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## **Monitoring Report for 3 Months to 30 June 2015**

**Report by the Chief Financial Officer**

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### **Selkirk Common Good Sub Committee**

**1 September 2015**

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

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for the 3 months to 30 June 2015 and full year projected out-turn for 2015/16 and projected balance sheet values to 31 March 2016.**
- 1.2 Appendix 1 provides a projected Income and Expenditure position. This shows a projected deficit of £3,669 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2016. It shows a projected decrease in the reserves of £80,026.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual Income and Expenditure to 30 June 2015.
- 1.5 Appendix 4 shows the value of the Newton Fund to 30 June 2015.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Sub Committee:**
  - (a) Agrees the projected Income and Expenditure for 2015/16 in Appendix 1.**
  - (b) Notes the projected Balance Sheet value to 31 March 2016 in Appendix 2.**
  - (c) Notes the summary of the property portfolio in Appendix 3.**
  - (d) 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 30 June 2015 and projections to 31 March 16. The report also contains a projected balance sheet for the Common Good Fund to 31 March 2016.

### **4 FINANCIAL POSITION 2015/16**

4.1 Appendix 1 provides detail on income and expenditure for the 2015/16 financial year. The projected net position for the year is a deficit of £3,669, assuming full expenditure of the grants and donations budget of which £10,500 remains to be allocated.

#### **4.2 Income & Expenditure – Rental Income**

Rental income for 2015/16 is shown on Appendices 1 & 3, with Appendix 3 detailing the projected annual rental income by individual property. The projected income for the year shows a variance from Budget of £285 due to rent increases of £700 at South Common Farm, £50 at both Smedheugh and South Common Farm Shootings and £35 at 26 Market Place offset by a likely reduction in the rental income of the Linglie Farm Shootings of £550 due to current lack of interest in this type of lease.

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

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 over the full financial year. The annual rate of interest applied to the cash deposits is expected to be around 0.4%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. The proposed budget for 2015/16 is based on a distribution of 2.5% which will be subject to the overall performance of the fund.

#### **4.5 Income & Expenditure – Property Expenditure**

The property expenditure to 30 June 2015 is detailed in Appendix 3 by property.

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

The grants and other donations distributed to 30 June 2016 are shown below. There are currently £11,500 grants and other donations that have been approved but not yet paid.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 30 June 2015</b>		
-		0
<b>Total Paid to 30 June 2015</b>		<b>0</b>
<b>2015/16 Budget</b>		<b>22,000</b>
<b>Budget Remaining</b>		<b>22,000</b>
<b>Approved but not yet paid</b>		
Hill Warden Management Agreement	04/09/14	10,000
Selkirk Xmas Illuminations Group – Power points	23/10/13	1,500
<b>Total approved but not yet paid</b>		<b>11,500</b>
<b>Unallocated Budget Remaining</b>		<b>10,500</b>

#### 4.7 **Income & Expenditure – Depreciation Charge**

The depreciation charge is projected to be £76,358 based on 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, the projected movement in year and a 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. Appendix 3 shows the values of the individual properties at 31 March 2015, projected depreciation charges 2015/16 and projected value at 31 March 2016.

#### 4.10 **Balance Sheet – Newton Investment**

a) With the current uncertainties in financial markets worldwide caused by the Greek debt crises, speculation over possible interest rate rises in the US and the downturn in the growth rate of the Chinese economy, Global markets have proven to be very volatile in the second quarter of 2015.

b) This has resulted in a downturn across financial markets, which has averaged 5%. Against this background, information from Newton shows an overall performance reduction of 2.76% indicating a reduction in assets value but a lower level of relative performance reduction compared to the wider market over the quarter. The Newton Fund due to its remit of "capital preservation" has therefore been impacted by market fluctuations to a lesser extent than other funds. It should again be noted that these investments are long term investments and individual quartile performance should not be taken in isolation but must be viewed over the longer term. Newton's have action plans in place and as at the end July recovered 0.8% of the second quarter reduction. They believe the overall objective of the fund to return LIBOR+4% over a 5 year average is still achievable and there is no reason to change the strategy adopted at this point.

c) The projections include an unrealised profit of £3,379 for the Newton Fund Investment as at 30 June 2015. Appendix 4 shows the performance of the fund since inception.

#### 4.11 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £86,422, an in year projected decrease of £3,669. The projected cash movement for 2015/16 is as follows:

<b>Cash Balance at 31 March 2015</b>	<b>£</b>
Opening Balance at 1 April 2015	90,091
Projected Deficit for year from Income & Expenditure Statement	(3,669)
<b>Closing Balance at 30 June 2015</b>	<b>86,422</b>

#### 4.12 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised profits for the Newton Fund as at 30 June 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:**

**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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## SELKIRK COMMON GOOD FUND

## INCOME AND EXPENDITURE 2015/16

	Actuals at 30/06/15	Full Year Approved Budget 2015/16	Full Year Projected Out-turn	Full Year Projected Over/ (Under) Spend	Para Ref	Commentary
	£	£	£	£		
<b>Property Income</b>						
Rentals Receivable	(50,493)	(68,492)	(68,777)	(285)	4.2	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	0	(304)	(304)	0	4.3	Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	0	(3,400)	(3,400)	0	4.4	Calculated at 2.5%
Other Income	(50)	(850)	(850)	0		
<b>Total Income</b>	<b>(50,543)</b>	<b>(73,046)</b>	<b>(73,331)</b>	<b>(285)</b>		
<b>Property Expenditure</b>						
Property Costs – General	4,002	50,000	50,000	0		
<b>Total Property Expenditure</b>	<b>4,002</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>		
<b>Grants &amp; Other Donations</b>	<b>0</b>	<b>22,000</b>	<b>22,000</b>	<b>0</b>	4.6	£11,500 approved not yet paid
<b>Running Costs</b>						
Central Support Service Charge	0	10,000	10,000	0		
SBC Grant towards Service Charge	0	(5,000)	(5,000)	0		
<b>Net Running Costs</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>		
<b>Depreciation</b>						
Depreciation Charge	0	76,358	76,358	0		
Contribution from Revaluation Reserve	0	(76,358)	(76,358)	0		
<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>(46,542)</b>	<b>3,954</b>	<b>3,669</b>	<b>(285)</b>		

## SELKIRK COMMON GOOD FUND

## PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2016

	Opening Balance at 01/04/15 £	Projected Movement in Year £	Projected Balances at 31/03/16 £
<b>Fixed Assets</b>			
Land & Buildings	3,311,642	(76,358)	3,235,284
Moveable Assets	1,500	0	1,500
<b>Total Fixed Assets</b>	<b>3,313,142</b>	<b>(76,358)</b>	<b>3,236,784</b>
<b>Capital in Newton Investment Fund</b>			
Investment in Newton Fund	130,000	0	130,000
Unrealised Gains/(Loss)	7,280	0	7,280
<b>Market Value</b>	<b>137,280</b>	<b>0</b>	<b>137,280</b>
<b>Current Assets</b>			
Debtors	5,715	0	5,715
Cash deposited with SBC	90,091	(3,669)	86,422
	<b>95,806</b>	<b>(3,669)</b>	<b>92,137</b>
<b>Current Liabilities</b>			
Creditors	(250)	0	(250)
Receipts in Advance	(10,453)	0	(10,453)
	<b>(10,703)</b>	<b>0</b>	<b>(10,703)</b>
<b>Net Assets</b>	<b>3,535,524</b>	<b>(80,026)</b>	<b>3,455,498</b>
<b>Funded by: Reserves</b>			
Revenue Reserve	(85,102)	3,669	(81,434)
Capital Reserve	(137,280)	0	(137,280)
Revaluation Reserve	(3,313,142)	76,358	(3,236,784)
<b>Total Reserves</b>	<b>(3,535,524)</b>	<b>80,026</b>	<b>(3,455,498)</b>

## SELKIRK COMMON GOOD FUND

**PROPERTY PORTFOLIO PERFORMANCE FOR 2015/16**  
**(Actual Income and Expenditure to 30 June 2015)**

Fixed Assets	Net Book Value at 31/03/15	Projected Depn Charge 2015/16	Projected Net Book Value at 31/03/16	Projected Rental Income 2015/16	Actual Property Expenditure at 30/06/15				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
The Green Hut	21,600	8,400	13,200	1,175	0	0	0	0	0
Town Hall Clock	0	0	0	0	0	0	0	0	0
Pant Well Monument	0	0	0	0	0	0	0	0	0
Victoria Hall Caretakers Flat	52,395	2,606	49,789	0	0	0	0	0	0
Victoria hall	798,000	39,000	759,000	0	592	0	0	0	592
Pringle Park	0	0	0	0	0	0	0	0	0
Victoria Park Pavilion site	2,000	0	2,000	200	0	0	0	0	0
Pringle Park Play Area	0	0	0	0	0	0	0	0	0
Selkirk Golf Course	78,500	0	78,500	0	0	0	0	0	0
South Common Farm	460,314	3,686	456,628	9,600	0	0	380	0	380
Smedheugh Farm	789,360	4,640	784,720	28,700	1,988	0	427	0	2,415
Selkirk Hill Grazings	35,000	0	35,000	410	0	0	0	0	0
Linglie Farm	626,333	3,667	622,666	7,500	0	0	402	0	402
Victoria Park & Caravan Site	0	0	0	0	0	0	0	0	0
26 Market Place	29,567	1,933	27,634	4,160	0	0	33	0	33
28 Market Place	39,860	2,640	37,220	5,600	0	0	91	0	91
Selkirk Town Hall	144,213	9,787	134,426	0	0	0	123	0	123
South Common Plantations	3,500	0	3,500	200	0	0	0	0	0
Smedheugh Farm Shootings	4,000	0	4,000	200	0	0	0	0	0
Smedheugh Plantations	9,500	0	9,500	0	0	0	0	0	0
Linglie Plantations	16,000	0	16,000	0	0	0	0	0	0
Linglie Farm Shootings	8,000	0	8,000	200	0	0	0	0	0
Linglie Mast Site	87,000	0	87,000	10,832	0	0	0	0	0
River Ettrick Salmon Fishing Right	700	0	700	0	0	0	0	0	0
Bog Park Recreation Area	0	0	0	0	0	0	0	0	0



Fixed Assets	Net Book Value at 31/03/15 £	Projected Depn Charge 2015/16 £	Projected Net Book Value at 31/03/16 £	Projected Rental Income 2015/16 £	Actual Property Expenditure at 30/06/15				
					Repairs	Rates, Water & Power	Ins	Other	Total
					£	£	£	£	£
Shawburn Amenity Ground	0	0	0	0	0	0	0	0	0
Shawburn Toll Embankment	0	0	0	0	0	0	0	0	0
Bog Park Playground	0	0	0	0	0	0	0	0	0
Victoria Park Play Area	0	0	0	0	0	0	0	0	0
Civic Amenity Site	70,800	0	70,800	0	0	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0	0	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0	0	0	0	0	0
Shawpark Road Development Site	35,000	0	35,000	0	0	0	0	0	0
Property Expenditure - General	-	-	-	-	0	0	-33	0	-33
<b>Total</b>	<b>3,311,642</b>	<b>76,358</b>	<b>3,235,285</b>	<b>68,777</b>	<b>2,580</b>	<b>0</b>	<b>1,422</b>	<b>0</b>	<b>4,002</b>

#### REPAIRS ANALYSIS

Property	Joinery (Common Riding)	Bathroom Repairs							Total
Victoria Hall	592	0	0	0	0	0	0	0	592
Smedheugh Farm	0	1,998	0	0	0	0	0	0	1,998
<b>Total</b>	<b>592</b>	<b>1,998</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,580</b>

**SELKIRK COMMON GOOD FUND**

**INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
13 December 2013	69,530	130,000
<b>Total Invested to 31 March 2015</b>	<b>69,530</b>	<b>130,000</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2015	137,280
30 June 2015	133,379
30 September 2015	
31 December 2015	
31 March 2016	
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>3,379</b>

Dividends are due to be paid out in September 2015 & February 2016.

