

**REPORT TO:** East Lothian Council

**MEETING DATE:** 26 June 2018

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

**SUBJECT:** Common Good Funds –Budget 2018-19 to 2020-21

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## **1 PURPOSE**

- 1.1 To approve the budgets for the Dunbar, Haddington, Musselburgh and North Berwick Common Good Funds for 2018-19 to 2020-21, 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 2017-18 on each of the Common Good Funds.
  - approve the 2018-19 to 2020-21 budgets.

## **3 BACKGROUND**

- 3.1 The financial performance of the Common Good Funds to end of March 2018 is included within the Council's annual statutory accounts. As highlighted in the 2017-18 Financial Review paper considered earlier by Council, the accounts are still subject to audit 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 2018, 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	45
Haddington	516
Musselburgh	5,221
North Berwick	385
<b>TOTAL</b>	<b>6,167</b>

- 3.3 The Scheme of Administration requires the Council to approve an updated budget for each of the four Common Good Funds. The indicative 2018-19 and 2019-20 were approved by Council in June 2017, and have been rolled forward and updated based largely on historical spending patterns and any known commitments for 2018-19 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. The budgets are set out in Appendices 1a to 1d.
- 3.4 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**

- 3.5 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 2018 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 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 2018</b>	<b>Projected Income 2018-19</b>
Dunbar	28,301	810
Haddington	77,829	2,228
Musselburgh	3,084,846	88,304
North Berwick	176,883	5,063
<b>TOTAL</b>	<b>3,367,859</b>	<b>96,405</b>

#### **4 POLICY IMPLICATIONS**

4.1 None.

#### **5 INTEGRATED IMPACT ASSESSMENT**

5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

#### **6 RESOURCE IMPLICATIONS**

6.1 Financial – as described above

6.2 Personnel - none

6.3 Other - none

#### **7 BACKGROUND PAPERS**

7.1 Council 27 June 2017 – Item 5 – Common Good Funds – Budgets 2017-18 to 2019-20

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<b>DATE</b>	14 June 2018

## Appendix 1a

### Dunbar Common Good

#### Income & expenditure Budget

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>Expenditure</b>				
Premises Repair & Maintenance	18	18	18	18
Supplies & Services	2	2	2	2
Grants	4	4	4	4
<b>Total Expenditure</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Income</b>				
Rents & Other Income	-23	-23	-23	-23
Interest / Investment Income	-1	-1	-1	-1
<b>Total Income</b>	<b>-24</b>	<b>-24</b>	<b>-24</b>	<b>-24</b>
<b>Cost of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Accounting Entries*</b>	0			
<b>Net Surplus for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Common Good Balance	-45	-45	-45	-45
<b>Accumulated Fund</b>	<b>-45</b>	<b>-45</b>	<b>-45</b>	<b>-45</b>

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

## Appendix 1b

### Haddington Common Good

#### Income & expenditure Budget

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>Expenditure</b>				
Premises Repair & Maintenance	2	1	1	1
Supplies & Services	3	4	4	4
Grants	51	25	10	10
<b>Total Expenditure</b>	<b>56</b>	<b>30</b>	<b>15</b>	<b>15</b>
<b>Income</b>				
Rents & Other Income	-36	-36	-36	-36
Interest / Investment Income	-3	-2	-2	-2
<b>Total Income</b>	<b>-39</b>	<b>-38</b>	<b>-38</b>	<b>-38</b>
<b>Cost of Services</b>	<b>17</b>	<b>-8</b>	<b>-23</b>	<b>-23</b>
<b>Other Accounting Entries*</b>	<b>-1</b>			
<b>Net Surplus for the year</b>	<b>16</b>	<b>-8</b>	<b>-23</b>	<b>-23</b>
Common Good Balance	-532	-516	-524	-547
<b>Accumulated Fund</b>	<b>-516</b>	<b>-524</b>	<b>-547</b>	<b>-570</b>

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

## Appendix 1c

### Musselburgh Common Good

#### Income & expenditure Budget

	Actual 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>Expenditure</b>				
Premises Repairs & Maintenance	70	225	45	45
Premises - Rates	22	22	22	22
Supplies & Services	36	45	45	45
Grants	134	150	150	150
Grant - Fireworks	18	18	18	18
<b>Total Expenditure</b>	<b>280</b>	<b>460</b>	<b>280</b>	<b>280</b>
<b>Income</b>				
Rents & Other Income	-383	-365	-365	-365
Interest / Investment Income	-94	-80	-80	-80
<b>Total Income</b>	<b>-477</b>	<b>-445</b>	<b>-445</b>	<b>-445</b>
<b>Cost of Services</b>	<b>-197</b>	<b>15</b>	<b>-165</b>	<b>-165</b>
<b>Other Accounting Entries*</b>	<b>-167</b>			
<b>Net Surplus for the year</b>	<b>-364</b>	<b>15</b>	<b>-165</b>	<b>-165</b>
Common Good Balance	-4,857	-5,221	-5,206	-5,371
<b>Accumulated Fund</b>	<b>-5,221</b>	<b>-5,206</b>	<b>-5,371</b>	<b>-5,536</b>

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

## Appendix 1d

### North Berwick Common Good

#### Income & expenditure Budget

	<b>Actual 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>
<b>Expenditure</b>				
Premises Repairs & Maintenance	8	3	3	3
Supplies & Services	5	3	3	3
Grants	10	10	10	10
<b>Total Expenditure</b>	<b>23</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Income</b>				
Rents & Other Income	-42	-42	-42	-42
Interest / Investment Income	-6	-4	-4	-4
<b>Total Income</b>	<b>-48</b>	<b>-46</b>	<b>-46</b>	<b>-46</b>
<b>Cost of Services</b>	<b>-25</b>	<b>-30</b>	<b>-30</b>	<b>-30</b>
<b>Other Accounting Entries*</b>	<b>-5</b>			
<b>Net Surplus for the year</b>	<b>-30</b>	<b>-30</b>	<b>-30</b>	<b>-30</b>
Common Good Balance	-355	-385	-415	-445
<b>Accumulated Fund</b>	<b>-385</b>	<b>-415</b>	<b>-445</b>	<b>-475</b>

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