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CHAMBERS INSTITUTION TRUST WEDNESDAY, 18 NOVEMBER, 2020

A MEETING of the CHAMBERS INSTITUTION TRUST will be held in the VIA MICROSOFT TEAMS on WEDNESDAY, 18 NOVEMBER 2020 at 3.00 pm

J. J. WILKINSON,
Clerk to the Council,

11 November 2020

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 3 - 4) Consider Minute of Meeting held on 6 February 2020. (Copy attached.)	5 mins
5.	Monitoring Report for 12 Months To 31 March 2020 and Proposed Budget for Financial Year 2020/21 (Pages 5 - 14) Consider report by Executive Director, Finance & Regulatory. (Copy attached.)	10 mins
6.	Property Update Update by Estates Manager and Projects Manager.	30 mins
7.	Any Other Items Previously Circulated	
8.	Any Other Items Which the Chairman Decides Are Urgent	
9.	Items Likely to be Taken in Private Before proceeding with the private business, the following motion should be approved:- "That under Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 7A to the aforementioned Act."	
10.	Minute (Pages 15 - 16)	

Consider private section of Minute of Meeting held on 6 February 2020. (Copy attached.)	
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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 K. Chapman (Chairman), H. Anderson, S. Bell, S. Haslam, E. Small and R. Tatler

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**SCOTTISH BORDERS COUNCIL
CHAMBERS INSTITUTION TRUST**

MINUTE of Meeting of the CHAMBERS
INSTITUTION TRUST held in Committee
Room 2, Council Headquarters, Newtown St.
Boswells on Thursday, 6 February, 2020 at
2.00 pm

Present:- Councillors K. Chapman (Chairman), H. Anderson, S. Bell, S. Haslam,
E. Small and R. Tatler

In Attendance:- Executive Director Finance & Regulatory Services, Estates Manager, Solicitor
(E. Moir), Solicitor (G. Sellar), Communications & Marketing Officer (K.
Paterson), Democratic Services Officer (F. Walling).

1. **MINUTE**

- 1.1 There had been circulated copies of the Minute of the meeting held on 20 November 2019.

DECISION

AGREED to approve the Minute.

1.2. **MATTERS ARISING**

With reference to paragraph 5 of the Minute, regarding the replacement of trees in the quadrangle, Members noted that trees had not yet been planted, despite the original trees having been felled over a year ago. Councillor Bell referred to the 'tree planting months' and stressed the urgency of this work. Members asked for the planting be carried out as soon as possible.

DECISION

AGREED that the Neighbourhood Area Manager arrange for the replacement trees to be planted in the quadrangle as soon as possible.

2. **PRIVATE BUSINESS**

DECISION

AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business detailed in the Appendix to this Minute on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 9 of Part I of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

3. **MINUTE**

The private section of the Minute of 20 November 2019 was approved.

4. **CHAMBERS INSTITUTION PROJECT BUSINESS CASE**

Members considered the updated project business case and asked for a detailed report on phase 1 improvements to be prepared for approval at the next meeting.

PUBLIC BUSINESS

The meeting returned to public business

5. **URGENT BUSINESS**

Under Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Chairman was of the opinion that the items dealt with in the following paragraphs should be considered at the meeting as a matter of urgency, in view of the need to make an early decision.

5.1 **Future meetings of the Trust**

Members discussed the forward schedule of meetings and agreed that a meeting be held in early April with four meetings being held during the following 20/21 session. The Chairman asked for Democratic Services and Corporate Communications to highlight that the Chambers Institute meetings were in public. It was also agreed that, if feasible, future meetings of the Trust be held on site at the Chambers Institute, to raise the profile of meetings and improve transparency.

DECISION

AGREED to hold four meetings per year of the Trust and to if possible hold these meetings in the Chambers Institute.

5.2 **Museum space**

There was a brief discussion about the merge of the former museum and library into a joint space. In response to a question, Mr Hastie agreed to source a copy of the recent fire risk assessment report. Members referred to the consequent lack of museum space for memory storage and paper archives and emphasised the role of the Trust around Education and in keeping records on the history of Peebles. Members asked for this issue to be put on the agenda for discussion at the next meeting.

DECISION

AGREED to discuss at the next meeting the question of providing museum space or other facility at the Chambers Institute for record and memory storage.

5.3 **Status of the Chambers Institute Trust and its Trustees**

Solicitor, Emma Moir, gave clarification about the legal status of the Trust and Trustees. She agreed to put this in writing and circulate to the Tweeddale Members.

DECISION

AGREED that clarification in writing of the legal status of the Chambers Institute Trust and Trustees be provided by Legal Services and circulated to Members.

CHAIRMAN

This being the last meeting of the Trust for Ms Moir before she left SBC, the Chairman thanked her for the advice she had provided for the meetings and wished her well.

The meeting concluded at 2.45 pm



MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2020 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2020/21

Report by Executive Director, Finance & Regulatory CHAMBERS INSTITUTION TRUST SUB-COMMITTEE

18 NOVEMBER 2020

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Chambers Institution Trust for the year 2019/20 including balance sheet values as at 31 March 2020 and proposed budget for 2020/21.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2019/20. This shows a surplus of £37,898 for the year, which is ahead of budget mainly as a result of an increase in rental and service income and a projected surplus of £26,904 for 2020/21.
- 1.3 Appendix 2 provides an actual balance sheet as at 31 March 2020. It shows an increase in the reserves of £368,650, due to the revaluation of properties offset slightly by unrealised loss on the Aegon Asset Management (formerly Kames Capital) Investment Fund.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing the effect of the revaluation.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 31 March 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Trust Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2019/20 in Appendix 1;**
 - (b) Agrees the proposed budget for 2020/21 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value as at 31 March 2020 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 Aegon Asset Management Investment Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 March 2020 and proposed budgets for 2020/21. The report also contains a projected balance sheet for the Trust as at 31 March 2021.

4 FINANCIAL POSITION 2019/20

4.1 Appendix 1 provides details on income and expenditure for the 2019/20 financial year, which resulted in a surplus of £37,898, as well as the proposed budget for 2020/21.

4.2 Income & Expenditure – Property Income

Rental income for 2019/20 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

- (a) The final outturn position shows an amount of £1,325 relating to interest paid on cash held by SBC. Also included are dividends from the Trusts investment in Aegon Asset Management amounting to £8,017 which is less than the overall 5% target and the monthly distribution profile projections provided by Aegon. This is as a result of the market value dropping due to the global impact of the COVID-19.
- (b) As the full economic impact of COVID-19 is not yet known the dividend budget has been reduced to reflect 2.5% 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 (£169), which has been re-invested to purchase an additional 151 units. Rebate income received in March of £62 has been accounted for within income but the corresponding 66 units were not purchased until April 2020.

4.4 Income & Expenditure – Property Expenditure

There were no property expenses on the Chambers Institution Trust properties.

4.5 Income & Expenditure – Grants & Other Donation

The grant distributed and committed to 31 March 2020 is shown below.

Grant Recipients	Approved	£
Approved and Paid to 31 March 2020		
Peebles Community Trust	19/11/2019	1,000
Total Paid to 31 March 2020		1,000
Budget 2019/20		0
(Unallocated)/Overallocated Budget		1,000

4.6 Income & Expenditure – Depreciation Charge

The depreciation charge for the year is £84,249, an increase of £26,158 due to the revaluation of the properties. 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.

4.7 Appendix 2 provides the balance sheet value as at 31 March 2020, the actual movement in year and a projected balance as at 31 March 2021.

4.8 Balance Sheet – Fixed Assets

All fixed assets of the Chambers Institution Trust are revalued every five years as part of the Council's rolling programme. The fixed assets were revalued at 1 April 2019 resulting in an increase of £471,066. Appendix 3 shows the difference in value from 31 March 2019 to 31 March 2020 for the individual properties.

4.9 Balance Sheet – Investment Fund

- (a) The fund has a 15.16% unrealised loss 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 -(5.98%) since investment in February 2018. As a result of the COVID-19 global markets across most asset classes have seen a drop, resulting in an overall negative return for 2019/20. Markets have, however, seen a bounce back during April to September which has resulted in some of the unrealised loss being negated.
- (b) Following a rebranding exercise, from 7 September, Kames Capital changed its name to that of its parent company, Aegon Asset Management. This change does not affect the way in which the Fund is managed or invested.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is £121,510, an in-year net decrease of £107,639. The cash movement for 2019/20 is as follows:

Cash Balance	£
Opening Balance at 1 April 2019	229,149
Surplus for year from Income & Expenditure Statement	37,898
Net cash movement in Debtors/Creditors	4,632
Investment in Aegon	(150,000)
Rebate Investment in Aegon	(169)
Closing Balance at 31 March 2020	121,510

4.11 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised loss for the Kames Fund as at 31 March 2019 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.

5.3 Integrated 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 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 Trust 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/Chief Legal Officer, the Chief Officer Audit and Risk, Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson
Executive Director, Finance & Regulatory

Signature

Author(s)

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

Background Papers:

Previous Minute Reference: Chambers Institution Trust Committee 21 August 2019

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.

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CHAMBERS INSTITUTE TRUST FUND

ACTUAL INCOME AND EXPENDITURE 2019/20

	Actuals at 31/03/20 £	Full Year Budget 2019/20 £	Over/ (Under) Spend 2019/20 £	Proposed Budget 2020/21 £	Para Ref	Commentary
Property Income						
Rentals Receivable	(23,335)	(6,954)	(16,381)	(17,454)	4.3	
Non-Property Related Income						
Interest on Cash deposited with Council	(1,325)	(803)	(522)	(737)	4.3	Estimate 2.5% return
Investment Funds – Dividends Rec'd	(8,017)	(2,798)	(5,219)	(2,493)	4.3	
Other Income	(231)	0	(231)	(230)		
Total Income	(32,908)	(10,555)	(22,353)	(20,914)		
Property Expenditure						
Property Costs	(5,990)	(23)	(5,977)	(5,990)		
Total Property Expenditure	(5,990)	(23)	(5,977)	(5,990)		
Grants & Other Donations	1,000	0	1,000	0	4.5	
Running Costs		0				
Central Support Service Charge	0	0	0	0		
SBC Grant towards Service Charge	0		0	0		
Net Running Costs	0	0	0	0		
Depreciation						
Depreciation Charge	84,249	58,091	26,158	84,249	4.7	Actual based on 1/4/19 revaluation
Contribution from Revaluation Reserve	(84,249)	(58,091)	(26,158)	(84,249)		
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(37,898)	(10,578)	(27,870)	(26,904)		

CHAMBERS INSTITUTION TRUST

BALANCE SHEET VALUE AT 31 MARCH 2020

	Opening Balance at 01/04/19	Movement in Year 2019/20	Closing Balance at 31/03/20	Projected Balances at 31/03/21
	£	£	£	£
Fixed Assets				
Land & Buildings	1,013,034	386,817	1,399,851	1,315,602
Total Fixed Assets	1,013,034	386,817	1,399,851	1,315,602
Capital in Investment Funds				
Investment Fund Book Value	107,921	150,169	258,090	258,259
Unrealised Gains/(Loss)	748	(40,734)	(39,986)	(39,986)
Market Value	108,669	109,435	218,104	218,273
Current Assets				
Debtors	8,676	(4,421)	4,255	4,255
Cash deposited with SBC	229,149	(107,639)	121,510	148,245
Total Current Assets	237,825	(112,060)	125,765	152,500
Current Liabilities				
Creditors	0	0	0	0
Receipts in Advance	0	(211)	(211)	(211)
Total Current Liabilities	0	(211)	(211)	(211)
Net Assets	1,359,528	383,981	1,743,509	1,686,164
Funded by:				
Reserves				
Revenue Reserve	(235,746)	(37,898)	(273,644)	(300,548)
Capital Reserve	(110,748)	40,734	(70,014)	(70,014)
Revaluation Reserve	(1,013,034)	(386,817)	(1,399,851)	(1,315,602)
Total Reserves	(1,359,528)	(383,981)	(1,743,509)	(1,686,164)

CHAMBERS INSTITUTION TRUST

PROPERTY PORTFOLIO PERFORMANCE FOR 2019/20
(Actual Income and Expenditure at 31 March 2020)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/19	Revaluatn Adjust as at 01/04/19	Depn Charge 2019/ 20	Net Book Value at 31/03/20	Actual Rental Income 2019/20	Actual Property Expenditure at 31/03/20				
						Repair	Rates Water & Power	Ins	Service Income	Total
	£	£	£	£	£	£	£	£	£	£
Chambers Institution	67,166	0	3,464	63,702	0	0	0	0	0	0
Peebles Library	120,526	88,473	14,071	194,928	0	0	0	0	0	0
Contact Centre	71,334	400	3,364	68,370	0	0	0	0	0	0
Burgh Chambers (Registrars)	94,584	55,417	5,784	144,217	0	0	0	0	0	0
Museum & Art Gallery	228,159	171,842	27,693	372,308	0	0	0	0	0	0
Peebles Burgh Hall	171,349	138,651	19,247	290,753	0	0	0	0	0	0
25 High Street	75,334	15,367	3,548	87,153	*16,038	0	0	(38)	0	(38)
John Buchan Museum Trust	42,166	7,333	1,850	47,649	**4,590	0	0	0	(4,500)	(4,500)
Offices Chambers Institution	29,666	5,333	1,264	33,735	2,707	0	0	0	(1,452)	(1,452)
Visit Scotland	112,750	(11,750)	3,964	97,036	0	0	0	0	0	0
General	0	0	0	0	0	0	0	0	0	0
Total	1,013,034	471,066	84,249	1,399,851	23,335	0	0	(38)	(5,952)	(5,990)

*Includes 2018/19 Accrual (£5,745)

**Includes 2018/19 Accrual (£452)

CHAMBERS INSTITUTION TRUST

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	99,576	107,811
Aegon Fund Rebate – (2018-19)	102	110
Aegon Investment (August 2019)	137,602	150,000
Aegon Fund Rebate – (2019-20)	151	169
Total Invested to 31 March 2020	237,431	258,090

Value of Investment	£
31 March 2018	107,464
31 March 2019	108,669
31 March 2020	218,104
Unrealised Gain/(Loss) on Investment	(39,986)

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2018	-0.30	
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98

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