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GALASHIELS COMMON GOOD FUND SUB COMMITTEE THURSDAY, 8 MARCH 2018

A MEETING of the GALASHIELS COMMON GOOD FUND SUB COMMITTEE will be held in the COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS. on THURSDAY, 8 MARCH 2018 at 2.00 pm

J. J. WILKINSON,
Clerk to the Council,

1 March 2018

BUSINESS		
1.	Apologies for Absence.	
2.	Order of Business.	
3.	Declarations of Interest.	
4.	Minute. (Pages 3 - 4) Minute of 7 December 2017 to be approved and signed by the Chairman (copy attached).	2 mins
5.	Financial Monitoring Report for 6 months to 31 December 2017. (Pages 5 - 14) Consider report by Chief Financial Officer (copy attached).	15 mins
6.	Moveable assets owned by Galashiels Common Good Verbal update.	15 mins
7.	Application for financial assistance (Pages 15 - 16) Consider request from Borders Community Radio & Media (T/A TD1 Radio). Copy of letter attached.	
8.	Any Other Items Previously Circulated.	
9.	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 S. Aitchison, A. Anderson, E. Jardine, H. Scott and Community Councillor R Kenney

Please direct any enquiries to Fiona Walling 01835 826504
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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 Committee Room 2, Council HQ,
Newtown St Boswells on
Thursday, 7 December 2017 at 3.00 pm

Present:- Councillors S. Aitchison (Chairman), A. Anderson, E. Jardine, H. Scott and
Community Councillor R. Kenney

In Attendance:- Chief Financial Officer, Managing Solicitor - People and Court (C. Donald),
Estates Surveyor (A. Phipps), Democratic Services Officer (F. Walling).

1. MINUTE.

1.1 There had been circulated copies of the Minute of 14 September 2017.

DECISION

APPROVED the Minute for signing by the Chairman.

1.2 With reference to paragraph 2 of the Minute, regarding the planting of trees next to Galashiels Golf Club, Ladhope, the Estates Surveyor gave an update. She advised that the contract for the scheme was being drawn up by Legal Services. Tweed Forum had contracted Scottish Woodlands to carry out the planting and fencing and the aim was to complete this work by Spring 2018.

DECISION

NOTED

2. FINANCIAL MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2017

2.1 There had been circulated copies of a report by the Chief Financial Officer providing details of the income and expenditure for the six months to 30 September 2017, a full year projected out-turn for 2017/18 and projected balance sheet values as at 31 March 2018. The Chief Financial Officer, David Robertson, highlighted the main points of the report and appendices. Appendix 1 to the report provided a projected income and expenditure position, showing a projected surplus of £2,630 for the year. The first of two annual Dividends (£2,050) from the Newton Fund Investment was received in October 2017, therefore not shown in the actuals in Appendix 1. The annual rate of interest applied to the cash deposits was expected to be around 0.3%. There were currently no requests for financial assistance from the Galashiels Common Good Fund. On the assumption that the approved budget of £500 for grants and donations be disbursed the cash held by the Fund was projected to be £12,509 at 31 March 2018. The projected Balance Sheet as at 31 March 2018, shown in Appendix 2 to the report, indicated a projected decrease in the reserves of £33,562 due to the depreciation charge. The breakdown of the property portfolio detailing the values of the individual properties and projected depreciation charges for 2017/18 was shown in Appendix 3.

2.2 Appendix 4 showed the value of the Newton Fund to 30 September 2017. The Fund had delivered a negative return once more (-0.6% against benchmark of +1.1) in the quarter to 30 September 2017. Importantly, this negative quarterly return had resulted in a 5 year rolling return that was below the 5 year benchmark, which the Fund was ultimately measured against (3.6% against benchmark of 4.4%). The Fund had delivered below

benchmark performance for the last 5 quarters. Scottish Borders Council approved the commencement of a procurement exercise to ensure the funds were managed by the Fund Manager best aligned to the Common Good and Trust Investment Strategy. The outcome of the procurement exercise would be reported to Scottish Borders Council on 21 December 2017 for final approval.

- 2.3 In the ensuing discussion a query was raised about the location of the moveable assets owned by Galashiels Common Good which were listed in the report. As these were of historical significance and interest, there was unanimous agreement with the suggestion that they should be assembled and put on public display in the town. Members asked for the proposal to be taken forward with Live Borders with a view to a display or exhibition being set up, perhaps at Old Gala House, and that this be discussed again at the next meeting. Members also agreed to raise awareness at the next Galashiels Community Council meeting of the budget available from the Common Good Fund for grants and donations.

DECISION

- (a) AGREED the projected income and expenditure for 2017/18 in Appendix 1 to the report.**
- (b) NOTED within the appendices to the report:-**
 - (i) the projected balance sheet value as at 31 March 2018 in Appendix 2;**
 - (ii) the summary of the property portfolio in Appendix 3; and**
 - (iii) the current position of the investment in the Newton Fund in Appendix 4.**
- (c) AGREED to request that the Chief Executive take forward the proposal to assemble and put on public display the moveable assets owned by Galashiels Common Good and that this be on the agenda for discussion at the next meeting.**

The meeting concluded at 3.20 pm

Monitoring Report for 9 Months to 31 December 2017

Report by the Chief Financial Officer

GALASHIELS COMMON GOOD SUB-COMMITTEE

8 March 2018

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels Common Good Fund for the six months to 31 December 2017 and full year projected out-turn for 2017/18 and projected balance sheet values as at 31 March 2018.**
- 1.2 Appendix 1 provides a projected income and expenditure position. This shows a projected surplus of £2,630 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet as at 31 March 2018. It shows a projected decrease in the reserves of £33,562.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected depreciation charges and actual property expenditure to 31 December 2017.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 December 2017.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub-Committee:**
 - (a) Agrees the projected income and expenditure for 2017/18 in Appendix 1;**
 - (b) Notes the projected balance sheet value as at 31 March 2018 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 in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 30 September 2017 and projections to 31 March 2018. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2018.

4 FINANCIAL POSITION 2017/18

4.1 Appendix 1 provides detail on income and expenditure for the 2017/18 financial year. The projected net position for the year is a surplus of £2,630.

4.2 Income & Expenditure – Rental Income

There is no rental income from the properties owned by the Common Good.

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 the 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 expected to be around 0.30%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. The first of two annual Dividends (£2,051) was received in October 2017. The proposed budget for 2017/18 is based on a distribution of 2.4% which will be subject to the overall performance of the fund. It is anticipated that the receipt of the second annual dividend will be in line with the annual proposed budget.

4.5 An amount of £31 has also been projected for income received from donations from the Ex Provost Mercer Bequest.

4.6 Income & Expenditure – Property Expenditure

There are no Property Expenses on the Galashiels Common Good properties.

4.7 Income & Expenditure – Grants & Other Donations

There are currently no requests for financial assistance from the Galashiels Common Good Fund. The approved budget of £500 remains to be disbursed.

4.8 Income & Expenditure – Depreciation Charge

The depreciation charge is projected to be £36,192. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation reserve at the end of the financial year.

4.9 Appendix 2 provides the balance sheet values to 31 March 2017, the projected movement in year and a projected balance as at 31 March 2018.

4.10 Balance Sheet – Fixed Assets

All fixed assets of the Common Good Fund are revalued every five years as part of the Council's rolling programme. The fixed assets were revalued at 31 March 2015. Appendix 3 shows the values of the individual properties at 31 March 2017, projected depreciation charges for 2017/18 and projected value at 31 March 2018.

4.11 Balance Sheet – Newton Investment

- (a) The fund produced a positive return in the quarter to 31 December 2017, albeit below its benchmark (0.4% against benchmark of 1.1%). This return was largely driven by strong equity performances, but again, hedging against losses came at a cost and negated some of the returns achieved.
- (b) For the second consecutive quarter the 5 year annualised return, which the fund is ultimately measured against is below benchmark (4.1% against 4.4%).
- (c) Following the Council approved procurement exercise undertaken in November 2017, Kames Capital has been appointed as a new Fund Manager for Common Good and Trust Fund investments. Kames Capital offer a Diversified Income Fund, designed to give the same capital preservation and divided income structure but with a track record of better returns on capital and dividend income. The appointment of this Fund Manager is in line with the Common Good & Trusts Investment Strategy and was approved at Council on 21 December 2017.
- (d) The transfer of investments from Newton to Kames was carried out in early February. The market value of the Newton Investment at this time has resulted in a loss on the original investment (£878). However, as noted in paragraph 4.4, the first part year dividend received from Newton off-sets this loss. The year-end unrealised gain or loss on monies invested in Kames will not be known until we receive their fund valuation on 31 March 2018.

4.12 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £12,509 at 31 March 2018 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2017	9,879
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	2,630
Projected Closing Balance as at 31 March 2018	12,509

4.13 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised gain for the Newton Fund as at 31 March 2017 but due to the nature of the markets no estimate has been made for the current years' movement.

5 IMPLICATIONS

5.1 Financial

In addition to the financial implications explained above in Section 4, costs may be incurred for the procurement of a new Investment Fund Manager.

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 Service Director HR and the Clerk to the Council are currently being consulted and their comments will be incorporated into the final report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

Kirsty Robb John Yallop	Pensions and Investments Manager Tel: 01835 825249 Senior Finance Officer – Treasury & Investments Tel: 01835 824000 Extn 5933
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Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 7 December 2017

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.

Contact us at Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA - Tel: 01835 824000 - Fax: 01835 825166 - Email: treasuryteam@scotborders.gov.uk

GALASHIELS COMMON GOOD FUND

INCOME AND EXPENDITURE 2017/18

	Actuals at 31/12/17	Full Year Approved Budget 2017/18	Full Year Projected Out-turn	Full Year Projected Over/ (Under) Spend	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	0	0	0	0	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(15)	(15)	0	4.3	
Newton Fund Investment – Dividends Rec'd	(2,051)	(3,684)	(3,684)	0	4.4	
Other Income	0	(31)	(31)	0	4.5	
Total Income	(2,051)	(3,730)	(3,730)	0		
Property Expenditure						
Property Costs – General	0	0	0	0	4.6	
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	0	500	500	0	4.7	
Running Costs						
Central Support Service Charge	1,922	1,922	1,922	0		
SBC Grant towards Service Charge	(1,322)	(1,322)	(1,322)	0		
Net Running Costs	600	600	600	0		
Depreciation						
Depreciation Charge	0	36,192	36,192	0	4.8	
Contribution from Revaluation Reserve	0	(36,192)	(36,192)	0	4.8	
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(1,451)	(2,630)	(2,630)	0		

GALASHIELS COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 March 2018

	Opening Balance at 01/04/17 £	Projected Movement in Year £	Projected Balances at 31/03/18 £
Fixed Assets			
Land & Buildings	588,367	(36,192)	552,175
Heritable Assets	0	0	0
Total Fixed Assets	588,367	(36,192)	552,175
Capital in Newton Investment Fund			
Investment in Newton Fund	148,730	0	148,730
Unrealised Gains/(Loss)	4,753	0	4,753
Market Value	153,483	0	153,483
Current Assets			
Debtors	0	0	0
Cash deposited with SBC	9,879	2,630	12,509
	9,879	2,630	12,509
Current Liabilities			
Creditors	0	0	0
	0	0	0
Net Assets	751,728	(33,562)	718,166
Funded by:			
Reserves			
Revenue Reserve	(9,879)	(2,630)	(12,509)
Capital Reserve	(306,808)	0	(306,808)
Revaluation Reserve	(435,041)	36,192	(398,849)
Total Reserves	(751,728)	33,562	(718,166)

GALASHIELS COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2017/18
(Actual Income and Expenditure to 31 December 2017)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/17 £	Projected Depn Charge 2017/18 £	Projected Net Book Value at 31/03/18 £	Projected Rental Income 2017/18 £	Actual Property Expenditure at 31/12/17				
					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	110,000	0	110,000	0	0	0	0	0	0
Ladhope Woodland	6,250	0	6,250	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0	0	0	0
Old Gala House	472,117	36,192	435,925	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	0	0	0	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	588,367	36,192	552,175	0	0	0	0	0	0

**Fixed Assets –
Moveable Assets**

Minute Books
Provosts Chain & Badge
Provosts Robes & Hats (2 of each)
Baillies Robes & Hats
Stamp with Burgh Seal
Silver Trophy
Gold Watch
Gold Key & Medal
Scott Manuscript
Collection of Coins (12)
Bottle (storage for coins)
Braw Lads Medal (2)
Commemorative Medals (2)

GALASHIELS COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	Units	£
Initial Investment - 5 September 2014	10,411	20,000
Contribution from SBC compensation for late investment	248	476
Further 2015-16 Investment	2,636	5,000
Transfer of Ladhope Trust Investment	65,922	123,254
Total Invested to 31 December 2017	79,217	148,730

Value of Investment	£
31 March 2017	153,483
30 June 2017	155,210
30 September 2017	151,692
31 December 2017	152,099
Increase/(Decrease) from Total Cash Invested	3,369

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Borders Community Radio & Media (T/A TD1 Radio)
Galashiels Golf Club
Ladhope Recreation Ground

Chief Executive
Galashiels
TD1 2NJ

22 FEB 2018

19 February 2018

Demoor

Ms Fiona Walling
Secretary
Galashiels Common Good Fund
Scottish Borders Council
Council Headquarters
Newtown St. Boswells
Melrose
TD6 0SA

Dear Ms Walling

TD1 Radio

TD1 Radio is an entirely voluntarily community radio station broadcasting to Galashiels and surrounding areas on 106.5 fm.

The past year has proved very difficult for the station with disruption following the abrupt and contentious resignation of the volunteer station manager. Very little information was made available by this person with the result that, among other gaps in information, there are no approved accounts for 2016/17. We have since discovered that the accounts for the previous year were also not approved. There was also virtually no money remaining in the company's bank account.

Since then, the small but dedicated group of volunteers has put in considerable efforts to maintain broadcasting. This involved rebuilding the software packages and building bridges with volunteers who had resigned during the previous year.

An ad hoc committee governs the station currently but it is planned to formalise this at our AGM in April and then to apply to OSCR to become a Scottish Charitable Incorporated Organisation. This and approved accounts for 2017/18 will enable us to apply to a wide range of funders.

We are grateful to Galashiels Golf Club who allow us use of their premises free of charge but fundraising, has proved difficult with no approved accounts but, despite this, small individual donations from the public and volunteers and income from

sponsorship have allowed broadcasting to continue but we now face significant essential expenditure before 1 April.

By that date, we have to pay our annual licence fee to OFCOM at £850 and our fee for use of Sky News at £351. We also have ongoing running costs of £400 per month to cover our power supply, broadband, insurance and fees to the Performing Rights Society and Phonographic Performance Ltd.

If we cannot raise these funds, the station will be forced to cease broadcasting by 31 March.

Currently, we have just over £800 banked.

As a result of these costs, we are, once again, in financial difficulty. We have two events planned before April which we hope will raise some of the necessary money but would very much appreciate if the Fund could support this valuable asset to the Galashiels community.

We contribute to the Common Good by providing local community information of various types, local travel information and a wide variety of programme material which is not available from any other station. We also provide a volunteering opportunity locally.

We look forward to hearing from you.

Yours faithfully

T D Ingoldsby
Treasurer