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

**Report by the Chief Financial Officer**

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

**9 December 2015**

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

- 1.1 This report provides the details of the income and expenditure for the Jedburgh Common Good Fund for the 6 months to 30 September 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 £6,615 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 £18,215.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual Income and Expenditure to 30 September 2015.
- 1.5 Appendix 4 shows the value of the Newton Fund to 30 September 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 September 2015 and projections to 31 March 2016. 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 £6,615, assuming full expenditure of the grants and donations budget of which £22,858 remains to be allocated.

##### 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 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 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 £12,823 were received in September 2015 in line with the proposed budget of £23,900 for the year. 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

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 30 September 2015 are shown below.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 30 September 2015</b>		
Jethart Callant Festival	03/06/15	5,000
Jed Horticultural Society	03/06/15	2,142
<b>Total Paid to 30 September 2015</b>		<b>7,142</b>
<b>Approved but not yet paid</b>		
-		0
<b>Total Grants Approved</b>		<b>7,142</b>
<b>Unallocated Budget Remaining</b>		<b>30,000</b>
<b>Unallocated Budget</b>		<b>22,858</b>

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

The depreciation charge is projected to be £11,600 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) The markets remain volatile due to the continued downturn in the growth rate of the Chinese economy and the US Federal Reserve’s decision to leave US interest rates unchanged. This has resulted in a small negative return of -0.78% for the quarter to 30 September 2015 in comparison to equity markets which fell by 6% in the same period. Newton continues to put plans in place to protect the Fund.
- b) Due to the volatility of the market conditions the projections do not include estimates for movements in the unrealised gains. Appendix 4 shows the performance of the Newton Fund since inception.

**4.11 Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £23,614, an in year projected decrease of £5,025. The projected cash movement for 2015/16 is as follows:

<b>Cash Balance</b>	<b>£</b>	<b>£</b>
<b>Opening Balance at 1 April 2015</b>		<b>28,639</b>
<b><i>Repayment of Principal (Long Term Debtors)</i></b>		
Jedburgh Bowling Club Loan	5,590	
Jedburgh Golf Club Loan	1,000	
Jedburgh Community Trust Loan	1,000	7,590
Movement of Creditor in year		(6,000)
Projected Deficit for year from Income & Expenditure Statement		(6,615)
<b>Projected Closing Balance at 31 March 2016</b>		<b>23,614</b>

**4.12 Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Newton Fund as at 31 March 2015 but due to the extremely volatile nature of the markets no estimate has been made for the current years’ movement.

**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:** Jedburgh Common Good Committee 16 September 2015

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## JEDBURGH COMMON GOOD FUND

## INCOME AND EXPENDITURE 2015/16

	Actuals at 30/09/15	Full Year Approved Budget 2015/16	Full Year Projected Out-turn 2015/16	Full Year Projected Over/ (Under) Spend £	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	0	(1,265)	(1,265)	0		
Jedburgh Golf Club	(112)	(224)	(224)	0		
Interest on Cash deposited with Council	0	(225)	(225)	0	4.3	Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	(12,823)	(23,900)	(23,900)	0	4.4	Calculated at 2.5%
<b>Total Income</b>	<b>(12,935)</b>	<b>(25,614)</b>	<b>(25,614)</b>	0		
<b>Property Expenditure</b>						
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>7,142</b>	<b>30,000</b>	<b>30,000</b>	<b>0</b>	4.6	£22,858 Unallocated
<b>Running Costs</b>						
Central Support Service Charge	3,621	3,621	3,621	0		
SBC Grant towards Service Charge	(1,392)	(1,392)	(1,392)	0		
<b>Net Running Costs</b>	<b>2,229</b>	<b>2,229</b>	<b>2,229</b>	<b>0</b>		
<b>Depreciation</b>						
Depreciation Charge	0	11,600	11,600	0		
Contribution from Revaluation Reserve	0	(11,600)	(11,600)	0		
<b>Net impact of Depreciation on Rev Res</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>(3,564)</b>	<b>6,615</b>	<b>6,615</b>	<b>0</b>		

## JEDBURGH 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 <sup>1</sup>	488,400	(11,600)	476,800
Feu Duties	0	0	0
<b>Total Fixed Assets</b>	<b>488,400</b>	<b>(11,600)</b>	<b>476,800</b>
<b>Capital in Newton Investment Fund</b>			
Investment in Newton Fund	915,174	0	915,174
Unrealised Gains/(Loss)	40,115	0	40,115
<b>Market Value</b>	<b>955,289</b>	<b>0</b>	<b>955,289</b>
<b>Long Term Debtors</b>			
Loan to Jedburgh Bowling Club	49,000	(5,590)	43,410
Loan to Jedburgh Golf Club	4,500	(1,000)	3,500
Loan to Jedburgh Comm Trust	4,833	(1,000)	3,833
	<b>58,333</b>	<b>(7,590)</b>	<b>50,743</b>
<b>Current Assets</b>			
Debtors	0	0	0
Cash deposited with SBC	28,639	(5,025)	23,614
	<b>28,639</b>	<b>975</b>	<b>29,614</b>
<b>Current Liabilities</b>			
Creditors	(6,000)	6000	0
Receipts in Advance	0	0	0
	<b>(6,000)</b>	<b>0</b>	<b>(6,000)</b>
<b>Net Assets</b>	<b>1,524,661</b>	<b>(18,215)</b>	<b>1,506,446</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve	(80,972)	6,615	(74,357)
Capital Reserve	(957,962)	0	(957,962)
Revaluation Reserve	(485,727)	11,600	(474,127)
<b>Total Reserves</b>	<b>(1,524,661)</b>	<b>18,215</b>	<b>(1,506,446)</b>

## JEDBURGH COMMON GOOD FUND

**PROPERTY PORTFOLIO PERFORMANCE FOR 2015/16**  
**(Actual Income and Expenditure to 30 September 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 30/09/15				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Jedburgh Provosts Room	0	0	0	0	0	0	0	0	0
Jedburgh Castle Jail	0	0	0	0	0	0	0	0	0
Mary Queen of Scots House	488,400	11,600	476,800	0	0	0	0	0	0
Murray's Green Park	0	0	0	0	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0	0	0	0	0
Ramparts	0	0	0	0	0	0	0	0	0
Market Cross	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>488,400</b>	<b>11,600</b>	<b>476,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

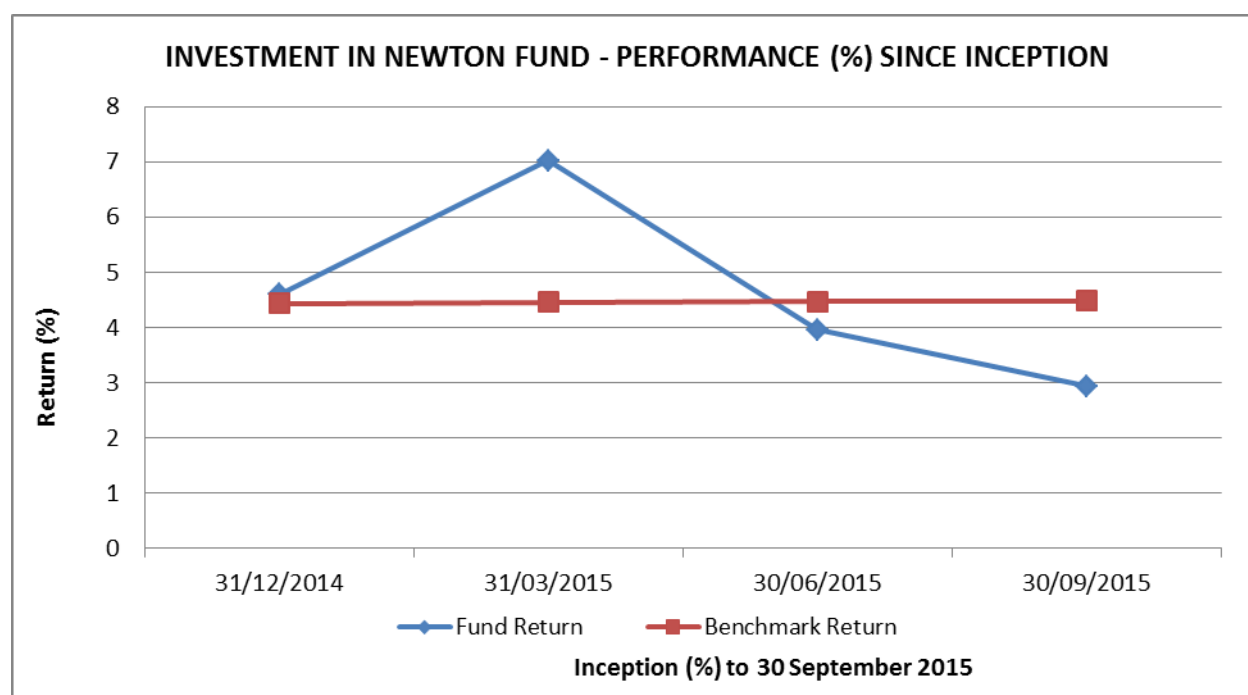


## JEDBURGH COMMON GOOD FUND

## INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	Units	£
13 December 2013	23,377	43,708
17 January 2014	147,816	280,185
24 January 2014	146,191	276,008
3 February 2014	140,878	265,273
5 March 2015	25,576	50,000
<b>Total Invested to 30 September 2015</b>	<b>483,838</b>	<b>915,174</b>

Value of Investment	£
31 March 2015	955,289
30 June 2015	928,146
30 September 2015	901,728
31 December 2015	
31 March 2016	
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(13,446)</b>



Note:

Benchmark is a performance aim of cash returns (1month GBP LIBOR) plus 4% per annum on a rolling 5 year average. Therefore if GBP 1 month LIBOR is 0.5% p.a., the benchmark for the Newton Fund is 4.5%. It is not an equity market based benchmark.

The following chart shows the Newton Funds quarterly return performance against the Benchmark and against an equity performance index (MSCI AC World Index).

