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## **Monitoring Report for 12 Months to 31 March 2015**

**Report by the Chief Financial Officer**

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### **Jedburgh Common Good Sub Committee**

**3 June 2015**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the year end out-turn for the Jedburgh Common Good Fund for the year 2014/15 including balance sheet values at 31 March 2015 and proposed budget for 2015/16.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2014/15. This shows a deficit of £11,248 and projected deficit of £6,615 for 2015/16.
- 1.3 Appendix 2 provides the balance sheet value to 31 March 2015. This shows an increase in Reserves of £94,734, due to the revaluation of properties and the unrealised gain of the Newton Fund investment.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing the effect of revaluation.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 March 2015.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Sub Committee:**
  - (a) Notes actual income and expenditure position for 2014/15 in Appendix 1.**
  - (b) Agrees the proposed budget for 2015/16 as shown in Appendix 1.**
  - (c) Notes the final balance sheet value to 31 March 2015 in Appendix 2.**
  - (d) Notes the summary of the property portfolio in Appendix 3.**
  - (e) Notes the current position of the investment in the Newton Fund in Appendix 4.**

#### **3 BACKGROUND**

- 3.1 This report provides the Committee with financial information for the period to 31 March 2015 and proposed budgets for 2015/16. The report also contains a projected balance for the Common Good Fund to 31 March 2016.

#### 4 FINANCIAL POSITION 2014/15

- 4.1 Appendix 1 provides detail on income and expenditure for the 2014/15 financial year.

4.2 **Income & Expenditure – Rental Income**

There is no Rental Income due from the Jedburgh Common Good properties.

4.3 **Income & Expenditure – Non-Property Related Income**

The final out-turn shows a deficit of £2,467 mainly due to the Newton Fund Dividend 2014/15 budget forecast being overstated and out of line with other Common Good funds. See 4.4 re proposed 2015/16 dividends. The final out-turn includes the interest received on cash deposited with the Council. The annual rate of interest applied to the cash deposits is 0.4%.

- 4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. Dividends of £22,835 were received in total to 31 March 2015. This shows a decrease of £2,165 on the projected annual budget income of £25,000. Proposed 2015/16 dividends are calculated at 2.5% of the Market Value at 31 March 2015.

4.5 **Income & Expenditure – Property Expenditure**

There are no Property Expenses on the Jedburgh Common Good properties.

4.6 **Income & Expenditure – Grants & Other Donations**

The grants and other donations distributed to 31 March 2015 are shown below. There are currently no other outstanding commitments.

Grant Recipients	Approved	£
<b>Approved and Paid to 31 March 2015</b>		
Jedburgh Border Games – New Cannon	02/04/15	700
Jedburgh Walking Festival – General Support	02/04/15	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
Jedforest Instrumental Band – Dev Programme	04/02/14	5,000
<b>Total Paid to 31 March 2015</b>		<b>33,700</b>
<b>2014/15 Budget</b>		<b>33,700</b>
<b>Variance</b>		<b>0</b>

4.7 **Income & Expenditure – Depreciation Charge**

The final out-turn shows an increase of £1,329 due to the revaluation of the properties at 1 April 2014 this is not a cash transaction.

- 4.8 Appendix 2 provides the balance sheet value to 31 March 2015 and the projected balance at 31 March 2016.

#### 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 2014 resulting in an increase of £85,877. Appendix 3 shows the difference in value from 31 March 2014 and 1 April 2014 for the individual properties.

#### 4.10 Balance Sheet – Newton Investment

The final out-turn shows a market value of £955,289, including an unrealised gain of £40,115 through capital appreciation. Appendix 4 shows the performance of the fund since inception.

#### 4.11 Balance Sheet – Cash Balance

The cash held by the fund at 31 March 2015 is £28,639, an in year net reduction of £31,444. The actual cash movement for 2014/15 is as follows:

<b>Cash Balance at 31 March 2015</b>	<b>£</b>	<b>£</b>
<b>Opening Balance at 1 April 2014</b>		<b>60,083</b>
<b><i>Repayment of Principal (Long Term Debtors)</i></b>		
Jedburgh Bowling Club Loan	21,000	
Jedburgh Golf Club Loan	1,000	
Jedburgh Community Trust Loan	167	22,167
Transfer to Newton Fund		(50,000)
Deficit for year from Income & Expenditure Statement		(11,248)
Net cash movement in Debtors/Creditors		7,637
<b>Closing Balance at 31 March 2015</b>		<b>28,639</b>

#### 4.12 Balance Sheet – Capital Reserve

The Capital Reserves include the unrealised profits for the Newton Fund as at 31 March 2015.

#### 4.13 Contingent Asset – Jedburgh Golf Club

The final accounts will also include a Contingent Asset of £25,000 for the remaining balance of the secured grant given to Jedburgh Golf Club in January 2005 for the purchase of two additional fields. This position will be reviewed on an annual basis to assess the likelihood of the Golf Club disposing of the fields.

## 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 Newton 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 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 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 Carbon Management**

There are no effects on carbon emissions 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 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 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 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:**

**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.

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## JEDBURGH COMMON GOOD FUND

## INCOME AND EXPENDITURE 2014/15

	Actuals to 31/03/15 £	Approved 2014/15 Budget £	Over/ (Under) Spend £	Proposed 2015/16 Budget £	Para Ref	Commentary
<b>Property Income</b>						
Rentals Receivable	0	0	0	0	-	-
<b>Non-Property Related Income</b>						
Interest Receivable from Loans to – Jedburgh Bowling Club	(1,399)	(1,684)	285	(1,265)	-	-
Jedburgh Golf Club	(224)	(224)	0	(224)	-	-
Interest on Cash deposited with Council	(223)	(240)	17	(225)	4.3	Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	(22,835)	(25,000)	2,165	(23,900)	4.4	-
Other Income	0	0	0	0	-	-
<b>Total Income</b>	<b>(24,681)</b>	<b>(27,148)</b>	<b>2,467</b>	<b>(25,614)</b>		
<b>Property Expenditure</b>				0		
Property Costs – General	0	0	0	0	-	-
<b>Total Property Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Grants &amp; Other Donations</b>	<b>33,700</b>	<b>33,700</b>	<b>0</b>	<b>30,000</b>	4.6	-
<b>Running Costs</b>						
Central Support Service Charge	3,621	3,621	0	3,621	-	-
SBC Grant towards Service Charge	(1,392)	(1,392)	0	(1,392)	-	-
<b>Net Running Costs</b>	<b>2,229</b>	<b>2,229</b>	<b>0</b>	<b>2,229</b>		
<b>Depreciation</b>						
Depreciation Charge	11,600	10,271	1,329	11,600	4.7	Actual based on revalued
Contribution from Revaluation Reserve	(11,600)	(10,271)	(1,329)	(11,600)	4.7	Valuation
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>11,248</b>	<b>8,781</b>	<b>2,467</b>	<b>6,615</b>		

## JEDBURGH COMMON GOOD FUND

## BALANCE SHEET VALUE AS AT 31 MARCH 2015

	Opening Balance at 31/03/14 £	Movement £	Closing Balance at 31/03/15 £	Projected Balance at 31/03/16 £
<b>Fixed Assets</b>				
Land & Buildings <sup>1</sup>	414,123	74,277	488,400	476,800
Feu Duties	0	0	0	0
<b>Total Fixed Assets</b>	<b>414,123</b>	<b>74,277</b>	<b>488,400</b>	<b>476,800</b>
<b>Capital in Newton Investment Fund</b>				
Investment in Newton Fund	865,174	50,000	915,174	915,174
Unrealised Gains/(Loss)	8,410	31,705	40,115	40,115
<b>Market Value<sup>2</sup></b>	<b>873,584</b>	<b>81,705</b>	<b>955,289</b>	<b>955,289</b>
<b>Long Term Debtors</b>				
Loan to Jedburgh Bowling Club	70,000	(21,000)	49,000	43,410
Loan to Jedburgh Golf Club	5,500	(1,000)	4,500	3,500
Loan to Jedburgh Comm Trust	5,000	(167)	4,833	3,833
	<b>80,500</b>	<b>(22,167)</b>	<b>58,333</b>	<b>50,743</b>
<b>Current Assets</b>				
Debtors	2,067	(2,067)	0	0
Cash deposited with SBC	60,083	(31,444)	28,639	22,024
	<b>62,150</b>	<b>(33,511)</b>	<b>28,639</b>	<b>29,614</b>
<b>Current Liabilities</b>				
Creditors	(430)	(5,570)	(6,000)	(6,000)
Receipts in Advance	0	0	0	0
	<b>(430)</b>	<b>(5,570)</b>	<b>(6,000)</b>	<b>(6,000)</b>
<b>Net Assets</b>	<b>1,429,927</b>	<b>94,734</b>	<b>1,524,661</b>	<b>1,506,446</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve <sup>3</sup>	(142,220)	61,248	(80,972)	(74,357)
Capital Reserve <sup>3</sup>	(876,257)	(81,705)	(957,962)	(957,962)
Revaluation Reserve	(411,450)	(74,277)	(485,727)	(474,127)
<b>Total Reserves</b>	<b>(1,429,927)</b>	<b>(94,734)</b>	<b>(1,524,661)</b>	<b>1,506,446</b>

<sup>1</sup> Book Value of Land & Buildings as at 31 March 2014 broken down on Appendix 3

<sup>2</sup> The Dividend Income on the Newton Fund is reflected in the Income and Expenditure Statement on Appendix 1

<sup>3</sup> Opening Capital and Revenue Reserve Balances have been aligned to net asset values

## JEDBURGH COMMON GOOD FUND

**PROPERTY PORTFOLIO PERFORMANCE FOR 2014/15**  
**(Actual Income and Expenditure to 31 March 2015)**

Fixed Assets	Book Value at 31/03/14 Pre- revaluation £	Book Value at 01/04/14 Post- revaluation £	Diff in Value Incr/ (Decr) £	Actual Rental Income 2014/15 £	Actual Property Expenditure 2014/15				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Jedburgh Castle Jail	1,575	-	(1,575)	-	-	-	-	-	-
Mary Queen Scots House	396,968	500,000	103,032	-	-	-	-	-	-
Provosts Room	15,580	-	(15,580)	-	-	-	-	-	-
Murray's Green Park	-	-	-	-	-	-	-	-	-
Dounehill	-	-	-	-	-	-	-	-	-
Ramparts	-	-	-	-	-	-	-	-	-
Market Cross	-	-	-	-	-	-	-	-	-
Property Expenditure (General)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>414,123</b>	<b>500,000</b>	<b>85,877</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## JEDBURGH COMMON GOOD FUND

## INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

<b>Cost of Investment</b>	<b>£</b>
13 December 2013	43,708
17 January 2014	280,185
24 January 2014	276,008
3 February 2014	265,273
5 March 2015	50,000
<b>Total Invested to 31 March 2015</b>	<b>915,174</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2014	873,584
30 June 2014	883,986
30 September 2014	869,505
31 December 2014	875,737
31 March 2015	955,289
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>40,115</b>

Dividends totalling £22,835 have been received during 2014/15 and have been used to fund in year expenditure for 2014/15.