
Monitoring Report for 9 Months to 31 December 2014

Report by the Chief Financial Officer

Galashiels Common Good Sub Committee

19 February 2015

1 PURPOSE AND SUMMARY

- 1.1 This report sets out details of transactions on the Galashiels Common Good Fund for the 9 months to 31 December 2014 and projects full year revenue income and expenditure for 2014/15 and balance sheet values at 31 March 2015.**
- 1.2 Appendix 1 provides a projected Income and Expenditure position. This shows a projected surplus of £3,575 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2015, which shows a projected usable cash balance at this date of 8,329. It also shows a projected increase in the Capital Reserve of £20,369, representing the value of the investment in the Newton Fund.
- 1.4 The balance sheet shown on Appendix 2 now also includes the assets which were agreed to be recorded as assets of the Galashiels Common Good Fund at the Common Good Sub Committee meeting of 19 December 2014.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub Committee:**
 - (a) Agrees the projected out-turn for 2014/15 in Appendix 1 as the approved budget for 2014/15.**
 - (b) Notes the projected Balance Sheet as detailed in Appendix 2.**
 - (c) Notes the current position of the investment in the Newton Fund as detailed in Appendix 3.**

3 BACKGROUND

- 3.1 This report provides the Committee with financial information for the period to 31 December 2014 and projections to 31 March 2015. The report also contains a projected balance for the Common Good Fund to 31 March 2015.

4 FINANCIAL POSITION 2014/15

- 4.1 Appendix 1 provides detail on income and expenditure for the 2014/15 financial year. The projected net position for the year is a surplus of £3,575.

Income & Expenditure - Non-Property Related Income

- 4.2 The projected out-turn includes an estimate for the interest receivable on cash deposited with the Council. This, however, this does not show as an actual income until the end of the financial year as 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 however expected to be around 0.4%.
- 4.3 The Capital Reserve is invested in the Newton Fund. The Newton Fund is currently anticipated to return income of £100 at the end of February 2015 and the budget for the year has been updated to reflect this.
- 4.4 As disclosed in the report submitted to the Galashiels Common Good Sub Committee on 4 September 2014, no income was transferred from the Ladhope Funds for 2013/14, with provision being made instead for the receipt of 2 years income from this source in 2014/15.

Income & Expenditure - Grants and Other Donations

- 4.5 There is no budget provision for the distribution of grants, as agreed in the prior monitoring report of 4 September 2014.

Income & Expenditure - Depreciation

- 4.6 As the Galashiels Common Good Fund has fixed assets, a provision for depreciation of these fixed assets of £11,000 has now been included for 2014/15. This depreciation is to be funded from the revaluation reserve.

Balance Sheet

- 4.7 Appendix 2 provides the balance sheet position at 31 March 2014, the projected movement in year and a projected final balance sheet position for 31 March 2015.

Fixed Assets

- 4.8 The balance sheet includes the addition of the fixed assets identified in the report on 19 December 2014. Note that certain heritage assets have no book valuation as per the accounting policy.
- 4.9 All fixed assets of the Common Good Fund are revalued every 5 years as part of the Council's rolling program. The fixed assets currently shown on the Balance Sheet are due for revaluation from 1st April 2014. The Council's Estates Section is currently finalising these and the final year end balance sheet will be adjusted to reflect these revaluations.

Stock

- 4.10 The stock figure relates to the stock of the "History of Galashiels" books and the stock is valued at £5 per book.

Usable Cash Balance

- 4.11 The usable cash held by the fund is projected to be £8,329, an in year projected decrease of £16,425. The projected cash movement for 2014/15 is broken down as follows:

Projected Cash Balance	£
Opening Balance at 1.4.14	24,754
Invested in the Newton Fund	(20,000)
Projected surplus for year from Income & Expenditure Statement	3,575
Projected Closing Balance at 31.3.15	8,329

Capital Reserve

- 4.12 The projections for the Capital Reserve include the unrealised profits for the Newton Fund as at 31 December 2014.

5 IMPLICATIONS

5.1 Financial

There are no further financial implications other than those explained above in Section 3.

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 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, 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 **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)

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Background Papers:

Previous Minute Reference:

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GALASHIELS COMMON GOOD FUND

PROJECTED INCOME AND EXPENDITURE 2014/15

	ACTUAL TO 31/12/14	FULL YEAR BUDGET	FULL YEAR PROJECTED OUTTURN	PROJECTED OVER/(UNDER) SPEND	Para Ref	COMMENTARY
	£	£	£	£		
Non-Property Related Income						
Interest on cash deposited with Council	-	(75)	(75)	-	4.3	Dividend to be received in Feb 2015
Newton Fund investment - Dividends receivable	-	-	(100)	(100)	4.4	
Donations from Ladhope Trust	-	(4,000)	(4,000)	-		
Total Income	-	(4,075)	(4,175)	(100)		
Running Costs						
Central Support Service Charge	-	1,922	1,922	-		Estimate based on current Net Book Values
SBC Grant towards Service Charge	-	(1,322)	(1,322)	-		
Net Running Costs	-	600	600	-		
Depreciation						
Depreciation charge	-	-	11,000	11,000		
Contribution from Revaluation Reserve	-	-	(11,000)	(11,000)		
Net impact of depreciation on the revenue reserve	-	-	-	-		
Total Net (Surplus)/Deficit for the year		(3,475)	(3,575)	(100)		

GALASHIELS COMMON GOOD FUND

ESTIMATED SUMMARY BALANCE SHEET POSITION AT 31 MARCH 2015

	Opening Balance at 31 March 2014 £	Projected Movements in year £	Projected Balances at 31 March 2015 £
Fixed Assets			
Bank Street Gardens	-	-	-
Ladhope Drive Car Park	-	-	-
Ladhope Golf Course	-	74,250	74,250
Ladhope Woodland	-	8,800	8,800
Ladhope Glen Park	-	-	-
Ladhope recreation ground	-	-	-
Old Gala House	-	220,341	220,341
Mercat Cross	-	-	-
Sir Walter Scott Statue	-	-	-
Old Town Cemetery	-	-	-
Amenity Ground at Halliburton Place	-	10,069	10,069
Leabrae Playground	-	-	-
Small area of Netherdale Playing Field	-	-	-
Total Fixed Assets	-	313,460	313,460
Capital in Newton Investment Fund Market Value as at 31.12.14¹	-	20,369	20,369
Current Assets			
Stock	265	-	265
Cash deposited with SBC	24,754	(16,425)	8,329
Current Liabilities			
Creditors	-	-	-
Net Assets	25,019	317,404	342,423
Funded by:			
Reserves			
Revenue Reserve	(25,019)	16,425	(8,594)
Capital Reserve	-	(20,369)	(20,369)
Revaluation Reserve	-	(313,460)	(313,460)
Total Reserves	(25,019)	(317,404)	(342,423)

¹ The Dividend Income on the Newton Fund is reflected in the Income and Expenditure Statement (Appendix 1).

Galashiels Common Good

INVESTMENTS

£

Investments

Investments externally managed in Newton Real Return Fund

Cost of Investment

20,000

Value at 31.12.14

20,369

Since inception the capital value of the investment has increased from £20,000 to £20,369. A dividend is expected to be received at the end of February 2015.

