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MELROSE COMMON GOOD FUND SUB-COMMITTEE TUESDAY, 20 JUNE 2023

A MEETING of the MELROSE COMMON GOOD FUND SUB COMMITTEE will be held VIA MICROSOFT TEAMS on TUESDAY, 20 JUNE 2023 at 3.30 pm.

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,

12 June 2023

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 3 - 4) Consider Minute of Meeting held on 8 September 2022. (Copy attached.)	2 mins
5.	Monitoring Report for 12 Months to 31 March 2023 and Proposed Budget for Financial Year 2023/23 (Pages 5 - 20) Consider report by Acting 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 J. Linehan (Chair), D. Parker, J. PatonDay and Community Council Representative

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

MINUTES of Meeting of the MELROSE
COMMON GOOD FUND SUB COMMITTEE
held via Microsoft Teams on Thursday, 8
September 2022 at 9.00 am

Present:- Councillors J. Linehan (Chairman), D. Parker J. PatonDay, and Community
Councillor M. Douglas.
In Attendance:- Principal Solicitor, Democratic Services Officer (D. Hall),

1. **CONSULTATION ON HERITABLE AND MOVEABLE ASSET REGISTERS FOR
FORMER BURGH OF MELROSE**

There had been circulated copies of a report by the Principal Solicitor which advised on the outcome of the consultation under the Community Empowerment (Scotland) Act 2015, and sought approval of the final Common Good Register for Melrose. 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 the list. The Melrose Common Good Sub-Committee approved the draft asset register in December 2021 and agreed to the commencement of the public consultation. The consultation ran from December 2021 to 31 March 2022. The Sub-Committee was required to consider the responses received to the consultation and approve the final register to be recommended to Council for publication. The Principal Solicitor, Mrs Hannah Macleod, presented the report, and highlighted that 6 of the 65 substantive responses had been related to Melrose. The Chairman advised of a family related declaration of interest related to the triangle, where a family bereavement had brought an ownership issue into awareness. Mrs Macleod advised that "the Triangle" was held as part of the Ormiston trust, and that the plan would be forwarded on to Estates.

**DECISION
AGREED:-**

- (a) **to note the consultation responses and officers' comments thereon, as set out in Appendix 1 to the report;**
- (b) **to approve the contents of the final list of heritable and moveable property assets held by the Council within the former Burgh of Melrose, as set out in Appendix 2 to the report; and**
- * (c) **to recommend to Council the said final asset list for publication as a completed Common Good Register for Melrose.**

MEMBER

Those in attendance expressed their thanks and well wishes to the Principal Solicitor, who was leaving the Council to pursue employment with the Faculty of Actuaries.

The meeting concluded at 9.10 am

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MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2023 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2023/24

Report by Acting Chief Financial Officer

MELROSE COMMON GOOD FUND SUB-COMMITTEE

20 June 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Melrose Common Good Fund for the year 2022/23 including balance sheet values as at 31 March 2023 and proposed budget for 2023/24.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2022/23. This shows a surplus of £845 for the year, which is better than the projected surplus as a result of an improvement in the return on the Aegon Investment Fund.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2023. It shows an increase in the reserves of £9,885.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2023.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 31 March 2023.

2 RECOMMENDATIONS

- 2.1 I recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2022/23 in Appendix 1;**
 - (b) Agrees the proposed budget for 2023/24 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value as at 31 March 2023 and projected balance sheet value as at 31 March 2024 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3; and**
 - (e) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 4.**

3 BACKGROUND

- 3.1 Melrose Town Hall was recognised as a Common Good asset on 1 April 2017. Until that time the Hall was deemed to belong to Scottish Borders Council (SBC). This transfer relates to the *ownership* of the Hall and has no impact on the transfer of the operation and maintenance of the Hall, which is undertaken by Scottish Borders Council.
- 3.2 Scottish Borders Council are liable for operating costs such as staffing, energy and communications in return for their retention of all income earned. Scottish Borders Council have retained budget and liability for rates, insurance and maintenance costs.
- 3.3 This report provides the Committee with financial information for the period 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 2024.

4 FINANCIAL POSITION 2022/23

- 4.1 Appendix 1 provides detail on income and expenditure for the 2022/23 financial year, which resulted in a surplus of £845, as well as the proposed budget for 2023/24.

4.2 Income & Expenditure – Property Costs and Income

As the liability for the upkeep of the Town Hall falls to Scottish Borders Council, there is no anticipated income or expenditure relating to the Town Hall.

4.3 Income & Expenditure – Grants & Other Donations

It is anticipated that no grants will be paid from the Melrose Common Good Fund.

4.4 Income & Expenditure – Non-Property Related Income

- (a) The final out-turn position shows an amount of £145 relating to interest receivable on cash held by SBC. This is higher than the projected figure due to the improvement in interest rates. Also included are dividends from the Common Good Fund's investment in Aegon Asset Management amounting to £686 which is slightly ahead of the revised projection of 4.5% return, with the projection for 2023/24 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 £15 which, along with the £2 received in March 2022, has been re-invested to purchase an additional 18 units. Rebate income received in March 2023 of £3 has been accounted for within income, but the corresponding 3 units were not purchased until April 2023.

4.5 Income & Expenditure – Depreciation Charge

The depreciation charge for the year is £6,016, an increase of £2,734 due to upward revaluations on the properties owned by the Common Good. 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.

4.6 Appendix 2 provides the actual balance sheet value as at 31 March 2023 and a projected balance sheet as at 31 March 2024.

4.7 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 3 shows the actual values of the individual properties at 1 April 2022, actual depreciation charges for 2022/23 and actual 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 £
Melrose Town Hall	16,406
Total	16,406

4.8 Balance Sheet – Investment Fund

The fund has an 11.69% unrealised loss in market value since investment, largely due to continued volatility in investment markets. Overall, however, taking account of the income received, the fund has achieved a return of 13.46% since investment in February 2018.

4.9 Balance Sheet – Cash Balance

The cash held by the fund is £4,839 at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	9,006
Surplus for year from Income & Expenditure Statement	845
Net cash movement in Debtors/Creditors	(5)
Investment in Aegon Asset Management	(5,000)
Rebate Investment in Aegon	(17)
Closing Balance at 31 March 2023	4,839

4.10 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2023, but due to the nature of the markets no estimate has been made for the current year's 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. There is also a risk with any property that works will be required during its life, which the Common Good does not hold funds for. This risk is mitigated by agreement with Scottish Borders Council. Operational and major repairs costs are met by Scottish Borders Council.

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, Service Director HR, Communications and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

Approved by

Suzy Douglas
Acting Chief Financial Officer

Author(s)

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

Previous Minute Reference: – Melrose Common Good 27 June 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 Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.

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MELROSE COMMON GOOD FUND

APPENDIX 1

ACTUAL INCOME AND EXPENDITURE 2022/23

	Actuals at 31/03/23	Full Year Approved Budget 2022/23	Over / (Under) Spend 2022/23	Proposed Budget 2023/24	Para Ref	Comments
	£	£	£	£		
Non-Property Related Income						
Investment Fund - Dividends Rec'd	(686)	(416)	(270)	(719)	4.4	Estimate 5% return
Other Income	(14)	(9)	(5)	(10)		
Interest on Cash deposited with Council	(145)	(9)	(136)	(10)		
Total Income	(845)	(434)	(411)	(739)		
Depreciation						
Depreciation Charge	6,016	3,281	2,735	6,016	4.5	
Contribution from Revaluation Reserve	(6,016)	(3,281)	(2,735)	(6,016)		
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(845)	(434)	(411)	(739)		

BALANCE SHEET VALUE AS AT 31 MARCH 2023

	Opening Balance at 01/04/22	Movement in Year	Closing Balance at 31/03/23	Projected Closing Balance at 31/03/24
	£	£	£	£
Fixed Assets				
Land & Buildings	21,688	10,390	32,078	26,062
Moveable Assets	0	0	0	0
Total Fixed Assets	21,688	10,390	32,078	26,062
Capital in Investment Funds				
Investment Fund Book Value	10,020	5,017	15,037	15,054
Unrealised Gains/(Loss)	69	(1,350)	(1,281)	(1,281)
Market Value	10,089	3,667	13,756	13,773
Current Assets				
Debtors	48	(5)	43	43
Cash deposited with SBC	9,006	(4,167)	4,839	5,561
Total Current Assets	9,054	(4,172)	4,882	5,604
Current Liabilities				0
Creditors	0	0	0	0
Receipts in Advance	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	40,831	9,885	50,716	45,439
Funded by:				
Reserves				
Revenue Reserve	(8,187)	(845)	(9,032)	(9,771)
Capital Reserve	(28,776)	1,350	(27,426)	(27,426)
Revaluation Reserve	(3,868)	(10,390)	(14,258)	(8,242)
Total Reserves	(40,831)	(9,885)	(50,716)	(45,439)

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23

(Actual property valuation to 31 March 2023 and projected to 31 March 2024)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/22 (Previously reported)	Adjustment (see Note 4.7)	Net Book Value at 01/04/22 £	Revised Depn Charge 2022/23 £	Net Book Value at 01/04/23	Project'd Depn Charge 2023/24 £	Project'd Net Book Value at 31/03/24 £
Melrose Town Hall	21,688	16,406	38,094	(6,016)	32,078	(6,016)	26,062
Total	21,688	16,406	38,094	(6,016)	32,078	(6,016)	26,062

Fixed Assets – Moveable Assets	Net Book Value at 31/03/23 £
Art & Artefacts – held in locations below: <u>Galashiels Town Hall</u> Silver bowl, Gorham, USA <u>Paton Street, Galashiels</u> Painting of Leaderfoot	0

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (March 2019)	9,230	9,993
Aegon Fund Rebate – (2019-2020)	7	8
Aegon Fund Rebate – (2020-2021)	9	9
Aegon Fund Rebate – (2021-2022)	9	10
Aegon Asset Management Investment – (June 2022)	5,113	5,000
Aegon Fund Rebate – (2022-2023)	18	17
Total Invested to 31 March 2023	14,386	15,037

Value of Investment	£
31 March 2019	10,062
31 March 2020	8,485
31 March 2021	10,089
31 March 2022	10,089
31 March 2023	13,756
Increase/(Decrease) from Total Cash Invested	(1,281)

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98
to 31 March 2021	+0.78	+16.84
to 31 March 2022	+0.68	+22.56
to 31 March 2023	-11.69	+13.46

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Integrated Impact Assessment (IIA)

Part 1 Scoping

1 Details of the Proposal

Title of Proposal:	MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2023
What is it?	A new Policy/Strategy/Practice <input type="checkbox"/> A revised Policy/Strategy/Practice <input checked="" type="checkbox"/>
Description of the proposal: (Set out a clear understanding of the purpose of the proposal being developed or reviewed (what are the aims, objectives and intended outcomes, including the context within which it will operate).)	Quarterly report to Melrose Common Good Fund on the financial out-turn for 2022/23 and the proposed budget for 2023/24.
Service Area: Department:	Common Good Funds Finance & Regulatory
Lead Officer: (Name and job title)	Suzy Douglas, Acting Chief Financial Officer
Other Officers/Partners involved: (List names, job titles and organisations)	
Date(s) IIA completed:	22/05/2023

2 Will there be any cumulative impacts as a result of the relationship between this proposal and other policies?

Yes / No (please delete as applicable)
If yes, - please state here:

3 Legislative Requirements

3.1 Relevance to the Equality Duty:	
<p>Do you believe your proposal has any relevance under the Equality Act 2010? <i>(If you believe that your proposal may have some relevance – however small please indicate yes. If there is no effect, please enter “No” and go to Section 3.2.)</i></p>	
Equality Duty	Reasoning:
Elimination of discrimination (both direct & indirect), victimisation and harassment. <i>(Will the proposal discriminate? Or help eliminate discrimination?)</i>	Given the subject matter of this assessment, it is not relevant to Equality duty.
Promotion of equality of opportunity? <i>(Will your proposal help or hinder the Council with this)</i>	
Foster good relations? <i>(Will your proposal help or hinder the council s relationships with those who have equality characteristics?)</i>	

3.2 Which groups of people do you think will be or potentially could be, impacted by the implementation of this proposal? (You should consider employees, clients, customers / service users, and any other relevant groups)				
Please tick below as appropriate, outlining any potential impacts on the undernoted equality groups this proposal may have and how you know this.				
	Impact			Please explain the potential impacts and how you know this
	No Impact	Positive Impact	Negative Impact	
All of the protected characteristics including Age, Disability, Gender Reassignment, Marriage or Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation.	X			No impact or relevance. This is a routine monitoring report required as part of good governance of the Common Good Funds
3.3 Fairer Scotland Duty				
This duty places a legal responsibility on Scottish Borders Council (SBC) to actively consider (give due regard) to how we can reduce inequalities of outcome caused by socioeconomic disadvantage when making <u>strategic</u> decisions.				
The duty is set at a strategic level - these are the key, high level decisions that SBC will take. This would normally include strategy documents, decisions about setting priorities, allocating resources and commissioning services.				
Is the proposal strategic? No				
Yes / No <i>(please delete as applicable)</i>				
If No go to Section 4				
If yes, please indicate any potential impact on the undernoted groups this proposal may have and how you know this:				
	Impact		State here how you know this	

	No Impact	Positive Impact	Negative Impact	
Low and/or No Wealth – enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future.				
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure and hobbies				
Area Deprivation – where you live (e.g. rural areas), where you work (e.g. accessibility of transport)				
Socio-economic Background – social class i.e. parents' education, employment and income				
Looked after and accommodated children and young people				
Carers paid and unpaid including family members				
Homelessness				
Addictions and substance use				
Those involved within the criminal justice system				

4 Full Integrated Impact Assessment Required

Select No if you have answered “No” to all of Sections 3.1 – 3.3.

Yes / No (please delete as applicable)

If a full impact assessment is not required briefly explain why there are no effects and provide justification for the decision.

Report is a regular governance report required to ensure good governance of the Common Good Fund. All members of the Fund have equal status under the regulations followed.

Signed by Lead Officer:	Suzy Douglas
Designation:	Acting Chief Financial Officer
Date:	22/05/2023
Counter Signature Service Director	
Date:	

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