

PERTH AND KINROSS COUNCIL

Perth Common Good Fund Committee

22 February 2017

Review of Financial Assistance criteria

Report by Director (Environment) and Head of Finance

The report asks the Perth Common Good Fund Committee to consider proposals for determining the annual budget available for the funding of discretionary Financial Assistance awards. It also seeks approval for the revised financial assistance criteria.

1. BACKGROUND

- 1.1 The Perth Common Good Fund has become under increasing financial pressure in recent years, partly due to the approval of Financial Assistance applications for a number of high value property improvement projects. In addition, there has been a need for the Common Good Fund to fund unforeseen expenditure on the improvement of specific Perth Common Good properties.
- 1.2 In order to alleviate further pressure on the Fund, and to ensure the longer term sustainability of the Perth Common Good Fund (on 5 October 2016), the Committee agreed to establish a short life working group. Its remit was to review the financial assistance criteria for the Perth Common Good Fund, for submission and approval to the whole Committee.
- 1.3 Under the coordination of the acting Convener, proposed membership and remit proposals were distributed to all members. The Working Group members were nominated and appointed at the Perth Common Good Fund Committee meeting on 14 December 2016.
- 1.4 The membership of the Working Group was agreed as follows:-
 - Acting Convener for Perth Common Good Fund (PCGF): Councillor C Gillies.
 - One member from each of the political groups: Councillors H Stewart, J Flynn, A Parrot and W Wilson.
 - Investment Manager (The Environment Service, Planning & Development)
 - Senior Accountant (Corporate & Democratic Services, Finance)
 - Democratic Services Manager (Corporate & Democratic Services)

1.5 The Terms of Reference of the Working Group were agreed as follows:-

- (i) To review the Financial Assistance criteria for the Perth Common Good Fund to ensure:-
 - the Common Good Fund continues to be administered for the benefit of the inhabitants of the former Perth burgh
 - the long term sustainability of the Perth Common Good Fund
 - the criteria for Financial Assistance funding remains consistent and transparent
- (ii) In conjunction with the review of the criteria for Financial Assistance, propose a minimum Revenue balance which must be maintained for the Perth Common Good Fund
- (iii) To delegate jointly to the Investment Manager and Senior Accountant responsibility for reporting Financial Assistance criteria proposals to the Perth Common Good Fund Committee
- (iv) The working group met twice on 9 and 16 January 2017. The proposals for determining the value of the annual funding available to fund financial assistance awards, and the revised criteria for the award of Financial Assistance, is detailed within the remainder of this report.

2. PROPOSALS

2.1 In order to improve the transparency of how the resources available for funding discretionary Financial Assistance funding awards are arrived at, the Working Group is proposing that the Financial Assistance budget is determined using the following approach, as demonstrated in Appendix I. Note that no values are recorded against income and expenditure as these will be included within the Perth Common Good Fund 2017/18 Budget & 2016/17 Financial Statement report to be considered by Committee at this meeting.

2.2 This is shown below:

- (i) Estimate of the total Income available:
 - Property rental income
 - Investment interest
 - Fishing permit income
- (ii) Deduct Expenditure relating to Fixed and Variable costs:
 - Fixed costs – Property (rent, rates, depreciation)
 - Fixed costs – Supplies and Services (administration, printing/stationery)
 - Fixed costs – Christmas events (rent, rates, electricity, erect/dismantle/maintain Christmas lights)
 - Variable costs (repairs and maintenance of buildings)

- 2.3 The cost relating to the repair and maintenance of buildings is subject to a number of variables occurring throughout the financial year. It is therefore proposed that an annual budget is maintained to cover routine expenditure associated with the repair and minor upgrade of the Perth Common Good Fund property portfolio.
- 2.4 The annual income remaining after the deduction of the fixed and variable costs will thereafter be applied to the funding of specific property upgrade expenditure. It is, however, recognised that this strategy may be inappropriate for larger value buildings and infrastructure upgrade projects for Perth Common Good Fund properties where the cost of upgrade will fully utilise all remaining income for the year. It is, therefore, proposed that an Earmarked Reserve is established for the funding of larger value Repair and Renewal projects. It is also proposed that this will be discussed in the 2017/18 Budget & 2016/17 Financial Statement report for the Perth Common Good Fund.
- 2.5 The buildings and infrastructure upgrade expenditure will be subtracted from the income available. This will provide a value for the income available to fund other expenditure and financial assistance. The Working Group determined that the recurring financial support from the Perth Common Good Fund for the November Firework Display and the contribution towards the Christmas Light Switch on Ceremony should continue at the current level. The proposed funding for these events has, therefore, been deducted from the annual income available to arrive at a value for the income remaining to fund discretionary awards for Financial Assistance.
- 2.6 The income remaining available for the funding of discretionary Financial Assistance awards will be allocated to two separate funding schemes:-
- Small Grants
 - Capital Grants
- 2.7 The criteria for the Small Grant and Capital Grant schemes are included within Appendix II. The Small Grant scheme essentially ensures that funding remains available for the funding of Financial Assistance awards for activities such as outings, events, and educational activities. Capital Grant funding is separate and will be used only for the funding of Financial Assistance awards relating to the acquisition of equipment, or the repair and improvement of property.
- 2.8 The revised structure for the allocation of the annual income available to the Fund will clearly show budget allocations to cover costs which are considered fixed or variable, and costs which are considered to be discretionary. This will ensure that a minimum Revenue balance is maintained, as only the income remaining after recurring and variable fixed costs have been deducted will be available for the funding of discretionary expenditure.
- 2.9 In addition to the Working Group review of the Financial Assistance criteria, the review of the Reserves of the Perth Common Good Fund has been completed. The proposals for maintaining a minimum Revenue Reserve and for the earmarking of Reserves will be contained within the 2017/18 Budget & 2016/17 Financial Statement report for the Fund.

- 2.10 The Working Group is also proposing revised financial assistance criteria covering small grants and capital grants, the detail for which is attached in Appendix II; if approved the criteria will be effective from 1 April 2017.

3. RECOMMENDATION

- 3.1 The proposals included within this report will increase the transparency of the distribution of the annual Perth Common Good Fund income. It will also ensure that the criteria for awarding Financial Assistance remain fair and consistent. The proposals also protect the longer term sustainability of the Fund.

- 3.2 The Committee is therefore requested to approve the:-

- i. proposals for the allocation of annual income during the setting of the budget for the Perth Common Good Fund (Appendix I) and;
- ii. revised financial assistance criteria (Appendix II)

Author

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Approved

Name	Designation	Date
Barbara Renton	Director (Environment)	31 January 2017

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	No
Asset Management (land, property, IST)	No
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

Community Plan / Single Outcome Agreement

- 1.1 The proposals will contribute to the Community Plan's aim of safe, healthy and inclusive communities and the outcome of communities will have improved quality of life.

Corporate Plan

- 1.2 The proposals will contribute to the Corporate Plan's objectives of developing educated, responsible and informed citizens and the outcome of people are ready for life and work.

2. Resource Implications

Financial

- 2.1 The Head of Finance has been consulted and has indicated agreement with the proposals. The recommendation contained in this report has no financial implications.

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. An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.
- 3.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome: No further action is required as the items summarised in the committee report do not require further assessment as they do not have an impact on people's wellbeing or equality protected characteristics.

Strategic Environmental Assessment

- 3.3 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS). The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.4 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. The proposals in this report will encourage social equity and opportunities for cultural, leisure, community, sport and other activities.

4. Consultation

Internal

- 4.1 The Head of Democratic Services, the Head of Finance and the Head of Legal and Governance have been consulted.

2. BACKGROUND PAPERS

- 2.1 None.

3. APPENDICES

- 3.1 Appendix I – Proposed allocation of annual income for 2017/18 Budget and Draft Budgets for 2018/19 to 2021/22.
- 3.2 Appendix II – revised financial assistance criteria for the Perth Common Good Fund.