



REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: COMMON GOOD FUNDS – SUMMARY EXPENDITURE FOR 2019/20 AND ESTIMATED DISPOSABLE INCOME FOR 2020/21

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

1. REASON FOR REPORT

- 1.1 To inform the Cabinet of the final position of Common Good Funds at 31 March 2020 and the estimated income available for disbursement in 2020/21.
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

2.1 The Cabinet is asked to:

- (i) note the disbursements approved for 2019/20 for each of the Common Good Funds shown in APPENDIX 1;**
- (ii) approve the carry forward of the undisbursed balances for 2019/20 for the Buckie, Dufftown, Elgin, Forres, Portknockie and Keith Funds to be made available in 2020/21;**
- (iii) agree the estimated Income available for disbursement in 2020/21 shown in APPENDIX 2.**
- (iv) 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. The Council is obliged to maintain the Common Good Funds' Balance whether as land, buildings or cash.
- 3.5 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 established the Council's current policy regarding distribution of the annual income available, on 20th June 2001 (paragraph 7 of the 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 Members of 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 the 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. The Moray Council Committee on 13 March 2019 agreed 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 the 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 any overspends at 31 March would be limited to 25% of disposable income and had to 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. 2019/20 DISPOSABLE INCOME AND DISBURSEMENTS APPROVED

- 4.1 **APPENDIX 1** shows details of the estimated income and actual disbursements approved for 2019/20 for each of the Common Good Funds.

- 4.2 Expenditure by Keith Common Good Fund to advertise a lease for Seafield Park toilets and pavilion resulted in a deficit of £109 in 2019/20. A ten year lease to Keith Men's Sheds has been agreed and is currently with Moray Council Legal department to conclude. The annual rent has been agreed at £2,000 however, the first five years will be rent free to reflect the substantial improvements that the Men's Sheds have agreed to undertake.

5. 2020/21 DISPOSABLE INCOME

- 5.1 **APPENDIX 2** details the current financial position of the Common Good Funds and the estimated disposable income for 2020/21.

- 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 Policy and Resources Committee approval.

- 5.3 As can be seen in **APPENDIX 2** there are a number of projects which have already been approved by Local Members for 2020/21.

- 5.4 The funding of grass cutting costs in 2020/21 by Elgin Common Good Fund, as a result of Council savings measures, is no longer required due to the Grounds Maintenance budget for grass cutting being reinstated. Buckie District Community Council had also been awarded funding, split between 2019/20 and 2020/21 to enable them to cut areas affected by savings. These areas have also been reinstated to be cut by the Council but as a contract was given to a third party for the first two cuts of 2020/21 this has been honoured and will be funded by Buckie Common Good.

- 5.5 In the calculation of disburseable income it has been assumed that the full amount of rental income due in 2020/21 will be received. It is acknowledged however, that as a result of Covid-19 this may not be the case.

- 5.6 Cullen Common Good Fund has two properties - 14 and 16 Reidhaven Street. 16 Reidhaven Street is currently vacant and the lease on 14 Reidhaven Street ends in 2020/21, when it is planned to sell the properties. This will result in a reduced rental income in 2020/21.

- 5.7 The interest for 2020/21 has been calculated using a two year fixed PWLB rate of 2.10% as at the 1st April 2020.

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) Consultations

Local Members for each Common Good Fund have been consulted on disbursements for 2019/20.

7. CONCLUSION

- 7.1 The final outturn for 2019/20 for each of the Common Good Funds, which the Council administers, is detailed in APPENDIX 1, the budgeted income available for disbursement in 2020/21 is shown in APPENDIX 2**

along with previously approved applications and the Common Good Fund asset register is shown in APPENDIX 3.

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Background Papers:
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