

PERTH COMMON GOOD FUND COMMITTEE

21 February 2022

2022/23 BUDGET & 2021/22 FINANCIAL STATEMENT

**Report by Head of Finance
(Report No. 22/40)**

PURPOSE OF REPORT

This report seeks approval of the budget for Financial Year 2022/23 for the Perth Common Good Fund and provides details of the Income and Expenditure to 31 December 2021 and the projected outturn for Financial Year 2021/22.

1. BACKGROUND / MAIN ISSUES

- 1.1 The budget for Financial Year 2021/22 was approved by the Committee on 28 April 2021 (Report 21/54 refers).
- 1.2 There is significant underspend in 2021/22 mainly due to the continuing impact of covid on public events and individual/group activities throughout the financial year. The proposed budget for 2022/23 has been prepared based on activity undertaken in the years prior to the covid pandemic and adjusted for anticipated changes in the new financial year. Appendix 1 provides the proposed 2022/23 Budget for the Perth Common Good Fund and the draft budgets for 2023/24 and 2024/25.
- 1.3 This report also provides the monitoring position and projected outturn for the Financial Year 2021/22, as detailed in Appendix 2.

2. PROPOSALS

- 2.1 Budget 2022/23
The proposed budget for 2022/23 and draft budgets for 2023/24 and 2024/25 are at current prices and have been prepared in line with activity for years prior to 2021/22, and the anticipated costs which are likely to be incurred in future years.
- 2.2 Appendix 1 provides a summary of the actual outturn for the years 2018/19 to 2020/21, together with the projected outturn for 2021/22. Also included is the proposed budget for 2022/23, and draft budgets for 2023/24 and 2024/25.
- 2.3 The proposed budgets for 2022/23 to 2024/25 achieve a surplus of 10% of the total annual income to provide contingency for any in-year movement in the actual income received and/or expenditure incurred.

2.4 A number of risks remain and these have the potential to impact upon the longer term financial position of the Perth Common Good Fund:-

- (I) Section 102 of the Community Empowerment (Scotland) Act 2015 requires the Council to establish and maintain a register of property which is held by the authority as part of the common good and to publish a list of property that it proposes to include in the register. Section 104 of the Act requires the Council to consult community bodies prior to the disposal or change of use of a common good property.

The review exercise is almost complete and it is anticipated that a list of common good land and buildings for all former Burghs will be published before the end April 2022. There remains the risk that the Perth Common Good Fund may potentially be liable for the future repair and upgrade costs for property which is not currently identified as common good.

- (II) In line with previous years, the 2022/23 Perth Common Good Fund budget and medium-term plan is based upon a strategy of distributing the annual income of the Fund, whilst protecting the Fund balance in forecasting a surplus in all future years. There remains the risk that the balance may be eroded in the event of a shortfall in income or if expenditure budgets are exceeded in any year.

2.5 The proposed budgets, including any adjustments between 2022/23 and 2024/25, are summarised below and are detailed within Appendix 1.

2.6 Rent & Rates

The Rateable Value of Perth Town Waters is used for the assessment of the amount due to the Tay District Salmon Fisheries Board in respect of salmon fishing rights. The levy for the 2022/23 season is unknown at the time of preparing this report and it is, therefore, proposed that the budget remains in line with prior years pending confirmation of the amount due.

2.7 Repairs and Maintenance

It is proposed to maintain the General budget at £15,000 which allows for expenditure on any unexpected repairs/upgrades to Common Good properties and is in line with the pattern of expenditure incurred during recent years.

2.8 Financial Assistance

It is proposed that the budgets for Fireworks, Small Grants and Capital Grants remain in line with prior years. The total budget available to support Fireworks, Small Grants, and Capital Grants is £116,500.

The Committee may wish to increase the Financial Assistance budget for 2022/23 or future years given the underspend arising from the impact of covid in 2020/21 (£76,991) and 2021/22 (£58,590).

2.9 Legal Fees

It is anticipated that the review and publication of the list of common good property will be completed by the end of April 2022 and this budget will no longer be required. Any underspend from the current financial year will be carried forward to 2022/23 to fund any additional work required to maintain the register during the consultation process.

2.10 Christmas Events

It is proposed that the £35,000 budget to fund the costs to store lighting and equipment (£15,000), and to install and remove (£10,000), and to maintain/replace the Christmas lights and associated equipment (£10,000), remains unchanged from prior years. However, the condition of the Christmas lighting and decorations is currently being reviewed and it is likely that renewal of the displays will be required in the forthcoming financial years. It is, therefore, proposed to review the lighting and equipment budget during 2022/23 when a programme and associated cost for replacing the relevant items has been established.

It is currently anticipated that the full programme of Winter Events will recommence in November 2022 and it is envisaged that a contribution from the Fund towards the Christmas Lights switch on event will be required. It is proposed that the £40,000 budget remains in line with previous years, albeit the budget has remained at this level since 2017/18 and may require review when the proposed 2022 Winter Events programme and associated costs are known.

2.11 Income

It is assumed that the Rent income generated from the lease of sites will remain stable. A small increase in the income budget for years 2023/24 and 2024/25 is included to allow for the additional rent which may arise from lease reviews.

2.12 The Fund balance is invested as a fixed term deposit in the Council's Loans Fund. Interest rates for deposits remain low and the budget for 2022/23 is based upon the rate available at the time of preparing this report. Estimates will be revised at the time of future deposit rollover and updates will be reported to this Committee.

2.13 Income from fishing permits has fluctuated in recent years and the 2022/23 budget assumes the income will remain in line with the current financial year.

2.14 Revenue Account Balance

The total useable Fund balance is projected to be £1,799,195 at 31 March 2022. Assuming all forecasts remain unchanged, the Revenue Account Balance is projected to increase to £1,823,395 at 31 March 2023.

2.15 It remains prudent to maintain the Fund balance at a reasonable level in order that the Fund can benefit from a future increase in deposit interest rates. It is, therefore, proposed that the minimum Revenue Account balance

is increased from £1,000,000 to £1,500,000 to provide certainty and to protect the long term sustainability of the Fund.

2.16 All known property upgrades have been completed and it is proposed that the Repair & Renewal Reserve continues to be maintained at £120,000 pending completion of the review of property titles referred to in Section 2.4. The £15,000 Repairs & Maintenance budget provides sufficient flexibility to progress urgent property works.

2.17 The projected uncommitted balance at 31 March 2023 is, therefore, £203,395 and will remain available for the funding of any unforeseen obligations arising for the Perth Common Good Fund.

2.18 Financial Statement 2021/22

On the basis of Appendix 2, it is anticipated that there will be a surplus of £126,290 in 2022/23 and that the Fund's estimated Revenue Account Balance will be £1,799,195 at 31 March 2022.

2.19 The £54,590 movement from the previously reported surplus of £71,700 relates to the update of year-end projections for: -

- Repairs & Maintenance - £5,000 overspend due to the electrical upgrade works at 2-4 North Methven Street, Perth;
- Financial Assistance - £36,590 additional underspend in line with the total value of applications received for the financial year;
- Christmas Events - £1,000 underspend on property costs, and £12,000 underspend on the upkeep of the Christmas lights and decorations;
- Rents, Fees & Charges - £10,000 additional income which mainly relates to the collection of backdated rent arising from rent reviews.

3. CONCLUSION AND RECOMMENDATIONS

3.1 The proposed 2022/23 Budget and draft budgets for 2023/24 and 2024/25 have been prepared using expenditure and income trends for the Fund and allow for the anticipated future expenditure pressures arising from maintaining the Perth Common Good property portfolio.

3.2 Appendix 1 provides detail of the proposed 2022/23 Budget and draft budgets for the following two financial years and demonstrates the Perth Common Good Fund remains sustainable.

3.3 The Committee is requested to:

- (i) Approve the Perth Common Good Fund budget for financial year 2022/23, as set out in Appendix 1;
- (ii) Note the Perth Common Good Fund draft budget for financial years 2023/24 and 2024/25, as set out in Appendix 1;

- (iii) Note the Perth Common Good Fund Income and Expenditure to 31 December 2021 and the projected outturn to 31 March 2022, as set out in Appendix 2.

Author(s)

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Approved

Name	Designation	Date
Stewart Mackenzie	Head of Finance	26.01.2022
Karen Donaldson	Chief Operating Officer	02.02.2022

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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

1.1 Corporate Plan

1.1.1 The Council's Corporate Plan 2018 – 2023 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.

1.1.2 This report relates to all objectives.

2. Resource Implications

2.1 Financial

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

3. Assessments

3.1 Equality Impact Assessment

3.1.1 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.

3.1.2 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.

3.2 Strategic Environmental Assessment

3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.2.2 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.

3.3 Sustainability

3.3.1 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.

3.3.2 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

4.1 Internal

4.1.1 The Chief Operating Officer has been consulted in the preparation of this report.

5. BACKGROUND PAPERS

5.1 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.

6. APPENDICES

Appendix 1 – Perth Common Good Fund - Proposed Budget for 2022/23 and draft budgets for 2023/24 and 2024/25

Appendix 2 – Perth Common Good Fund Financial Statement for period to 31 December 2021 for Financial Year 2021/22