

PERTH COMMON GOOD FUND COMMITTEE

19 December 2018

2018/19 FINANCIAL STATEMENT

Report by Head of Finance (Report No. 18/406)

PURPOSE OF REPORT

This report provides details of the Income and Expenditure to 31 October 2018 and the projected outturn to 31 March 2019 for the Perth Common Good Fund.

1. BACKGROUND / MAIN ISSUES

- 1.1 The Committee approved the Perth Common Good Fund budget for 2018/19 at the meeting of 28 February 2018 (Report 18/75 refers). This report provides an update on the monitoring position and projected outturn for Financial Year 2018/19 along with proposals for the use of the Repair and Renewal Reserve for the upgrade of Common Good properties.

2. PROPOSALS

2.1 Financial Statement 2018/19

On the basis of Appendix 1, it is anticipated that there will be a deficit of £228,264 in 2018/19 and a projected Common Good Fund balance of £1,456,763 at 31 March 2019. Of the total balance £1,000,000 is reserved as the Minimum Revenue Balance of the fund, to ensure its long-term sustainability, and £155,000 will remain earmarked as a Repair and Renewal Reserve. This leaves an uncommitted Revenue Account balance of £301,763 remaining available for the funding of unforeseen expenditure.

- 2.2 The movement in the deficit position previously reported to this Committee on 3 October 2018 (Report 18/313 refers) is attributed to a revised estimate for Repairs and Maintenance expenditure, as detailed at Sections 2.3 to 2.6 below.

- 2.3 The property at 2-4 North Methven Street is held on the Common Good Fund; the Fund benefits from the rental income and bears the cost of property upkeep. A report was presented to Committee in February 2014 (Report 14/75 refers) at which the Committee approved the following:-

- (a) for expenditure (£5,000 + VAT) to be met by Perth Common Good Fund for the appointment of consultants to carry out detailed investigations and prepare a schedule of works at shop premises at 2-4 North Methven Street, Perth;
- (b) to delegate procurement of works (£25,000 + VAT) to Property colleagues;

- (c) for expenditure (£1,066) associated with the shared cost of common repairs to the roof of the property to be funded by Perth Common Good Fund; and
 - (d) to the granting to the Tenants of a rent free period for the duration of the works
- 2.4 The repairs to the roof of the property were completed in 2014, however the internal works to the property remain outstanding. It is therefore proposed that the Repair and Renewal Reserve is used to fund the £30,000 cost of the upgrade to be completed in January 2019.
- 2.5 The previous tenant of 2 North Port provided notice to quit earlier this year. The property is currently vacant and a report was presented to Committee at the October meeting which provided options to upgrade or sell the property (Report P1 18/317 refers). It was approved that the property is to be retained, and the shop will be marketed for let following the completion of improvement works which will cost approximately £50,000.
- 2.6 It is anticipated that a £15,000 budget will be required in this financial year to advance the preparatory works for the upgrade of the 2 North Port property. It is proposed that the full cost of preparatory works is funded from the Repair and Renewal Reserve and the remaining £35,000 budget will be incorporated into the setting of the 2019/20 budget for the Fund.
- 2.7 The Repair and Renewal Reserve was established at £200,000 at the start of this financial year (Report 18/75 refers). The draw upon funds for the upgrade projects noted above will reduce the Reserve balance and the level of Reserve required over the medium term will be reviewed during the budget setting process for 2019/20.
- 2.8 The value of Financial Assistance funding requests to be considered by Committee at this meeting exceeds the remaining budget available for the funding of Small Grants. In addition, there will be further applications for Financial Assistance to consider at the February 2019 meeting of the Perth Common Good Fund Committee. It is therefore proposed that the Financial Assistance – Capital Grants budget is used to offset any overspend in the Small Grants budget, as demonstrated with the adjusted projections in Appendix 1.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The Committee is requested to:-
 - (i) Note the Perth Common Good Fund Income and Expenditure to 31 October 2018 and the projected outturn to 31 March 2019 for Financial Year 2018/19 as set out in Appendix 1 to the report;
 - (ii) Approve the use of the Repair and Renewal Reserve to fund the £30,000 cost of works for the 2-4 North Methven Street shop;

- (iii) Approve the use of the Repair and Renewal Reserve to fund the £50,000 cost of works for the 2 North Port shop, to be drawn down £15,000 in 2018/19 and £35,000 in 2019/20;
- (iv) Approve the use of the Financial Assistance – Capital Grants budget to offset any overspend in the Small Grants budget.

Author(s)

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Approved

Name	Designation	Date
Stewart MacKenzie	Head of Finance	30 November 2018
Jim Valentine	Depute Chief Executive (Chief Operating Officer)	5 December 2018

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Corporate Plan

- 1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all objectives.

2. Resource Implications

Financial

- 2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. Consultation

Internal

- 4.1 The Depute Chief Executive/Chief Operating Officer has been consulted in the preparation of this report.

2. BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

Appendix 1 – Perth Common Good Fund Financial Statement for the period to 31 October 2018 for Financial Year 2018/19.