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MELROSE COMMON GOOD FUND SUB COMMITTEE TUESDAY, 14 DECEMBER 2021

A MEETING of the MELROSE COMMON GOOD FUND SUB COMMITTEE will be held VIA MS
TEAMS on TUESDAY, 14 DECEMBER 2021 at 4.30 pm

J. J. WILKINSON,
Clerk to the Council,

7 December 2021

BUSINESS		
1.	Apologies	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 3 - 4) Note Minute of Meeting held on 31 July 2019. (Copy attached.)	2 mins
5.	Financial Monitoring for 12 Months to 31 March 2021 and Proposed Budget for 2021/22 (Pages 5 - 14) Consider report by Director of Finance and Corporate Governance. (Copy attached.)	5 mins
6.	Consultation on Heritable and Moveable Asset Registers for former Burgh of Melrose (Pages 15 - 22) Consider report by Principal Solicitor. (Copy attached.)	10 mins
7.	Any Other Items Previously Circulated.	
8.	Any Other Items Which the Chairman Decides Are Urgent.	

NOTES

1. Timings given above are only indicative and not intended to inhibit Members' discussions.
2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.

Membership of Committee:- Councillors D. Parker (Chairman), J. Linehan, T. Miers and Community Councillor W Windram

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**SCOTTISH BORDERS COUNCIL
MELROSE COMMON GOOD FUND SUB-COMMITTEE**

MINUTE of MEETING of the MELROSE
COMMON GOOD FUND SUB-COMMITTEE
held in the Convener's Office, Council
Headquarters, Newtown St. Boswells on 31
July 2019 at 1.30 p.m.

Present:- Councillors K Drum, T. Miers, D Parker

In Attendance:- Pensions & Investment Manager (K. Robb), Principal Solicitor (H. Macleod), Democratic Services Team Leader, Trainee Democratic Services Officer

1. CHAIRMAN

Councillor Miers, seconded by Councillor Drum, moved that Councillor Parker be appointed as Chairman of the Sub-Committee.

DECISION

AGREED that Councillor Parker be appointed as the Chairman of the Sub-Committee.

2. COMMON GOOD AND COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015

There had been circulated copies of a draft Asset List prepared by the Principal Solicitor in terms of the Council Report by the Service Director Regulatory Services dated 31 January 2019 on the duties placed on Scottish Borders Council in respect of common good assets by Part 8 of the Community Empowerment (Scotland) Act 2015 and recommended actions to ensure compliance with such duties. The Principal Solicitor reported that the draft asset list had been produced in compliance with the Act, using current heritable property registers together with information available regarding moveable items. Following approval of the asset list by the Common Good Sub-Committee, the Council would publish the proposed list of common good assets and undertake a 12 week public consultation period. Following the consultation period, the Sub-Committee would reconvene to agree the finalised Common Good Asset Register. The Register would then be published within six months from the end of the consultation period. The Chairman advised that a painting had been gifted to Melrose in 1922, which was currently in the Burgh Chambers in Galashiels and should be added to the asset list. After a full discussion, it was agreed that the funds from the Fraser Bequest should also be categorised as common good and added to the common good register. If any other items were identified through the consultation process or in the future, these would also be added to the Register at a later date. A future discussion would take place around the William Hill Trust and the Gibson Park Trust, and whether it was appropriate or desirable to amalgamate these with the Common Good. If this was to occur, there would be a formal process to follow.

DECISION

AGREED that the items be added to the draft Register, and the draft Register published for public consultation.

3. FINANCIAL UPDATE

In response to Members questions, the Pensions & Investment Manager reported that a fund had been set up which included the Melrose Scout Hall in 2017/18 but that the only movement was an accounting for depreciation, which was not a cash transaction. There were no cash reserves. The Sub-Committee noted that a yearly rent had been paid to the

Council in respect of the Scout Hall since 2014, and that this should be allocated to the Melrose Common Good Fund.

DECISION

NOTED the position.

4. **DATE OF NEXT MEETING**

It was noted that a further meeting would be scheduled for the end of the year after the 12 week consultation period.

DECISION

AGREED that a further meeting would be scheduled at the end of the year.

The meeting concluded at 1.50pm.



MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2021 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2021/22

Report by the Director, Finance & Corporate Governance

MELROSE COMMON GOOD FUND SUB-COMMITTEE

14 December 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Melrose Common Good Fund for the year 2020/21 including balance sheet values as at 31 March 2021 and proposed budget for 2021/22.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2020/21. This shows a surplus of £434 for the year, which is better than the projected budget, due to an improvement in the return on the Aegon Investment Fund.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2021. It shows a decrease in the reserves of £1,252, partly due to the annual release from Revaluation Reserve off-set by unrealised gain on the Aegon Asset Management Fund.
- 1.4 Appendix 3 provides a breakdown of the property portfolio.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 31 March 2021.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2020/21 in Appendix 1;**
 - (b) Agrees the proposed budget for 2021/22 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value as at 31 March 2021, and projected balance sheet value as at 31 March 2022 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3; and**
 - (e) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 4.**

3 BACKGROUND

- 3.1 Melrose Scout Hall was recognised as a Common Good asset on 1 April 2017. Until that time the Hall was deemed to belong to Scottish Borders Council (SBC). This transfer relates to the *ownership* of the Hall and has no impact on the transfer of the operation and maintenance of the Hall, which is undertaken by Scottish Borders Council.
- 3.2 Scottish Borders Council are liable for operating costs such as staffing, energy and communications in return for their retention of all income earned. Scottish Borders Council have retained budget and liability for rates, insurance and maintenance costs.
- 3.3 This report provides the Committee with financial information for the period to 31 March 2021 and proposed budgets for 2021/22. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2022.

4 FINANCIAL POSITION 2020/21

- 4.1 Appendix 1 provides detail on income and expenditure for the 2020/21 financial year, which resulted in a surplus of £434, as well as the proposed budget for 2021/22.

4.2 Income & Expenditure – Property Costs and Income

As the liability for the upkeep of the Hall falls to Scottish Borders Council, there is no anticipated income or expenditure relating to the Hall.

4.3 Income & Expenditure – Grants & Other Donations

It is anticipated that no grants will be paid from the Melrose Common Good Fund.

4.4 Income & Expenditure – Non-Property Related Income

- (a) The outturn position shows an amount of £9 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £416 which is ahead of the initial projection of 2.5% return, while less than the overall 5% target and the monthly distribution profile projections provided by Aegon.
- (b) As the full economic recovery from the COVID-19 impact is not yet known the projections for 2021/22 have been set at 4.5% compared to the target of 5%. The position will be monitored closely with Aegon Asset Management.
- (c) Included within other income for the year is a rebate from Aegon Asset Management of £7 which, along with the £2 received in March 2020, has been re-invested to purchase an additional 9 units. Rebate income received in March 2021 of £2 has been accounted for within income but the corresponding 2 units were not purchased until April 2021.

4.5 **Income & Expenditure – Depreciation Charge**

The annual depreciation charge for the year is £3,281. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve at the end of the financial year.

- 4.6 Appendix 2 provides the balance sheet value as at 31 March 2021, the movement in the year and a projected balance as at 31 March 2022.

4.7 **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 2019 with no change made to the existing value. Appendix 3 shows the actual values of the individual properties at 31 March 2021, actual depreciation charges for 2020/21 and projected values at 31 March 2022.

4.8 **Balance Sheet – Investment Fund**

The fund has an 0.78% unrealised gain in market value since investment, largely due to continued volatility in investment markets. Overall, however, taking account of the income received the fund has achieved a return of 16.84% since investment in February 2018.

The unrealised loss reported at 31 March 2020, which was due to a fall in the overall markets resulting from COVID19, has over the last 12 months been fully recovered.

4.9 **Balance Sheet – Cash Balance**

The cash held by the fund is £8,507 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	8,078
Surplus for year from Income & Expenditure Statement	434
Net cash movement in Debtors/Creditors	4
Kames Fund Rebate	(9)
Closing Balance as at 31 March 2021	8,507

4.10 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2021 but due to the 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 Aegon Asset Management 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. There is a risk with any property that works will be required during its life, which the Common Good does not hold funds for. This risk is mitigated by agreement with Scottish Borders Council. Operational and major repairs costs are met by Scottish Borders Council.

5.3 Intergrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which forms part of the governance of the management of the Common Good Funds. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

5.4 Acting Sustainably

Whilst there are no economic, social or environmental effects arising from this report. The hall is a valuable community asset which through its activities has 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.

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 Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Service Director HR, Communications and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson
Director of Finance & Corporate Governance

Signature

Author(s)

Kirsty Robb Sara Halliday	Capital and Investments Manager Tel: 01835 825249 Treasury Business Partner – Tel: 01835 824000 Extn 5854
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Background Papers:

Previous Minute Reference: Scottish Borders Council

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MELROSE COMMON GOOD FUND
APPENDIX 1
ACTUAL INCOME AND EXPENDITURE 2020/21

	Actuals at 31/03/21	Full Year Projected Out-turn 2020/21	Over / (Under) Spend 2020/21	Proposed Budget 2021/22	Para Ref	Commentary
	£	£	£	£		
Non-Property Related Income						
Investment Fund - Dividends Rec'd	(416)	(231)	(185)	(416)	4.3	Estimate 4.5% return
Other Income	(9)	(10)	1	(9)		
Interest on Cash deposited with Council	(9)	0	(9)	(9)		
Total Income	(434)	(241)	(193)	(434)		
Depreciation						
Depreciation Charge	3,281	3,281	0	3,281	4.4	
Contribution from Revaluation Reserve	(3,281)	(3,281)	0	(3,281)		
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(434)	(241)	(193)	(434)		

BALANCE SHEET VALUE AS AT 31 MARCH 2021

	Opening Balance at 01/04/20	Movement in Year	Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
Fixed Assets				
Land & Buildings	28,250	(3,281)	24,969	21,688
Moveable Assets	0	0	0	0
Total Fixed Assets	28,250	(3,281)	24,969	21,688
Capital in Investment Funds				
Investment Fund Book Value	10,001	9	10,010	10,019
Unrealised Gains/(Loss)	(1,516)	1,595	79	79
Market Value	8,485	1,604	10,089	10,098
Current Assets				
Debtors	40	(4)	36	36
Cash deposited with SBC	8,078	429	8,507	8,932
Total Current Assets	8,118	425	8,543	8,968
Current Liabilities				
Creditors	0	0	0	0
Receipts in Advance	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	44,853	(1,252)	43,601	40,754
Funded by: Reserves				
Revenue Reserve	(7,232)	(434)	(7,666)	(8,100)
Capital Reserve	(27,191)	(1,595)	(28,786)	(28,786)
Revaluation Reserve	(10,430)	3,281	(7,149)	(3,868)
Total Reserves	(44,853)	1,252	(43,601)	(40,754)

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21**(Actual property valuation to 31 March 2021 and projected to 31 March 2022)**

Fixed Assets – Land & Buildings	Net Book Value at 01/04/20	Depn Charge 2020/21	Net Book Value at 31/03/21	Projected Depn Charge 2021/22	Projected Net Book Value at 31/03/22
	£	£	£	£	£
Melrose Scout Hall	28,250	3,281	24,969	3,281	21,688
Total	28,250	3,281	24,969	3,281	21,688

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (March 2019)	9,230	9,993
Aegon Fund Rebate – (2019-2020)	7	8
Aegon Fund Rebate – (2020-2021)	9	9
Total Invested to 31 March 2021	9,246	10,010

Value of Investment	£
31 March 2019	10,062
31 March 2020	8,485
31 March 2021	10,089
Increase/(Decrease) from Total Cash Invested	79

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98
to 31 March 2021	+0.78	+16.84

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Consultation on Heritable and Moveable Asset Registers for former Burgh of Melrose

Report by Principal Solicitor

Melrose Common Good Fund Sub Committee

14 December 2021

1 PURPOSE AND SUMMARY

- 1.1 This report is to seek approval of the draft Common Good Registers for the former Burgh of Melrose and to advise on the next steps in the process for consultation and publication under the Community Empowerment (Scotland) Act 2015.**
- 1.2 Under the Community Empowerment (Scotland) Act 2015 the Council is required to establish and maintain a register of property which is held by the authority as part of the Common Good ("a Common Good Register"). Before establishing a Common Good Register, the Act requires The Council to publish a list of property that it proposes to include in the Register and consult the public on this list.
- 1.3 Council approved the process for compliance with the Community Empowerment (Scotland) Act 2015 on 31 January 2019, and since that date work has been ongoing in consolidating all information held in respect of heritable and moveable Common Good assets.
- 1.4 From the work carried out, a draft list of assets considered to be a complete list of heritable and moveable assets held by the Melrose Common Good has been prepared, and is produced at the appendix to this report.

2 RECOMMENDATIONS

2.1 I recommend that the Sub-Committee:-

- (a) Approves the contents of the draft list of heritable and moveable property assets held by the Council within the former Burgh of Melrose;**
- (b) Approves the publishing of the draft list to be made available for public consultation for a period of at least twelve weeks;**
- (c) Notes that following the period of consultation all comments will be brought to the Common Good Fund Sub-Committee for their consideration.**

3 BACKGROUND

- 3.1 Under the Community Empowerment (Scotland) Act 2015 the Council is required to establish and maintain a register of property which is held by the authority as part of the Common Good ("a Common Good Register"). Before establishing a Common Good Register, the Act requires the Council to publish a list of property that it proposes to include in the Register and consult the public on this list.
- 3.2 Common Good property is property which was owned by the Common Good funds of the former Burghs of Scotland. On the abolition of the Burgh system in 1975, Common Good funds were preserved, and the assets which formed part of these funds remained so. In order to identify which assets form part of the Common Good today, consideration needs to be given to the date and method of acquisition; the use and purpose of the asset; and the historical treatment of the asset in the Council's accounts.
- 3.3 In respect of Melrose this information has been prepared through: consolidating the original inventory held by the Scottish Borders Council; collaboration and consultation with the Melrose Common Good Fund Sub Committee; collaboration and consultation with Live Borders in relation to potential items held by them; reference to Minutes of Burgh meetings; reference to original title deeds; and reference to the historical minute books from the Heritage Hub in Hawick.
- 3.4 From the work described above, a draft list has been prepared, which is contained at the appendix to the Report.

4. CONSULTATION

- 4.1 This report seeks approval of the draft asset list annexed. Following such approval, the list will be published on Citizen Space, together with a consultation survey. The survey will seek representations on (i) whether a proposed asset should be included as part of the Common Good; or (ii) whether there should be other assets included in the Common Good asset list.
- 4.2 The intention is to publish the consultation survey before the end of December 2021. In addition to the electronic survey, the proposed lists of Common Good assets will be published on the Council's website and paper copies shall be made available, free of charge, on request. Notification advising of the publication of the lists and the consultation period will be made on the Council's website and social media. Further, the Council will make all of the Community Councils and other community bodies aware of the publication of the proposed Common Good Asset lists and will invite those community bodies and the public to make representations in respect of these lists.
- 4.3 The statutory minimum period for consultation is twelve weeks. However, it is suggested to extend this period until the start of April 2022.
- 4.4 After the consultation period, the Council will publish all representations received. The Common Good Fund Sub-Committee will then reconvene to consider any representations made, and to agree the finalised Asset Register. The finalised Asset Register will then be published within six months from the end of the consultation period.

- 4.5 It is possible that following this process, further assets may be identified as being Common Good, and where that is the case, the Council will update the Common Good Asset Registers. The Registers will similarly be updated if existing property is disposed of or reclassified. The Council will also ensure that the Common Good Asset Registers are reviewed on a regular basis, and at least every five years.

5 IMPLICATIONS

5.1 Financial

There are no direct costs attached to implementing any of the recommendations contained in this report. However, the Council has a duty to ensure the accuracy of the Council's accounts. It is therefore important that any assets which should properly be classified as being Common Good are contained within the Common Good Registers, and therefore the Common Good Accounts.

5.2 Risk and Mitigations

The Council's primary aim is to ensure compliance with Part 8 of the Act in respect of Common Good assets. If the Council fails to comply with the duties contained in Part 8 of the Act it will be in breach of the legislation and the Council may be subject to adverse public comments and legal challenge.

The risk is mitigated by considering this report and the Council carrying out the actions detailed herein.

5.3 Integrated Impact Assessment

Steps will be taken to ensure that the proposed consultation is accessible to all. These steps include the publication of the consultation in paper copy to be available at multiple locations, as well as the availability of large-type formats.

5.4 Sustainable Development Goals

There are no economic, social or environmental effects in accepting or rejecting the recommendation

- 5.5 **Climate Change** There are no effects on carbon emissions in accepting or rejecting the recommendation.

5.6 Rural Proofing

This is not a new policy matter.

5.7 Data Protection Impact Statement

The proposed consultation will involve the processing of personal data. The legal basis for this processing is the undertaking by the Council of tasks carried out in the public interest. Privacy statements outlining the use and retention of personal data provided by any responders to the consultation shall be provided at the point of data submission.

5.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes required to the Council Schemes of Administration or Delegation

6 CONSULTATION

- 6.1 The Director Finance & Corporate Governance, the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director People, Performance & Change, the Clerk to the Council and Corporate Communications have been consulted and comments received have been incorporated into the final report.

Approved by

Director of

Signature

Author(s)

Name	Designation and Contact Number
Hannah Macleod	Principal Solicitor, 01835 825 516


Background Papers: Nil

Previous Minute Reference: Nil

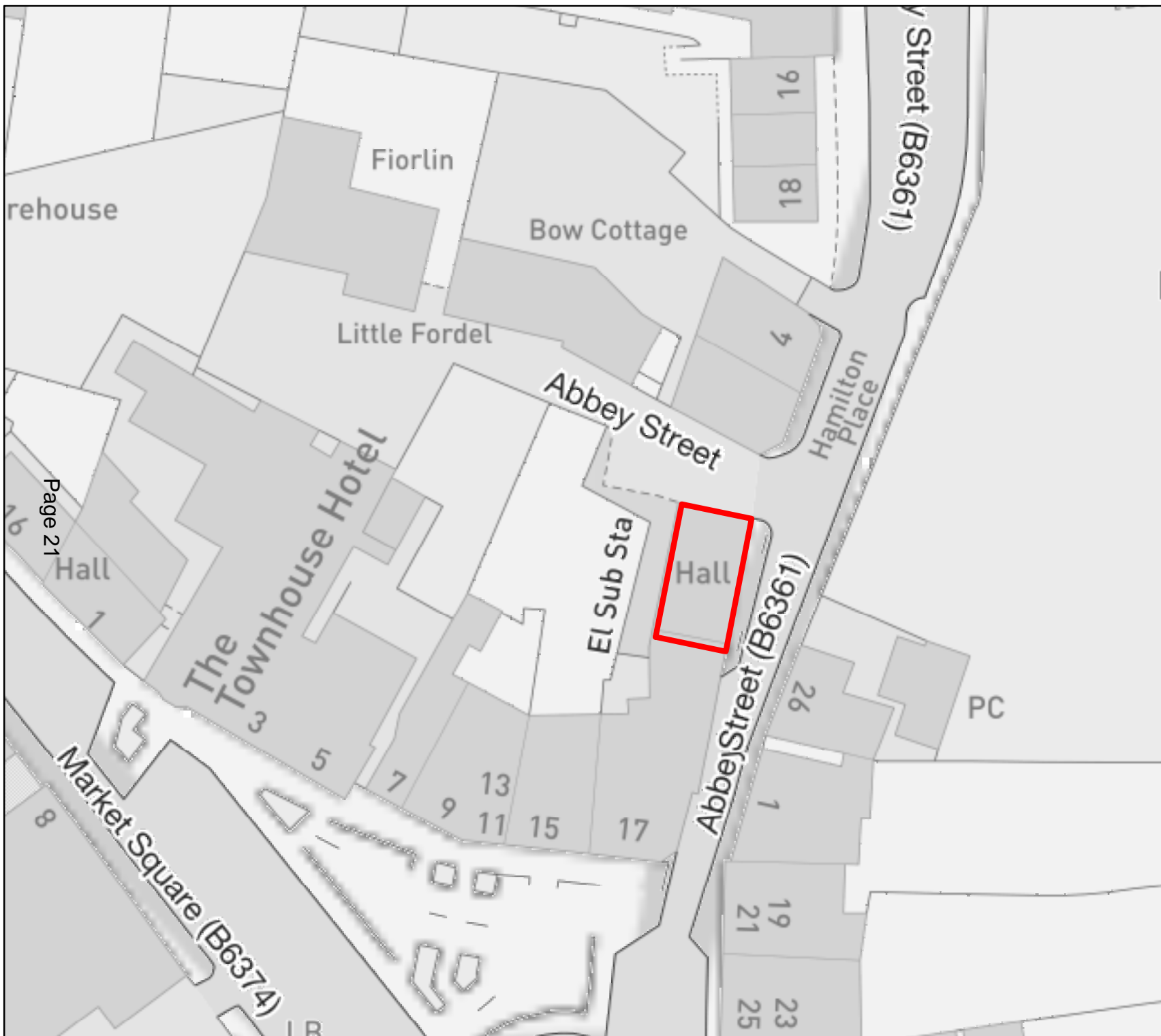
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BURGH OF MELROSE

LAND			
Name of Asset	Location	Description	
Melrose Town Hall	Hamilton Place, Melrose, TD6 9PZ	The building was gifted to the Burgh in 1896 "for the public uses thereof in all time coming"... "for behoof of the whole body and Community of said Burgh". For use either as Town Hall or for such other public purpose as may be agreed upon by Burgh Commissioners.	 ML013-02 Melrose Town Hall Site Plan (2
ART AND ARTEFACTS			
Name of asset	Location	Description	
Painting of Leaderfoot	Paton St, Galashiels	Painting by Phoebe Anna Traquair	
Silver bowl, Gorham, USA	Galashiels town hall	Reproduction of an original by Paul Revere, presented to the people of Melrose by the Officials of Melrose, Massachusetts	
COMMON GOOD FUND			
Name of Asset	Location	Description	
Melrose Common Good Fund	N/A	Fund set up for the benefit of the inhabitants of Melrose. The balance of the fund as at 1 April 2021 was £18,596.50.	

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Hall

**Melrose Town Hall
Hamilton Place
Melrose**

UPRN: ML013/02

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