

**SCOTTISH BORDERS COUNCIL
PEEBLES COMMON GOOD FUND SUB-COMMITTEE**

16 JANUARY 2013

COMMON GOOD FUNDS – HERITABLE ASSETS, ASSET VALUATIONS

1.0	BACKGROUND
1.1	Heritable Common Good Assets can be defined as land and buildings which have been vest (put in the ownership) in this Council by virtue of succession through the various reforming statutes and are derived from the Common Good estates of the former burghs. These can be better described as Fixed Assets.
1.2	The Council holds an Asset Register of all Common Good Fund fixed assets. This is in addition to the list of non heritable assets such as artefacts and accounts reflecting money held.
1.3	The Asset Register has been compiled from historical and title information held by the former District Councils and their predecessors. It should be noted that over the many years this information has been the subject of great debate and intense scrutiny and continues to be so to this day. The ongoing review of the register by legal officers is continuing, although in respect of Peebles was completed and reported to the then Working Group in 2010. During the review not only were titles examined but Council minutes and accounts were reviewed.
1.4	Historically the ownership of the assets has been acquired a) through the terms of the Burgh Charter being a grant of title from the Sovereign or b) by disposition (title deed) from other parties.
2.0	TYPES OF COMMON GOOD HERITABLE ASSETS
2.1	For Asset Valuation purposes under the International Financial Reporting Standards (IFRS) there are various types of heritable assets of which Common Good Assets broadly speaking fall into the following two main categories:- a) Operational Assets b) Non-operational Assets Operational assets can be described as land and property which is used in the direct delivery of services for which there is a statutory or discretionary responsibility. Non-operational assets are land and property held but not occupied directly for the delivery of services.
2.2	Common Good Fund assets fall under both of those categories, more specifically examples of Operational Assets are as follows:- sports pitches, parks, woodlands and monuments. These can be categorised as Community Assets where the public have access to them. Non-Operational Assets are as follows: golf courses, grazings, farms, houses, allotments, garages, shops, offices etc. These are assets where a landlord and tenant relationship exists between the Common Good Fund and the occupier and are potentially income generating.

3.0	VALUATION OF COMMON GOOD FUND HERITABLE ASSETS
3.1	The Council currently has a 5 year rolling programme of revaluations whereby each individual asset is examined during that term as required by the Accounting Code of Practice and the International Financial Reporting Standards (IFRS).
3.2	Common Good Fund Heritable Assets were last revalued in 2009 by the Estate Management Section of the Council and the next revaluation is programmed for 2014.
3.3	Under the Royal Institution of Chartered Surveyors and Valuation Standards the method of valuation in the Balance Sheet has been based on either Market Value (MV) or Depreciated Replacement Cost (DRC) as appropriate. MV is defined as the estimated amount a property would exchange on the date of Valuation in an arm's length transaction sale. DRC is defined as the current cost of reproduction or replacement of an asset less any deductions for physical deterioration such as age, wear and tear and obsolescence of the asset.
3.4	Valuations for properties which are subject to an agricultural tenancy have had their MV reduced by up to 55%, in some cases, to reflect the secure long term nature of the tenancy and the property themselves. Valuations for property with agricultural tenancy are therefore not comparable with properties which have vacant possession.
3.5	Assets which are deemed to be Community Assets, Infrastructure or Monuments are valued at Nil because they are held in perpetuity, have no determinable useful life and that they may have restrictions on their disposal.
3.6	Any land which is deemed to be contaminated eg a tip is reported to have nil value due to the significant impact the cost of restoring the ground will have on the MV.
3.7	In accordance with the Code of Practice on Local Authority Accounting, land and buildings have to be valued separately as land is not depreciated. Buildings are depreciated over the life of the asset as assessed by the Valuer.

NEIL HASTIE
ESTATES MANAGER
SCOTTISH BORDERS COUNCIL