
Monitoring Report for 12 Months to 31 March 2016

Report by the Chief Financial Officer

Peebles Common Good Sub Committee

25 May 2016

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Peebles Common Good Fund for the year 2015/16 including balance sheet values as at 31 March 2016 and proposed budget for 2016/17.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2015/16. This shows a surplus of £9,430 for the year and a projected surplus of £22,010 for 2016/17.
- 1.3 Appendix 2 provides a balance sheet value as at 31 March 2016. It shows a decrease in the reserves of £33,720, mainly due to depreciation.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual rental income and property expenditure to 31 March 2016 where applicable and the 2015/16 depreciation charge.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 March 2016.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub Committee:**
 - (a) Notes the actual income and expenditure for 2015/16 in Appendix 1;**
 - (b) Agrees the proposed budget for 2016/17 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value to 31 March 2016 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3; and**
 - (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 2016 and proposed budgets for 2016/17. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2017.

4 FINANCIAL POSITION 2015/16

4.1 Appendix 1 provides detail on income and expenditure for the 2015/16 financial year as well as the proposed budget for 2016/17.

4.2 Income & Expenditure – Rental Income

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

4.3 Income & Expenditure – Non-Property Related Income

The final outturn shows a total of £13,480 and includes donations from film companies (£4,800). Also included here are Newton Fund dividends and the interest received on cash deposited with the Council. The annual rate of interest applied to the cash deposits is 0.36%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice in the year in September and February. Dividends of £8,409 were received in total to 31 March 2016. The proposed budget for 2016/17 is based on a distribution of 2.0% of the Market Value at 31 March 2015.

4.5 Income & Expenditure – Property Expenditure

(a) The property expenditure to 31 March 2016 is detailed in Appendix 3 by property. The positive variance against budget is a direct result of the Haylodge Toilets only being open for six months of the year instead of the 12 months originally budgeted for.

(b) The proposed Budget for 2015/16 includes general repair figures of £6,500 for Haylodge Toilets and £8,500 for the other Peebles properties.

4.6 Income & Expenditure – Grants & Other Donations

The grants and other donations distributed to 31 March 2016 are shown below. At a meeting of the Peebles Common Good Sub Committee on 31 March 2016, it was agreed that to commemorate the Queen's 90th Birthday, a grant of up to £1,500 would be available for the planting of a tree(s) in Victoria Park and provision of plaque. As work has not been completed and costs are not certain, this approved grant will be rolled forward to 2016/17 budget allocation.

Grant Recipients	Approved	£
Approved and Paid to 31 March 2016		
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 2015	03/12/14	205
Tweeddale Rovers AFC	25/06/15	6,000
Peebles Hendaye Twinning Association	28/08/15	1,580
PA System for Remembrance Service 2014	03/12/14	205
Catering for Remembrance Service 2015	03/12/14	292
Peebles Mural Project	02/12/15	400
Friends of Dovecot – Landscaping	-	2,500
Peebles High School – Ocean Youth Trust Trip	02/03/16	1,000
Tweeddale Youth Action – Fire Detection System	02/03/16	2,000
Total Paid to 31 March 2016		36,902
2015/16 Budget		36,902
Future Years Commitments		
<i>Lieutenancy of Tweeddale</i>	31/03/16	1,500
Proposed 2016/17 Budget		21,000
Uncommitted 2016/17 budget		19,500

4.7 **Income & Expenditure – Depreciation Charge**

This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve. There was a variance of £9,000 due to the Victoria Park Tennis Courts & Club House being fully depreciated but land still valued at £21,000.

4.8 Appendix 2 provides the balance sheet value as at 31 March 2016 and a projected balance as at 31 March 2017.

4.9 **Balance Sheet – Fixed Assets**

All fixed assets of the Common Good Fund are revalued every five 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, depreciation charges for 2015/16 and value at 31 March 2016.

4.10 **Balance Sheet – Newton Investment**

(a) The investment market during 2015-16 has been driven by uncertainty. Equity and bond markets have been pushed and pulled by a concoction of concerns: the outlook for the economy in China, the Greek debt crisis, falling oil prices and huge amounts of uncertainty regarding US interest rates. In the last three months the uncertainty of general global economic prospects, continued sliding of commodity prices and worsening corporate profits have only added to these concerns.

- (b) Global equity markets experienced falls of up to 20% from their peak levels, but began to recover in February and in pound sterling terms achieved aggregate gains over the three months to the end of March.
- (c) However, over the full year to 31 March 2016, this Qtr. 4 rally did not quite get the value of the Newton Fund back to its March 2015 level, resulting in a 1.5% fall in like for like market value over the year. Nevertheless, the closing market value of Peebles Common Good investments at 31 March 2016 yielded a 4% unrealised gain since inception. Common Good Fund dividends received in 2015/16 amounted to £8,409, approximately 2.3% of funds invested.
- (d) Appendix 4 shows the performance of the Newton Fund since inception.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is £70,206, an in-year net increase of £10,320. The cash movement for 2015/16 is as follows:

Cash Balance	£
Opening Balance at 1 April 2015	59,886
Transfer to Newton Fund	0
Surplus for year from Income & Expenditure Statement	9,430
Net cash movement in Debtors/Creditors	890
Closing Balance at 31 March 2016	70,206

4.12 Balance Sheet – Capital Reserve

The Capital Reserves include the unrealised gain for the Newton Fund as at 31 March 2016.

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 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 March 2016

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PEEBLES COMMON GOOD FUND

INCOME AND EXPENDITURE 2015/16

	Actuals at 31/03/16 £	Full Year Budget 2015/16 £	Over/ (Under) Spend 2015/16 £	Proposed Budget 2016/17 £	Para Ref	Commentary
Property Income						
Rentals Receivable	(53,459)	(55,170)	1,711	(55,120)	4.2	Variance due to year end corrections
Non-Property Related Income						
Interest on Cash deposited with Council	(271)	(164)	(107)	(271)	4.3	Calculated at 0.36%
Newton Fund Investment – Dividends Rec'd	(8,409)	(9,800)	1,391	(7,686)	4.4	2016/17 Calculated at 2.0%
Other Income	(4,800)	(4,800)	0	0	4.3	
Total Income	(66,938)	(69,934)	2,996	(63,077)		
Property Expenditure						
Property Costs – General	9,040	10,000	(960)	8,500	4.5	
Haylodge Toilets – Cleaning etc	6,500	13,000	(6,500)	6,500	4.5	
Total Property Expenditure	15,540	23,000	(7,460)	15,000		
Grants & Other Donations	36,902	36,902	0	21,000	4.6	
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	37,441	46,441	(9,000)	37,441	4.7	Victoria Park Tennis Club
Contribution from Revaluation Reserve	(37,441)	(46,441)	9,000	(37,441)		
Net impact of Depreciation on Rev Res	0	0	0	0		
Total Net (Surplus)/Deficit for year	(9,430)	(4,965)	(4,465)	(22,010)		

PEEBLES COMMON GOOD FUND

BALANCE SHEET VALUE AT 31 MARCH 2016

	Opening Balance at 01/04/15 £	Movement in Year 2015/16 £	Closing Balance at 31/03/16 £	Projected Balances at 31/03/17 £
Fixed Assets				
Land & Buildings	913,809	(37,441)	876,368	838,927
Feu Duties	1,619	0	1,619	1,619
Total Fixed Assets	915,428	(37,441)	877,986	840,546
Capital in Newton Investment Fund				
Investment in Newton Fund	370,082	0	370,082	370,082
Unrealised Gains/(Loss)	19,935	(5,709)	14,227	14,227
Market Value	390,017	(5,709)	384,308	384,309
Current Assets				
Debtors	1,249	5,611	6,860	6,860
Cash deposited with SBC	59,886	10,320	70,206	92,216
	61,135	15,930	77,066	99,076
Current Liabilities				
Creditors	(347)	57	(290)	(290)
Receipts in Advance	(6,831)	(6,557)	(13,388)	(13,388)
Total Current Liabilities	(7,178)	(6,500)	(13,678)	(13,678)
Net Assets	1,359,402	(33,720)	1,325,682	1,310,252
Funded by: Reserves				
Revenue Reserve	(54,039)	(9,430)	(63,469)	(85,398)
Capital Reserve	(439,730)	5,709	(434,022)	(384,309)
Revaluation Reserve	(865,633)	37,441	(828,192)	(840,546)
Total Reserves	(1,359,402)	33,720	(1,325,682)	(1,310,252)

PEEBLES COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2015/16
(Actual Income and Expenditure at 31 March 2016)

Fixed Assets	Net Book Value at 31/03/15	Deprec'n Charge 2015/16	Net Book Value at 31/03/16	Actual Rental Income 2015/16	Actual Property Expenditure at 31/03/16				
					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	0	21,000	32	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	1,050	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	476	0	0	0	476
Old Corn Exchange Hall (Front)	36,420	3,580	32,840	450	43	0	161	0	205
Walkershaugh Store	45,975	4,025	41,950	6,500	4,300	0	288	82	4,588
Tweed Green	0	0	0	0	670	0	0	214	851
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	2	0	-53
Garage 1 Tweed Green	4,200	800	3,400	6	0	0	9	0	9
Venlaw Quarry	0	0	0	0	0	0	0	0	0
Venlaw Amenity Ground	0	0	0	0	165	0	0	0	165
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	Deprec'n Charge 2015/16	Net Book Value at 31/03/16	Actual Rental Income 2015/16	Actual Property Expenditure at 31/03/16				
					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	0	0	0	12	0	12
Garage 3 Tweed Green	2,500	500	2,000	0	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	6,549	6,768
Land at Gytes Leisure Centre	0	0	0	0	0	0	0	0	0
Old Corn Exchange Shop (Rear)	40,920	4,080	36,840	3,000	0	0	-29	0	-88
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	-18	0	-35
Property Expenditure (General)	-	-	-	0	911	910	0	453	1,849
Total	913,809	37,441	876,368	53,459	6,784	910	547	7,299	15,540

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 31 March 2016	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	373,148
31 March 2016	384,308
Increase/(Decrease) from Total Cash Invested	14,226

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

