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## **MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2022 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2022/23**

**Report by Director – Finance & Corporate Governance**

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### **CHAMBERS INSTITUTION TRUST SUB-COMMITTEE**

**8 June 2022**

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

- 1.1 This report provides the details of the income and expenditure for the Chambers Institution Trust for the year 2021/22 including balance sheet values as at 31 March 2022, a full year projected out-turn for 2022/23, and projected balance sheet values as at 31 March 2023**
- 1.2 Appendix 1 provides the actual income and expenditure position for 2021/22. This shows a surplus of £23,799 for the year, which is better than the previously reported surplus on 16 February 2022 as a result of an underspend in the Property Costs budget.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2022. It shows a decrease in reserves of £44,749, mainly due to the annual release from Revaluation Reserve, as well as the correction to some asset values from the last re-valuation on 1 April 2019.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing actual rental income and net return for 2021/22.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing actual property expenditure for 2021/22
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2022.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 March 2022.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Trust Sub-Committee:**
  - (a) Notes the actual income and expenditure for 2021/22 in Appendix 1;**
  - (b) Agrees the proposed budget for 2022/23 in Appendix 1;**

- (c) Notes the final balance sheet value as at 31 March 2022, and 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 investment in 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 March 2022 and proposed budgets for 2022/23. The report also contains a projected balance sheet for the Trust as at 31 March 2023.

### **4 FINANCIAL POSITION 2021/22**

4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year, which resulted in a surplus of £23,799. Also included is the proposed budget for 2022/23.

#### **4.2 Income & Expenditure – Property Income**

(a) Rental income for 2021/22 is shown in Appendices 1 & 3a, with Appendix 3a detailing the actual annual rental income by individual property. Actual income is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.

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

- (a) The final outturn position shows an amount of £43 relating to interest receivable on cash held by SBC, a drop from projections due to the prolonged lower level of interest rates. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £17,187 which is slightly ahead of the revised projection of 4.5% return, with the projection for 2022/23 returning to the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Included within other income for the year is a rebate from Aegon Asset Management of £259 which, along with the £84 received in March 2021, has been re-invested to purchase an additional 314 units. Rebate income received in March 2021 of £85 has been accounted for within income but the corresponding 78 units were not purchased until April 2022.

#### **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) The projected expenditure for 2022/23 is shown in Appendix 1.
- (c) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2022/23. These will be revised as further information is received.
- (d) The expenditure on the kitchen upgrade approved by Committee on 17 November 2021 has still to be completed and the budget for this spend has been carried forward into 2022/23.

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

The grant distributed and committed to 31 March 2022 is shown below:

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

#### 4.6 Legal Costs

Expert legal advice was sought to clarify the position regarding future Trustee requirements. The costs of this advice totalled £7,500 and were met by the Trust.

#### 4.7 Income & Expenditure – Depreciation Charge

The depreciation charge for the year is £84,249. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve at the end of the financial year.

4.8 Appendix 2 provides the actual balance sheet value as at 31 March 2022, and 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 31 March 2022, actual depreciation charges for 2021/22 and projected values at 31 March 2023.

As a result of a discrepancy in the update of the 2019 re-valuations there have been a small number of adjustments made to the fixed asset register in 2021/22 which are broken down in Appendix 4.

#### 4.10 Balance Sheet – Investment Fund

The fund has a 0.68% unrealised gain in market value since investment, largely due to continued volatility in investment markets. Overall, taking account of the income received the fund has achieved a return of 22.56% since investment in February 2018.

#### 4.11 Balance Sheet – Cash Balance

The cash held by the fund is £98,136 at 31 March 2022 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2021</b>	<b>66,832</b>
Surplus for year from Income & Expenditure Statement	23,799
Net cash movement in Debtors/Creditors	7,848
Rebate Investment in Aegon	(343)
<b>Closing Balance at 31 March 2022</b>	<b>98,136</b>

#### 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.

**5.7 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**

**Signature .....**

**Director, Finance & Corporate Governance**

**Author(s)**

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**Background Papers:**

**Previous Minute Reference:** Chambers Institution Trust Committee 16 February 2022

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CHAMBERS INSTITUTION TRUST FUND

APPENDIX 1

ACTUAL INCOME AND EXPENDITURE 2021/22

	Actuals at 31/03/22	Full Year Approved Budget 2021/22	Over/ (Under) Spend 2021/22	Full Year Proposed Budget 2022/23	Para Ref	Commentary
	£	£	£	£		
<b>Property Income</b>						
Rental Income	(17,454)	(17,454)	0	(17,454)	4.2	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	(43)	(128)	85	(128)	4.3	Est. 5% return
Investment Funds – Dividends Rec'd	(17,187)	(14,125)	(3,062)	(15,700)	4.3	
Other Income	(344)	(315)	(29)	(340)	4.3	
<b>Total Income</b>	<b>(35,028)</b>	<b>(32,022)</b>	<b>(3,006)</b>	<b>(33,622)</b>		
<b>Property Expenditure</b>						
Property Costs	3,729	18,600	(14,871)	14,825	4.4	
<b>Total Property Expenditure</b>	<b>3,729</b>	<b>18,600</b>	<b>(14,871)</b>	<b>14,825</b>		
<b>Grants &amp; Other Donations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	4.5	
<b>Legal Costs</b>	<b>7,500</b>	<b>0</b>	<b>7,500</b>	<b>0</b>	4.6	
<b>Running Costs</b>						
Central Support Service Charge	0	0	0	0		
<b>Net Running Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Depreciation</b>						
Depreciation Charge	84,249	84,249	0	84,249	4.7	
Contribution from Revaluation Reserve	(84,249)	(84,249)	0	(84,249)		
<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>(23,799)</b>	<b>(13,422)</b>	<b>(10,377)</b>	<b>(18,797)</b>		

## BALANCE SHEET VALUE AS AT 31 MARCH 2022

	Opening Balance at 01/04/21  £	Movement in Year  £	Closing Balance at 31/03/22  £	Projected Closing Balance at 31/03/23  £
<b>Fixed Assets</b>				
Land & Buildings	1,315,602	(44,749)	1,270,853	1,186,604
<b>Total Fixed Assets</b>	<b>1,315,602</b>	<b>(44,749)</b>	<b>1,270,853</b>	<b>1,186,604</b>
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	338,353	343	338,696	339,039
Unrealised Gains/(Loss)	4,106	(347)	3,759	3,759
<b>Market Value</b>	<b>342,459</b>	<b>(4)</b>	<b>342,455</b>	<b>342,798</b>
<b>Current Assets</b>				
Debtors	8,474	(6,880)	1,594	1,594
Cash deposited with SBC	66,832	31,304	98,136	116,590
<b>Total Current Assets</b>	<b>75,306</b>	<b>24,425</b>	<b>99,730</b>	<b>118,184</b>
<b>Current Liabilities</b>				
Creditors	0		0	0
Receipts in Advance	(122)	(968)	(1,090)	(1,090)
<b>Total Current Liabilities</b>	<b>(122)</b>	<b>(968)</b>	<b>(1,090)</b>	<b>(1,090)</b>
<b>Net Assets</b>	<b>1,733,245</b>	<b>(21,296)</b>	<b>1,711,948</b>	<b>1,646,496</b>
<b>Funded by: Reserves</b>				
Revenue Reserve	(303,537)	(23,799)	(327,336)	(346,133)
Capital Reserve	(114,106)	347	(113,759)	(113,759)
Revaluation Reserve	(1,315,602)	44,749	(1,270,853)	(1,186,604)
<b>Total Reserves</b>	<b>(1,733,245)</b>	<b>21,298</b>	<b>(1,711,948)</b>	<b>(1,646,496)</b>



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

Rental Income – Land & Buildings	2021/22			2022/23	
	Approv'd Budget	Actuals	Actual Net (Return) /Loss	Propos'd Budget	Propos'd Net Return
	£	£	£	£	£
Chambers Institution	0	0	3,750	0	14,850
Peebles Library	0	0	0	0	0
Contact Centre	0	0	0	0	0
Burgh Chambers (Registrars)	0	0	0	0	0
Museum & Art Gallery	0	0	0	0	0
Peebles Burgh Hall	0	0	0	0	0
25 High Street	(10,500)	(10,500)	(10,521)	(10,500)	(10,525)
John Buchan Museum Trust	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)
Offices Chambers Institution	(2,004)	(2,004)	(2,004)	(2,004)	(2,004)
Visit Scotland	0	0	0	0	0
Burgh Hall Allotments	0	0	0	0	0
<b>Total</b>	<b>(17,454)</b>	<b>(17,454)</b>	<b>(13,725)</b>	<b>(17,454)</b>	<b>(2,629)</b>

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

Property Expenditure – Land & Buildings	2021/22				2022/23
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Propos'd Budget
	£	£	£	£	£
Chambers Institution	18,600	0	3,750	<b>3,750</b>	14,850
Peebles Library	0	0	0	<b>0</b>	0
Contact Centre	0	0	0	<b>0</b>	0
Burgh Chambers (Registrars)	0	0	0	<b>0</b>	0
Museum & Art Gallery	0	0	0	<b>0</b>	0
Peebles Burgh Hall	0	0	0	<b>0</b>	0
25 High Street	0	0	(21)	<b>(21)</b>	(25)
John Buchan Museum Trust	0	0	0	<b>0</b>	0
Offices Chambers Institution	0	0	0	<b>0</b>	0
Visit Scotland	0	0	0	<b>0</b>	0
Burgh Hall Allotments	0	0	0	<b>0</b>	0
<b>Total</b>	<b>18,600</b>	<b>0</b>	<b>3,729</b>	<b>3,729</b>	<b>14,825</b>

**PROPERTY PORTFOLIO VALUATION FOR 2021/22**

**(Actual property valuation to 31 March 2022 and projected to 31 March 2023)**

<b>Fixed Assets – Land &amp; Buildings</b>	<b>Net Book Value at 01/04/21</b>	<b>Adjustment (see Para 4.9 above)</b>	<b>Depn Charge 2021/22</b>	<b>Net Book Value at 31/03/22</b>	<b>Project'd Depn Charge 2022/23</b>	<b>Project'd Net Book Value at 31/03/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chambers Institution	60,238	23,334	(3,464)	80,108	(3,464)	76,644
Peebles Library	180,857	0	(14,071)	166,786	(14,071)	152,715
Contact Centre	65,006	15,766	(3,364)	77,408	(3,364)	74,044
Burgh Chambers (Registrar)	138,433	0	(5,784)	132,649	(5,784)	126,865
Museum & Art Gallery	344,615	0	(27,693)	316,922	(27,693)	289,229
Peebles Burgh Hall	271,506	0	(19,247)	252,259	(19,247)	233,012
25 High Street	83,605	0	(3,548)	80,057	(3,548)	76,509
John Buchan Museum Trust	45,799	0	(1,850)	43,949	(1,850)	42,099
Offices Chambers Institution	32,471	0	(1,264)	31,207	(1,264)	29,943
Visit Scotland	93,072	0	(3,964)	89,108	(3,964)	85,144
Burgh Hall Allotments	0	400	0	400	0	400
<b>Total</b>	<b>1,315,602</b>	<b>39,500</b>	<b>(84,249)</b>	<b>1,270,853</b>	<b>(84,249)</b>	<b>1,186,604</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Aegon Asset Management Investment (February 2018)	99,576	107,811
Aegon Fund Rebate – (2018-19)	102	110
Aegon Investment (August 2019)	137,602	150,000
Aegon Fund Rebate – (2019-20)	151	169
Aegon Investment (November 2020)	76,146	80,000
Aegon Fund Rebate – (2020-21)	259	263
Aegon Fund Rebate – (2021-22)	314	343
<b>Total Invested to 31 March 2022</b>	<b>314,150</b>	<b>338,696</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2018	107,464
31 March 2019	108,669
31 March 2020	218,104
31 March 2021	342,459
30 June 2021	344,238
30 September 2021	341,184
31 December 2021	353,394
31 March 2022	342,455
<b>Unrealised Gain/(Loss) on Investment</b>	<b>3,759</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
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02
to 31 March 2022	+0.68	+22.56

