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GALASHIELS COMMON GOOD FUND SUB-COMMITTEE WEDNESDAY, 30 MARCH 2022

A MEETING of the GALASHIELS COMMON GOOD FUND SUB-COMMITTEE will be held VIA MS TEAMS on WEDNESDAY, 30 MARCH 2022 at 9.00 am

J. J. WILKINSON,
Clerk to the Council,

23 March 2022

BUSINESS		
1.	Apologies for Absence.	
2.	Order of Business.	
3.	Declarations of Interest.	
4.	Minute. (Pages 3 - 6) Minute of meeting held on 15 December 2021 to be approved. (Copy 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 Director, Finance & Corporate Governance. (Copy attached).	15 mins
6.	Property Update Verbal update by Estates Surveyor.	15 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 S. Aitchison (Chairman), A. Anderson, E. Jardine, H. Scott and Community Councillor R. Kenney

Please direct any enquiries to Declan Hall 01835 826556
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**SCOTTISH BORDERS COUNCIL
GALASHIELS COMMON GOOD FUND SUB COMMITTEE**

MINUTES of Meeting of the GALASHIELS
COMMON GOOD FUND SUB COMMITTEE
held Via Microsoft Teams on Wednesday, 15
December 2021 at 3.00 pm

Present:- Councillors S. Aitchison (Chairman), A. Anderson, E. Jardine and H. Scott
Apologies:- Community Councillor R. Kenney
In Attendance:- Principal Solicitor, Treasury Business Partner (S. Halliday), Managing
Solicitor-People and Court (C. Donald), Estates Surveyor (J. Stewart),
Democratic Services Team Leader, Democratic Services Officer (D. Hall).

1. **MINUTE**

There had been circulated copies of the Minute of 9 September 2021.

DECISION

APPROVED the Minute for signature by the Chairman.

2. **MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2021**

There had been circulated copies of a report by Executive Director, Finance & Regulatory that provided details of the income and expenditure for the Galashiels Common Good Fund for the 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 for 2021/22. This showed a projected surplus of £3,433 for the year. Appendix 2 to the report provided a projected balance sheet as at 31 March 2022 and showed a projected decrease in reserves of £50,876. Appendix 3a to the report provided a breakdown of the property portfolio and a projected rental income and projected net return for 2021/22 together with actual property income to 30 June 2021. Appendix 3b to the report provided a breakdown of the property portfolio and a projected property expenditure for 2021/22 and actual property expenditure to 30 June 2021. Appendix 4 to the report provided a breakdown of the property portfolio detailing projected property valuations at 31 March 2022. Appendix 5 of the report showed the value of the Aegon Investment Management Investment Fund to 30 June 2021. In response to a question regarding depreciation, Ms Halliday advised that the previous revaluation had taken place in 2019 and that a revaluation was not expected for three years.

DECISION

AGREED:-

- (a) to note the actual income and expenditure for 2021/21 in Appendix 1 to the report;
- (b) to note the projected balance sheet value as at 31 March 2022 in Appendix 2 to the report;
- (c) to note the summary of the property portfolio in Appendices 3 and 4 to the report; and
- (d) to note the current position of the Aegon Asset Management Investment Fund in Appendix 5 to the report.

3. **CONSULTATION ON HERITABLE AND MOVEABLE ASSET REGISTERS FOR FORMER BURGH OF GALASHIELS**

There had been circulated copies of a report by the Principal Solicitor seeking approval of the draft Common Good Registers for the former Burgh of Galashiels and advising on 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. Council approved the process for compliance with the Community Empowerment (Scotland) Act 2015 on 31 January 2019, and since that date 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 Galashiels Common Good had been prepared, and was appended to the report. Mrs MacLeod advised that although the consultation would commence before Christmas the 12 week period would be counted from January and the consultation would be widely publicised. Mrs Macleod expected that the focus would primarily be on art and artefacts but welcomed the wider community to have an input into the consultation regardless of the asset. With regard to Common Good owned land, Mrs Macleod advised that two areas of land at Netherdale and Church Street had been removed from the register due to ownership having passed from the Common Good several decades earlier. In response to a question on art and furniture located in the Burgh Chambers, Mrs Macleod advised that each item would be considered on an individual basis and researched fully to ascertain ownership.

DECISION

AGREED to:-

- (a) approve the contents of the draft list of heritable and moveable property assets held by the Council within the former Burgh of Galashiels;**
- (b) approve the publishing of the draft list to be made available for public consultation for a period of at least twelve weeks;**
- (c) note that following the period of consultation all comments would be brought to the Common Good Fund Sub-Committee for their consideration; and**
- (d) note that the Section 95 Officer would amend the Common Good accounts to include the additional asset identified as Common Good.**

4. **PROPERTY UPDATE**

4.1 With reference to paragraph 3 of the Minute of the meeting held on 9 September 2021, the Estates Surveyor, Ms Josephine Stewart, gave a verbal update on the proposal to harvest the mature trees at Ladhope. Ms Stewart explained that she had received the draft report on costs from Agriforest, and had held discussions with Tillhill. The discussions had concluded that gaining access over the top of Ladhope hill to harvest the trees was not viable due to cost factors. The indicated solution was to lay either a formal track with stone or a steel based track that was suitable for use by HGVs. Ms Stewart advised that following Storm Arwen the timber market was likely to experience sustained levels of oversupply, with a dampening effect on prices as a result. Following extensive discussions, Ms Stewart undertook to acquire in writing a plan for extraction that could be executed in the following years once the timber market had stabilised.

4.2 Ms Stewart turned to other property matters and explained that following requests from residents for a salt bin, an unused salt bin had been identified in Hawick that could be transferred. It was clarified that the Common Good had a legal responsibility for the road,

and Members agreed to meet the ongoing cost of filling the salt bin following its placement. Regarding the placement of solar panels on Common Good owned land, Ms Stewart advised that conversations were ongoing within the Council and that the process to identify sites had begun.

DECISION

(a) **AGREED** that the Estates Surveyor would instruct Agriforest to prepare a detailed plan for future extraction; and

(b) **NOTED** the verbal property update.

5. **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 the appropriate paragraphs of Part I of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

6. **MINUTE**

The Sub-Committee approved the Private Minute of the meeting held on 9 September 2021.

The meeting concluded at 3.50 pm

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

Report by Director, Finance & Corporate Governance

GALASHIELS COMMON GOOD FUND SUB-COMMITTEE

30 March 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels 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 £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 £45,858.
- 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 £3,433. 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 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 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.

(a) Included within other income is a rebate from Aegon Asset Management of £81 which, along with the £39 received in March 2021, has been re-invested to purchase an additional 111 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 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 now show a full breakdown of the proposed budget for property rental and repairs for 2022/23. These will be revised as further information is received from Estates.

(c) Ladhope woodland planting maintenance is to be funded by the Penmanshiel Grant – financial details for 2021/22 will be included once Tweed Forum have supported a re-forecast of the budget.

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		0
Total Paid to 31 March 2022		0
Budget 2021/22		500
Unallocated/(Overallocated) Budget		500

It is proposed that the budget for 2022/23 is kept at £500.

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 £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.

4.8 Appendix 2 provides the actual balance sheet value as at 1 April 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, however, 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 £15,342 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	12,070
Projected surplus for year from Income & Expenditure Statement	3,433
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(161)
Projected Closing Balance as at 31 March 2022	15,342

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 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 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: Galashiels Common Good Committee 2 December 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

GALASHIELS COMMON GOOD FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2021/22 AND 2022/23

	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)	(30)	(30)		(30)	4.3	Est. 4.5% / 5% return
Investment Funds – Dividends Rec’d	(4,854)	(6,631)	(6,631)		(7,380)	4.3	
Other Income	(81)	(175)	(175)		(160)	4.3	
Total Income	(4,935)	(6,836)	(6,836)		(7,570)		
Property Expenditure							
Property Costs – General	620	750	750		0	4.4	
Total Property Expenditure	620	750	750		0		
Grants & Other Donations	0	500	500		500	4.5	2 Year average
Central Support Service Charge	2,153	2,153	2,153		2,196	4.6	Subject to review
Depreciation							
Depreciation Charge	0	54,309	54,309		54,309	4.7	
Contribution from Revaluation Reserve	0	(54,309)	(54,309)		(54,309)	4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0	0	0		
Total Net (Surplus)/Deficit for year	(2,162)	(3,433)	(3,433)	0	(4,874)		

PROJECTED BALANCE SHEET VALUE AS 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	627,984	(54,309)	573,675	519,366
Heritable Assets	0	0	0	0
Total Fixed Assets	627,984	(54,309)	573,675	519,366
Capital in Investment Fund				
Investment Fund Book Value	159,642	161	159,803	159,964
Unrealised Gains/(Loss)	1,270	5,018	6,288	6,288
Market Value	160,912	5,179	166,091	166,252
Current Assets				
Debtors	578	0	578	578
Cash deposited with SBC	12,070	3,272	15,342	20,055
Total Current Assets	12,648	3,272	15,920	20,633
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	801,544	(45,858)	755,686	706,251
Funded by:				
Reserves				
Revenue Reserve	(22,561)	(3,433)	(25,994)	(30,868)
Capital Reserve	(304,325)	(5,018)	(309,343)	(309,343)
Revaluation Reserve	(474,658)	54,309	(420,349)	(366,040)
Total Reserves	(801,544)	45,858	(755,686)	(706,251)

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

Property Income – Land & Buildings	2021/22				2022/23	
	Approv'd Budget	Project'd Out-turn	Actual As at 31/12/21	Project'd Net (Return) /Loss	Propos'd Budget	Propos'd Net Return
	£	£	£	£	£	£
Bank Street Gardens	0	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0	0
Ladhope Golf Course	0	0	0	0	0	0
Ladhope Woodland	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0
Old Gala House	0	0	0	0	0	0
Mercat Cross	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0	0
Leabrae Playground	0	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0	0
Heatheryett	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	750	0	0
Total	0	0	0	750	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 £	Proposed Budget £
Bank Street Gardens	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0
Ladhope Golf Course	0	0	0	0	0
Ladhope Woodland	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Old Gala House	0	620	0	620	0
Mercat Cross	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Leabrae Playground	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0
Heatheryett	0	0	0	0	0
Property Ependiture (General)	750	0	0	0	0
Total	750	620	0	620	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
	£	£	£	£	£
Bank Street Gardens	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0
Ladhope Golf Course	23,000	0	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000	0	16,000
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Old Gala House	588,984	54,309	534,675	54,309	480,366
Mercat Cross	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Leabrae Playground	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0
Total	627,984	54,309	573,675	54,309	519,366

Fixed Assets – Moveable Assets
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)
Total

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
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)	111	120
Total Invested To 31 December 2021	147,574	159,762

Value of Investment	£
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
30 September 2021	160,313
31 December 2021	166,050
Increase/(Decrease) from Total Cash Invested	6,288

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 30 June 2021	+1.10	+18.71
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02