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GALASHIELS COMMON GOOD FUND SUB COMMITTEE THURSDAY, 12 MAY, 2016

A MEETING of the GALASHIELS COMMON GOOD FUND SUB COMMITTEE will be held in the
TRANSPORT INTERCHANGE, GALASHIELS on THURSDAY, 12 MAY, 2016 at 5.00 PM

J. J. WILKINSON,
Clerk to the Council,

5 May 2016

BUSINESS		
1.	Apologies for Absence.	
2.	Order of Business.	
3.	Declarations of Interest.	
4.	Minute. (Pages 1 - 2) Minute of 18 February 2016 to be approved and signed by the Chairman (copy attached)	2 mins
5.	Financial Monitoring Report for 12 months to 31 March 2016 (Pages 3 - 12) Consider report by the Chief Financial Officer (copy attached)	20 mins
6.	Tree Planting Next to Galashiels Golf Club, Ladhope (Pages 13 - 20) Consider report by Service Director Assets and Infrastructure (copy attached)	10 mins
7.	Any Other Items Previously Circulated.	
8.	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. Community Councillor R. Kenney

Please direct any enquiries to Fiona Walling 01835 826504
Email:- fwalling@scotborders.gov.uk

**SCOTTISH BORDERS COUNCIL
GALASHIELS COMMON GOOD FUND SUB COMMITTEE**

MINUTE of Meeting of the GALASHIELS
COMMON GOOD FUND SUB COMMITTEE
held in Transport Interchange, Galashiels on
Thursday, 18 February, 2016 at 5.30 pm

- Present:- Councillors B White (Chairman), S. Aitchison and J. G. Mitchell
- Apologies:- Councillor B Herd; Community Councillor R. Kenney.
- In Attendance:- Estates Surveyor (J. Morison), Principal Solicitor (H. Macleod), Senior Finance Officer (J. Yallop), Democratic Services Officer (F. Walling).

1. **MINUTE.**

There had been circulated copies of the Minute of 5 November 2015.

DECISION

NOTED the Minute

2. **FINANCIAL MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2015**

- 2.1 There had been circulated copies of a report by the Chief Financial Officer providing details of the income and expenditure for the 9 months to 31 December 2015, full year projected out-turn for 2015/16 and projected balance sheet values to 31 March 2016. Senior Finance Officer, John Yallop, highlighted the main points of the report. There was a projected surplus of £100 for the year, in the projected Income and Expenditure position as detailed in Appendix 1 to the report. Appendix 2 showed a projected decrease in the revaluation reserves of £11,638 due to depreciation adjustment and also a movement between the Capital and Revenue reserves relating to the recent £5000 Newton Investment.. A further appendix provided a breakdown of the property portfolio showing actual Income and Expenditure to 31 December 2015. The report explained that all fixed assets of the Common Good Fund were revalued every 5 years as part of the Council's rolling programme. The timing of the approval of transfer of assets to the Galashiels Common Good Fund meant that these were not revalued as part of the rolling valuation programme for Common Good Funds. These would be revalued in 2015/16. Appendix 3 showed the values of the individual properties at 31 March 2015, projected depreciation charges 2015/16 and projected valued at 31 March 2016 prior to the revaluation.

- 2.2 Mr Yallop explained that the Income and Expenditure shown in Appendix 1 included the projected income of £3,100 from the Ladhope Trust which had not yet been received. He also drew attention to the fact that there remained £2,000 in the grants budget which was unallocated. After discussion on the grants budget Members decided that the unallocated amount should be carried forward to the next financial year and consideration given to promoting the availability of small grants from the Common Good through Galashiels Community Council and through the Council's Grants Co-ordinator. Members discussed the value of the Newton Fund to 30 September 2015 which was shown in Appendix 4 to the report. There was a small but positive return in the Newton Fund of 1.3% for the quarter despite market volatility. Mr Yallop drew attention to the chart showing

the Newton Fund's quarterly return performance against the benchmark and against an equity performance index (MSCI AC World Index).

- 2.3 With regard to Old Gala House and with reference to paragraph 2 of the Minute of 5 November 2015, Principal Solicitor Mrs Macleod confirmed that, although the Common Good was the landlord, in respect of the caretaker's flat, the new Trust would operate as sub-landlord once the lease from the Common Good to the new Trust was in place. There were no burdens for Old Gala House which would restrict its use under the new Trust. Discussion continued about the Ladhope Estate and the Ladhope Trust. There was ambiguity about the source of the income received annually by the Common Good from the Trust and about the level of investment from which this was derived. It was agreed that the Ladhope Trust should be dealt with separately from the Ladhope Estate and Mr Yallop was asked to investigate how the income from the Trust was being generated.

DECISION

- (a) AGREED the projected Income and Expenditure for 2015/16 in Appendix 1 to the report.**
- (b) NOTED the:-**
 - (i) projected Balance Sheet value to 31 March 2016 in Appendix 2;**
 - (ii) summary of the property portfolio in Appendix 3; and**
 - (iii) current position of the investment in the Newton Fund in Appendix 4.**
- (c) AGREED that :-**
 - (i) the unallocated balance in the grants budget be carried forward to 2016/17 and the availability of small grants be promoted; and**
 - (ii) further investigation be carried out into the source from which the income from the Ladhope Trust was being generated.**

The meeting concluded at 6.05 pm

Monitoring Report for 12 Months to 31 March 2016

Report by the Chief Financial Officer

Galashiels Common Good Sub Committee

12 May 2016

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Gala Common Good Fund for the year 2015/16 including balance sheet values at 31 March 2016 and proposed budget for 2016/17.**
- 1.2 Appendix 1 provides actual income and expenditure for 2015/16. This shows a surplus of £1,763 and a projected deficit of £55 for 2016/17.
- 1.3 Appendix 2 provides projected balance sheet value to 31 March 2016. It shows an increase in the reserves of £31,262 due mainly to property revaluations and depreciation.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing the 2015/16 movements in net book values.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 March 2016.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub Committee:**
 - (a) Notes the actual income and expenditure for 2015/16 in Appendix 1;**
 - (b) Agrees the proposed budget for 2016/17 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value as at 31 March 2016 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3; and**
 - (e) 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 31 March 2016 and proposed budgets for 2016/17. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2017.

4 FINANCIAL POSITION 2015/16

4.1 Appendix 1 provides detail on income and expenditure for the 2015/16 financial year as well as a proposed budget for 2016/17.

4.2 **Income & Expenditure – Rental Income**

There is no rental income due from the Galashiels Common Good properties.

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

The final out-turn shows a total of £3,363 and includes donations from the Ladhope Estate (£2,809) and from the Ex Provost Mercer Bequest (£31). Also included here are the Newton Fund dividends and the interest received on cash deposited with the Council which amounted to £28. The annual rate of interest applied to the cash deposits is 0.36%.

4.4 The capital reserve is invested in the Newton Fund and distributions were made twice in the year in September and February. Dividends of £496 were received in total to 31 March 2016. The proposed budget for 2016/17 is based on a distribution of 2.0% of the Market Value at 31 March 2015.

4.5 **Income & Expenditure – Property Expenditure**

There are no property expenses on the Galashiels Common Good properties.

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

The grants and other donations distributed to 31 March 2016 are shown below.

Grant Recipients	Approved	£
Approved and Paid to 31 March 2016		
Energise Galashiels Grant	09/06/15	1,000
Total Paid to 31 March 2016		1,000
Approved but not yet paid		
-		0
Total Grants Approved		1,000
Budget 2015/16		3,000
Unallocated Budget		2,000

4.7 **Income & Expenditure – Depreciation Charge**

This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve.

4.8 Appendix 2 provides the balance sheet value as at 31 March 2016 and a projected balance as at 31 March 2017.

4.9 Balance Sheet – Fixed Assets

The planned 2015/16 revaluation exercise on all Galashiels Common Good properties has been carried out and is reflected in Appendix 3 which shows the net book value of individual assets. Appendix 3 shows re-stated values of Common Good properties as at 31 March 2015, which includes the full Old Gala House valuation. The revaluation of properties has resulted in a net increase of £102,560. Depreciation throughout the year of £72,880 has resulted in a net Fixed Asset movement of £29,679.

4.10 Balance Sheet – Newton Investment

- (a) The investment market during 2015-16 has been driven by uncertainty. Equity and bond markets have been pushed and pulled by a concoction of concerns: the outlook for the economy in China, the Greek debt crisis, falling oil prices and huge amounts of uncertainty regarding US interest rates. In the last three months the muddiness of general global economic prospects, continued sliding of commodity prices and worsening corporate profits have only added to these concerns.
- (b) Global equity markets experienced falls of up to 20% from their peak levels but began to recover in February and in pound sterling terms achieved aggregate gains over the three months to the end of March.
- (c) However, over the full year to 31 March 2016, this Qtr. 4 rally did not quite get the value of the Newton Fund back to its March 2015 level, resulting in a 1.5% fall in like for like market value over the year. Nevertheless, the closing market value of investments at 31 March 2016 yielded a 1.3% unrealised gain since inception. Common Good Fund dividends received in 2015-16 for the whole Newton investment amounted to £51,062, approximately 2.2% of funds invested.
- (d) Appendix 4 shows the performance of the Newton Fund since inception.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is £6,533, an in year net decrease of £3,237. The cash movement for 2015/16 as follows:

Cash Balance	£
Opening Balance at 1 April 2015	9,770
Investment in Newton Fund	(5,000)
Surplus for year from Income & Expenditure Statement	1,763
Net cash movement in Debtors/Creditors	0
Closing Balance at 31 March 2016	6,533

4.12 Balance Sheet – Capital Reserve

The Capital Reserves include the unrealised loss for the Newton Fund as at 31 March 2016.

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 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
John Yallop

Capital and Investments Manager Tel: 01835 825249
Senior Finance Officer – Treasury & Investments
Tel: 01835 824000 Extn 5933

Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 18 February 2016

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GALASHIELS COMMON GOOD FUND

INCOME AND EXPENDITURE 2015/16

	Actuals at 31/03/16 £	Full Year Budget 2015/16 £	Over/ (Under) Spend 2015/16 £	Proposed Budget 2016/17 £	Para Ref	Commentary
Property Income						
Rentals Receivable	0	0	0	0		
Non-Property Related Income						
Interest on Cash deposited with Council	(28)	(70)	42	(28)	4.3	Calculated at 0.36%
Newton Fund Investment – Dividends Rec'd	(496)	(530)	34	(517)	4.4	2016/17 Calculated at 2.0%
Other Income	(2,840)	(3,100)	261	(3,000)	4.3	
Total Income	(3,363)	(3,700)	337	(3,545)		
Property Expenditure						
Property Costs – General	0	0	0	1,000		
Total Property Expenditure	0	0	0	1,000		
Grants & Other Donations	1,000	3,000	(2,000)	2,000	4.6	
Running Costs						
Central Support Service Charge	1,922	1,922	0	1,922		
SBC Grant towards Service Charge	(1,322)	(1,322)	0	(1,322)		
Net Running Costs	600	600	0	600		
Depreciation						
Depreciation Charge	72,880	11,738	61,142	72,880		
Contribution from Revaluation Reserve	(72,880)	(11,738)	(61,142)	(72,880)		
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(1,763)	(100)	(1,663)	55		

GALASHIELS COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2016

	Opening Balance at 01/04/15 £	Movement in Year 2015/16 £	Closing Balance at 31/03/16 £	Projected Balances at 31/03/17 £
Fixed Assets				
Land & Buildings	558,191	29,679	587,870	514,990
Heritable Assets	0	0	0	0
Total Fixed Assets	558,191	29,679	587,870	514,990
Capital in Newton Investment Fund				
Investment in Newton Fund	20,476	5,000	25,476	25,476
Unrealised Gains/(Loss)	569	(180)	390	390
Market Value	21,045	4,820	25,866	25,866
Current Assets				
Debtors	0	0	0	0
Cash deposited with SBC	9,770	(3,237)	6,533	6,478
	9,770	(3,237)	6,533	6,478
Current Liabilities				
Creditors	0	0	0	0
	0	0	0	0
Net Assets	589,006	31,262	620,269	547,334
Funded by:				
Reserves				
Revenue Reserve	(9,770)	3,237	(6,533)	(6,478)
Capital Reserve	(21,045)	(4,820)	(25,866)	(25,866)
Revaluation Reserve	(558,191)	(29,679)	(287,870)	(514,990)
Total Reserves	(589,006)	(31,262)	(620,269)	(547,334)

GALASHIELS COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2014/15
(Actual Income and Expenditure to 31 March 2016)

Fixed Assets	Re-Stated Net Book Value at 31/03/15 Pre- Revaluation £	Net Book Value at 31/03/16 Post- Revaluation £	Diff in Value Incr / (Decr) £	Actual Rental Income 2015/16 £	Actual Property Expenditure at 31/03/16				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Bank Street Gardens	0	0	0	0	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0	0	0	0	0
Ladhope Golf Course	74,250	110,000	35,750	0	0	0	0	0	0
Ladhope Woodland	8,800	6,250	(2,550)	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0	0	0	0
Ladhope Recreation Groud	0	0	0	0	0	0	0	0	0
Old Gala House	465,072	471,620	6,548	0	0	0	0	0	0
Mercat Cross	0	0	0	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	10,069	0	(10,069)	0	0	0	0	0	0
Leabrae Playground	0	0	0	0	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	-	-	-	0	0	0	0	0	0
Total	558,191	587,870	29,679	0	0	0	0	0	0

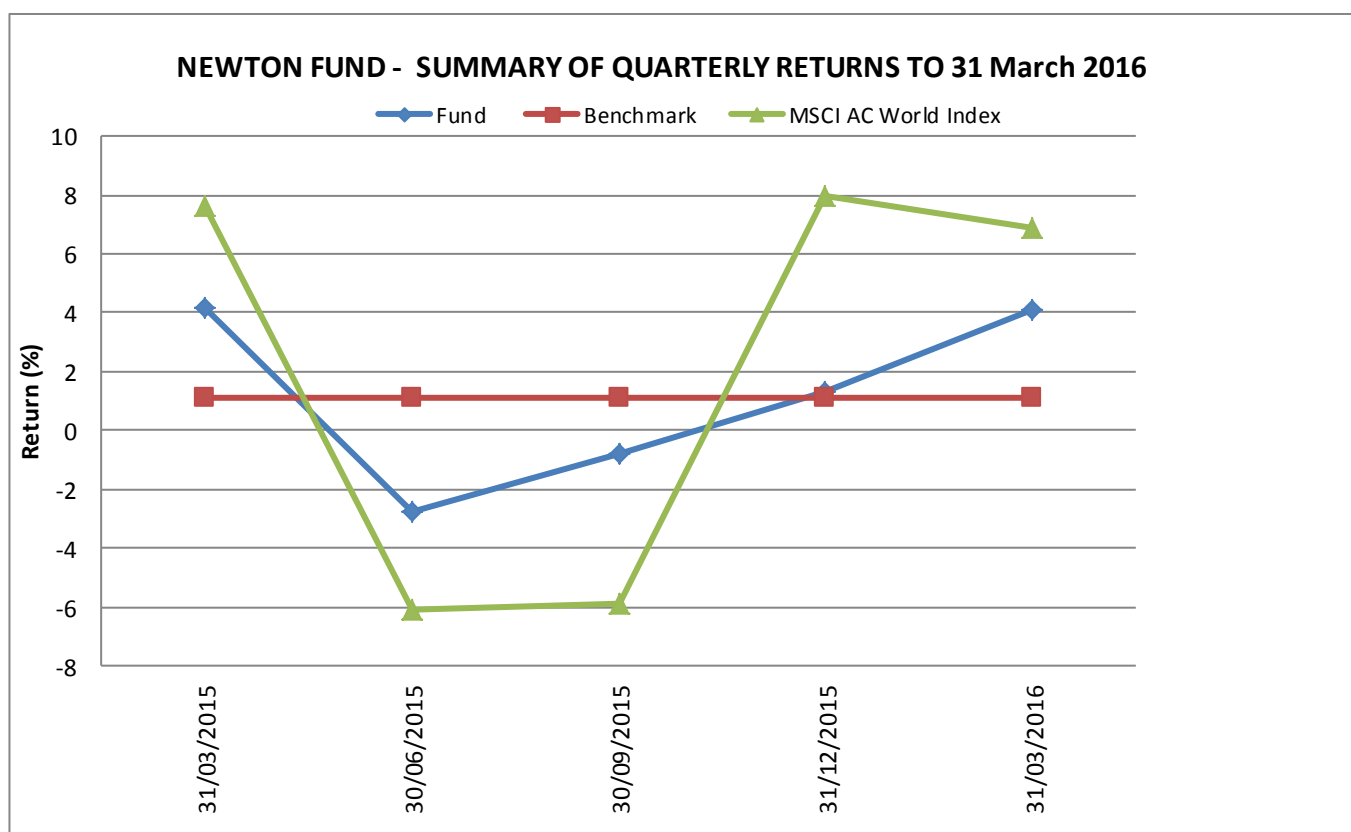
GALASHIELS COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	Units	£
5 September 2014	10,411	20,000
Contribution from SBC compensation for late investment	248	476
7 December 2015	2,636	5,000
Total Invested to 31 March 2016	13,295	25,476

Value of Investment	£
31 March 2015	21,045
30 June 2015	20,447
30 September 2015	19,865
31 December 2015	25,114
31 March 2016	25,866
Increase/(Decrease) from Total Cash Invested	390

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



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TREE PLANTING NEXT TO GALASHIELS GOLF CLUB, LADHOPE

Report by Service Director Assets & Infrastructure

GALASHIELS COMMON GOOD SUB-COMMITTEE

12 May 2016

1 PURPOSE AND SUMMARY

- 1.1 This report seeks to obtain the consent of Galashiels Common Good Sub Committee to plant a mixture of native trees on the land next to Galashiels Golf Club at Ladhope.**
- 1.2 The Ladhope Trust land is classed as a Common Good asset. In October 2014 a new lease was granted to the Golf Club for the 9 hole course.
- 1.3 An area of 28.1 hectares (69 acres) next to the golf course is currently overgrown grass, gorse and small trees. Part of this area used to be leased to the Golf Club when it was an 18 hole course.
- 1.4 Previous discussions with Borders Forest Trust to plant the area with trees did not progress and now the Forestry Commission and Tweed Forum propose to plant a mixture of trees on the area.

2 RECOMMENDATIONS

- 2.1 I recommend that Galashiels Common Good Sub Committee approves the planting of trees as shown on the attached plan with Tweed Forum acting as agent, Forestry Commission Scotland as funder and a Forestry Commission approved contractor carrying out the work.**

3 BACKGROUND & PROPOSALS

- 3.1. The Ladhope Estate and Golf Course were gifted to the Town Council of the Burgh of Galashiels by Hugh Roberts in 1945 on the condition that they are used as a public park and a golf course. The Ladhope property is now classed as Common Good assets rather than Trust assets.
- 3.2 Since 2008 the golf course has been 9 holes and the old 'back 9' holes have not been maintained. The central area of land between the old back 9 holes and the current golf course is steeper and is mostly covered with gorse and some naturally seeded hawthorn and occasional pine trees.
- 3.3 The area is popular with walkers and offers good views over Galashiels. However the landscape and vegetation has the potential to be more diverse with the planting of native tree species such as Hazel, Juniper, Rowan, Scots Pine, Aspen, Holly and Oak. Over time the main area of woodland would become a mature Oak woodland as the smaller trees are thinned out or naturally die. This will create a public woodland that provides recreational access and enhances the area for wildlife. It will improve the landscape setting of Galashiels which will be compatible with the conditions laid down by Hugh Roberts in 1945.
- 3.4 Some small areas of the gorse might require to be cleared prior to planting the trees. Rabbits on the proposed area may also require to be controlled prior to tree planting.
- 3.5 There is currently a 2.9 hectare block of Sitka Spruce between the golf course and the proposed new area of planting. These Sitkas were planted around 1983 and are now fairly mature.
- 3.6 The proposed planting will leave the footpaths intact and wide enough to keep the views available over Galashiels (see attached plan and aerial photo showing initial planting design).
- 3.7 The neighbouring landowner, the Douglas family at Glendearg, are progressing a tree planting scheme in conjunction with Tweed Forum and the Forestry Commission. Access to the Ladhope land for the planting work will be possible from Glendearg rather than extra vehicles taking access past the Golf Club pavilion.
- 3.8 The funding for the tree planting and associated deer fencing is available from Forestry Commission Scotland through a 30 year Forestry Grant Scheme contract. There is also a 60 year Forest Carbon contract which allows the sale of carbon from the site. Tweed Forum agree to act as agent for the funding application without charge. The planting will be carried out by a Forestry Commission approved contractor and supervised by Tweed Forum.
- 3.9 The funding from the Forestry Commission also covers the initial 5 year maintenance of the trees at a rate of £282 /hectare/year.
- 3.10 A site meeting has been held with officers from Tweed Forum and Forestry Commission Scotland and they are confident that the area would make a good new woodland without restricting the public access. The committee of Galashiels Golf Club have been consulted and they have no objections

subject to there being an open area between the fairways and the tree planting area and the majority of vehicle access being from Glendearg.

3.11 The proposed tree planting could take place in March 2017 or autumn 2017, once the grant application has been approved and the deer fencing is completed to protect the young trees before they are planted.

3.12 The public access will be maintained in the proposed woodland with spring gates in the deer fence for easy access. The current benches and seats shall be kept. Longer term there could be an opportunity for mountain bike trails through the Ladhope land as well as part of Glendearg but that would be a larger project requiring considerable funding

4 IMPLICATIONS

4.1 Financial

The costs of establishing a new woodland along with the required deer fence will be covered by the 2 grants, Forestry Grant Scheme and Forest Carbon. Once the grant funding has expired there could be a cost to the Galashiels Common Good fund for routine maintenance of the woodland. These costs would be offset by incomes from selling tree thinnings or fellings. In the long term the Galashiels Common Good Fund would have a mature Oak woodland as an asset.

4.2 Risk and Mitigations

There is a risk that the loss of the current open amenity land will not be popular with walkers and the general public. There is a risk that the award of grant funding does not cover all the costs of establishing the woodland and the initial maintenance. This is considered a low risk because the grant funding normally easily covers the costs.

4.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

4.4 Acting Sustainably

No significant economic, social or environmental effects are anticipated as a result of the recommendations in this report.

4.5 Carbon Management

There are no significant effects on carbon emissions.

4.6 Rural Proofing

Not applicable because no new Council policy or strategy is being requested.

4.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made.

5 CONSULTATION

5.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

Approved by

Martin Joyce
Service Director Assets & Infrastructure

Signature

Author

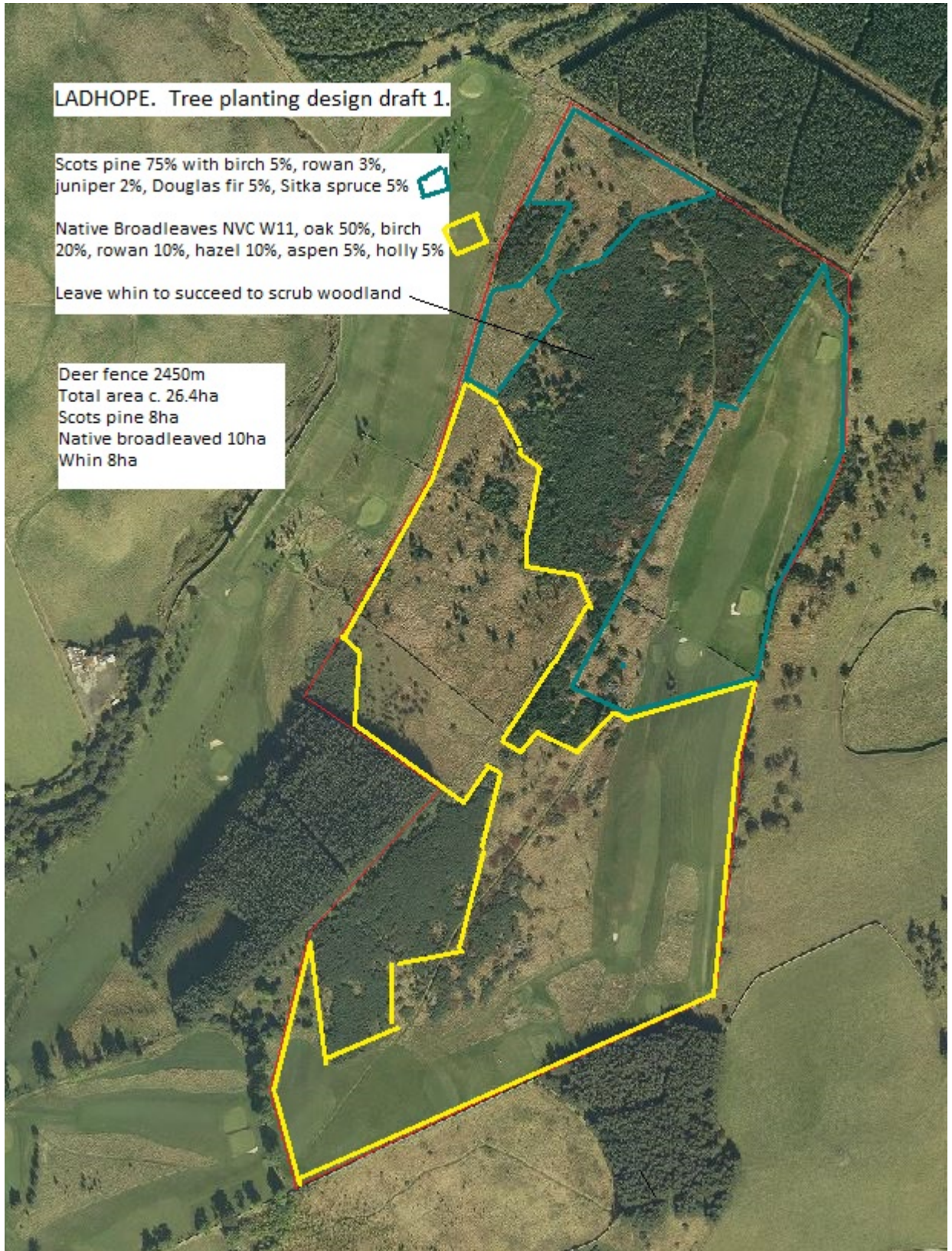
Name	Designation and Contact Number
James Morison	Estates Surveyor, Property & Facilities 01835 824000

Background Papers: None

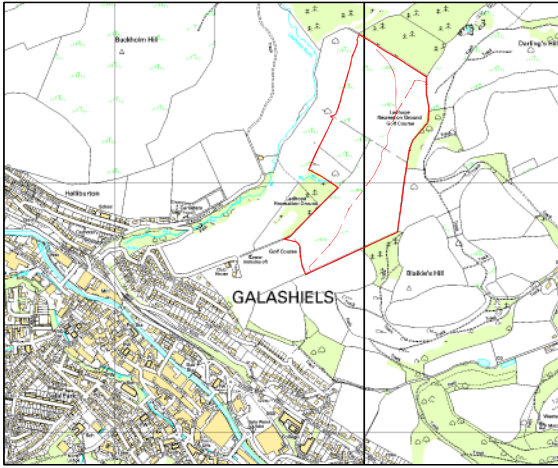
Previous Minute Reference: 4 September 2014

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01835 824000 Ext 5295



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
LOCATION PLAN (SCALE 1: 30,000)

Proposed Tree Planting at:
Ladhope Golf Course,
Galashiels

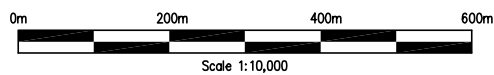
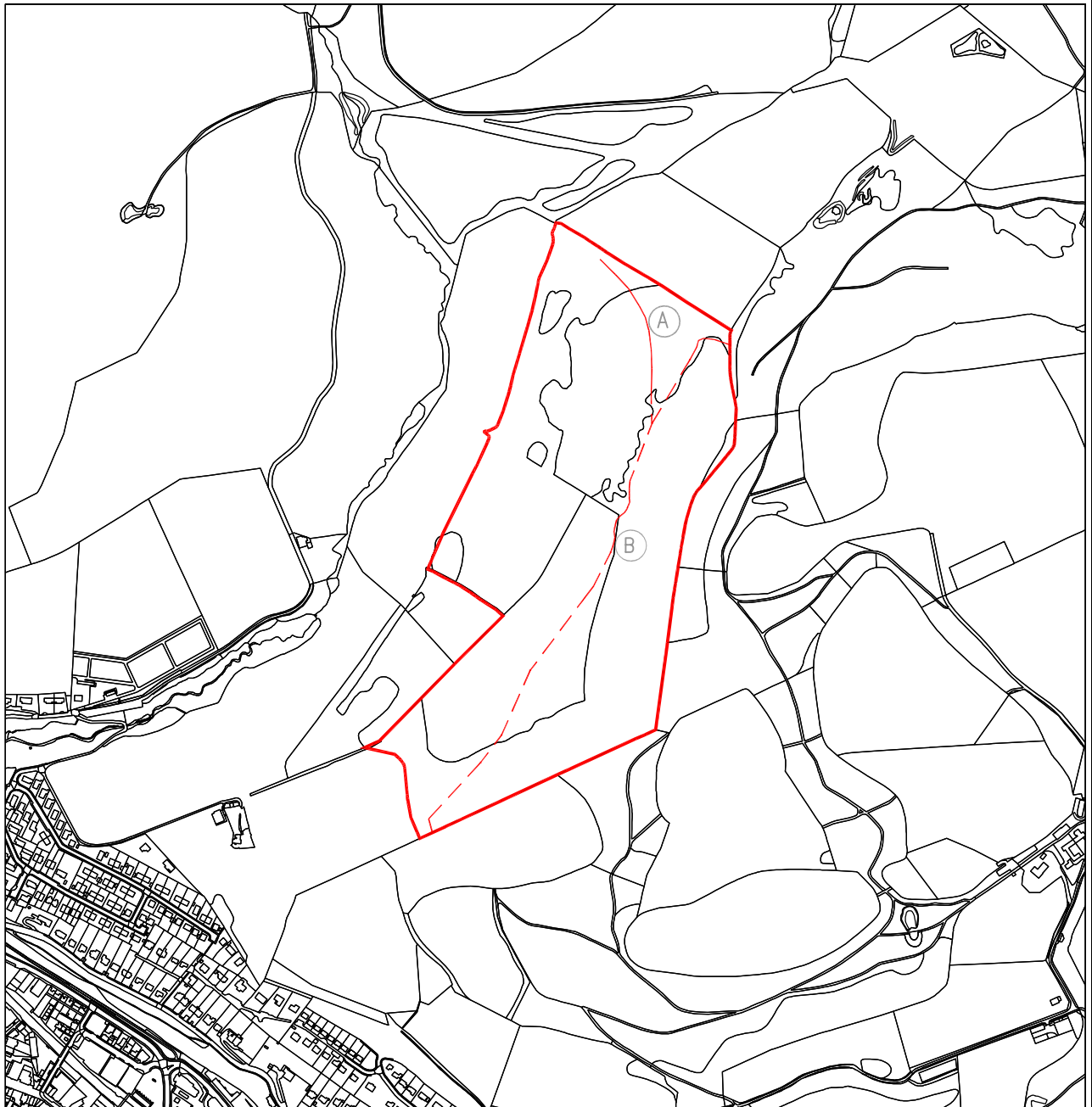
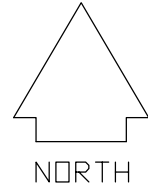
Area: 281,477 m² o.t.

13/CG/009

Date: 21st April 2016

 Denotes promoted paths

*Views are best between points A & B



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