

**REPORT TO:** East Lothian Council

**MEETING DATE:** 27 June 2017

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Common Good Funds – Budget 2017/18 to 2019/20

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## **1 PURPOSE**

- 1.1 To approve the budgets for the Dunbar, Haddington, Musselburgh and North Berwick Common Good Funds for 2017/18 to 2019/20, and to recommend that the Fund Committees consider any grant application proposals within these budgets.

## **2 RECOMMENDATIONS**

- 2.1 The Council is recommended to:
- Note the draft financial results for 2016/17 on each of the Common Good Funds.
  - Approve the 2017/18 to 2019/20 budgets.

## **3 BACKGROUND**

- 3.1 The financial performance of the Common Good Funds to end of March 2017 is included within the Council's annual statutory accounts. As highlighted in the 2016/17 Financial Review paper considered earlier by Council, the accounts are still subject to audit finalisation and whilst we do not expect any material changes that would affect the reported position, the figures within this report should still be considered as subject to change pending the outcome of the audit.
- 3.2 As at 31 March 2017, the accumulated funds for each of the Common Good funds based on the unaudited accounts are set out below:

<b>Common Good Fund</b>	<b>£'000</b>
Dunbar	86
Haddington	571
Musselburgh	4,937
North Berwick	355
<b>TOTAL</b>	<b>5,949</b>

- 3.3 The Scheme of Administration requires the Council to approve an updated budget for each of the four Common Good Funds. The Council approved a three year budget covering the financial years 2017/18 and 2018-19 budgets at its meeting on 23 August 2016.
- 3.4 The budgets set out in Appendices 1a to 1d are rolled forward from the previous year and are based largely on historical spending patterns and any known commitments for 2017/18 and beyond. In the first instance, income is used to maintain the common good asset base 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. Any decisions regarding award of grants over £10,000 must be approved by Council.

### **Investments**

- 3.6 East Lothian Council currently uses an external investment broker Investec Wealth & Investment Ltd to manage the Common Good balances investment portfolio. The fund investment balances as at 31 March 2017 are set out below alongside an indication as to the projected income level. The investment policy is to balance growth in income and capital over the longer term alongside a medium level of risk. Given the wider economic conditions particularly following 'Brexit' and the calls for a second referendum for Scotland, our Investment Fund Managers suggest that they expect future income levels to be maintained broadly in line with current income projections.

<b>Common Good Fund</b>	<b>Valuation as at 31 March 2017</b>	<b>Projected Income 2017/18</b>
Dunbar	28,260	766
Haddington	77,714	2,107
Musselburgh	3,080,307	83,522
North Berwick	176,623	4,789
<b>TOTAL</b>	<b>3,362,904</b>	<b>91,184</b>

#### **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 described above

6.2 Personnel - none

6.3 Other - none

#### **7 BACKGROUND PAPERS**

7.1 Council 23 August 2016 – Item 5 – Common Good Funds – Budgets 2016/17 to 2018/19

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<b>DATE</b>	19 June 2017

## Appendix 1a

### Dunbar Common Good

#### Income & expenditure Budget

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>				
Employees	2			
Premises Repair & Maintenance	25	19	19	19
Supplies & Services	3	3	3	3
Grants	4	4	4	4
<b>Total Expenditure</b>	<b>34</b>	<b>26</b>	<b>26</b>	<b>26</b>
<b>Income</b>				
Rents & Other Income	-25	-25	-25	-25
Interest / Investment Income	-1	-1	-1	-1
<b>Total Income</b>	<b>-26</b>	<b>-26</b>	<b>-26</b>	<b>-26</b>
<b>Cost of Services</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Accounting Entries*</b>				
<b>Net Surplus for the year</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>
Common Good Fund Opening Balance	-94	-86	-86	-86
<b>Accumulated Fund</b>	<b>-86</b>	<b>-86</b>	<b>-86</b>	<b>-86</b>

\* Accounting entries including: assets and profit / loss on investments

## Appendix 1b

### Haddington Common Good

#### Income & expenditure Budget

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>				
Premises Repair & Maintenance	1	1	1	1
Supplies & Services	5	4	4	4
Grants	1	10	10	10
<b>Total Expenditure</b>	<b>7</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Income</b>				
Rents & Other Income	-36	-36	-36	-36
Interest / Investment Income	-2	-2	-2	-2
<b>Total Income</b>	<b>-38</b>	<b>-38</b>	<b>-38</b>	<b>-38</b>
<b>Cost of Services</b>	<b>-31</b>	<b>-24</b>	<b>-24</b>	<b>-24</b>
<b>Other Accounting Entries*</b>	<b>-1</b>			
<b>Net Surplus for the year</b>	<b>-32</b>	<b>-24</b>	<b>-24</b>	<b>-24</b>
Common Good Fund Opening Balance	-539	-571	-595	-619
<b>Accumulated Fund</b>	<b>-571</b>	<b>-595</b>	<b>-619</b>	<b>-643</b>

\* Accounting entries including: assets and profit / loss on investments

## Appendix 1c

### Musselburgh Common Good

#### Income & expenditure Budget

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>				
Premises Repairs & Maintenance	41	40	40	40
Premises - Rates	16	16	16	16
Supplies & Services	43	43	43	43
Grants	63	150	150	150
<b>Total Expenditure</b>	<b>163</b>	<b>249</b>	<b>249</b>	<b>249</b>
<b>Income</b>				
Rents & Other Income	-370	-360	-360	-360
Interest / Investment Income	-84	-78	-78	-78
<b>Total Income</b>	<b>-454</b>	<b>-438</b>	<b>-438</b>	<b>-438</b>
<b>Cost of Services</b>	<b>-291</b>	<b>-189</b>	<b>-189</b>	<b>-189</b>
<b>Other Accounting Entries*</b>	<b>-64</b>			
<b>Net Surplus for the year</b>	<b>-355</b>	<b>-189</b>	<b>-189</b>	<b>-189</b>
Common Good Fund Opening Balance	-4582	-4937	-5126	-5315
<b>Accumulated Fund</b>	<b>-4937</b>	<b>-5126</b>	<b>-5315</b>	<b>-5504</b>

\* Accounting entries including: assets and profit / loss on investments

## Appendix 1d

### North Berwick Common Good

#### Income & expenditure Budget

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>				
Premises Repairs & Maintenance	2	3	3	3
Supplies & Services	3	3	3	3
Grants		10	10	10
<b>Total Expenditure</b>	<b>5</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Income</b>				
Rents & Other Income	-42	-41	-41	-41
Interest / Investment Income	-5	-4	-4	-4
<b>Total Income</b>	<b>-47</b>	<b>-45</b>	<b>-45</b>	<b>-45</b>
<b>Cost of Services</b>	<b>-42</b>	<b>-29</b>	<b>-29</b>	<b>-29</b>
<b>Other Accounting Entries*</b>	<b>-2</b>			
<b>Net Surplus for the year</b>	<b>-44</b>	<b>-29</b>	<b>-29</b>	<b>-29</b>
Common Good Fund Opening Balance	-311	-355	-384	-413
<b>Accumulated Fund</b>	<b>-355</b>	<b>-384</b>	<b>-413</b>	<b>-442</b>

\* Accounting entries including: assets and profit / loss on investments