Dividend Income on the Newtown Fund is reflected in the Income and Expenditure Statement (Appendix 1).

** Restated opening balance to align investment position.

Jedburgh Common Good

INVESTMENTS

£

Investments

Investments externally managed in Newton Real Return Fund

Cost of Investment	865,174
Value at 31.3.14	873,584
Value at 30.6.14	883,986
Value at 30.9.14	869,505
Value at 31.12.14	875,738

Since inception the capital value of the investment has increased from £865,174 to £875,738. A dividend of £14,979 was received on 30 September 2014 and will be used to fund in year expenditure as part of the £25,000 investment income projected balance for 2014/15. A further dividend is expected to be received at the end of February 2015.

