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## **Monitoring Report for 12 Months to 31 March 2015**

**Report by the Chief Financial Officer**

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### **Galashiels Common Good Sub Committee**

**9 June 2015**

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#### **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 4<sup>th</sup> 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 4<sup>th</sup> 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 19<sup>th</sup> 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:

<b>Cash Balance at 31 March 2015</b>	<b>£</b>
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
<b>Closing Balance at 31 March 2015</b>	<b>9,770</b>

#### 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)**

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**Background Papers:**

**Previous Minute Reference:**

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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
	£	£	£	£		
<b>Property Income</b>						
Rentals Receivable	0	0	0	0		
<b>Non-Property Related Income</b>						
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
<b>Total Income</b>	<b>(6,092)</b>	<b>(4,175)</b>	<b>(1,917)</b>	<b>(3,700)</b>		
<b>Property Expenditure</b>						
Property Costs – General	0	0	0	0		
<b>Total Property Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Grants &amp; Other Donations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Stock write Off</b>	<b>265</b>	<b>0</b>	<b>265</b>		5.6	
<b>Running Costs</b>			0			
Central Support Service Charge	1,922	1,922	0	1,922		
SBC Grant towards Service Charge	(1,322)	(1,322)		(1,322)		
<b>Net Running Costs</b>	<b>600</b>	<b>600</b>	<b>0</b>	<b>600</b>		
<b>Depreciation</b>						
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
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>(5,227)</b>	<b>(3,575)</b>	<b>(1,652)</b>	<b>(3,100)</b>		

## 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 £
<b>Fixed Assets</b>	324,460	(11,738)	312,722	300,984
Land & Buildings <sup>1</sup>	-			
Heritable Assets	-			
<b>Total Fixed Assets</b>	<b>324,460</b>	<b>(11,738)</b>	312,722	<b>300,984</b>
<b>Capital in Newton Investment Fund</b>				
Investment in Newton Fund	-	20,476	20,476	20,476
Unrealised Gains/(Loss)	-	569	569	569
<b>Market Value<sup>2</sup></b>	-	<b>21,045</b>	<b>21,045</b>	<b>21,045</b>
<b>Current Assets</b>				
Debtors	-			
Stock	265	(265)	0	
Cash deposited with SBC	23,007	(13,237)	9,770	12,870
	<b>23,272</b>			
<b>Current Liabilities</b>				
Creditors	1,747	(1,747)	0	0
	-			
<b>Net Assets</b>	<b>349,479</b>	<b>(5,942)</b>	<b>343,537</b>	<b>334,899</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve <sup>3</sup>	(25,019)	15,249	(9,770)	(12,870)
Capital Reserve <sup>3</sup>	(0)	(21,045)	(21,045)	(21,045)
Revaluation Reserve	(324,460)	11,738	(312,722)	(300,984)
<b>Total Reserves</b>	<b>(349,479)</b>	<b>5,942</b>	<b>(343,537)</b>	<b>(334,899)</b>

<sup>1</sup> Book Value of Land & Buildings as at 31 March 2014 broken down on Appendix 3

<sup>2</sup> The Dividend Income on the Newton Fund is reflected in the Income and Expenditure Statement on Appendix 1

<sup>3</sup> 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	-					-
<b>Total</b>	<b>324,460</b>	<b>11,738</b>	<b>312,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>



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

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

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

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