

REPORT TO: East Lothian Council

MEETING DATE: 26 August 2014

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Common Good Funds – Budget 2014/15 to 2016/17

1 PURPOSE

- 1.1 To seek approval for the budgets for the Dunbar, Haddington, Musselburgh and North Berwick Common Good Funds over this and the following two years and to recommend that Fund Committees develop their local expenditure proposals within these budgets.

2 RECOMMENDATIONS

- 2.1 As required under the Common Good Funds Scheme of Administration (the Scheme), the Council is recommended to approve the budgets for the four Common Good funds for 2014/15 to 2016/17. These are contained at Appendices 1a – 1d.
- 2.2 The Council is asked to note the investment performance of long-term Common Good fund balances with East Lothian Council's investment managers, Investec Wealth & Investment Ltd.

3 BACKGROUND

- 3.1 Appendices 2a – 2d show the final income and expenditure figures for 2013/14 for each of the Common Good funds. The Common Good is accounted for in accordance with the latest local government accounting standards including the LASAAC guidance, "Accounting for The Common Good Fund". The accounts for the Common Good have also now been restated and prepared to comply with the International Financial Reporting Standards (IFRS).
- 3.2 At 1 April 2014 the accumulated funds for each of the Common Good funds were as follows:

<u>Common Good Fund</u>	<u>£000</u>
Dunbar	94
Haddington	281
Musselburgh	3,765
North Berwick	247
Total	4,387

- 3.3 The Scheme requires the Council to approve an annual budget for each of the four Common Good Funds. The budgets for 2014/15 to 2016/17 are detailed in Appendix 1.
- 3.4 The budgets are based on historical spending patterns and known commitments for 2014-15 and beyond. In the first instance income is used to maintain the assets with any surplus funds being used to benefit the inhabitants of the area covered by the fund.
- 3.5 Each of the Common Good funds is administered by a committee which has the authority to award grants of up to £10,000 provided they meet the criteria detailed in the Scheme. Details of the grants awarded by each of the Common Good Committees are reported quarterly in the Members Library.

The Common Good Committees have authority to make recommendations regarding expenditure over £10,000; however a decision by the Council is required before these recommendations can be actioned.

Investments

- 3.6 East Lothian Council currently uses an external investment broker, Investec Wealth & Investment Ltd to manage an investment portfolio on behalf of the charitable trusts which the council is responsible for administering and the Common Good Fund balances have been added to this portfolio:

	£	£	£
<u>Common Good</u>	<u>Invested</u> <u>2009/10</u>	<u>Valuation at</u> <u>31 March 2014</u>	<u>Projected Income</u> <u>2014/15</u>
Dunbar	20,000	23,750	696
Haddington	55,000	65,312	1,913
Musselburgh	2,180,000	2,589,847	75,870

North Berwick	125,000	148,435	4,348
<u>TOTAL</u>	2,380,000	2,827,344	82,827

3.7 It is recommended that the investment policy for the Common Good funds continue to be the same as that which applies to current investment portfolio. This policy is to balance growth in income and capital over the long term with a medium level of risk. There are no other restrictions on the investments.

4 POLICY IMPLICATIONS

4.1 None

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

5.1 Financial – as set out in the report

5.2 Personnel – none

5.3 Other - none

7 BACKGROUND PAPERS

7.1 Council 27 August 2007 – “Common Good Funds” Accounting for the Common Good Fund: A Guidance Note for Practitioners (LASAAC December 2007)

7.2 Council 23 April 2013 – Common Good Funds – Budget 2013/14 to 2015/16

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DATE	18 August 2014

Dunbar Common Good

Income & Expenditure Budget

	Actual 2012/13 £000	Actual 2013/14 £000	Budget 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000
Expenditure					
Employees	2	1	2	2	2
Premises Repairs & Maintenance	14	9	14	14	14
Premises - Rates	0	0	0	0	0
Supplies & Services	3	2	3	3	3
Grants	4	2	4	4	4
Total Expenditure	23	14	23	23	23
Income					
Rents & other income	(25)	(25)	(25)	(25)	(25)
Interest / Investment Income	(1)	(1)	(1)	(1)	(1)
Total Income	(26)	(26)	(26)	(26)	(26)
Net Surplus for the Year	(3)	(12)	(3)	(3)	(3)
Common Good Fund opening balance	(35)	(38)	(50)	(53)	(56)
Accumulated fund	(38)	(50)	(53)	(56)	(59)

Haddington Common Good

Income & Expenditure Budget

	Actual 2012/13 £000	Actual 2013/14 £000	Budget 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000
Expenditure					
Repairs & Maintenance	0	0	2	2	2
Supplies & Services	2	2	2	2	2
Grants	4	92	10	10	10
Total Expenditure	6	94	14	14	14
Income					
Rents	(34)	(34)	(34)	(34)	(34)
Interest / Investment Income	(2)	(5)	(2)	(2)	(2)
Total Income	(36)	(39)	(36)	(36)	(36)
Net Surplus for the Year	(30)	55	(22)	(22)	(22)
Common Good Fund opening balance	(336)	(366)	(366)	(388)	(410)
Accumulated fund	(366)	(311)	(388)	(410)	(432)
Proposals under consideration					
None					

Musselburgh Common Good

Income & Expenditure Budget

	Actual 2012/13 £000	Actual 2013/14 £000	Budget 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000
Expenditure					
Premises Repairs & Maintenance	40	43	41	42	43
Premises - Utilities	3	0	4	5	6
Premises - Rates	14	14	15	16	17
Premises - Cleaning & Janitorial	22	0	23	24	25
Supplies & Services	34	72	35	36	37
Grants	121	33	100	100	100
Total Expenditure	234	162	218	223	228
Income					
Ash Lagoons	-73		0	0	0
Rents	-350	-366	-350	-350	-350
Interest / Investment Income	-74	-155	-70	-70	-70
Total Income	-497	-521	-420	-420	-420
Net Surplus for the Year	-263	-359	-202	-197	-192
Common Good Fund opening balance	-3143	-3406	-3765	-3,967	-4,164
Accumulated fund	-3406	-3765	-3967	-4,164	-4,356

North Berwick Common Good
Income & Expenditure Budget

	Actual 2012/13 £000	Actual 2013/14 £000	Budget 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000
Expenditure					
Premises Costs - Repairs & Maintenance	0	0	3	3	3
Premises Costs - Rates	2	2	3	3	3
Supplies & Services	2	3	3	3	3
Grants	7	10	10	10	10
Total Expenditure	11	15	19	19	19
Income					
Rents	(34)	(27)	(34)	(34)	(34)
Interest / Investment Income	(4)	(6)	(4)	(4)	(4)
Total Income	(38)	(33)	(38)	(38)	(38)
Net Surplus for the Year	(27)	(18)	(19)	(19)	(19)
Common Good Fund opening balance	(202)	(229)	(247)	(266)	(285)
Accumulated fund	(229)	(247)	(266)	(285)	(304)

Dunbar Common Good Account

2012/13 £000s	2013/14 £000s
Income	
(25) Rents and other income	(25)
<u>(25)</u>	<u>(25)</u>
Expenditure	
2 Employees	1
14 Premises-related expenditure	9
3 Supplies and services	2
4 Third party payments	2
26 Depreciation	25
<u>49</u>	<u>39</u>
24 Cost of Services	14
- Gains/Losses on the disposal of non current assets	(1)
(1) Financing and investment income and expenditure	(1)
<u>23 (Surplus) or Deficit on Provision of Services</u>	<u>13</u>
- Surplus or deficit on revaluation of Property, Plant and Equipment	-
(2) Surplus or deficit on revaluation of available for sale financial instruments	-
<u>(2) Other Comprehensive Income and Expenditure</u>	<u>-</u>
21 Total Comprehensive Income and Expenditure	13

Dunbar Common Good Balance Sheet

31 March 2013 £000s	31 March 2014 £000s
1,177 Property, Plant & Equipment	1,151
23 Long Term Investments	23
251 Long Term Debtors	251
<u>1,451 Long Term Assets</u>	<u>1,425</u>
- Sundry debtors	1
62 Short-term loans	74
<u>62 Current Assets</u>	<u>75</u>
- Short-term creditors	-
<u>- Current Liabilities</u>	<u>-</u>
1,513 Net Assets	1,500
(3) Financial Instruments Adjustment Reserve	(3)
(562) Revaluation Reserve	(552)
(867) Capital Adjustment Account	(851)
(81) Common Good Fund	(94)
<u>(1,513) Total Reserves</u>	<u>(1,500)</u>

Haddington Common Good Account

2012/13 £000s	2013/14 £000s
Income	
(35) Rents and other income	(34)
<u>(35)</u>	<u>(34)</u>
Expenditure	
- Employees	-
- Premises-related expenditure	
2 Supplies and services	2
4 Third party payments	92
- Depreciation	
<u>6</u>	<u>94</u>
(29) Cost of Services	60
- Gains on the disposal of non current assets	(2)
(1) Financing and investment income and expenditure	(3)
<u>(30) (Surplus) or Deficit on Provision of Services</u>	<u>55</u>
- Surplus or deficit on revaluation of Property, Plant and Equipment	-
(5) Surplus or deficit on revaluation of available for sale financial instruments	(3)
<u>(5) Other Comprehensive Income and Expenditure</u>	<u>(3)</u>
(35) Total Comprehensive Income and Expenditure	52

Haddington Common Good Balance Sheet

31 March 2013 £000s	31 March 2014 £000s
- Property, Plant & Equipment	29
61 Long Term Investments	64
372 Long Term Debtors	334
Long Term Assets	
<u>433</u>	<u>427</u>
1 Sundry debtors	1
128 Short-term loans	82
129 Current Assets	83
- Short-term creditors	-
- Current Liabilities	-
562 Net Assets	510
(7) Financial Instruments Adjustment Reserve	(10)
- Revaluation Reserve	-
(219) Capital Adjustment Account	(219)
(336) Common Good Fund	(281)
(562) Total Reserves	(510)

Musselburgh Common Good Account

2012/13 £000s	2013/14 £000s
Income	
(425)	(376)
Rents and other income	
<u>(425)</u>	<u>(376)</u>
Expenditure	
-	-
80	47
34	82
121	33
44	44
Employees	
Premises-related expenditure	
Supplies and services	
Third party payments	
Depreciation	
<u>279</u>	<u>206</u>
(146) Cost of Services	(170)
-	(64)
(74)	(81)
Gains on the disposal of non current assets	
Financing and investment income and expenditure	
<u>(220)</u>	<u>(315)</u>
(Surplus) or Deficit on Provision of Services	
-	-
(243)	(79)
Surplus or deficit on revaluation of available for sale financial instruments	
(243) Other Comprehensive Income and Expenditure	(79)
<u>(463)</u>	<u>(394)</u>
Total Comprehensive Income and Expenditure	

Musselburgh Common Good Balance Sheet

31 March 2013 £000s	31 March 2014 £000s
1,359	1,316
2,440	2,558
747	746
Property, Plant & Equipment	
Long Term Investments	
Long Term Debtors	
<u>4,546</u>	<u>4,620</u>
Long Term Assets	
35	48
1,246	1,553
Sundry debtors	
Short-term loans	
<u>1,281</u>	<u>1,601</u>
Current Assets	
(1)	(1)
Short-term creditors	
(1) Current Liabilities	(1)
<u>5,826</u>	<u>6,220</u>
Net Assets	
(314)	(393)
(171)	(170)
(1,935)	(1,892)
(3,406)	(3,765)
Financial Instruments Adjustment Reserve	
Revaluation Reserve	
Capital Adjustment Account	
Common Good Fund	
<u>(5,826)</u>	<u>(6,220)</u>
Total Reserves	

North Berwick Common Good Account

2012/13 £000s	2013/14 £000s
Income	
(33) Rents and other income	(24)
<u>(33)</u>	<u>(24)</u>
Expenditure	
- Employees	-
2 Premises-related expenditure	2
2 Supplies and services	3
7 Third party payments	10
8 Depreciation	8
<u>19</u>	<u>23</u>
(14) Cost of Services	(1)
- Gains on the disposal of non current assets	(4)
(4) Financing and investment income and expenditure	(5)
<u>(18) (Surplus) or Deficit on Provision of Services</u>	<u>(10)</u>
- Surplus or deficit on revaluation of Property, Plant and Equipment	-
(13) Surplus or deficit on revaluation of available for sale financial instruments	(5)
<u>(13) Other Comprehensive Income and Expenditure</u>	<u>(5)</u>
<u>(31) Total Comprehensive Income and Expenditure</u>	<u>(15)</u>

North Berwick Common Good Balance Sheet

31 March 2013 £000s	31 March 2014 £000s
270 Property, Plant & Equipment	263
139 Long Term Investments	147
- Long Term Debtors	-
<u>409</u> Long Term Assets	<u>410</u>
2 Sundry debtors	3
105 Short-term loans	120
<u>107</u> Current Assets	<u>123</u>
- Short-term creditors	-
<u>-</u> Current Liabilities	<u>-</u>
<u>516</u> Net Assets	<u>533</u>
(17) Financial Instruments Adjustment Reserve	(23)
(71) Revaluation Reserve	(70)
(199) Capital Adjustment Account	(193)
(229) Common Good Fund	(247)
<u>(516) Total Reserves</u>	<u>(533)</u>