
Monitoring Report for 9 Months to 31 December 2014

Report by the Chief Financial Officer

Peebles Common Good Sub Committee

4 March 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report sets out details of transactions on the Peebles 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. It also includes a risk register for the Peebles Common Good Fund.**
- 1.2 Appendix 1 provides a projected Income and Expenditure position. This shows a projected surplus of £5,874 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2015. It shows a projected increase in the Capital Reserve of £880, based on unrealised movement on the Newton Fund investment to 31 December 2014.
- 1.4 Appendix 5 shows the Risk Register for Peebles Common Good Fund.

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;**
 - (b) **Notes the projected Balance Sheet as detailed 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 as detailed in Appendix 4.**
 - (e) **Considers the Risk Register for the Peebles Common Good Fund in Appendix 5.**

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 sheet 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 £5,874, assuming full expenditure of the grants budget, of which £13,030 remains to be allocated.

Income & Expenditure - Rental Income

- 4.2 Projected rental income for 2014/15 is shown on Appendices 1 and 3, with Appendix 3 detailing the projected annual rental income by individual property. There is no change to the rental income projections from the previously reported estimate.

Income & Expenditure - Non-Property Related Income

- 4.3 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 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%.
- 4.4 The Common Good Fund is invested in the Newton Fund and distributions are made from this investment twice a year in September and February. A dividend of £6,118 was received by the Peebles Common Good Fund at 30 September 2014. The Newton Fund is currently anticipated to fully return the projected annual budgeted income of £8,800.

Income & Expenditure - Property Expenditure

- 4.5 The Property Expenditure to date is detailed in Appendix 3 by property.

Income & Expenditure - Grants and Other Donations

- 4.6 The Grants and Other Donations distributed to and committed at 31 December 2014 are shown below.

Grant Recipients	Approved	£
Approved and paid		
Peebles Rugby Football Club – Drainage & Lighting	Prior yr	12,700
Peebles Art Festival – programme & distribution	7.5.14	2,000
Venlaw Community Woodland – Grant towards annual inspections & survey costs	7.5.14	1,000
Interest Link Tweeddale – Befriending Groups grant	3.9.14	1,500
Music in Peebles – Fund visiting music ensemble for care home residents	3.9.14	600
Total Paid to 31 December 2014		17,800
Approved but not yet paid		
Peebles Mural Project – Prep of wall if awards for all funding in place	7.5.14	1,870
Condition of funding from Scottish Gas Network Donation – Materials for Gardens at Dovecot Court Sheltered Housing		2,500
Total - Approved but not yet paid		4,370
Projected Out-Turn		35,200
Remaining Unallocated Budget		13,030

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.
- 4.8 All fixed assets of the Common Good Fund are revalued every five years as part of the Council's rolling program. The fixed assets currently shown on the Balance Sheet are due for revaluation from 1 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.

Cash Balance

- 4.9 The cash held by the fund is projected to be £49,929, an in-year projected increase of £5,874. The projected cash movement for 2014/15 is as follows:

Projected Usable Cash Reserve balance	£
Opening Balance at 1.4.14	44,055
Projected surplus for year from Income & Expenditure Statement	5,874
Projected Closing Balance at 31.3.15	49,929

Capital Reserve

- 4.10 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

- (a) 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 through 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
- (b) Members, at the December meeting of the Common Good Working Group, requested that a Risk Register be developed for the Common Good Fund. The initial Risk Register is appended to this report and members are requested to review this document for completeness. Members may feel they would wish to undertake a separate workshop with officers in order to fully populate the initial Risk Register.

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)

Name	Designation and Contact Number
Neil Campbell	Senior Finance Officer – Capital & Investments Tel 01835 824000 (Ext 5495)

Background Papers: None

Previous Minute Reference: Peebles Common Good Sub-Committee, 2 December 2014; Peebles Common Good Sub-Committee, 4 September 2013

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

PEEBLES COMMON GOOD FUND

PROJECTED INCOME AND EXPENDITURE 2014/15

	ACTUAL TO 31/12/14	FULL YEAR APPROVED BUDGET	FULL YEAR PROJECTED OUTTURN	PROJECTED OVER/(UNDER) SPEND	Para Ref	COMMENTARY
	£	£	£	£		
Property Income						
Rentals Receivable	(46,649)	(54,320)	(54,320)	-	4.2	Refer to Appendix 3
Non-Property Related Income						
Interest on cash deposited with Council	-	(200)	(200)	-	4.3	
Newton Fund investment - Dividends receivable	(6,118)	(8,800)	(8,800)	-	4.4	Second dividend to be received in Feb 2015
Other income – Donations from fountain	-	(20)	(20)	-		
Total Income	(52,767)	(63,340)	(63,340)	-		
Property Expenditure						
Property Costs	1,902	8,000	8,000	-	4.5	Refer to Appendix 3
Haylodge Toilets – Cleaning etc	5,543	7,000	7,000	-		
Shop Division	2,199	2,199	2,199	-		
Total Property Expenditure	9,644	17,199	17,199	-		
Grants & Donations to Local Bodies	17,800	35,200	35,200	-	4.6	
Running Costs						
Central Support Service Charge	-	7,827	7,827	-		
SBC Grant towards Service Charge	-	(2,760)	(2,760)	-		
Net Running Costs	-	5,067	5,067	-		
Depreciation						
Depreciation charge	-	21,809	21,809	-		Estimate based on current Net Book Values
Contribution from Revaluation Reserve	-	(21,809)	(21,809)	-		
Net impact of depreciation on the revenue reserve	-	-	-	-		
Total Net (Surplus)/Deficit for the year	(25,323)	(5,874)	(5,874)	-		

PEEBLES 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			
Land & Buildings ¹	676,029	(21,809)	654,220
Feu Duties	1,619	-	1,619
Total Fixed Assets	677,648	(21,809)	655,839
Capital in Newton Investment Fund Market Value as at 31.12.14²	356,851	880	357,731
Current Assets			
Debtors	3,443	-	3,443
Cash deposited with SBC	44,055	5,874	49,929
Current Liabilities			
Creditors	(180)	-	(180)
Net Assets	1,081,817	(15,055)	1,066,762
Funded by: Reserves			
Revenue Reserve ³	(47,318)	(5,874)	(53,192)
Capital Reserve ³	(406,646)	(880)	(407,526)
Revaluation Reserve	(627,853)	21,809	(606,044)
Total Reserves	(1,081,817)	15,055	(1,066,762)

¹ Projected book values of Land and Buildings as at 31 March 2015 broken down on Appendix 3.

² The Dividend Income on the Newton Fund is reflected in the Income and Expenditure Statement (Appendix 1).

³ Opening capital and revenue reserve balances have been aligned to reflect net asset values.

PEEBLES COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2014/15
(ACTUAL EXPENDITURE TO END DECEMBER 2014)

Fixed Assets - Land & Buildings	FIXED ASSETS Projected Book value at 31.3.15	RENTAL INCOME Projected Outturn for 2014/15	ACTUAL PROPERTY COSTS TO 31.12.14			
			Repairs	Ins, Rates	Other	Total
	£	£	£	£	£	£
Jedderfield Farm & Farmhouse	82,584	(2,100)				
Neidpath Grazings	4,087	(300)	65			65
New Kingsland P S Site	60,000	(3,500)				
Kingsland Sub Station site						
Old Corn Exchange	28,700	(3,000)	236			236
Old Corn Exchange - Band Hall		(450)		88		88
Old Corn Exchange - Shop	127,917	(13,750)	120			120
Peebles Golf Course	142,000	(15,290)				
Connor Ridge Monitoring Station						
Eliot's Park Grazings	100,000					
Kirklands Garages (8)		(680)				
Tweed Green						
Tweed Green - Garage 1	2,150					
Tweed Green - Garage 2	1,500					
Tweed Green - Garage 3	1,200					
Tweed Green Car Park site						
Greenside Car Park site						
Kingsmeadows Car Park site						
Kingsmeadow Rd Toilets site	800					
Gas Governor Site	750					
Haylodge Depot	33,933	(8,150)				
Land at site of 2 Haylodge Cottages	10,200					
Haylodge Park (Rent is for Pavilion site)		(150)				
Haylodge Park Play Area						
Haylodge Park Toilets - Site only	300					
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					
Victoria Park Construction Store						
Cuddy Green						
Old Town Green						
Old Town Wall						
Land at March Street						
Walkershaugh ACF Site	3,900	(450)				
Walkershaugh Store	26,600	(6,500)				
Walkershaugh Bowling Green	400					
Railway Site, Walkershaugh						
Railway Embankments Walkershaugh						
Venlaw Amenity Ground						

Venlaw Quarry - stone rights only						
Venlaw Wood	9,500					
The Gytes - former mill lade land only						
George Meikle Kemp Monument						
Fountain outside Eastgate			80			80
Sundries affecting more than one property					103	103
Property Insurances				360		360
Property Services Time recharge					850	850
Total	654,220	(54,320)	501	448	953	1,902

PEEBLES COMMON GOOD FUND

INVESTMENTS

£

Investments

Investments externally managed in Newton Real Return Fund:

	£
Cost of Investment	350,000
Value at 31.3.14	356,851
Value at 31.12.14	357,731

Since inception the capital value of the investment has increased from £350,000 to £357,731. A dividend of £6,118 was received on 30 September 2014 and will be used to fund in year expenditure as part of the £8,800 investment income projected balance for 2014/15. A further dividend is expected to be received at the end of February 2015.

