
Monitoring Report for 12 Months to 31 March 2015

Report by the Chief Financial Officer

Peebles Common Good Sub Committee**27 May 2015**

1 PURPOSE AND SUMMARY

- 1.1 This report provides the year end out-turn for the Peebles 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 of £29,833 for 2014/15 and projected surplus of £7,243 for 2015/16.
- 1.3 Appendix 2 provides the balance sheet value to 31 March 2015. This shows increase in the Reserves of £280,697 due to the surplus for 2014/15, the revaluation of properties and the unrealised gain of the Newton Fund investment.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual income and expenditure and effect of revaluation.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 March 2015.

2 RECOMMENDATIONS

- 2.1 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 budget for 2015/16 as shown in Appendix 1.**
 - (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.**

3 BACKGROUND

- 3.1 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.

4 FINANCIAL POSITION 2014/15

- 4.1 Appendix 1 provides detail on income and expenditure for the 2014/15 financial year and the proposed budget for 2015/16.
- 4.2 **Income & Expenditure – Rental Income**
Rental income for 2014/15 is shown on Appendices 1 & 3, with Appendix 3 detailing the annual rental income by individual property. The variance of £566 reflects payments of rent for the Garages at Tweed Green that were not included in the 2014/15 projections and offset by £300 for Neidpath Grazings being vacant during 2014/15.
- 4.3 **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%.
- 4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. Dividends of £9,329 were received in total to 31 March 2015, a distribution of 2.6%. This shows an increase of £529 on the projected annual budget income of £8,800. 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**
The final out-turn shows an underspend of £5,438.
- 4.6 **Income & Expenditure – Grants & Other Donations**
The grants and other donations distributed to 31 March 2015 are shown below. There are currently £11,370 grants and other donations that have been approved but not yet paid.

| Grant Recipients | Approved | £ |
|---|----------|---------------|
| Approved and Paid to 31 March 2015 | | |
| Peebles Rugby Football Club – Drainage & Lighting | 08/05/13 | 12,700 |
| Peebles Art Festival – Programmes & Distribution | 07/05/14 | 2,000 |
| Venlaw Community Woodland Running Costs | 07/05/14 | 1,000 |
| Interest Link Tweedale – Befriending Groups Grant | 03/09/14 | 1,500 |
| Music in Peebles – Fund visiting Music Ensemble | 03/09/14 | 600 |
| Total Paid to 31 March 2015 | | 17,800 |
| Approved but not yet paid | | |
| Peebles Mural Project – prep of wall | 07/05/14 | 1,870 |
| Condition of Funding from Scot Gas Network | - | 2,500 |
| Peebles Burgh Silver Band | 04/03/15 | 7,000 |
| Total Approved but not yet paid | | 11,370 |
| 2014/15 Budget | | 35,200 |
| Variance | | 6,030 |

4.7 **Income & Expenditure – Depreciation Charge**

The final out-turn shows an increase of £24,632. This is due to 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 and the 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 resulting in an increase of £284,222. Appendix 3 shows the difference in value from 31 March 2014 and 1 April 2014 for the individual properties.

4.10 **Balance Sheet – Newton Investment**

The final out-turn shows a market value of £390,017, including an unrealised gain of £19,935. Appendix 4 shows the performance of the fund since inception.

4.11 **Balance Sheet – Cash Balance**

The cash held by the fund at 31 March 2015 is £62,998, an in year net decrease of £14,188. The actual cash movement for 2014/15 is as follows:

| Cash Balance at 31 March 2015 | £ |
|--|---------------|
| Opening Balance at 1 April 2014 | 86,691 |
| Transfer to Newton Fund | (20,082) |
| Surplus for year from Income & Expenditure Statement | 29,833 |
| Net cash movement in Debtors/Creditors | (33,444) |
| Closing Balance at 31 March 2015 | 62,998 |

4.12 **Balance Sheet – Capital Reserve**

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

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)

| | |
|-------------|--|
| Kirsty Robb | Capital and Investments Manager Tel: 01835 82549 |
|-------------|--|

Background Papers:

Previous Minute Reference:

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PEEBLES 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 | (54,886) | (54,320) | (566) | (55,346) | 4.2 | |
| Non-Property Related Income | | | | | | |
| Interest on Cash deposited with Council | (164) | (200) | 36 | (164) | | Calculated at 0.4% |
| Newton Fund Investment – Dividends Rec'd | (9,329) | (8,800) | (529) | (9,800) | 4.4 | - |
| Other Income - Newton donation | (82) | (20) | (62) | 0 | | |
| Total Income | (64,461) | (63,340) | (1,121) | (65,310) | | |
| Property Expenditure | | | | | | |
| Property Costs – General | 3,600 | 8,000 | (4,400) | 10,000 | | |
| Haylodge Toilets – Cleaning etc | 5,962 | 7,000 | (1,038) | 13,000 | | |
| Shop Division | 2,199 | 2,199 | 0 | 0 | | |
| Total Property Expenditure | 11,761 | 17,199 | (5,438) | 23,000 | | |
| Grants & Other Donations | 17,800 | 35,200 | (17,400) | 30,000 | 4.6 | £11,370 approved not paid |
| Running Costs | | | | | | |
| Central Support Service Charge | 7,827 | 7,827 | 0 | 7,827 | | |
| SBC Grant towards Service Charge | (2,760) | (2,760) | 0 | (2,760) | | |
| Net Running Costs | 5,067 | 5,067 | 0 | 5,067 | | |
| Depreciation | | | | | | |
| Depreciation Charge | 46,441 | 21,809 | 24,632 | 46,441 | | Actual based on revalued |
| Contribution from Revaluation Reserve | (46,441) | (21,809) | (24,632) | (46,441) | | Valuation |
| Net impact of Depreciation on Revenue Reserve | 0 | 0 | 0 | 0 | | |
| Total Net (Surplus)/Deficit for year | (29,833) | (5,874) | (23,959) | (7,243) | | |

PEEBLES 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 | | | | |
| Land & Buildings ¹ | 676,029 | 237,780 | 913,809 | 867,368 |
| Feu Duties | 1,619 | 0 | 1,619 | 1,619 |
| Total Fixed Assets | 677,648 | 237,780 | 915,428 | 868,987 |
| Capital in Newton Investment Fund | | | | |
| Investment in Newton Fund | 350,000 | 20,082 | 370,082 | 370,082 |
| Unrealised Gains/(Loss) | 6,851 | 13,084 | 19,935 | 19,935 |
| Market Value² | 356,851 | 33,166 | 390,017 | 390,017 |
| Current Assets | | | | |
| Debtors | 0 | 1,249 | 1,249 | 1,249 |
| Cash deposited with SBC | 86,691 | (23,693) | 62,998 | 70,241 |
| | 86,691 | (22,444) | 64,247 | 71,490 |
| Current Liabilities | | | | |
| Creditors | (180) | (167) | (347) | (347) |
| Receipts in Advance | (39,193) | 32,362 | (6,831) | (6,831) |
| Total Current Liabilities | (39,373) | 32,195 | (7,178) | (7,178) |
| Net Assets | 1,081,817 | 280,697 | 1,362,514 | 1,323,316 |
| Funded by: Reserves | | | | |
| Revenue Reserve ³ | (27,318) | (29,833) | (57,151) | (64,394) |
| Capital Reserve ³ | (426,646) | (13,084) | (439,730) | (439,730) |
| Revaluation Reserve | (627,853) | (237,780) | (865,633) | (819,192) |
| Total Reserves | (1,081,817) | (280,697) | (1,362,514) | (1,323,316) |

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

PEEBLES 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 Pre- revaluation £ | Book Value at 01/04/14 Post- revaluation £ | Diff in Value Incr/ (Decr) £ | Actual Rental Income 2014/15 £ | Actual Property Expenditure 2014/15 | | | | |
|-----------------------------------|--|---|--|--|-------------------------------------|---------------------------------|----------|------------|------------|
| | | | | | Repairs £ | Rates, Water & Power £ | Ins £ | Other £ | Total £ |
| General | | | | | | | | | |
| Jedderfield Farm & Farmhouse | 82,583 | 140,000 | 57,417 | 2,041 | | | | | |
| Neidpath Grazings | 19,413 | 20,000 | 587 | - | | | | | |
| New Kingsland PS Site | 60,000 | 70,000 | 10,000 | 3,500 | | | | | |
| Kingsland Sub Station Site | - | 750 | 750 | - | | | | | |
| Old Corn Exchange | 28,700 | 40,000 | 11,300 | 3,000 | | | | | |
| Old Corn Exchange – Band Hall | - | 45,000 | 45,000 | 450 | | | | | |
| Old Corn Exchange – Shop | 134,400 | 150,000 | 15,600 | 13,761 | 2,199 | | | | 2,199 |
| Peebles Golf Course | 142,000 | 155,000 | 13,000 | 15,290 | | | | | |
| Connor Ridge Monitoring Station | - | - | - | - | | | | | |
| Eliot's Park Grazings | 100,000 | 95,000 | (5,000) | - | | | | | |
| Kirklands Garages (8) | - | 6,750 | 6,750 | 680 | | | | | |
| Tweed Green | - | - | - | - | | | | | |
| Tweed Green - Garage 1 | 2,150 | 5,000 | 2,850 | 394 | | | | | |
| Tweed Green – Garage 2 | 1,500 | 3,250 | 1,750 | 500 | | | | | |
| Tweed Green – Garage 3 | 1,200 | 3,000 | 1,800 | - | | | | | |
| Tweed Green Car Park Site | - | - | - | - | | | | | |
| Greenside Car Park Site | - | - | - | - | | | | | |
| Kingsmeadows Car Park Site | - | - | - | - | | | | | |
| Kingsmeadows Road Toilet Site | 800 | 2,000 | 1,200 | - | | | | | |
| Gas Governor Site | 750 | 750 | 0 | - | | | | | |
| Haylodge Depot | 33,933 | 75,000 | 41,067 | 8,175 | | | | | |
| Land at Site of 2 Haylodge Cottis | 10,200 | 11,500 | 1,300 | - | | | | | |
| Haylodge Park – Pavillion Site | - | 1,250 | 1,250 | 150 | | | | | |
| Haylodge Park Play Area | - | - | - | - | | | | | |

| | | | | | | | | | |
|-----------------------------------|----------------|----------------|----------------|---------------|--------------|------------|------------|--------------|---------------|
| Haylodge Park Toilets – Site Only | 300 | 32,000 | 31,700 | - | 5,962 | | | | 5,962 |
| Ninians Haugh Park Play Area | - | - | - | - | | | | | |
| Ninians Haugh Park | - | - | - | - | | | | | |
| Tweed Fishings | - | - | - | - | | | | | |
| Fotheringham Bridge | - | - | - | - | | | | | |
| Victoria Park Area 1 & 2 | - | - | - | - | | | | | |
| Victoria Park Amenity Fues | - | - | - | - | | | | | |
| Victoria Park Tennis Courts | 17,699 | 30,000 | 12,301 | (32) | | | | | |
| Victoria Park Construction Store | - | - | - | - | | | | | |
| Cuddy Green | - | - | - | - | | | | | |
| Old Town Green | - | - | - | - | | | | | |
| Old Town Wall | - | - | - | - | | | | | |
| Land at March Street | - | - | - | - | | | | | |
| Walkershaugh ACF Site | 3,900 | 7,500 | 3,600 | 451 | | | | | |
| Walkershaugh Store/Gunshed | 26,600 | 50,000 | 23,400 | 6,500 | | | | | |
| Walkershaugh Bowling Green | 400 | 500 | 100 | - | | | | | |
| Walkershaugh Railway Site | - | - | - | - | | | | | |
| Walkershaugh Railway Embank | - | - | - | - | | | | | |
| Venlaw Amenity Ground | - | - | - | - | | | | | |
| Venlaw Quarry Stone Rights Only | - | - | - | - | | | | | |
| Venlaw Wood | 9,500 | 16,000 | 6,500 | - | | | | | |
| The Gytes – Former Mill Lade Land | - | - | - | - | | | | | |
| George Meikle Kemp Monument | - | - | - | - | | | | | |
| Biggiesknowe | - | - | - | 26 | | | | | |
| Property Expenditure (General) | - | - | - | - | 1,260 | 677 | 502 | 1,161 | 3,600 |
| | - | - | - | - | | | | | |
| Total | 676,028 | 960,250 | 284,222 | 54,886 | 9,421 | 677 | 502 | 1,161 | 11,760 |

PEEBLES COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

| Cost of Investment | £ |
|--|----------------|
| 13 December 2013 | 350,000 |
| 11 March 2015 | 20,082 |
| Total Invested to 31 March 2015 | 370,082 |

| Value of Investment | £ |
|---|---------------|
| 31 March 2014 | 356,851 |
| 30 June 2014 | 361,101 |
| 30 September 2014 | 355,185 |
| 31 December 2014 | 357,731 |
| 31 March 2015 | 390,017 |
| Increase/(Decrease) from Total Cash Invested | 20,017 |

Dividends totalling £9,329 have been received during 2014/15 and have been used to fund in year expenditure for 2014/15.

The last investment into the Newton Fund was increased by £82 due to an error by the Bank of New York Mellon (Newton Fund Bank) when the units and market value were corrected.