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GALASHIELS COMMON GOOD FUND SUB COMMITTEE TUESDAY, 9TH JUNE, 2015

A MEETING of the GALASHIELS COMMON GOOD FUND SUB COMMITTEE will be held in the COMMITTEE ROOM 2, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS, MELROSE.
on TUESDAY, 9TH JUNE, 2015 at 2.00 PM

J. J. WILKINSON,
Clerk to the Council,
2 June 2015

BUSINESS		
1.	Apologies for Absence.	
2.	Order of Business.	
3.	Declarations of Interest.	
4.	Minute. (Pages 1 - 4) Minute of 19 February 2015 to be approved and signed by the Chairman	2 mins
5.	Financial Monitoring Report (Pages 5 - 14) Consider report by Chief Financial Officer (Copy attached)	10 mins
6.	Any Other Items Previously Circulated.	
7.	Any Other Items which the Chairman Decides are Urgent.	

NOTES

1. Timings given above are only indicative and not intended to inhibit Members' discussions.
2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.

Membership of Committee:- Councillors B White (Chairman), S Aitchison, B Herd and J G Mitchell

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SCOTTISH BORDERS COUNCIL
GALASHIELS COMMON GOOD FUND SUB COMMITTEE

MINUTE of MEETING of the GALASHIELS
COMMON GOOD FUND SUB COMMITTEE
held in the Chamber, Albert Place, Galashiels
on Thursday, 19 February 2015 at 4.30 pm.

Present: Councillors B White (Chairman), S Aitchison, J G Mitchell.
Mr Richard Kenney, Galashiels and Langlee Community Council.
Apologies: Councillor B Herd.
In attendance: Corporate Finance Manager, Solicitor (H Macleod), Estates
Surveyor (J Morison), Democratic Services Officer (P Bolson).

Members of the Public: 1

MINUTE

1. There had been circulated copies of the Minute of 4 September 2014.

DECISION

NOTED the minute.

MINUTE

2. There had been circulated copies of the Minute (Special) of 19 December 2014.

DECISION

NOTED the minute

FINANCIAL MONITORING FOR 9 MONTHS TO 31 DECEMBER 2014

3. There had been circulated copies of a report by the Chief Financial Officer detailing the transactions on the Galashiels Common Good Fund for the 9 months to 31 December 2014, projecting full year Revenue Income and Expenditure for 2014/15 and balance sheet values at 31 March 2015. Mrs Mirley explained that the presentation of this report had been reviewed and it was hoped that the new format would provide Members with clear and user friendly information. Appendix 1 provided a projected income and expenditure position and showed a projected surplus of £3,575 for the year. Appendix 2 detailed a projected balance sheet to 31 March 2015, noting that the projected usable cash balance was £8,329. In addition, Appendix 2 showed a projected increase in the Capital Reserve of £20,369, representing the value of the investment in the Newton Fund. With reference to the Minute of 19 December 2014, the Balance Sheet shown in Appendix 2 also included the assets which were now to be recorded as part of the Galashiels Common Good Fund. The report noted that, as the Galashiels Common Good Fund had fixed assets, a provision for depreciation of £11,000 to be funded from the revaluation reserve had been included for 2014/15. It was also noted that all Common Good assets were currently being revalued and final values were yet to be determined. Mrs Mirley explained that this was shown as an accounting record and did not involve any cash movements. In response to questions from Members, officers provided clarification on a number of points. Galashiels Common Good Fund owned a stock of books, assessed as having a value of £265. This stock was to have been "written-off" on the Balance Sheet and accounting adjustments at year end 2014/15 will reflect this. In terms of non-property-related income, Members noted that the projected out-turn included an estimate for the

interest receivable on cash deposited within the Council and depended on the interest rates and the average cash revenue balance invested over the full financial year. Further, Members were advised that the interest rate for cash deposits was likely to be around 0.4%. Appendix 3 to the report detailed the value of investments managed in the Newton Real Return Fund and Members noted that the value at 31 December 2014 was £20,369 the initial investment being £20,000.

4. Mrs Mirley advised that a future presentation to be made by the Newton Fund would include all the Common Good Fund Sub-Committees and that further information would be circulated nearer the time. A question was raised regarding the underwriting of a specific amount of money in respect of an application for financial assistance. It was confirmed that this would be acceptable on the basis that the applicant submitted the full application and financial documentation required prior to any decision being made to award financial assistance.

DECISION

(a) NOTED:-

- (i) **the projected Balance Sheet as shown in Appendix 2 to the report; and**
- (ii) **the current position of the investment in the Newton Fund as shown in Appendix 3.**

- (b) **AGREED the projected outturn for 2014/15 as detailed in Appendix 1 as the approved budget for 2014/15.**

REVIEW OF HERITABLE ASSETS IN FORMER BURGH OF GALASHIELS

5. With reference to the Minute of 19 December 2014, Mr Morison advised that the informal meeting referred to in paragraph 5 of the Minute had taken place on 16 February 2015 and that further areas of land and property had been identified as possible omissions from the Council's asset register for Galashiels. Mr Morison went on to detail the assets as undernoted and advised that further research would be required to determine ownership for a number of these:-

- 2 houses next to Ladhope Golf Course – title of sales of house plots to be checked;
- Car park off A7 at Ladhope;
- High Road woodland and/or park – ownership query;
- Heatheryet Cemetery car park – to ascertain whether this was Common Good or Scottish Borders Council land;
- High Street car park – to ascertain whether parking spaces were in Co-op ownership;
- Woodland at rear of Burgh School;
- Former tennis courts next to 230 Wood Street, between cycle path and A72;
- Waverly Place playpark in Netherdale;
- Langlee Centre play park and pitch;
- Winston Road recreation ground, next to Holequest and railway;
- Hen trap steps at Haliburton Place;
- Triangle of land at Mill Lade off Lee Brae.

Discussion followed it was agreed that a planned comparison would be undertaken to ascertain the Common Good title in all cases and that the Asset Register would be updated as appropriate.

DECISION

(a) NOTED:-

- (i) the areas of land and property that had been identified as possible omissions from the Council's asset register for Galashiels; and**
- (ii) that further research would be required to determine ownership for a number of the assets identified.**

(b) AGREED that a planned comparison would be undertaken to ascertain the Common Good title in all cases and that the Asset Register would be updated as appropriate.

URGENT BUSINESS

6. Under Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Chairman was of the opinion that the items dealt with in the following paragraphs should be considered at the meeting as a matter of urgency, in view of the need to keep Members informed.

UPDATE ON CHARITIES REGISTER

7. Mrs Mirley, Corporate Finance Manager advised Members that a report on the Proposals for Governance of the new Charities was being presented to the Administration Policy Working Group on 10 March 2015 prior to consideration by Full Council on 2 April 2015. Further updates would be provided to Galashiels Common Good Fund Sub-Committee in due course.

DECISION NOTED.

The meeting concluded at 5.05pm.

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Monitoring Report for 12 Months to 31 March 2015

Report by the Chief Financial Officer

Galashiels Common Good Sub Committee

9 June 2015

1 PURPOSE AND SUMMARY

- 1.1 This report provides the year end out-turn for the Galashiels 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 for the year of £5,227 against a budget surplus of £3,575 and projected out-turn for 2015/16.
- 1.3 Appendix 2 provides the balance sheet value to 31 March 2015. This shows decrease in Reserves of £5,942.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual income and expenditure and asset valuations.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 March 2015.

2 STATUS OF REPORT

- 2.1 Due to the timescales involved in producing the report it has not been possible to incorporate all the consultation comments and as a result these will be made available at the meeting.

3 RECOMMENDATIONS

- 3.1 **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.**

4 BACKGROUND

- 4.1 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.

5 FINANCIAL POSITION 2014/15

- 5.1 Appendix 1 provides detail on income and expenditure for the 2014/15 financial year.

5.2 Income & Expenditure – Rental Income

There is not rental income for the properties owned by the Common Good.

5.3 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%.

- 5.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. The investment for Galashiels Common Good however was not approved until 4th September, which has resulted in a part year return for Galashiels. The proposed 2015/16 dividends are calculated at 2.5% of the Market Value at 31 March 2015.

- 5.5 Donations of £3,330 for 2014/15 and £2,025 for 2013/14 was received from the Ladhope Estate. This is £1,355 above the budget due to the increased return resulting from the decision to invest the Ladhope Estate funds in the Newton Fund. An additional contribution of £476 was received from Scottish Borders Council in compensation for the income lost due to the late investment of the funds reserves into the Newton Fund. The proposed budget for 2015/16 of £3,100 is based on a return of 2.5% for the Ladhope Estate.

5.6 Income & Expenditure – Grants & Other Donations

There were no grants and other donations distributed to 31 March 2015.

- 5.7 The balance of £265 for the books held as stock has been written off as approved by Committee on 4th September 2014.

5.8 Income & Expenditure – Depreciation Charge

The final out-turn shows a variance of £11,738 due to the approved updated list of assets approved on 19th February 2015. This is not a cash transaction as it is fully funded from the Revaluation Reserve.

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

5.10 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. Due to the late approval of the assets for Galashiels the assets were not revalued as part of the rolling revaluation program. These will be revalued in 2015/16. Appendix 3 shows the current Net book Value of the individual assets.

5.11 Balance Sheet – Newton Investment

The final out-turn shows a market value of £21,045, an increase of £676 on the projected increase of £20,369 through capital appreciation. Appendix 4 shows the performance of the fund since inception

5.12 Balance Sheet – Cash Balance

The cash held by the fund at 31 March 2015 is £9,770, an in year net reduction of £13,237. The actual cash movement for 2014/15 is as follows:

Cash Balance at 31 March 2015	£
Opening Balance at 1 April 2014	23,007
Investment in Newton Fund	(20,476)
Surplus for year from Income & Expenditure Statement	5,227,
Net cash movement in Debtors/Creditors	2,012
Closing Balance at 31 March 2015	9,770

5.13 Balance Sheet – Capital Reserve

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

6 IMPLICATIONS

6.1 Financial

There are no further financial implications other than those explained above in Section 4.

6.2 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

6.3 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals contained in this report.

6.4 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.

6.5 Carbon Management

There are no effects on carbon emissions arising from the proposals contained in this report.

6.6 Rural Proofing

There are no effects on rural proofing arising from the proposals contained in this report.

6.7 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.

7 CONSULTATION

7.1 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 are currently being consulted and their comments will be made available at the meeting.

Approved by

**David Robertson
Chief Financial Officer**

Signature

Author(s)

Kirsty Robb	Capital and Investments Manager Tel: 01835 82549
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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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GALASHIELS 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	0	0	0	0		
Non-Property Related Income						
Interest on Cash deposited with Council	(77)	(75)	(2)	(70)		Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	(183)	(100)	(83)	(530)	5.4	-
Other Income	(5,832)	(4,000)	(1,832)	(3,100)	5.5	Ladhope Donation
Total Income	(6,092)	(4,175)	(1,917)	(3,700)		
Property Expenditure						
Property Costs – General	0	0	0	0		
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	0	0	0	0		
Stock write Off	265	0	265		5.6	
Running Costs						
Central Support Service Charge	1,922	1,922	0	1,922		
SBC Grant towards Service Charge	(1,322)	(1,322)		(1,322)		
Net Running Costs	600	600	0	600		
Depreciation						
Depreciation Charge	11,738	11,000	738	11,738	5.8	Actual based on revalued
Contribution from Revaluation Reserve	(11,738)	(11,000)	(738)	(11,738)		Valuation
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(5,227)	(3,575)	(1,652)	(3,100)		

GALASHIELS 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	324,460	(11,738)	312,722	300,984
Land & Buildings ¹	-			
Heritable Assets	-			
Total Fixed Assets	324,460	(11,738)	312,722	300,984
Capital in Newton Investment Fund				
Investment in Newton Fund	-	20,476	20,476	20,476
Unrealised Gains/(Loss)	-	569	569	569
Market Value²	-	21,045	21,045	21,045
Current Assets				
Debtors	-			
Stock	265	(265)	0	
Cash deposited with SBC	23,007	(13,237)	9,770	12,870
	23,272			
Current Liabilities				
Creditors	1,747	(1,747)	0	0
	-			
Net Assets	349,479	(5,942)	343,537	334,899
Funded by:				
Reserves				
Revenue Reserve ³	(25,019)	15,249	(9,770)	(12,870)
Capital Reserve ³	(0)	(21,045)	(21,045)	(21,045)
Revaluation Reserve	(324,460)	11,738	(312,722)	(300,984)
Total Reserves	(349,479)	5,942	(343,537)	(334,899)

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

GALASHIELS 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	Deprec 2014/15	Book Value 31/03/15	Actual Rental Income 2014/15	Actual Property Expenditure 2014/15				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
Bank Street Gardens	0	0	0	-					-
Ladhope Drive Car Park	0	0	0	-					-
Ladhope Golf Course	74,250	0	74,250	-					-
Ladhope Woodland	8,800	0	8,800	-					-
Ladhope Glen Park	0	0	0	-					-
Ladhope Recreation Groud	0	0	0	-					-
Old Gala House	231,341	11,738	219,603	-					-
Mercat Cross	0	0	0	-					-
Sir Walter Scott Statue	0	0	0	-					-
Old Town Cemetery	0	0	0	-					-
Amenity Ground at Haliburton Pl	10,069	0	10,069	-					-
Leabrae Playground	0	0	0	-					-
Sml area of Netherdale Play Field	0	0	0	-					-
Total	324,460	11,738	312,722	-	-	-	-	-	0

GALASHIELS COMMON GOOD FUND**INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND**

Cost of Investment	£
5 September 2014 (Galashiels Common Good Fund)	20,000
Contribution from SBC compensation for late investment	476
Total Invested to 31 March 2015	20,476

Value of Investment	£
30 September 2014	20,224
31 December 2014	20,369
31 March 2015	21,045
Increase/(Decrease) from Total Cash Invested	569

Dividends totalling £183 have been received during 2014/15 and have been used to fund in year expenditure for 2014/15.

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