
Monitoring Report for 12 Months to 31 March 2015

Report by the Chief Financial Officer

Selkirk Common Good Sub Committee

10 June 2015

1 PURPOSE AND SUMMARY

- 1.1 This report provides the year end out-turn for the Selkirk 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 surplus of £13,239 and projected deficit of £3,954 for 2015/16.
- 1.3 Appendix 2 provides the balance sheet value to 31 March 2015. This shows an increase in the Reserves of £1,226,839 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 actual income and expenditure and 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 out-turn in Appendix 1 as the budget for 2015/16.**
 - (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**

Rental income for 2014/15 is shown on Appendices 1 & 3, with Appendix 3 detailing the annual rental income by individual property.

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

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 £3,465 were received in total to 31 March 2015. This gives a dividend return of 2.61% for the year. The proposed 2015/16 estimate for dividends is calculated at 2.5% of the Market Value at 31 March 2015.

4.5 Compensation of £4,535 was received in respect of tree felling work from Selkirk Flood Protection Scheme an increase of £1,535 on the anticipated £3,000.

4.6 Additional income of £800 is expected from contractor of the 2G pitch for site compound at Pringle Park.

4.7 **Income & Expenditure – Property Expenditure**

The final out-turn shows an underspend of £1,756. The proposed Budget for 2015/16 includes £8,000 to complete work at Smedheugh Buildings and £12,000 for wiring and drainage at South Common.

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

The grants and other donations distributed to 31 March 2015 are shown below. The grants approved but not yet paid total £4,390.

Grant Recipients	Approved	£
Philphaugh Community School – Play Equipment	11/06/14	4,059
Scott's Selkirk Association – Rent Assistance	02/09/14	1,200
Selkirk Rhinos RFC – P7 Tour to N Ireland	10/03/15	700
Hill Warden Management Agreement	04/09/14	10,000
Total Paid to 31 March 2015		15,959
Approved but not yet paid		
Selkirk Chamber of Commerce – Improve retailing	31/10/12	2,890
Selkirk Xmas Illuminations Group – Power points	23/10/13	1,500
Total approved but not yet paid		4,390
2014/15 Budget		30,000
Variance (over)/Underspend		9,651

4.9 **Income & Expenditure – Running Costs**

The final out-turn for the Central Support Service Charge shows a reduction of £5,000 to bring the charge for Selkirk more into line with other Common Good Funds. The 2014/15 budget was based on historic cost allocations during a period where by the use of resources was higher.

4.10 **Income & Expenditure – Depreciation Charge**

The final out-turn shows an increase of £13,802 due to the revaluation of the properties at 1 April 2014 this is not a cash transaction.

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

4.12 **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 £1,285,223. Appendix 3 shows the difference in value from 31 March 2014 and 1 April 2014 for the individual properties.

4.13 **Balance Sheet – Newton Investment**

The final out-turn shows a market value of £137,280, including an unrealised gain of £7,280 through capital appreciation. Appendix 4 shows the performance of the fund since inception.

4.14 **Balance Sheet – Cash Balance**

The cash held by the fund at 31 March 2015 is £90,091, an in year net reduction of £4,696. The actual cash movement for 2014/15 is as follows:

Cash Balance at 31 March 2015	£
Opening Balance at 1 April 2014	94,787
Surplus for year from Income & Expenditure Statement	13,239
Net cash movement in Debtors/Creditors	(17,935)
Closing Balance at 31 March 2015	90,091

4.15 **Balance Sheet – Capital Reserve**

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

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:

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SELKIRK 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
Property Income						
Rentals Receivable	(63,988)	(62,903)	(1,085)	(68,492)		
Non-Property Related Income						
Interest on Cash deposited with Council	(304)	(420)	116	(304)		Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	(3,465)	(3,200)	(265)	(3,400)	4.4	-
Other Income – Tree felling Compensation	(4,535)	(3,000)	(1,535)	(0)	4.5	-
Other Income	(150)	(50)	(100)	(850)	4.6	-
Total Income	(72,442)	(69,573)	(2,868)	(73,046)		
Property Expenditure						
Property Costs – General	38,244	40,000	(1,756)	50,000	4.7	-
Total Property Expenditure	38,244	40,000	(1,756)	50,000		
Grants & Other Donations	15,959	30,000	(14,041)	22,000	4.8	£4,390 approved not yet paid Includes £10,000 Selkirk Hill Management Agreement
Running Costs						
Central Support Service Charge	10,000	15,102	(5,102)	10,000		
SBC Grant towards Service Charge	(5,000)	(4,032)	(968)	(5,000)		
Net Running Costs	5,000	11,070	(6,070)	5,000		
Depreciation						
Depreciation Charge	76,358	62,556	13,802	76,358		Actual based on revalued Valuation
Contribution from Revaluation Reserve	(76,358)	(62,556)	(13,802)	(76,358)		
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(13,239)	11,497	(24,735)	3,954		

SELKIRK 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 £
Fixed Assets				
Land & Buildings ¹	2,102,777	1,208,865	3,311,642	3,235,284
Heritable Assets	1,500	0	1,500	1,500
Total Fixed Assets	2,104,277	1,208,865	3,313,142	3,236,784
Capital in Newton Investment Fund				
Investment in Newton Fund	130,000	-	130,000	130,000
Unrealised Gains/(Loss)	2,545	4,735	7,280	7,280
Market Value²	132,545	4,735	137,280	137,280
Current Assets				
Debtors	0	5,715	5,715	5,715
Cash deposited with SBC	94,787	(4,696)	90,091	86,137
	94,787	1,019	95,806	91,852
Current Liabilities				
Creditors	(646)	396	(250)	(250)
Receipts in Advance	(22,277)	11,824	(10,453)	(10,453)
	(22,923)	12,220	(10,703)	(10,703)
Net Assets	2,308,686	1,226,839	3,535,524	(3,455,213)
Funded by:				
Reserves				
Revenue Reserve ³	(71,864)	(13,239)	(85,102)	(81,149)
Capital Reserve ³	(132,545)	(4,735)	(137,280)	(137,280)
Revaluation Reserve	(2,104,277)	(1,208,866)	(3,313,142)	(3,236,784)
Total Reserves	(2,308,686)	(1,226,839)	(3,535,524)	(3,455,213)

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

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

³ Opening Capital and Revenue Reserve Balances have been aligned to net asset values

SELKIRK 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 £
Linglie Farmhouse & Cottages	350,286	630,000	279,714	6,752	11,915		391	547	12,853
Linglie Farm Shootings	7,500	8,000	500	696					
Linglie Mast Site	68,500	87,000	18,500	10,647					
Linglie Plantation	10,000	16,000	6,000						
Pant Well	-	-	-						
Pringle Park	-	-	-						
Pringle Park Play Area	-	-	-						
Shawburn Road Amenity Ground	-	-	-						
Shawburn Toll Embankment	-	-	-						
Bog Park Recreation Ground	-	-	-						
Rosebank Quarry	-	-	-						
Rosebank Quarry Play Area	-	-	-						
River Ettrick Salmon Fishing	700	700	0						
Selkirk Golf Course	69,000	78,500	9,500						
Selkirk Shooting Range	-	-	-						
Selkirk Hill	20,500	35,000	14,500	410					
Selkirk Town Hall Clock	-	-	-						
Selkirk Town Hall	115,050	154,000	38,950		8,426		243	400	9,069
Selkirk Town Hall Shops	-	-	-						
Shop 26 Market Place	21,595	31,500	9,905	4,160					
Shop 28 Market Place	29,450	42,500	13,050	5,150					
Smedheugh Farm Shooting	3,500	4,000	500	150					
South Common Farm Shootings	-	-	-	150	8,651		415	901	9,967

Smedheugh Farm & Farmhouse	291,333	794,000	502,667	25,529					
Smedheugh Plantation	5,600	9,500	3,900						
South Common Farmhouse & Cott	302,000	464,000	162,000	8,970	3,994		369	1,113	5,476
South Common Plantation	2,400	3,500	1,100						
Riverside Amenity Site Land	75,000	70,800	(4,200)						
The Green Hut	16,250	30,000	13,750	1,175					
Shawpark Rd Development Site	37,500	35,000	(2,500)						
Victoria Hall	639,744	837,000	197,256						
Victoria Hall Caretakers Flat	35,119	55,000	19,881						
Victoria Park & Caravan Park	-	-	-						
Victoria Park Pavillion Site	1,750	2,000	250	199					
Property Expenditure - General	-	-	-		652		10	217	879
Total	2,102,777	3,388,000	1,285,223	63,988	33,638	0	1,428	3,178	38,244

SELKIRK COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	£
13 December 2013	130,000
Total Invested to 31 March 2015	130,000

Value of Investment	£
31 March 2014	132,545
30 June 2014	134,123
30 September 2014	131,926
31 December 2014	132,872
31 March 2015	137,280
Increase/(Decrease) from Total Cash Invested	7,280

Dividends totalling £3,465 have been received during 2014/15 and have been used to fund in year expenditure for 2014/15.