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## GALASHIELS COMMON GOOD FUND SUB COMMITTEE THURSDAY, 9 SEPTEMBER 2021

A MEETING of the GALASHIELS COMMON GOOD FUND SUB COMMITTEE will be held VIA MICROSOFT TEAMS on THURSDAY, 9 SEPTEMBER 2021 at 10.00 am

J. J. WILKINSON,  
Clerk to the Council,

2 September 2021

<b>BUSINESS</b>		
1.	<b>Apologies for Absence.</b>	
2.	<b>Order of Business.</b>	
3.	<b>Declarations of Interest.</b>	
4.	<b>Minute.</b> (Pages 3 - 6)  Minute of meeting of 18 March 2021 to be approved (copy attached).	2 mins
5.	<b>Financial Monitoring Report for 3 Months to 30 June 2021.</b> (Pages 7 - 18)  Consider report by Executive Director Finance and Regulatory (copy attached).	15 mins
6.	<b>Property.</b>  Verbal update by Estates Surveyor.	10 mins
7.	<b>Any Other Items Previously Circulated.</b>	
8.	<b>Any Other Items which the Chairman Decides are Urgent.</b>	
9.	<b>Items Likely To Be Taken In Private.</b>  "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 it involves the likely disclosure of exempt information as Public Document Pack defined in the relevant Paragraphs of Part 1 of Schedule 7A to the aforementioned Act."	
10.	<b>Property</b>  Verbal update by Estates Surveyor in respect of private business.	10 mins

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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.**

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**Membership of Committee:-** Councillors S. Aitchison, A. Anderson, E. Jardine, H. Scott and Community Councillor R. Kenney

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**SCOTTISH BORDERS COUNCIL  
GALASHIELS COMMON GOOD FUND SUB COMMITTEE**

MINUTE of Meeting of the GALASHIELS  
COMMON GOOD FUND SUB COMMITTEE  
conducted remotely by Microsoft Teams on  
Thursday 18 March 2020 at 10.00 am.

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Present:- Councillors S. Aitchison (Chairman), A. Anderson, E. Jardine, H. Scott and  
Community Councillor R. Kenney

In Attendance:- Treasury Business Partner (S. Halliday), Managing Solicitor-People and Court  
(C. Donald), Estates Surveyor (J. Stewart), Democratic Services Officer (F.  
Walling).

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1. **MINUTE.**  
There had been circulated copies of the Minute of 3 December 2020.

**DECISION**  
**APPROVED the Minute for signature by the Chairman.**

2. **FINANCIAL MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2020 AND  
PROPOSED BUDGET FOR FINANCIAL YEAR 2021/22**  
There had been circulated copies of a report by the Executive Director, Finance &  
Regulatory providing details of income and expenditure for the nine months to 31  
December 2020, a full year projected out-turn for 2020/21, projected balance sheet values  
as at 31 March 2021 and proposed budget for 2021/22. The Treasury Business Partner,  
Sara Halliday, highlighted the main points of the report and appendices. Appendix 1 to  
the report provided the projected income and expenditure position for 2020/21. This  
showed a projected surplus of £25 for the year which was better than the previously  
reported deficit on 3 December, due to an improvement in the return on the Aegon  
Investment Fund. Dividends from the Common Good Fund's investment in Aegon Asset  
Management amounted to £6,631, with the revised projection estimated at 4.5% return. As  
a result of the market value dropping due to the impact of the COVID-19, this projected  
4.5% return was less than the overall 5% target and the monthly distribution profile  
projections provided by Aegon, but was an improvement on the original 2.5% budgeted  
return. Appendix 2 provided a projected balance sheet as at 31 March 2020. It showed a  
projected decrease in the reserves of £31,086. A breakdown of the property portfolio  
showing projected rental income and net return for 2020/21 and actual property income to  
31 December 2020; and projected property expenditure for 2020/21 and actual property  
expenditure to 31 December 2020 was shown in Appendices 3a and 3b respectively.  
Appendix 4 provided a breakdown of the property portfolio showing projected property  
valuations as at 31 March 2021. The value of the Aegon Asset Management Investment  
fund to 31 December 2020 was shown in Appendix 5. The report explained that the fund  
had a 0.61% unrealised loss in market value since investment, largely due to continued  
volatility in investment markets. Overall, taking account of the income received the fund  
had achieved a return of 14.09% since investment in February 2018.

**DECISION**

- (a) **AGREED within Appendix 1 to the report:-**

- (i) the projected income and expenditure for 2020/21 as the revised budget for 2020/21; and
  - (ii) the proposed budget for 2021/22.
- (b) **NOTED within the appendices to the report:-**
- (i) the projected balance sheet value as at 31 March 2021 in Appendix 2
  - (ii) the summary of the property portfolio in Appendices 3 and 4; and
  - (iii) the current position of the Aegon Asset Management Investment Fund in Appendix 5.

3. **PROPERTY**

With reference to paragraph 3.2 of the Minute of 3 December 2020, the Estates Surveyor, Jo Stewart, gave a verbal update on the proposal to harvest the mature trees at Ladhope. Ms Stewart explained that a meeting with a representative from the Golf Club, planned to take place in January, had been cancelled due to the re-introduction of restrictions. It was proposed to re-arrange this for May or when restrictions allowed. A representative from Agriforest would attend. Having sought further advice about timescales around removal of the trees, Ms Stewart clarified that practically the trees should be felled within the next five years and essentially within the next ten years. She referred to the proposal put together by Agriforest which had been circulated to Members. In discussion, Members recognised that extraction would be a significant and disruptive process which would have an impact on the Golf Club, the access road and surrounding paths. In terms of the removal of the timber and brash, it was noted that the proposal was to leave the brash in rows between the re-planting, which was more cost effective in addition to reducing the impact of extraction. Solicitor, Christina Donald, advised that a formal public consultation about the proposed timber extraction was not required under the terms of the Community Empowerment (Scotland) Act 2015, but acknowledged the Members' reference to the impact on local residents and that they had stressed the importance of as wide a consultation as possible. They agreed that, to help the Golf Club recover from the effect of closure during the Covid-19 pandemic, the work should not take place this year but it should happen during 2022 if possible. Ms Stewart was asked to arrange a site meeting when restrictions allowed, to include herself, the four elected Members of the Common Good Sub Committee, Community Council representative Mr Kenney, two representatives from the Golf Club and a representative from Agriforest. Members assumed that statutory requirements would include a traffic management plan from Agriforest, but asked for this to be provided at the meeting to enable early consideration of potential issues.

**DECISION**

**AGREED to request the Estates Surveyor to arrange a site meeting, as detailed in the paragraph above, to discuss timber extraction at Ladhope.**

4. **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 keep Members informed.

Councillor Aitchison drew attention to reports of damage caused by motorcycles and quad bikes using the road from Ellwyn Terrace and through Langlee Mains to gain access to a purpose built dirt track on the hill. He advised that the Police Community Action Team had been made aware of this.

**DECISION  
NOTED**

*The meeting concluded at 10.30 am*

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## **MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2021**

**Report by Executive Director - Finance & Regulatory**

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### **GALASHIELS COMMON GOOD FUND SUB-COMMITTEE**

**9 SEPTEMBER 2021**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the details of the income and expenditure for the Galashiels Common Good Fund for three months to 30 June 2021, a full year projected out-turn for 2021/22, and projected balance sheet values as at 31 March 2022.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2021/22. This shows a projected surplus of £3,433 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 £50,876.
- 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 30 June 2021.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2021/22 and actual property expenditure to 30 June 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 30 June 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) Notes the projected balance sheet value as at 31 March 2022 in Appendix 2;**
  - (c) Notes the summary of the property portfolio in Appendices 3 and 4; and**
  - (d) 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 30 June 2021 and projections to 31 March 2022. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2022.

### 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 £3,433.

#### 4.2 Income & Expenditure – Property Income

There is no rental income from the properties owned by the Common Good.

#### 4.3 Income & Expenditure – Non-Property Related Income

(a) The projected outturn position shows an amount of £30 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 £6,631 which is currently estimated at 4.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 4.5% return is less than the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.

(b) Rebate income from Aegon Asset Management received in March 2021 of £39 was accounted for in 2020/21 however, the corresponding 36 units have been purchased in April 2021.

#### 4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure for 2021/22 is shown in Appendices 1 & 3b, with Appendix 3b detailing the actual 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) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2021/22.

#### 4.5 Income & Expenditure – Grants & Other Donations

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

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 30 June 2021</b>		0
<b>Total Paid to 31 March 2022</b>		<b>0</b>
<b>Budget 2021/22</b>		<b>500</b>
<b>Unallocated/(Overallocated) Budget</b>		<b>500</b>



#### 4.6 **Income & Expenditure – Depreciation Charge**

The projected depreciation charge for the year is £54,309. 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 actual balance sheet value as at 31 March 2021, the projected movement in year and a projected balance as at 31 March 2022.

#### 4.8 **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.

#### 4.9 **Balance Sheet – Investment Fund**

The fund has a 1.10% 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 18.71% since investment in February 2018.

#### 4.10 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £15,352 at 31 March 2022 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2021</b>	<b>12,070</b>
Projected surplus for year from Income & Expenditure Statement	3,433
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(151)
<b>Projected Closing Balance as at 31 March 2022</b>	<b>15,352</b>

#### 4.11 **Balance Sheet – Capital Reserve**

The movement in 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 future years' movement.

### **5 IMPLICATIONS**

#### 5.1 **Financial**

There are no further 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 good governance required to ensure robust 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 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	Pension and Investments Manager - Tel: 01835 825249
Sara Halliday	Treasury Business Partner - Tel: 01835 824000 Extn 5854

**Background Papers:**

**Previous Minute Reference:** Galashiels Common Good Committee 20 May 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 Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166 Email: [t&cteam@scotborders.gov.uk](mailto:t&cteam@scotborders.gov.uk)

## PROJECTED INCOME AND EXPENDITURE 2021/22

	Actuals at 30/06/21	Full Year Approved Budget 2021/22	Full Year Projected Out-turn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Para Ref	Commentary
	£	£	£	£		
<b>Property Income</b>						
Rental Income	0	0	0		4.2	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	(0)	(30)	(30)		4.3	
Investment Funds – Dividends Rec'd	(736)	(6,631)	(6,631)		4.3	
Other Income	(0)	(175)	(175)		4.3	
<b>Total Income</b>	<b>(736)</b>	<b>(6,836)</b>	<b>(6,836)</b>			
<b>Property Expenditure</b>						
Property Costs – General	0	750	750		4.4	
<b>Total Property Expenditure</b>	<b>0</b>	<b>750</b>	<b>750</b>			
<b>Grants &amp; Other Donations</b>	<b>0</b>	<b>500</b>	<b>500</b>		4.5	
<b>Central Support Service Charge</b>	<b>0</b>	<b>2,153</b>	<b>2,153</b>			
<b>Depreciation</b>						
Depreciation Charge	0	54,309	54,309		4.6	
Contribution from Revaluation Reserve	0	(54,309)	(54,309)		4.6	
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>(736)</b>	<b>(3,433)</b>	<b>(3,433)</b>	<b>0</b>		

## PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2022

	Opening Balance at 01/04/21	Projected Movement in Year	Projected Closing Balance at 31/03/22
	£	£	£
<b>Fixed Assets</b>			
Land & Buildings	627,984	(54,309)	573,675
Heritable Assets	0	0	0
<b>Total Fixed Assets</b>	<b>627,984</b>	<b>(54,309)</b>	<b>573,675</b>
<b>Capital in Investment Fund</b>			
Investment Fund Book Value	159,642	151	159,793
Unrealised Gains/(Loss)	1,270		1,270
<b>Market Value</b>	<b>160,912</b>	<b>151</b>	<b>161,063</b>
<b>Current Assets</b>			
Debtors	578	0	578
Cash deposited with SBC	12,070	3,282	15,352
<b>Total Current Assets</b>	<b>12,648</b>	<b>3,282</b>	<b>15,930</b>
<b>Current Liabilities</b>			
Creditors	0		0
<b>Total Current Liabilities</b>	<b>0</b>		<b>0</b>
<b>Net Assets</b>	<b>801,544</b>	<b>(50,876)</b>	<b>750,668</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve	(22,561)	(3,433)	(25,994)
Capital Reserve	(304,325)	0	(304,325)
Revaluation Reserve	(474,658)	54,309	(420,349)
<b>Total Reserves</b>	<b>(801,544)</b>	<b>50,876</b>	<b>(750,688)</b>

**PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22**  
**(Actual income to 30 June 2021 and projections to 31 March 2022)**

Property Income – Land & Buildings	2021/22			2021/22
	Approv'd Budget	Project'd	Actual	Projected Net (Return) /Loss
	£	£	£	£
Bank Street Gardens	0	0	0	0
Ladhope Drive Car Park	0	0	0	0
Ladhope Golf Course	0	0	0	0
Ladhope Woodland	0	0	0	0
Ladhope Glen Park	0	0	0	0
Ladhope Recreation Ground	0	0	0	0
Old Gala House	0	0	0	0
Mercat Cross	0	0	0	0
Sir Walter Scott Statue	0	0	0	0
Old Town Cemetery	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0
Leabrae Playground	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0
Heatheryett	0	0	0	0
Property Expenditure (General)	0	0	0	750
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>750</b>

**PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22**  
**(Actual expenditure to 30 June 2021)**

Property Expenditure – Land & Buildings	2021/22			
	Approv'd Budget	Actual (Repair & Maint) £	Actual (Other) £	Actual Total £
Bank Street Gardens	0	0	0	0
Ladhope Drive Car Park	0	0	0	0
Ladhope Golf Course	0	0	0	0
Ladhope Woodland	0	0	0	0
Ladhope Glen Park	0	0	0	0
Ladhope Recreation Ground	0	0	0	0
Old Gala House	0	0	0	0
Mercat Cross	0	0	0	0
Sir Walter Scott Statue	0	0	0	0
Old Town Cemetery	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0
Leabrae Playground	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0
Heatheryett	0	0	0	0
Property Ependiture (General)	750	0	0	0
<b>Total</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PROPERTY PORTFOLIO VALUATION FOR 2021/22**  
**(Projected property valuation to 31 March 2022)**

<b>Fixed Assets – Land &amp; Buildings</b>	<b>Net Book Value at 01/04/21</b>	<b>Project'd Depn Charge 2021/22</b>	<b>Project'd Net Book Value at 31/03/22</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Bank Street Gardens	0	0	0
Ladhope Drive Car Park	0	0	0
Ladhope Golf Course	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000
Ladhope Glen Park	0	0	0
Ladhope Recreation Ground	0	0	0
Old Gala House	588,984	54,309	534,675
Mercat Cross	0	0	0
Sir Walter Scott Statue	0	0	0
Old Town Cemetery	0	0	0
Amenity Ground at Haliburton Pl	0	0	0
Leabrae Playground	0	0	0
Sml area of Netherdale Play Field	0	0	0
<b>Total</b>	<b>627,984</b>	<b>54,309</b>	<b>573,675</b>

<b>Fixed Assets – Moveable Assets</b>
Minute Books
Provosts Chain & Badge
Provosts Robes & Hats (2 of each)
Baillies Robes & Hats
Stamp with Burgh Seal
Silver Trophy
Gold Watch
Gold Key & Medal
Scott Manuscript
Collection of Coins (12)
Bottle (storage for coins)
Braw Lads Medal (2)
Commemorative Medals (2)
<b>Total</b>



**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Aegon Asset Management Investment (February 2018)	136,558	147,851
Transfer of Investment – Ex Provost Mercer (April 18)	1,239	1,342
Aegon Asset Management Investment (September 2018)	9,244	10,000
Aegon Fund Rebate – (2018-2019)	150	162
Aegon Fund Rebate – (2019-2020)	123	136
Aegon Fund Rebate – (2020-2021)	149	151
Aegon Fund Rebate – (2021-2022)	36	39
<b>Total Invested To 30 June 2021</b>	<b>147,499</b>	<b>159,681</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2018	147,374
31 March 2019	160,469
31 March 2020	135,323
31 March 2021	160,912
30 June 2021	161,453
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>1,772</b>

<b>Return on Investment from inception</b>	<b>Capital Return %</b>	<b>Total Return %</b>
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 30 June 2021	+1.10	+18.71

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