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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**

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

**26 July 2023**

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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 2022/23 including balance sheet values as at 31 March 2023, a full year projected out-turn for 2022/23, and projected balance sheet values as at 31 March 2024.**
- 1.2 Appendix 1 provides the actual income and expenditure position for 2022/23. This shows a surplus of £83,508 for the year, which is better than the previously reported surplus on 8 June 2022, as a result of the grant received from Place Based Investment Program.
- 1.3 Appendix 2 provides a balance sheet value as at 31 March 2023. It shows an actual decrease in reserves of £65,853.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing actual rental income and net return for 2022/23.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing actual property expenditure for 2022/23.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2023.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund at 31 March 2023.

#### **2 RECOMMENDATIONS**

##### **2.1 I recommend that the Trust 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 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 2023 and proposed budgets for 2023/24. The report also contains a projected balance sheet for the Trust as at 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 net position for the year is a surplus of £83,508. Also included is the proposed budget for 2023/24.

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

Rental income for 2022/23 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 projected out-turn position shows an amount of £1,196 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 £18,657, with the projection for 2023/24 remaining at 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 £364 which, along with the £85 received in March 2022, has been re-invested to purchase an additional 462 units. Rebate income received in March 2021 of £91 has been accounted for within income but the corresponding 94 units were not purchased until April 2023.
- (c) Income of £100,000.00 was received from the Place Based Investment Program for works on the Burgh Hall. The majority of the works have been carried out, however some additional works have been required and will be completed in 2023/24. The sub-Committee will be updated on this issue as further information becomes available.

#### **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 from Estates.

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

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

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 March 2023</b>		<b>0</b>
<b>Total Paid to 31 March 2023</b>		<b>0</b>
<b>Budget 2022/23</b>		<b>0</b>
<b>(Unallocated)/Overallocated Budget</b>		<b>0</b>

#### 4.6 Income & Expenditure – Depreciation Charge

The depreciation charge for the year is £103,620 an increase of £19,371 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.

4.7 Appendix 2 provides the actual balance sheet value as at 31 March 2023 and with projected balance to 31 March 2024.

#### 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, 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, 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:

<b>Asset Adjustments</b>	<b>Re-valuation as at 31/3/2022 £</b>
Chambers Institution	10,392
Peebles Library	42,214
Contact Centre	10,092
Burgh Chambers (Registrars)	17,352
Museum & Art Gallery	83,078
Peebles Burgh Hall	57,740
25 High Street	10,643
John Buchan Museum Trust	5,550
Offices Chambers Institution	3,792
Visit Scotland	11,892
	<b>252,745</b>

#### 4.9 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, taking account of the income received, the fund has achieved a return of 13.46% since investment in February 2018.

#### 4.10 Balance Sheet – Cash Balance

The cash held by the fund is £118,855 at 31 March 2023 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2022</b>	<b>98,136</b>
Projected Surplus for year from Income & Expenditure Statement	83,508
Net cash movement in Debtors/Creditors	(2,340)
Investment in Aegon Asset Management	(60,000)
Rebate Investment in Aegon	(449)
<b>Projected Closing Balance at 31 March 2023</b>	<b>118,855</b>

#### 4.11 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 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

**Suzy Douglas**  
**Acting Chief Financial Officer**

### Author(s)

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### Background Papers:

**Previous Minute Reference:** Chambers Institution Trust Committee 8 June 2022

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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

**CHAMBERS INSTITUTION TRUST  
ACTUAL INCOME AND EXPENDITURE 2022/23**

**APPENDIX 1**

	<b>Actuals at 31/03/23</b>	<b>Full Year Approved Budget 2022/23</b>	<b>Over/ (Under) Spend 2022/23</b>	<b>Full Year Projected Budget 2023/24</b>	<b>Para Ref</b>	<b>Commentary</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>		
<b>Property Income</b>						
Rental Income	(17,425)	(17,454)	29	(17,454)	4.2	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	(1,196)	(128)	(1,068)	(128)	4.3	Est. 5% return
Investment Funds – Dividends Rec'd	(18,657)	(15,700)	(2,957)	(18,680)	4.3	
Other Income	(364)	(340)	(24)	(340)	4.3	
Grant – Place Based Investment Program	(100,000)	0	(100,000)	0		
<b>Total Income</b>	<b>(137,642)</b>	<b>(33,622)</b>	<b>(104,020)</b>	<b>(36,602)</b>		
<b>Property Expenditure</b>						
Property Costs	54,134	14,825	39,309	31,300	4.4	
<b>Total Property Expenditure</b>	<b>54,134</b>	<b>14,825</b>	<b>39,309</b>	<b>31,300</b>		
<b>Grants &amp; Other Donations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	4.5	
<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	103,620	84,249	19,371	103,620	4.6	
Contribution from Revaluation Reserve	(103,620)	(84,249)	(19,371)	(103,620)		
<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>(83,508)</b>	<b>(18,797)</b>	<b>(64,711)</b>	<b>(5,302)</b>		

## 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
<b>Fixed Assets</b>				
Land & Buildings	1,523,600	(103,620)	1,419,980	1,316,360
<b>Total Fixed Assets</b>	<b>1,523,600</b>	<b>(103,620)</b>	<b>1,419,980</b>	<b>1,316,360</b>
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	338,696	60,449	399,145	399,594
Unrealised Gains/(Loss)	3,759	(45,741)	(41,982)	(41,982)
<b>Market Value</b>	<b>342,455</b>	<b>14,708</b>	<b>357,163</b>	<b>357,612</b>
<b>Current Assets</b>				
Debtors	1,594	4,712	6,306	6,306
Cash deposited with SBC	98,136	20,719	118,855	123,708
<b>Total Current Assets</b>	<b>99,730</b>	<b>25,431</b>	<b>125,161</b>	<b>130,014</b>
<b>Current Liabilities</b>				
Creditors	0	(3,246)	(3,246)	(3,246)
Receipts in Advance	(1,090)	874	(216)	(216)
<b>Total Current Liabilities</b>	<b>(1,090)</b>	<b>(2,372)</b>	<b>(3,462)</b>	<b>(3,462)</b>
<b>Net Assets</b>	<b>1,711,948</b>	<b>(65,853)</b>	<b>1,898,842</b>	<b>1,800,524</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve	(327,336)	(83,508)	(410,844)	(416,146)
Capital Reserve	(113,759)	45,741	(68,018)	(68,018)
Revaluation Reserve	(1,270,853)	103,620	(1,419,980)	(1,316,360)
<b>Total Reserves</b>	<b>(1,711,948)</b>	<b>65,853</b>	<b>(1,898,842)</b>	<b>(1,800,524)</b>



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

Rental Income – Land & Buildings	2022/23			2023/24	
	Approv'd Budget	Actuals as at 31/03/23	Actual Net (Return) /Loss	Proposed Budget	Proposed Net (Return) /Loss
	£	£	£	£	£
Chambers Institution	0	0	1,646	0	0
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	52,523	0	31,300
25 High Street	(10,500)	(10,471)	(10,506)	(10,500)	(10,500)
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>(17,425)</b>	<b>36,709</b>	<b>(17,454)</b>	<b>13,846</b>

**PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23**  
**(Actual expenditure to 31 March 2023 and projected 2023/24)**

Property Expenditure – Land & Buildings	2022/23				2023/24
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Proposed Budget
	£	£	£	£	£
Chambers Institution	14,850	1,646	0	<b>1,646</b>	0
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	52,523	0	<b>52,523</b>	31,300
25 High Street	(25)	0	(35)	<b>(35)</b>	0
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>14,825</b>	<b>54,169</b>	<b>(35)</b>	<b>(54,134)</b>	<b>31,300</b>

## PROPERTY PORTFOLIO VALUATION FOR 2022/23

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

Fixed Assets – Land & Buildings	Net Book Value at 31/03/22 (previously reported) £	Adjustment (See note 4.8)  £	Net Book Value at 01/04/22  £	Revised Depn Charge 2022/23  £	Net Book Value at 31/03/23  £	Project'd Depn Charge 2023/24  £	Project'd Net Book Value at 31/03/24  £
Chambers Institution	80,108	10,392	90,500	(3,936)	86,564	3,936)	82,628
Peebles Library	166,786	42,214	209,000	(17,909)	191,091	(17,909)	173,182
Contact Centre	77,408	10,092	87,500	(3,823)	83,677	(3,823)	79,854
Burgh Chambers (Registrar)	132,648	17,352	150,000	(6,573)	143,427	(6,573)	136,854
Museum & Art Gallery	316,922	83,078	400,000	(35,245)	364,755	(35,245)	329,510
Peebles Burgh Hall	252,260	57,740	310,000	(24,058)	285,942	(24,058)	261,884
25 High Street	80,057	10,643	90,700	(4,032)	86,668	(4,032)	82,636
John Buchan Museum Trust	43,950	5,550	49,500	(2,102)	47,398	(2,102)	45,296
Offices Chambers Institution	31,208	3,792	35,000	(1,436)	33,564	(1,436)	32,128
Visit Scotland	89,108	11,892	101,000	(4,506)	96,494	(4,506)	91,988
Burgh Hall Allotments	400	0	400	0	400	0	400
<b>Total</b>	<b>1,270,855</b>	<b>252,745</b>	<b>1,523,600</b>	<b>(103,620)</b>	<b>1,419,980</b>	<b>(103,620)</b>	<b>1,316,360</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Aegon Capital 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
Aegon Investment – (June 2022)	58,910	60,000
Aegon Fund Rebate – (2022-23)	462	449
<b>Total Invested to 31 March 2023</b>	<b>373,522</b>	<b>399,145</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
31 March 2022	342,455
30 June 2022	361,722
30 September 2022	338,974
31 December 2022	358,030
31 March 2023	357,163
<b>Unrealised Gain/(Loss) on Investment</b>	<b>(41,982)</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
to 30 June 2022	-10.46	+10.70
to 30 September 2022	-16.12	+5.84
to 31 December 2022	-11.43	+12.81
to 31 March 2023	-11.69	+13.46

