

Public Document Pack



KELSO COMMON GOOD SUB-COMMITTEE TUESDAY, 22ND MARCH, 2022

A MEETING of the KELSO COMMON GOOD SUB-COMMITTEE will be held on TUESDAY, 22ND MARCH, 2022 at 5.15 PM. The meeting will be conducted by Microsoft Teams. Arrangements are in place to stream the meeting for public viewing. A link will be provided on the Council's website before the meeting.

J. J. WILKINSON,
Clerk to the Council,

15 March 2022

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declaration of Interests.	
4.	Minutes (Pages 3 - 6) Minutes of Meetings to be agreed and signed. (a) 8 December 2021 (b) 16 November 2021 (Copies attached.)	2 mins
5.	Monitoring Report for 9 months to 31 December 2021 and Proposed Budget for Financial Year 2022/23 (Pages 7 - 18) Consider report by Chief Financial Officer. (Copy attached.)	15 mins
6.	Any Other Items Previously Circulated.	
7.	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 T. Weatherston (Chairman), S. Mountford, E. Robson and Mr Gavin Horsburgh, Community Council Representative.

Please direct any enquiries to Fiona Henderson, Democratic Services Officer Tel: 01835826502
fhenderson@scotborders.gov.uk

SCOTTISH BORDERS COUNCIL
KELSO COMMON GOOD FUND SUB-COMMITTEE

MINUTE of MEETING of the KELSO COMMON GOOD FUND SUB-COMMITTEE held via Microsoft Teams on Wednesday, 8 December 2021 at 2.00 p.m.

- Present: - T. Weatherston (Chairman), S. Mountford, E. Robson.
- Apologies:- Community Councillor G. Horsburgh.
- In Attendance: - Pensions and Investments Manager, Principal Solicitor (Hannah MacLeod), Democratic Services Officer (F. Henderson).
- Members of the Public: - 0

ORDER OF BUSINESS

The Chairman varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

1.0 APPLICATIONS FOR FINANCIAL ASSISTANCE

Kelso Over 60s Club

- 1.1 There had been circulated copies of an application for Financial Assistance from Kelso Over 60s Club requesting £400 towards the Over 60's Annual Christmas Lunch. The application explained that the main aim of the Club was to keep Members active by organising events and trips to allow them to feel involved in the community and not isolated. Everyone over the age of 60 in the Kelso area was welcome to join and prior to COVID, the Club held regular events with the highlight of the year being the annual Christmas lunch held in Ednam House Hotel. Members paid an annual subscription and a small amount towards the Christmas Lunch. It was acknowledged that there was a hard working Committee running the club and the Annual Christmas lunch was of significant value to those who may be socially isolated and look forward to this event every year.

DECISION

AGREED to support the application for financial assistance for Kelso Over 60s Club in the sum of £400 towards the costs of the Annual Christmas Dinner in 2021.

2.0 HERITABLE AND MOVEABLE ASSETS

- 2.1 With reference to paragraph 3 of the Minute of 16 November 2021, there had been circulated copies of a report by the Principal Solicitor which sought approval of the draft Common Good Registers for the former Burgh of Kelso and to advise of the next steps in the process for consultation and publication under the Community Empowerment (Scotland) Act 2015. The report explained that Under the Community Empowerment (Scotland) Act 2015 the Council was required to establish and maintain a register of property which was held by the authority as part of the Common Good ("a Common Good Register"). Before establishing a Common Good Register, the Act required the Council to publish a list of property that it proposed to include in the Register and consult the public on this list. The Council approved the process for compliance with the Community Empowerment (Scotland) Act 2015 on 31 January 2019, and work had been ongoing in consolidating all information held in respect of heritable and moveable Common Good assets. From the work carried out, a draft list of assets considered to be a complete list of heritable and moveable assets held by the Kelso Common Good had been prepared, and was contained in appended to the report. Following approval, the list would be published on Citizen Space, together with a consultation survey. The survey would 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. It was proposed to publish the consultation survey before the end of December 2021. In addition to the electronic survey, the proposed lists of Common Good assets would be published on the Council's website and paper copies would be made available, free of charge, on request. All Community Councils and other community bodies would be made aware of the publication of the proposed Common Good Asset lists and invited to make representations in respect of these lists.

DECISION

(a) APPROVED the:-

- (i) contents of the draft list of heritable and moveable property assets held by the Council within the former Burgh of Kelso;**
- (ii) publishing of the draft list to be made available for public consultation for a period of at least twelve weeks;**

(b) NOTED that following the period of consultation all comments would be brought to the Common Good Fund Sub-Committee for their consideration.

The meeting closed at 2.15 p.m.

SCOTTISH BORDERS COUNCIL
KELSO COMMON GOOD FUND SUB-COMMITTEE

MINUTE of MEETING of the KELSO COMMON
GOOD FUND SUB-COMMITTEE held via Microsoft
Teams on Tuesday, 16 November 2021 at 5.15 p.m.

Present: - T. Weatherston (Chairman), S. Mountford, E. Robson.

Apologies:- Community Councillor G. Horsburgh.

In Attendance: - Pensions and Investments Manager, Chief Legal Officer, Democratic Services Officer (F. Henderson).

Members of the Public: - 0

1.0 MINUTE

There had been circulated copies of the Minute of the Kelso Common Good Fund Sub-Committee held on 14 September 2021.

DECISION

AGREED to note the Minutes for signature by the Chairman.

2.0 MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2021

There had been circulated copies of a report by the Director - Finance and Corporate Governance providing details of the income and expenditure for the Kelso Common Good Fund for three months to 30 September 2021, a full year projected out-turn for 2021/22, and projected balance sheet values as at 31 March 2022. Appendix 1 to the report provided the projected Income and Expenditure position for 2021/22 which showed a surplus of £6,611 for the year. Appendix 2 to the report provided a projected balance sheet value as at 31 March 2022 and showed a projected decrease in reserves of £52,518. Appendix 3(a) to the report provided a breakdown of the property portfolio showing projected rental income and projected net return for 2021/22 and actual property income to 30 September 2021. Appendix 3(b) provided a breakdown of the property portfolio showing projected property expenditure for 2021/22 and actual property expenditure to 30 September 2021. Appendix 4 provided a breakdown of the property portfolio showing projected property valuations at 31 March 2022. Appendix 5 detailed the value of the Aegon Asset Management Investment Fund to 30 September 2021. The Pension & Investment Manager highlighted the main points in the report, answered Members questions.

DECISION

NOTED the :-

- (a) projected income and expenditure for 2021/22 in Appendix 1;**
- (b) projected balance sheet value as at 31 March 2022 in Appendix 2;**
- (c) summary of the property portfolio in Appendices 3 and 4; and**
- (d) current position of the Aegon Asset Management Investment Fund in Appendix 5.**

URGENT BUSINESS

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

3.0 HERITABLE AND MOVEABLE ASSETS

- 3.1 There had been a request received from Hannah MacLeod, Principal Solicitor that a special meeting of the Common Good be arranged as soon as possible after 30 November 2021 to request approval to undertake a public consultation on the Heritable and Moveable Assets for all Common Good Funds.

DECISION

AGREED that a Special Meeting of Kelso Common Good be held on Friday, 3 December 2021 at 4 p.m.

NOTE: subsequently amended to Tuesday, 8 December at 2 p.m.

The meeting closed at 5.20 p.m.



MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2021 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2022/23

Report by Director – Finance & Corporate Governance

KELSO COMMON GOOD FUND SUB-COMMITTEE

22 March 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Kelso Common Good Fund for nine months to 31 December 2021, a full year projected out-turn for 2021/22, projected balance sheet values as at 31 March 2022 and proposed budget for 2022/23.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2021/22. This shows a projected surplus of £6,611 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2022. It shows a projected decrease in reserves of £44,179.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2021/22 and actual property income to 31 December 2021.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2021/22 and actual property expenditure to 31 December 2021.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2022.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 December 2021.

2 RECOMMENDATIONS

2.1 It is recommended that the Common Good Fund Sub-Committee:

- (a) Notes the projected income and expenditure for 2021/22 in Appendix 1;**
- (b) Agrees the proposed budget for 2022/23 as shown in Appendix 1;**
- (c) Notes the projected balance sheet value as at 31 March 2022 in Appendix 2;**
- (d) Notes the summary of the property portfolio in Appendices 3 and 4; and**
- (e) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 5.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 December 2021, projections to 31 March 2022 and proposed budgets for 2022/23. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2022 and 31 March 2023.

4 FINANCIAL POSITION 2021/22

4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year. The projected net position for the year is a surplus of £6,611. Also included is the proposed budget for 2022/23.

4.2 Income & Expenditure – Property Income

There is no Rental Income from the properties owned by the Kelso Common Good Fund.

4.3 Income & Expenditure – Non-Property Related Income

- (a) The projected outturn position shows an amount of £150 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 £11,015 which is estimated at 4.5% return in the current year as a result of the market value dropping due to the impact of the COVID-19, with the proposed budget for 2022/23 returning to the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Included within other income is a rebate from Aegon Asset Management of £135 which, along with the £65 received in March 2021, has been re-invested to purchase an additional 184 units.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2021/22 is shown in Appendices 1 & 3b, with Appendix 3b detailing the projected property expenditure by individual property. Actual expenditure is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.
- (b) The total proposed budget for 2022/23 is shown in Appendix 1.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2022 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 December 2021		
Visit Kelso	15/06/21	2,000
Kelso Over 60's Club	08/12/21	400
Total Paid to 31 March 2022		2,400
Proposed Budget 2021/22		3,000
<i>(Unallocated)/Overallocated Budget</i>		<i>(600)</i>

The budget for 2021/22 is proposed at £3,000, which is the average of the previous 3 years grant expenditure.

4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2022/23 is currently estimated using a 2% uplift on the 2021/22 charge. This is subject to revision once a full Service Charge Review has been completed and approved by Council.

4.7 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £59,129. 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.

4.8 Appendix 2 provides the actual balance sheet value as at 31 March 2021, the projected movement in year and a projected balance sheet as at 31 March 2022; along with projected balance to 31 March 2023.

4.9 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 2019. Appendix 4 shows the actual values of the individual properties at 1 April 2021, projected depreciation charges for 2021/22 and projected values at 31 March 2022; along with projected value at 31 March 2023.

4.10 Balance Sheet – Investment Fund

The fund has a 3.93% unrealised gain in market value since investment, largely due to continued volatility in investment markets. Overall, taking account of the income received the fund has achieved a return of 25.02% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £49,597 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	43,254
Projected surplus for year from Income & Expenditure Statement	6,611
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(268)
Closing Balance as at 31 March 2022	49,597

4.12 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, with an estimate for the current years' movement based on the market position at 31 December 2021.

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 Sustainable Development Goals

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 Climate Change

There are no effects on climate change 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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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, Director (People Performance & Change), the Clerk to the Council and Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson

Director, Finance & Corporate Governance

Signature

Author(s)

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

Background Papers:

Previous Minute Reference: Kelso Common Good Committee 16 November 2021

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 Pension & Investments, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.

Tel: 01835 824000 Fax: 01835 825166

Email: t&cteam@scotborders.gov.uk

**KELSO COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2021/22 AND 2022/23**

APPENDIX 1

	Actuals at 31/12/21	Full Year Approved Budget 2021/22	Full Year Projected Out-turn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Full Year Proposed Budget 2022/23	Para Ref	Commentary
	£	£	£	£	£		
Property Income							
Rental Income	0	0	0		0	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council	(0)	(150)	(150)		(150)	4.3	Est. 4.5% / 5% return
Investment Fund – Dividends Rec'd	(8,066)	(11,015)	(11,015)		(12,265)	4.3	
Other Income	(135)	(290)	(290)		(270)	4.3	
Total Income	(8,201)	(11,455)	(11,455)		(12,685)		
Property Expenditure							
Property Costs – General	0	0	0		0	4.4	
Total Property Expenditure	0	0	0		0		
Grants & Other Donations	2,400	3,000	3,000		3,000	4.5	3 year average
Central Support Service Charge	1,844	1,844	1,844		1,881	4.6	Subject to review
Depreciation							
Depreciation Charge	0	59,129	59,129		59,129	4.7	
Contribution from Revaluation Reserve	(0)	(59,129)	(59,129)		(59,129)	4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0		0		
Total Net (Surplus)/Deficit for year	(3,957)	(6,611)	(6,611)		(7,804)		

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2022 AND 31 MARCH 2023

	Opening Balance At 01/04/21	Projected Movement in Year	Projected Closing Balance at 31/03/22	Projected Closing Balance at 31/03/23
	£	£	£	£
Fixed Assets				
Land & Buildings	859,242	(59,129)	800,113	740,984
Moveable Assets	19,080	0	19,080	19,080
Feu Duties	0	0	0	0
Total Fixed Assets	878,322	(59,129)	819,193	760,064
Capital in Investment Fund				
Investment Fund Book Value	265,295	268	265,563	265,831
Unrealised Gains/(Loss)	2,115	8,339	10,454	10,454
Market Value	267,410	8,607	276,017	276,285
Current Assets				
Debtors	961	0	961	961
Cash deposited with SBC	43,254	6,343	49,597	57,133
Total Current Assets	44,215	6,343	50,558	58,094
Current Liabilities				
Creditors	0	0	0	0
Receipts in Advance	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	1,189,947	(44,179)	1,145,768	1,094,443
Funded by:				
Reserves				
Revenue Reserve	(63,398)	(6,611)	(70,009)	(77,813)
Capital Reserve	(248,227)	(8,339)	(256,566)	(256,566)
Revaluation Reserve	(878,322)	59,129	(819,193)	(760,064)
Total Reserves	(1,189,947)	44,179	(1,145,768)	(1,094,443)

PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22
(Actual income to 31 December 2021 and projected 2022/23)

Rental Income – Land & Buildings	2021/22				2022/23	
	Approv'd Budget	Project'd Budget	Actual	Project'd Net (Return) /Loss	Propos'd Budget	Propos'd Net Return
	£	£	£	£	£	£
Tait Hall	0	0	0	0	0	0
Pinnaclehill Woodlands	0	0	0	0	0	0
Total	0	0	0	0	0	0

PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22
(Actual expenditure to 31 December 2021 and projected 2022/23)

Property Expenditure – Land & Buildings	2021/22				2022/23
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Propos'd Budget
	£	£	£	£	£
Tait Hall	0	0	0	0	0
Pinnaclehill Woodland	0	0	0	0	0
Total	0	0	0	0	0

PROPERTY PORTFOLIO VALUATION FOR 2021/22

(Projected property valuation to 31 March 2022 and 31 March 2023)

Fixed Assets – Land & Buildings	Net Book Value at 01/04/21	Project'd Depn Charge 2021/22	Project'd Net Book Value at 31/03/22	Project'd Depn Charge 2022/23	Project'd Net Book Value at 31/03/23
	£	£	£	£	£
Tait Hall	854,742	59,129	795,613	59,129	736,484
Pinnaclehill Woodlands	4,500	0	4,500	0	4,500
Total	859,242	59,129	800,113	59,129	740,984

Fixed Assets – Moveable Assets	Net Book Value at 31/03/22	Net Book Value at 31/03/23
	£	£
Silver Bowl & Salver	19,080	19,080
Total	19,080	19,080

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	225,870	244,550
Aegon Asset Management Investment (September 2018)	18,490	20,000
Aegon Fund Rebate – (2018-2019)	250	270
Aegon Fund Rebate – (2019-2020)	202	226
Aegon Fund Rebate – (2020-2021)	249	249
Aegon Fund Rebate – (2021-2022)	184	200
Total Invested to 31 December 2021	245,245	265,495

Value of Investment	£
31 March 2018	243,760
31 March 2019	266,674
31 March 2020	224,885
31 March 2021	267,410
30 June 2021	268,309
30 September 2021	266,415
31 December 2021	275,949
Increase/(Decrease) from Total Cash Invested	10,454

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
to 30 June 2020	-8.52	+2.76
to 30 September 2020	-7.91	+4.83
to 31 December 2020	-0.61	+14.09
to 31 March 2021	+0.78	+16.84
to 31 June 2021	+1.10	+18.71
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02