
Monitoring Report for 3 Months to 30 September 2015

Report by the Chief Financial Officer

Peebles Common Good Sub Committee

2 December 2015

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Peebles Common Good Fund for the 6 months to 30 September 2015 and full year projected out-turn for 2015/16 and projected balance sheet values to 31 March 2016.**
- 1.2 Appendix 1 provides a projected Income and Expenditure position. This shows a projected surplus of £9,362 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2016. It shows a projected decrease in the reserves of £37,079.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual Income and Expenditure to 30 September 2015.
- 1.5 Appendix 4 shows the value of the Newton Fund to 30 September 2015.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub Committee:**
 - (a) Agrees the projected Income and Expenditure for 2015/16 in Appendix 1.**
 - (b) Notes the projected Balance Sheet value to 31 March 2016 in Appendix 2.**
 - (c) Notes the summary of the property portfolio in Appendix 3.**
 - (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 2015 and projections to 31 March 2016. The report also contains a projected balance sheet for the Common Good Fund to 31 March 2016.

4 FINANCIAL POSITION 2015/16

4.1 Appendix 1 provides detail on income and expenditure for the 2015/16 financial year. The projected net position for the year is a surplus of £9,362.

4.2 Income & Expenditure – Rental Income

Rental income for 2015/16 is shown on Appendices 1 & 3, with Appendix 3 detailing the projected annual rental income by individual property.

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 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 0.4%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. Dividends of £5,235 were received in September 2015 in line with the proposed budget of £9,800 for the year. 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 Additional income received by way of £2,500 donation from the BBC for filming in the area and a £300 contribution from Tommy's Honor Productions for Kingsmeadows Car Park has increased the projected income by £2,800.

4.6 Income & Expenditure – Property Expenditure

The property expenditure to 30 September 2015 is detailed in Appendix 3.

4.7 Income & Expenditure – Grants & Other Donations

The grants and other donations distributed and committed to 30 September 2015 are shown below. The current approved budget for 2015/16 of £30,000 will be overspent by £505 when the grant to the Peebles Hendaye Twinning Association is paid (as approved on the 27th August).

Grant Recipients	Approved	£
Approved and Paid to 30 September 2015		
Peebles Burgh Silver Band	04/03/15	7,000
Peebles Mural Project – prep of wall	07/05/14	1,870
Tweedlove Trails	27/05/15	10,000
Treefest Partnership	27/05/15	1,850
Peebles Strictly Seniors Dance Group	27/05/15	2,000
PA System for Remembrance Service	03/12/14	205
Tweeddale Rovers AFC	25/06/15	6,000
Total Paid to 30 September 2015		28,925
Approved but not yet paid		
Peebles Hendaye Twinning Association		1,580
Total Grants Approved		1,580
Budget 2015/16		30,000
Over Allocated Budget		(505)

4.8 **Income & Expenditure – Depreciation Charge**

The depreciation charge is projected to be £46,441 based on the revaluation of the properties at 1 April 2014. This is not a cash transaction.

4.9 Appendix 2 provides the balance sheet value to 31 March 2015, the projected movement in year and a projected balance at 31 March 2016.

4.10 **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. The fixed assets were revalued at 1 April 2014. Appendix 3 shows the values of the individual properties at 31 March 2015, projected depreciation charges 2015/16 and projected value at 31 March 2016.

4.11 **Balance Sheet – Newton Investment**

a) The markets remain volatile due to the continued downturn in the growth rate of the Chinese economy and the US Federal Reserve's decision to leave US interest rates unchanged. This has resulted in a small negative return of -0.78% for the quarter to 30 September 2015 in comparison to equity markets which fell by 6% in the same period. Newton continues to put plans in place to protect the Fund.

b) Due to the volatility of the market conditions the projections do not include estimates for movements in the unrealised gains. Appendix 4 shows the performance of the Newton Fund since inception.

4.12 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £73,500, an in year projected increase of £9,362. The projected cash movement for 2015/16 is as follows:

Cash Balance	£
Opening Balance at 1 April 2015	64,138
Projected Surplus for year from Income & Expenditure Statement	9,362
Projected Closing Balance at 31 March 2016	73,500

4.13 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised gain for the Newton Fund as at 31 March 2015 but due to the extremely volatile nature of the markets no estimate has been made for the current years' movement.

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)

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Background Papers:

Previous Minute Reference: Peebles Common Good Committee 2 September 2015

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PEEBLES COMMON GOOD FUND

PROJECTED INCOME AND EXPENDITURE 2015/16

	Actuals at 30/09/15	Full Year Approved Budget 2015/16	Full Year Projected Out-turn	Full Year Projected Over/ (Under) Spend	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	(53,512)	(55,170)	(55,170)	0	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(164)	(164)	0	4.3	Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	(5,235)	(9,800)	(9,800)	0	4.4	Calculated at 2.5%
Other Income	(2,800)	0	(2,800)	(2,800)	4.5	BBC & T Honor Productions
Total Income	(61,548)	(65,134)	(67,934)	(2,800)		
Property Expenditure						
Property Costs – General	6,462	10,000	10,000	0		
Haylodge Toilets – Cleaning etc	5,000	13,000	13,000	0		
Shop Division	0	0	0	0		
Total Property Expenditure	11,462	23,000	23,000	0		
Grants & Other Donations	30,505	30,000	30,505	505	4.7	
Running Costs						
Central Support Service Charge	7,827	7,827	7,827	0		
SBC Grant towards Service Charge	(2,760)	(2,760)	(2,760)	0		
Net Running Costs	5,067	5,067	5,067	0		
Depreciation						
Depreciation Charge	0	46,441	46,441	0		
Contribution from Revaluation Reserve	0	(46,441)	(46,441)	0		
Net impact of Depreciation on Rev Res	0	0	0	0		
Total Net (Surplus)/Deficit for year	(14,514)	(7,067)	(9,362)	2,295		

PEEBLES COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2016

	Opening Balance at 01/04/15 £	Projected Movement in Year £	Projected Balances at 31/03/16 £
Fixed Assets			
Land & Buildings	913,809	(46,441)	867,368
Feu Duties	1,619	0	1,619
Total Fixed Assets	915,428	(46,441)	868,987
Capital in Newton Investment Fund			
Investment in Newton Fund	370,082	0	370,082
Unrealised Gains/(Loss)	19,935	0	19,935
Market Value	390,017	0	390,017
Current Assets			
Debtors	1,249	0	1,249
Cash deposited with SBC	64,138	9,362	73,500
	65,387	9,362	74,749
Current Liabilities			
Creditors	(4,598)	0	(4,598)
Receipts in Advance	(6,831)	0	(6,831)
Total Current Liabilities	(11,430)	0	(11,430)
Net Assets	1,359,402	(37,079)	1,322,323
Funded by: Reserves			
Revenue Reserve	(54,039)	(9,362)	(63,401)
Capital Reserve	(439,730)	0	(439,730)
Revaluation Reserve	(865,633)	46,441	(819,192)
Total Reserves	(1,359,402)	37,079	(1,322,323)

PEEBLES COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2015/16
(Actual Income and Expenditure at 30 September 2015)

Fixed Assets	Net Book Value at 31/03/15	Projected Depn Charge 2015/16	Projected Net Book Value at 31/03/16	Projected Rental Income 2015/16	Actual Property Expenditure at 30/09/15				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
Greenside Car Park	0	0	0	0	0	0	0	0	0
Kings Meadows Car Park	0	0	0	0	0	0	0	0	0
George Meikle Kemp Monument	0	0	0	0	0	0	0	0	0
Victoria Park	0	0	0	0	0	0	0	0	0
Victoria Park Sports Ground	0	0	0	0	0	0	0	0	0
Victoria Park Tennis Courts	21,000	9,000	12,000	0	0	0	0	0	0
Peebles Disused Railway	0	0	0	0	0	0	0	0	0
Peebles Golf Course	155,000	0	155,000	15,290	0	0	0	0	0
Jedderfield Farm	138,200	1,800	136,400	2,100	0	0	110	0	110
Neidpath Grazings	20,000	0	20,000	400	0	0	0	0	0
Haylodge Park	0	0	0	0	0	0	0	0	0
Haylodge Depot	69,450	5,550	63,900	8,150	0	0	0	0	0
Old Corn Exchange Hall	36,420	3,580	32,840	450	43	0	161	0	205
Walkershaugh Store	45,975	4,025	41,950	6,500	0	0	288	0	288
Tweed Green	0	0	0	0	5,195	0	0	0	5,195
Cuddy Green (Part 1)	0	0	0	0	0	0	0	0	0
Venlaw Wood	16,000	0	16,000	0	0	0	0	0	0
Tweed Fishings	0	0	0	0	0	0	0	0	0
Peebles Town Clock	0	0	0	0	0	0	0	0	0
Old Corn Exchange Shop	135,300	14,700	120,600	13,750	0	0	-53	0	-53
Garage 1 Tweed Green	4,200	800	3,400	200	0	0	9	0	9
Venlaw Quarry	0	0	0	0	0	0	0	0	0
Venlaw Amenity Ground	0	0	0	0	0	0	0	0	0
Old Town Wall Monument	0	0	0	0	0	0	0	0	0
Haylodge Park Play Area	0	0	0	0	0	0	0	0	0

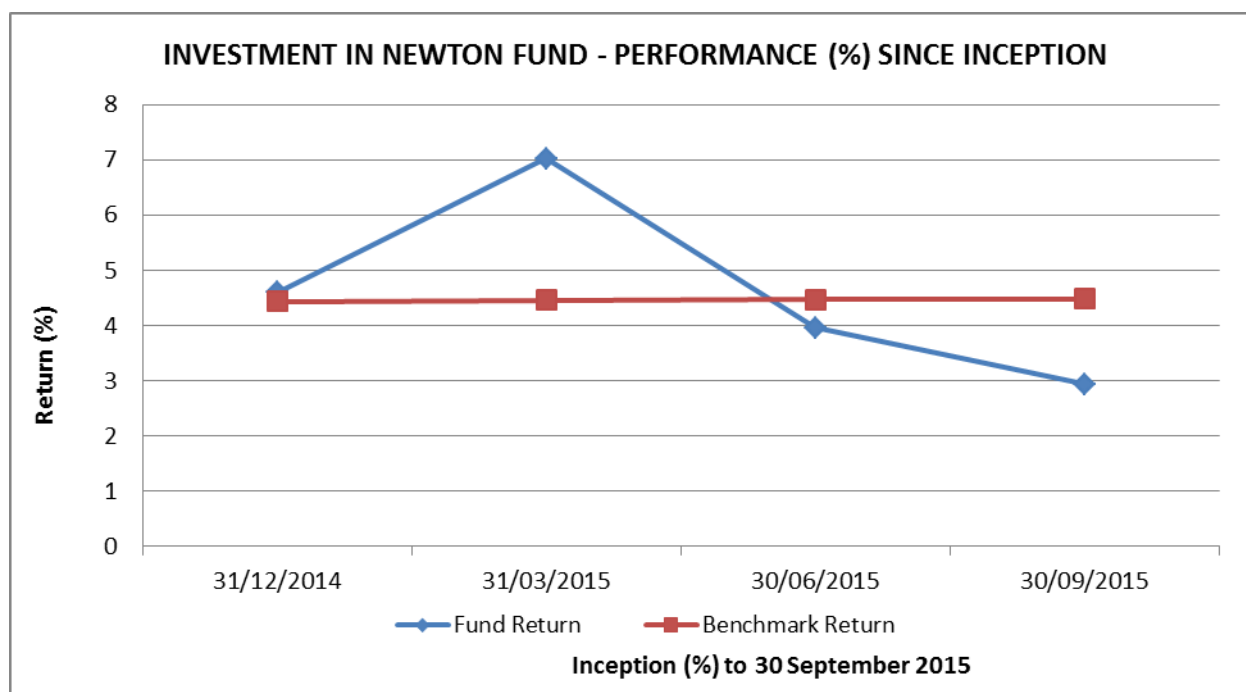
Fixed Assets	Net Book Value at 31/03/15	Projected Depn Charge 2015/16	Projected Net Book Value at 31/03/16	Projected Rental Income 2015/16	Actual Property Expenditure at 30/09/15				
					Repairs	Rates, Water & Power	Ins	Other	Total
					£	£	£	£	£
Walkershaugh ACF Site	7,500	0	7,500	450	0	0	0	0	0
Walkershaugh Bowling Green	500	0	500	0	0	0	0	0	0
Former Railway	0	0	0	0	0	0	0	0	0
Ninians Haugh Park	0	0	0	0	0	0	0	0	0
Ninians Haugh Play Area	0	0	0	0	0	0	0	0	0
Old Town Green	0	0	0	0	0	0	0	0	0
Garage 2 Tweed Green	2,750	500	2,250	250	0	0	12	0	12
Garage 3 Tweed Green	2,500	500	2,000	250	0	0	12	0	12
Land at March Street	0	0	0	0	0	0	0	0	0
Gas Governor Site	750	0	750	0	0	0	0	0	0
Fotheringham Bridge	0	0	0	0	0	0	0	0	0
Land at Haylodge Cottage Site	11,500	0	11,500	0	0	0	0	0	0
Garages Sites at Kirkland Street	6,750	0	6,750	680	0	0	0	0	0
Land at Kingsmeadows Toilets	2,000	0	2,000	0	0	0	0	0	0
Haylodge Toilets	30,094	1,906	28,188	0	219	0	0	5,000	5,219
Land at Gytes Leisure Centre	0	0	0	0	0	0	0	0	0
Old Corn Exchange Shop	40,920	4,080	36,840	3,000	0	0	0	0	0
Kingsland School Site	70,000	0	70,000	3,500	0	0	0	0	0
Haylodge Pavilion Site	1,250	0	1,250	150	0	0	0	0	0
Elliots Park Grazings	95,000	0	95,000	0	0	0	0	0	0
Kingsland Primary School Sub Stn	750	0	750	0	0	0	0	0	0
Connor Ridge Monitoring Site	0	0	0	0	0	0	0	0	0
Tweed Green Car Park Site	0	0	0	0	0	0	0	0	0
Victoria Park Construction Store	0	0	0	0	0	0	0	0	0
Walkershaugh Railway Embank	0	0	0	0	0	0	0	0	0
Biggiesknowe	0	0	0	50	0	0	-35	0	-35
Property Expenditure (General)	-	-	-	0	0	500	0	0	500
Total	913,809	46,441	867,368	55,170	5,457	500	505	5,000	11,462

PEEBLES COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	Units	£
13 December 2013	187,196	350,000
11 March 2015	10,341	20,082
Total Invested to 30 September 2015	197,537	370,082

Value of Investment	£
31 March 2015	390,017
30 June 2015	378,935
30 September 2015	368,150
31 December 2015	
31 March 2016	
Increase/(Decrease) from Total Cash Invested	(1,932)



Note:

Benchmark is a performance aim of cash returns (1month GBP LIBOR) plus 4% per annum on a rolling 5 year average. Therefore if GBP 1 month LIBOR is 0.5% p.a., the benchmark for the Newton Fund is 4.5%. It is not an equity market based benchmark.

The following chart shows the Newton Funds quarterly return performance against the Benchmark and against an equity performance index (MSCI AC World Index).

