

REPORT TO: East Lothian Council

MEETING DATE: 25 August 2015

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Common Good Funds – Budget 2015/16 to 2017/18

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 dated 17 August 2007 (the Scheme), the Council is recommended to approve the budgets for the four Common Good funds for 2015/16 to 2017/18. 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 2014/15 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 31 March 2015 the accumulated funds for each of the Common Good funds based on the unaudited accounts were as follows:

<u>Common Good Fund</u>	<u>£000</u>
Dunbar	58
Haddington	465
Musselburgh	4,166
North Berwick	270
Total	4,959

- 3.3 The Scheme requires the Council to approve an annual budget for each of the four Common Good Funds. The budgets for 2015/16 to 2017/18 are detailed in **Appendices 1a – 1d**.
- 3.4 The budgets are rolled forward from the previous year and are based on historical spending patterns and known commitments for 2015/16 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:

	£	£	£
Common Good	Original Investment 2009-10	Valuation at 31 March 2015	Projected Income 2015-16
Dunbar	20,000	25,648	704
Haddington	55,000	70,531	1,937
Musselburgh	2,180,000	2,796,817	76,794
North Berwick	125,000	160,298	4,401
TOTAL	2,380,000	3,053,294	83,836

- 3.7 It is recommended that the investment policy for the Common Good funds continues to be the same as that which applies to the 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

- 6.1 Financial – as set out in the report
- 6.2 Personnel – None.
- 6.3 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 26 August 2014 – Common Good Funds – Budget 2014-15 to 2016-17

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DATE	10 August 2015

Dunbar Common Good

Income & Expenditure Budget

	Actual 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000
Expenditure				
Employees	1	2	2	2
Premises Repairs & Maintenance	13	14	14	14
Premises - Rates	0	0	0	0
Supplies & Services	2	3	3	3
Grants	3	4	4	4
Total Expenditure	19	23	23	23
Income				
Rents & other income	(25)	(25)	(25)	(25)
Interest / Investment Income	(1)	(1)	(1)	(1)
Total Income	(26)	(26)	(26)	(26)
Net Surplus for the Year	(7)	(3)	(3)	(3)
Common Good Fund opening balance	(51)	(58)	(61)	(64)
Accumulated fund	(58)	(61)	(64)	(67)

Haddington Common Good

Income & Expenditure Budget

	Actual 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000
Expenditure				
Supplies & Services	2	2	2	2
Grants	5	5	5	5
Total Expenditure	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Income				
Rents	(34)	(34)	(34)	(34)
Interest / Investment Income	(2)	(2)	(2)	(2)
Total Income	<u>(36)</u>	<u>(36)</u>	<u>(36)</u>	<u>(36)</u>
Net Surplus for the Year	<u>(29)</u>	<u>(29)</u>	<u>(29)</u>	<u>(29)</u>
Common Good Fund opening balance	(436)	(465)	(494)	(523)
Accumulated fund	<u>(465)</u>	<u>(494)</u>	<u>(523)</u>	<u>(552)</u>
Proposals under consideration				
None				

Musselburgh Common Good

Income & Expenditure Budget

	Actual 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000
Expenditure				
Premises Repairs & Maintenance	12	15	15	15
Premises - Utilities	(1)	0	0	0
Premises - Rates	15	16	17	17
Premises - Cleaning & Janitorial	16	17	18	19
Supplies & Services	35	36	37	37
Grants	123	150	150	150
Total Expenditure	200	234	237	238
Income				
Rents	(354)	(355)	(355)	(355)
Interest / Investment Income	(82)	(77)	(80)	(80)
Total Income	(436)	(432)	(435)	(435)
Net Surplus for the Year	(236)	(198)	(198)	(197)
Common Good Fund opening balance	(3,894)	(4,166)	(4,364)	(4,562)
Accounting Adjustment	(36)			
Accumulated fund	(4,166)	(4,364)	(4,562)	(4,759)

Proposals agreed in 2014-15

£000

Riding of the Marches 2016

50

Total

50

North Berwick Common Good
Income & Expenditure Budget

	Actual 2014/15 £000	Budget 2015/16 £000	Budget 2016/17 £000	Budget 2017/18 £000
Expenditure				
Premises Costs - Repairs & Maintenance	0	2	2	2
Premises Costs - Rates	2	3	3	3
Supplies & Services	2	3	3	3
Grants	0	10	10	10
Total Expenditure	<u>4</u>	<u>18</u>	<u>18</u>	<u>18</u>
Income				
Rents	(36)	(36)	(36)	(36)
Interest / Investment Income	(5)	(4)	(4)	(4)
Total Income	<u>(41)</u>	<u>(40)</u>	<u>(40)</u>	<u>(40)</u>
Net Surplus for the Year	<u>(37)</u>	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>
Common Good Fund opening balance	(235)	(270)	(292)	(314)
Accounting adjustments	2			
Accumulated fund	<u>(270)</u>	<u>(292)</u>	<u>(314)</u>	<u>(336)</u>

Dunbar Common Good Account

2013/14 £000s	2014/15 £000s
Income	
(25) Rents and other income	(25)
<u>(25)</u>	<u>(25)</u>
Expenditure	
1 Employees	1
9 Premises-related expenditure	13
2 Supplies and services	2
2 Third party payments	3
26 Depreciation	26
<u>39</u>	<u>45</u>
14 Cost of Services	20
(1) Gains/Losses on the disposal of non current assets	(0)
(1) Financing and investment income and expenditure	(1)
13 (Surplus) or Deficit on Provision of Services	19
- Surplus or deficit on revaluation of Property, Plant and Equipment	447
- Surplus or deficit on revaluation of available for sale financial instruments	-
- Other Comprehensive Income and Expenditure	447
13 Total Comprehensive Income and Expenditure	466

Appendix 2a

Dunbar Common Good Balance Sheet

31 March 2014 £000s	31 March 2015 £000s
1,151 Property, Plant & Equipment	678
23 Long Term Investments	24
252 Long Term Debtors	252
<u>1,426</u> Long Term Assets	<u>954</u>
1 Sundry debtors	1
74 Short-term loans	81
<u>75</u> Current Assets	<u>82</u>
(0) Short-term creditors	(1)
Long-term Liabilities	
- Grants Deferred	-
(0) Current Liabilities	(1)
1,501 Net Assets	1,035
(4) Financial Instruments Adjustment Reserve	(4)
(552) Revaluation Reserve	(94)
(894) Capital Adjustment Account	(879)
(51) Common Good Fund	(58)
(1,501) Total Reserves	(1,035)

Haddington Common Good Account

2013/14 £000s	2014/15 £000s
Income	
(34) Rents and other income	(34)
<u>(34)</u>	<u>(34)</u>
Expenditure	
- Employees	-
- Premises-related expenditure	-
2 Supplies and services	2
92 Third party payments	5
- Depreciation	
<u>94</u>	<u>7</u>
60 Cost of Services	(27)
(2) Gains on the disposal of non current assets	(1)
(3) Financing and investment income and expenditure	(2)
<u>55 (Surplus) or Deficit on Provision of Services</u>	<u>(30)</u>
- Surplus or deficit on revaluation of Property, Plant and Equipment	-
(3) Surplus or deficit on revaluation of available for sale financial instruments	-
<u>(3) Other Comprehensive Income and Expenditure</u>	<u>-</u>
<u>52 Total Comprehensive Income and Expenditure</u>	<u>(30)</u>

Appendix 2b

Haddington Common Good Balance Sheet

31 March 2014 £000s	31 March 2015 £000s
29 Property, Plant & Equipment	29
65 Long Term Investments	65
335 Long Term Debtors	325
Long Term Assets	
<u>428</u>	<u>419</u>
1 Sundry debtors	1
82 Short-term loans	120
82 Current Assets	121
- Short-term creditors	-
Long-term Liabilities	
- Grants Deferred	-
- Current Liabilities	-
<u>510 Net Assets</u>	<u>540</u>
(10) Financial Instruments Adjustment Reserve	(11)
- Revaluation Reserve	-
(64) Capital Adjustment Account	(64)
(436) Common Good Fund	(465)
<u>(510) Total Reserves</u>	<u>(540)</u>

Musselburgh Common Good Account

2013/14 £000s	2014/15 £000s
Income	
(376) Rents and other income	(354)
<u>(376)</u>	<u>(354)</u>
Expenditure	
- Employees	-
47 Premises-related expenditure	42
82 Supplies and services	35
33 Third party payments	123
44 Depreciation / Impairment	61
<u>207</u>	<u>261</u>
<u>(170)</u> Cost of Services	<u>(93)</u>
(64) Gains on the disposal of non current assets	(34)
(81) Financing and investment income and expenditure	(82)
<u>(315)</u> (Surplus) or Deficit on Provision of Services	<u>(210)</u>
- Surplus or deficit on revaluation of Property, Plant and Equipment	(403)
(79) Surplus or deficit on revaluation of available for sale financial instruments	(52)
<u>(79)</u> Other Comprehensive Income and Expenditure	<u>(455)</u>
<u>(394)</u> Total Comprehensive Income and Expenditure	<u>(665)</u>

Appendix 2c

Musselburgh Common Good Balance Sheet

31 March 2014 £000s	31 March 2015 £000s
1,315 Property, Plant & Equipment	1,656
2,558 Long Term Investments	2,633
747 Long Term Debtors	747
<u>4,620</u> Long Term Assets	<u>5,035</u>
48 Sundry debtors	53
1,552 Short-term loans	1,796
<u>1,600</u> Current Assets	<u>1,849</u>
(1) Short-term creditors	(1)
Long-term Liabilities	
- Grants Deferred	-
<u>(1)</u> Current Liabilities	<u>(1)</u>
<u>6,219</u> Net Assets	<u>6,883</u>
(393) Financial Instruments Adjustment Reserve	(445)
(170) Revaluation Reserve	(571)
(1,762) Capital Adjustment Account	(1,701)
(3,894) Common Good Fund	(4,166)
<u>(6,219)</u> Total Reserves	<u>(6,883)</u>

North Berwick Common Good Account

2013/14 £000s	2014/15 £000s
Appendix 2d	
Income	
(24) Rents and other income	(36)
<u>(24)</u>	<u>(36)</u>
Expenditure	
- Employees	-
2 Premises-related expenditure	2
3 Supplies and services	2
10 Third party payments	-
8 Depreciation	8
<u>23</u>	<u>12</u>
(1) Cost of Services	(24)
(4) Gains on the disposal of non current assets	(2)
(5) Financing and investment income and expenditure	(5)
(10) (Surplus) or Deficit on Provision of Services	(31)
- Surplus or deficit on revaluation of Property, Plant and Equipment	(155)
(5) Surplus or deficit on revaluation of available for sale financial instruments	
(5) Other Comprehensive Income and Expenditure	(155)
(15) Total Comprehensive Income and Expenditure	(185)

North Berwick Common Good Balance Sheet

31 March 2014 £000s	31 March 2015 £000s
263 Property, Plant & Equipment	410
147 Long Term Investments	151
- Long Term Debtors	
Long Term Assets	
<u>409</u>	<u>561</u>
3 Sundry debtors	3
120 Short-term loans	155
123 Current Assets	158
(0) Short-term creditors	(0)
Long-term Liabilities	
- Grants Deferred	-
(0) Current Liabilities	(0)
532 Net Assets	718
(23) Financial Instruments Adjustment Reserve	(26)
(70) Revaluation Reserve	(221)
(205) Capital Adjustment Account	(201)
(235) Common Good Fund	(270)
(532) Total Reserves	(718)