



REPORT TO: CORPORATE COMMITTEE ON 11 JUNE 2024

SUBJECT: COMMON GOOD FUNDS – SUMMARY EXPENDITURE FOR 2023/24 AND ESTIMATED DISPOSABLE INCOME FOR 2024/25

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

1.1 To inform the Committee of the final position of Common Good Funds at 31 March 2024 and the estimated income available for disbursement in 2024/25.

1.2 This report is submitted to Committee in terms of Section III (B) (16) of the Council's Scheme of Administration relating to dealing with the Management and Investment of funds including Common Good.

2. RECOMMENDATION

2.1 The Committee is asked to:

- (i) note the disbursements approved for 2023/24 for each of the Common Good Funds shown in APPENDIX 1;**
- (ii) approve the carry forward of the undisbursed balances for 2023/24 for the Buckie, Cullen, Dufftown, Elgin, Forres, Portknockie, Keith and Findochty Funds to be made available in 2024/25;**
- (iii) agree the estimated income available for disbursement in 2024/25 shown in APPENDIX 1;**
- (iv) approve that Millbuies is held separately from Elgin Common Good Fund and that the harvesting income is excluded from the two thirds distribution policy and is re-invested in Millbuies Park as shown in Appendix 1;**
- (v) note the Balance Sheet for each Common Good APPENDIX 2; and**
- (vi) note Common Good Fund asset register APPENDIX 3.**

3. BACKGROUND

- 3.1 The origins of Common Good Funds in Scotland are late 15th Century and they have been defined as “all property of a Royal Burgh not acquired under statutory powers or held under specified trusts”.
- 3.2 Until 1975, the Town Councils or those Burghs in Moray having Common Good Funds managed them. Moray District Council took over the management until 1996 when this Council took over responsibility. The Members of the Council are in a similar position to Trustees.
- 3.3 The Council must retain the ability to continue to make grants from the Common Good Funds to future generations. For that reason preservation of the Common Good Funds’ Capital is essential.
- 3.4 In addition, it is essential to use the revenue generated from the Funds to maintain the land and buildings held as assets.
- 3.5 The Council is obliged to maintain the Common Good Funds’ Balance whether as land, buildings or cash. Common Good Funds’ cash balances can be applied to acquire assets or to carry out major repairs but Members must be satisfied that such acquisitions or works carried out will provide a long term and lasting benefit to the particular Community as a whole. The same criteria have to apply to any disposal of assets.
- 3.6 The Policy and Resources Committee on 20 June 2001 established the Council’s current policy regarding distribution of the annual income available (paragraph 7 of Minute refers). At that time the Committee noted that the true value of money depreciates over time and in an attempt to keep pace and at the same time to be able to make reasonable levels of grants from the income earned, it agreed a policy of distributing two-thirds of the annual income earned with the remaining one-third being retained to maintain the value of the funds.
- 3.7 The Policy and Resources Committee agreed on 16 January 2002 to continue with the policy of distribution of two-thirds of the estimated annual income available from the Common Good Funds (paragraph 22 of Minute refers). The remaining third was to be re-invested in order to maintain the funds for future generations.
- 3.8 In order to speed up the processing of grant applications, the Policy and Resources Committee delegated authority to the Head of Financial Services in consultation with Local Members to consider grant applications and make appropriate awards. Moray Council agreed on 13 March 2019 (para 10 of Minute refers) that if two thirds or more of local members are in agreement it is sufficient authority to proceed under delegated authority of the Head of Financial Services. If the agreement of at least two thirds cannot be obtained on an application then the application will be reported to Policy and Resources Committee.

- 3.9 The Policy and Resources Committee at its meeting on 2 September 2008 (paragraph 12 of Minute refers) agreed to allow unspent balances to be carried forward and be available to use in the following two years. Any unused funds after two years are added back to the Fund balance. At the same meeting the Committee also agreed that any overspends at the end of the financial year would be limited to 25% of disposable income in that year and would be replaced over the following two years.
- 3.10 Members should note that the Council is required to account for depreciation on Common Good assets. As this is an accounting entry only, the disposable income continues to be calculated prior to the deduction of depreciation.

4. 2023/24 DISPOSABLE INCOME AND DISBURSEMENTS APPROVED

- 4.1 **APPENDIX 1** shows details of the estimated income and actual disbursements approved for 2023/24 for each of the Common Good Funds.
- 4.2 Elgin Common Good - the 2023/24 variance in Investment Property Income is a result of the tenancy of 239 High Street ending and the delay in leasing to a new tenant due to building works required.
- 4.3 Where rental rebates are awarded, the full amount of the rent is shown as income when calculating the disburseable income and the rental rebate is shown as a disbursement.

5. 2024/25 DISPOSABLE INCOME

- 5.1 **APPENDIX 1** details the current financial position of the Common Good Funds and the estimated disposable income for 2024/25.
- 5.2 The estimated income figure is calculated to assist Local Members' decision making when allocating grants. The figures are only there as a guide. If a supported application would breach the estimated income limit, disbursement can be made but will require Committee approval.
- 5.3 As can be seen in **APPENDIX 1** there are a number of projects which have already been approved by Local Members for 2024/25.
- 5.4 In the calculation of disburseable income it has been assumed that the full amount of rental income due in 2024/25 will be received.
- 5.5 The interest for 2024/25 has been calculated using a two year fixed PWLB rate of 5.41% as at the 1 April 2024.

6. SUMMARY OF IMPLICATIONS

- (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**
None.

(b) Policy and Legal

The Council's adoption of the policy of retaining one third of disposable income in each financial year will protect the capital for each of the Common Good Funds and ensure their sustainability in the future.

(c) Financial implications

The financial implications are contained in the body of the report and are detailed in the Appendices.

(d) Risk Implications

There is a risk of overspends exceeding 25% of disposable income if any unforeseen emergency major repairs are required for properties owned by Common Good Funds. Close monitoring of costs and the condition of properties will be undertaken by officers in order to mitigate this risk.

(e) Staffing Implications

None.

(f) Property

The condition of all Common Good properties will be monitored in order to keep reactive repairs to a minimum.

(g) Equalities/Socio Economic Impact

None.

(h) Climate Change and Biodiversity Impacts

No climate change and biodiversity impacts arise directly from this report.

(i) Consultations

Local Members for each Common Good Fund have been consulted on disbursements for 2023/24 the Legal Services Manager and Democratic Services Manager have been consulted and any comments have been addressed in the report.

7. CONCLUSION

7.1 The final outturn for 2023/24 and the budgeted income available for disbursement in 2024/25 for each of the Common Good Funds, which the Council administers, is detailed in APPENDIX 1, the Balance Sheet for each Common Good Fund is shown in APPENDIX 2 and the Common Good Fund asset register is shown in APPENDIX 3.

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Background Papers:
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