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KELSO COMMON GOOD SUB-COMMITTEE TUESDAY, 31ST JANUARY, 2023

A MEETING of the KELSO COMMON GOOD SUB-COMMITTEE will be held on TUESDAY, 31ST JANUARY, 2023 at 5.30 p.m. The meeting will be conducted via 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.

All Attendees, including members of the public, should note that the public business in this meeting will be livestreamed and video recorded and that recording will be available thereafter for public view for 180 days .

J. J. WILKINSON,
Clerk to the Council,

21 January 2023

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declaration of Interests.	
4.	Minute and Action Tracker	
	(a) Minute (Pages 3 - 4) Minute of Meeting of 15 November 2022 to be agreed and signed. (Copy attached.)	5 mins
	(b) Action Tracker (Pages 5 - 6) Review Action Tracker (Copy attached.)	10 mins
	(c) Pinnaclehill Woodland, Kelso	10 mins
5.	Financial Monitoring Report for 9 months to 31 December 2022 (Pages 7 - 18) Consider report by Acting Chief Financial Officer. (Copy attached.)	20 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 E. Robson (Chair), T. Weatherston, S. Mountford and Community Councillor G.Horsburgh.

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 Tuesday, 15 November 2022 at 5.30 p.m.

- Present: - Councillors E. Robson (Chairman), T. Weatherston, S. Mountford, Community
Councillor Gavin Horsburgh.
- In Attendance: - Treasury Business Manager – Sara Wilson, Solicitor – Lauren Mitchell,
Democratic Services Officer (F Henderson).
- Members of the Public: - 0

1 MINUTE

- 1.1 Copies of the Minute of the Kelso Common Good Fund Sub-Committee held on 13 September 2022 had been circulated.

DECISION

AGREED to APPROVE the Minute for signature by the Chairman.

1.2 Action Tracker

The Action Tracker had been circulated. In terms of the actions in respect of the Pinnaclehill Woodland, the Chair advised that as there were a number of ongoing inter related issues, the matter would remain on the Action Tracker in the meantime.

DECISION

NOTED.

2 MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2022

There had been circulated copies of a report by the Acting Chief Financial Services Officer providing details of the income and expenditure for the Kelso Common Good Fund for the six months to 30 September 2022, a full year projected out-turn for 2022/23, including balance sheets values as at 31 March 2022, Appendix 1 to the report provided the projected Income and Expenditure position for 2022/23, which showed a projected surplus of £7,804 for the year. Appendix 2 to the report provided a projected balance sheet value as at 31 March 2023 and showed a projected decrease in reserves of £53,675. Appendix 3(a) to the report provided a breakdown of the property portfolio showing rental income and net return for 2022/23, and actual property income to 30 September 2022. Appendix 3(b) provided a breakdown of the property portfolio showing projected property expenditure for 2022/23, and actual property expenditure to 30 June 2022. Appendix 4 provided a breakdown of the property portfolio showing projected property valuations at 31 March 2023. Appendix 5 detailed the value of the Aegon Asset Management Investment Fund to 30 September 2022. The Pension & Investment Manager highlighted the main points in the report and answered Members' questions on the total value of the Common Good, the options for investment with Aegon, and the need to set a property budget for this year should work be required to Pinnaclehill Woodland.

DECISION

(a) NOTED:

- (i) the projected income and expenditure for 2022/23 in Appendix 1 to the report;**

- (ii) the projected balance sheet value as at 31 March 2023 in Appendix 2 to the report;
 - (iii) the summary of the property portfolio in Appendices 3 and 4 to the report; and
 - (iv) the current position of the Aegon Asset Management Investment Fund in Appendix 5 to the report.
- (b) **AGREED** that no decision be made about further investment with Aegon until after the potential future works at the Pinnaclehill Woodland was known.

APPLICATIONS FOR FINANCIAL ASSISTANCE

Kelso Over 60s Club

- 3.1 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 Club had been running for a number of years and the main objective was the Health and Wellbeing of the Members. Members were encouraged to remain active as much as possible through organised events and trips. Everyone in Kelso and the surrounding area over the age of 60 was welcome to attend the Club and a Membership fee was charged. The highlight of the year was the annual Christmas Lunch held in Ednam House Hotel and attended by Lady Jane Grosvenor, Patron. Each Member received a meal, a dance and a free raffle ticket which ensures that everyone gets a gift. The Committee was made up of volunteers who gave their time to run the club for the benefit of others and there were events and trips organised to allow them to feel involved. The Club did have funds, however given the rising cost of living and the fuel crisis a donation from the Common Good would enable the event to continue.
- 3.2 It was acknowledged that there was a hard working Committee of Volunteers running the club and the Annual Christmas lunch was of significant value to those who were at risk of becoming socially isolated and who 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 2022.

4.0 ANY OTHER BUSINESS

4.1 Walking Festival

Community Councillor Horsburgh raised the matter of funding for the Walking Festival which was being co-ordinated by Kelso Community Council in 2023. Community Councillor Horsburgh was advised that as this was a Borders wide event, there were a number of funds to which applications could be made and assistance would be given to achieve this. Community Councillor Horsburgh was further advised that should there be a shortfall following applications to these funds an application could be made to the Kelso Common Good for consideration.

DECISION

AGREED:-

- (a) that assistance be given to the Walking Festival in order to secure funding from the Funds available; and
- (b) that should there be a shortfall following applications to the Funds, an application could be made to the Kelso Common Good for consideration.

The meeting closed at 6.00 p.m.

SCOTTISH BORDERS COUNCIL
ACTION TRACKER (PUBLIC BUSINESS)

Kelso Common Good Sub-Committee – June 2022 onwards)

Notes:-
 Items for which no actions are required are not included

Agenda Number	MINUTE PARAGRAPH NUMBER, TITLE AND DECISION REQUIRING ACTION	DEPARTMENT	RESPONSIBLE OFFICER	OUTCOME
15 November 2022				
6	Para 3 - 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 2022.	Finance & Corporate Governance	Fiona Henderson	Payment requested – 15.12.22
13 September 2022				
4(a)	Para 1.2 – AGREED (a) that the Democratic Services Officer (Mrs Henderson) arrange a site visit for members of the Common Good Fund Sub-Committee with the Council's Tree Officer and any other relevant officer to Pinnaclehill Woodland to check the safety of the trees and paths; (b) as part of the site visit, that consideration would be given to what work was needed on trees overhanging residents' gardens; and (c) that an update on potential work required at Pinnaclehill Woodland would be given to the next meeting of the Common Good Fund Sub-Committee and background papers on the original purchase of the Woodland would also be provided to that meeting.	Finance & Corporate Governance Environment & Infrastructure	Fiona Henderson Simon Wilkinson	Ongoing Ongoing Ongoing

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Agenda Item 4b

Agenda Number	MINUTE PARAGRAPH NUMBER, TITLE AND DECISION REQUIRING ACTION	DEPARTMENT	RESPONSIBLE OFFICER	OUTCOME
5.	Para 2(b) - AGREED that no decision be made about further investment with Aegon until after the potential future works at the Pinnaclehill Woodland was known.	Finance & Corporate Governance	Sara Wilson	Ongoing



MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2022 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2023/24

Report by Acting Chief Financial Officer

KELSO COMMON GOOD FUND SUB-COMMITTEE

31 January 2023

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 2022, a full year projected out-turn for 2022/23, projected balance sheet values as at 31 March 2023 and proposed budget for 2023/24.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2022/23. This shows a projected surplus of £7,749 for the year, which is less than the surplus figure reported at the 15 November meeting, as a result of an increase to the Central Support Charge.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected decrease in reserves of £53,730.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2022/23 and actual property income to 31 December 2022.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2022/23 and actual property expenditure to 31 December 2022.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2023.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 December 2022.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the projected income and expenditure for 2022/23 in Appendix 1 as the revised budget for 2022/23;**
 - (b) Agrees the proposed budget for 2023/24 as shown in Appendix 1;**

- (c) **Notes the projected balance sheet value as at 31 March 2023 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 2022, projections to 31 March 2023 and proposed budgets for 2023/24. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2023 and 31 March 2024.

4 FINANCIAL POSITION 2022/23

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year. The projected net position for the year is a surplus of £7,749. Also included is the proposed budget for 2023/24.

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 £12,265, which is estimated at 5% return with the proposed budget for 2023/24 remaining at 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 £129 which, along with the £69 received in March 2022, has been re-invested to purchase an additional 203 units.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2022/23 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) The total proposed budget for 2023/24 is shown in Appendix 1.

- (c) Appendices 3a and 3b show a full breakdown of the proposed budget for property rental and repairs for 2023/24. These will be revised as further information is received.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2023 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 December 2022		
E Dalzian – Girl Guide Jamboree	22/03/2022	250
Total Paid to 31 March 2023		250
Approved but not yet paid		
Kelso Over 60s Club	15/11/2022	400
Total Grants Approved not paid		400
Budget 2022/23		3,000
<i>(Unallocated)/Overallocated Budget</i>		<i>(2,250)</i>

The budget for 2023/24 is proposed at £2,500, 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 was estimated using a 2% uplift on the 2021/22 charge however, after confirmation of the 5% agreed pay award for 2022/23, an additional 3% has been added. The proposed charge for 2023/24 is currently estimated using a 2% uplift on the 2022/23 charge. A full Service Charge Review is due to be carried out in 2023/24.

4.7 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £61,479. 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 2022, the projected movement in year and a projected balance sheet as at 31 March 2023; along with projected balance to 31 March 2024.

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, with interim review. A full revaluation was carried out at 1 April 2019, with an interim review at 31 March 2022. Appendix 4 shows the actual values of the individual properties at 1 April 2022, projected depreciation charges for 2022/23 and projected values at 31 March 2023; along with projected value at 31 March 2024. Adjustments required as part of the 2021/22 audit are now completed and those impacting the balance sheet value are listed in the table below:

Asset Adjustments	Re-valuation as at 31/3/2022 £
Croft Park Toilet	2,350
Kelso Tait Hall	177,386
	179,736

4.10 Balance Sheet – Investment Fund

The fund has a 11.43% unrealised loss 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 12.81% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £44,626 at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	37,146
Projected Surplus for year from Income & Expenditure Statement	7,749
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(269)
Projected Closing Balance as at 31 March 2023	44,626

4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2022, 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 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

Suzy Douglas
Acting Chief Financial Officer

Signature

Author(s)

Suzy Douglas	Acting Chief Financial Officer - Tel:01835 825881
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Background Papers:

Previous Minute Reference: Kelso Common Good 15 November 2022

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.

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**KELSO COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2022/23 AND 2023/24**

APPENDIX 1

	Actuals at 31/12/22	Full Year Approved Budget 2022/23	Full Year Projected Out-turn 2022/23	Full Year Projected Over/ (Under) Spend 2022/23	Full Year Projected Budget 2023/24	Para Ref	Comments
	£	£	£	£			
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	
Investment Fund – Dividends Rec'd	(10,462)	(12,265)	(12,265)		(12,975)	4.3	Est 5% return
Other Income	(128)	(270)	(270)		(270)	4.3	
Total Income	(10,590)	(12,685)	(12,685)		(12,395)		
Property Costs – General	0	0	0		0	4.4	
Grants & Other Donations	250	3,000	3,000		2,500	4.5	3 year average
Central Support Service Charge	1,936	1,881	1,936	55	2,015	4.6	Subject to review
Depreciation							
Depreciation Charge	0	61,479	61,479		61,479	4.7	
Contribution from Revaluation Reserve	(0)	(61,479)	(61,479)		(61,479)	4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0		0		
Total Net (Surplus)/Deficit for year	(8,404)	(7,804)	(7,749)	55	(8,880)		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023 AND 31 MARCH 2024

	Opening Balance at 01/04/22 £	Projected Movement in Year £	Projected Closing Balance at 31/03/23 £	Projected Closing Balance at 31/03/24 £
Fixed Assets				
Land & Buildings	988,500	(61,479)	927,021	865,542
Moveable Assets	19,080	0	19,080	19,080
Feu Duties	0	0	0	0
Total Fixed Assets	1,007,580	(61,479)	946,101	884,622
Capital in Investment Fund				
Investment Fund Book Value	280,564	269	280,833	281,102
Unrealised Gains/(Loss)	2,051	0	2,051	2,051
Market Value	282,615	269	282,884	283,153
Current Assets				
Debtors	1,341	0	1,341	1,341
Cash deposited with SBC	37,146	7,480	44,626	53,237
Total Current Assets	38,487	7,480	46,967	54,577
Current Liabilities	0			
Creditors	0	0	0	
Receipts in Advance		0	0	
Total Current Liabilities	0	0	0	
Net Assets	1,328,682	(53,730)	1,274,952	1,222,352
Funded by:				
Reserves				
Revenue Reserve	(72,939)	(7,749)	(80,688)	(89,567)
Capital Reserve	(248,163)	0	(248,163)	(248,163)
Revaluation Reserve	(1,007,580)	61,479	(946,101)	(884,622)
Total Reserves	(1,328,682)	53,730	(1,274,952)	(1,222,352)

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual income to 31 December 2022 and projected 2023/24)

Rental Income – Land & Buildings	2022/23				2023/24	
	Approv'd Budget £	Project'd Out-turn 2022/23 £	Actuals as at 31/12/22 £	Projected Net (Return) /Loss £	Proposed Budget	Proposed Net (Return) /Loss £
Croft Park Toilet	0	0	0	0	0	0
Kelso Tait Hall	0	0	0	0	0	0
Kelso War Memorial	0	0	0	0	0	0
Croft Park	0	0	0	0	0	0
Croft Park Play Area	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 2022/23
(Actual expenditure to 31 December 2022 and projected 2023/24)

Property Expenditure – Land & Buildings	2022/23				2023/24
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Proposed Budget
	£	£	£	£	£
Croft Park Toilet	0	0	0	0	0
Kelso Tait Hall	0	0	0	0	0
Kelso War Memorial	0	0	0	0	0
Croft Park	0	0	0	0	0
Croft Park Play Area	0	0	0	0	0
Pinnaclehill Woodlands	0	0	0	0	0
Total	0	0	0	0	0

**PROPERTY PORTFOLIO VALUATION FOR 2022/23
(Projected property valuation to 31 March 2023 and 31 March 2024)**

Fixed Assets – Land & Buildings	Net Book Value at 31/03/22 (Previously reported) £	Adjustment (see Note 4.9) £	Net Book Value at 01/04/22 £	Project'd Depn Charge 2022/23 £	Project'd Net Book Value at 31/03/23 £	Project'd Depn Charge 2023/24 £	Project'd Net Book Value at 31/03/24 £
Croft Park Toilet	8,650	2,350	11,000	(2,350)	8,650	(2,350)	6,300
Kelso Tait Hall	795,614	177,386	973,000	(59,129)	913,871	(59,129)	854,742
Kelso War Memorial	0	0	0	0	0	0	0
Croft Park	0	0	0	0	0	0	0
Croft Park Play Area	0	0	0	0	0	0	0
Pinnaclehill Woodlands	4,500	0	4,500	0	4,500	0	4,500
Total	808,764	179,736	988,500	(61,479)	927,021	(61,479)	865,542

Fixed Assets – Moveable Assets	Projected Net Book Value at 31/03/23 £	Projected Net Book Value at 31/03/24 £
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 Asset Management Investment (March 2022)	13,951	15,000
Aegon Fund Rebate – (2021-2022)	244	269
Aegon Fund Rebate – (2022-2023)	203	198
Total Invested to 31 December 2022	259,459	280,762

Value of Investment	£
31 March 2018	243,760
31 March 2019	266,674
31 March 2020	224,885
31 March 2021	267,410
31 March 2022	282,615
30 June 2022	251,385
30 September 2022	235,577
31 December 2022	248,821
Increase/(Decrease) from Total Cash Invested	(31,941)

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
to 31 March 2022	+0.68	+22.56
to 30 June 2022	-10.46	+10.70
to 30 September 2022	-16.12	+5.84
to 31 December 2022	-11.43	+12.81