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**Monitoring Report for 9 Months to 31 December 2014**

**Report by the Chief Financial Officer**

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**Selkirk Common Good Sub Committee**

**18 February 2015**

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**1 PURPOSE AND SUMMARY**

- 1.1 **This report sets out details of transactions on the Selkirk 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 £11,497 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2015. It shows a projected increase in the Capital Reserve of £327, arising from unrealised movement on the Newton Fund investment and a cash balance at this date of £52,046.

**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 summary of the property portfolio in Appendix 3; and**
  - (d) **Notes the current position of the investment in the Newton Fund as detailed in Appendix 4.**

### **3 BACKGROUND**

- 3.1 This report provides the Committee with financial information for the period to 31 December 2014 and projections to 31 March 2015. The report also contains a projected balance sheet for the Common Good Fund to 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 projected net position for the year is a deficit of £11,497, assuming full expenditure of the grants budget, of which £10,351 remains to be allocated.

#### **Income & Expenditure - Rental Income**

- 4.2 Projected rental income for 2014/15 is shown on Appendices 1 and 3, with Appendix 3 detailing the projected annual rental income by individual property. There is no change to the rental income projections from the previously reported estimate.
- 4.3 Other Income of £3,000 has been added in respect of an anticipated payment from Selkirk Flood Protection Scheme in respect of loss of trees along the river bank downstream from Victoria Park.

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

- 4.4 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, however, expected to be around 0.4%.
- 4.5 The Capital Reserve is invested in the Newton Fund and distributions from are made twice a year in September and February. A dividend of £2,273 was received by the Selkirk Common Good Fund at 30 September 2014. The Newton Fund is currently anticipated to fully return the projected annual budgeted income of £3,200.

#### **Income & Expenditure - Property Expenditure**

- 4.6 The Property Expenditure to date is detailed in Appendix 3 by property. The estimate for full year property costs included in Appendix 1 has been increased by £10,000 to allow for anticipated costs, including replacement windows for South Common Farm, field drainage and bathroom works at Smedheugh Farmhouse, as agreed at the Sub-Committee meeting on 2 December 2014.
- 4.7 The payment to the Selkirk Hill Management Group for 2014/15 has been paid in line with the Sub-Committee's decision made at the meeting on the 4 September 2013. This decision was to pay £10,000 per annum for the five years (i.e. up to year ending 31 March 2018), subject to availability of funds.

## Income & Expenditure - Grants and Other Donations

- 4.8 The Grants and Other Donations distributed to 31 December 2014 are shown below. There are currently no other outstanding commitments.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and paid</b>		
Philiphaugh Community School – Play Equipment	11/06/14	4,059
Scott's Selkirk Assoc – Rent assistance	02/09/14	1,200
<b>Total Paid to 31 December 2014</b>		<b>5,259</b>
<b>Approved but not yet paid</b>		
Selkirk Chamber of Commerce- Improve prospects for retailing in town	31/10/12	2,890
Selkirk Christmas Illuminations Group - Power points	23/10/13	1,500
<b>Total - Approved but not yet paid</b>		<b>4,390</b>
<b>Projected Out-Turn</b>		<b>20,000</b>
<b>Remaining Unallocated Budget</b>		<b>10,351</b>

### Balance Sheet

- 4.9 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.
- 4.10 All fixed assets of the Common Good Fund are revalued every five 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.

### Cash Balance

- 4.11 The cash held by the fund is projected to be £52,046, an in-year projected reduction of £12,143. The projected cash movement for 2014/15 is as follows:

<b>Projected Usable Cash Revenue Balance</b>	<b>£</b>	<b>£</b>
<b>Opening Balance at 1.4.14</b>		<b>64,189</b>
Projected deficit for year from Income & Expenditure Statement		(11,497)
Net cash movement in Debtors/ Creditors		(646)
<b>Projected Closing Balance at 31.3.15</b>		<b>52,046</b>

### Capital Reserve

- 4.12 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 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:** None

**Previous Minute Reference:** Selkirk Common Good Sub-Committee, 2 December 2014; Selkirk Common Good Sub-Committee, 4 September 2013

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## SELKIRK 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
	£	£	£	£		
<b>Property Income</b>						
Rentals Receivable	(58,590)	(62,903)	(62,903)	-		
Payment from Selkirk Flood Protection Scheme	-	-	(3,000)	(3,000)	4.5	Refer to Appendix 3 Expected payment in respect of loss of trees
<b>Non-Property Related Income</b>						
Interest on cash deposited with Council	-	(420)	(420)	-	4.3	
Newton Fund investment - Dividends receivable	(2,273)	(3,200)	(3,200)	-	4.4	Second dividend to be received in Feb 2015
Other income – Fishing Club annual donation	(50)	(50)	(50)	-		
<b>Total Income</b>	<b>(60,913)</b>	<b>(66,573)</b>	<b>(69,573)</b>	<b>(3,000)</b>		
<b>Property Expenditure</b>						
Property Costs	26,575	30,000	40,000	10,000	4.6	Refer to Appendix 3
Selkirk Hill Management Agreement	10,000	10,000	10,000	-	4.7	
<b>Total Property Expenditure</b>	<b>36,575</b>	<b>40,000</b>	<b>50,000</b>	<b>10,000</b>		
<b>Grants &amp; Donations to Local Bodies</b>	<b>5,259</b>	<b>20,000</b>	<b>20,000</b>	-	4.8	£10,351 of budget unallocated
<b>Running Costs</b>						
Central Support Service Charge	1,718	15,102	15,102	-		
SBC Grant towards Service Charge	-	(4,032)	(4,032)	-		
<b>Net Running Costs</b>	<b>1,718</b>	<b>11,070</b>	<b>11,070</b>	-		
<b>Depreciation</b>						
Depreciation charge	-	62,556	62,556	-		Estimate based on current Net Book Values
Contribution from Revaluation Reserve	-	(62,556)	(62,556)	-		
<b>Net impact of depreciation on the revenue reserve</b>	-	-	-	-		
<b>Total Net (Surplus)/Deficit for the year</b>	<b>(17,361)</b>	<b>4,497</b>	<b>11,497</b>	<b>7,000</b>		

## SELKIRK COMMON GOOD FUND

## ESTIMATED SUMMARY BALANCE SHEET POSITION AT 31 MARCH 2015

	Opening Balance at 31 March 2014 £	Projected Movements in year £	Projected Balances at 31 March 2015 £
<b>Fixed Assets</b>			
<b>Land &amp; Buildings<sup>1</sup></b>	2,102,777	(62,556)	2,040,221
<b>Heritable Assets</b>	1,500	-	1,500
<b>Total Fixed Assets</b>	<b>2,104,277</b>	<b>(62,556)</b>	<b>2,041,721</b>
<b>Capital in Newton Investment Fund Market Value as at 31.12.14<sup>2</sup></b>	<b>132,545</b>	<b>327</b>	<b>132,872</b>
<b>Current Assets</b>			
Cash deposited with SBC	64,189	(12,143)	52,046
<b>Current Liabilities</b>			
Creditors	(646)	646	-
<b>Net Assets</b>	<b>2,300,365</b>	<b>(73,726)</b>	<b>2,226,639</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve <sup>3</sup>	(63,543)	11,497	(52,046)
Capital Reserve <sup>3</sup>	(140,866)	(327)	(141,193)
Revaluation Reserve	(2,095,956)	62,556	(2,033,400)
<b>Total Reserves</b>	<b>(2,300,365)</b>	<b>73,726</b>	<b>(2,226,639)</b>

<sup>1</sup> Projected book values of Land and Buildings as at 31 March 2015 broken down on Appendix 3.

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

<sup>3</sup> Opening capital and revenue reserve balances have been aligned to reflect net asset values.

## SELKIRK COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2014/15  
(ACTUAL EXPENDITURE TO END DECEMBER 2014)

Fixed Assets - Land & Buildings	FIXED ASSETS Projected Book value at 31.3.15	RENTAL INCOME Projected Outturn for 2014/15	ACTUAL PROPERTY COSTS TO 31.12.14			Total
			Repairs	Common Riding related	Insurance	
	£	£	£	£	£	£
Linglie Farm Farmhouse & Cottages	347,543	(7,500)	9,577		391	9,968
Linglie Farm Shootings	7,500	(750)				
Linglie Mast Site	68,500	(10,832)				
Linglie Plantation	10,000					
Pant Well	-					
Pringle Park	-					
Pringle Park Play Area	-					
Shawburn Rd Amenity Ground	-					
Shawburn Toll Embankment	-					
Bog Park Recreation Ground	-					
Rosebank Quarry	-					
Rosebank Quarry Play Area						
River Ettrick Salmon Fishing	700					
Selkirk Golf Course	69,000					
Selkirk Shooting Range	-	(11)				
Selkirk Hill	20,500	(410)				
Selkirk Town Hall Clock	-					
Selkirk Town Hall	107,860		8,426		243	8,669
Selkirk Town Hall Shops	-					
Shop - 26 Market Place	20,414	(4,125)				
Shop - 28 Market Place	27,740	(5,600)				
Smedheugh Farm Shooting	1,750	(200)				
South Common Farm Shootings	1,750	(200)				
Smedheugh Farm & Farmhouse	288,800	(23,500)	6,389		415	6,804
Smedheugh Plantation	5,600					
South Common Farm Farmhouse & Cottages	299,400	(8,400)			369	369
South Common Plantation						
Selkirk	2,400					
Riverside Amenity Site land	75,000					
The Green Hut	12,333	(1,175)				
Shawpark Rd Development Site	37,500					
Victoria Hall	600,910					
Victoria Hall Caretakers Flat	33,271					
Victoria Park & Caravan Park	-					
Victoria Park Pavilion site	1,750	(200)				
General			103	652	10	765
<b>Total</b>	<b>2,040,221</b>	<b>(62,903)</b>	<b>24,495</b>	<b>652</b>	<b>1,428</b>	<b>26,575</b>

## Selkirk Common Good

### INVESTMENTS

£

#### Investments

Investments externally managed in Newton Real Return Fund:

	£
Cost of Investment	130,000
Value at 31.3.14	132,545
Value at 31.12.14	132,872

Since inception the capital value of the investment has increased from £130,000 to £132,872. A dividend of £2,273 was received on 30 September 2014 and will be used to fund in year expenditure as part of the £3,200 investment income projected balance for 2014/15. A further dividend is expected to be received at the end of February 2015.

