

PERTH COMMON GOOD FUND COMMITTEE

19 OCTOBER 2020

2019/20 AND 2020/21 FINANCIAL STATEMENTS

Report by Head of Finance (Report No. 20/186)

PURPOSE OF REPORT

This report provides an update on the Audited outturn for Financial Year 2019/20; and details the Income and Expenditure and the projected outturn to 31 March 2021 for Financial Year 2020/21.

1. BACKGROUND / MAIN ISSUES

- 1.1 The Committee approved the Perth Common Good Fund budget for 2020/21 at the meeting of 19 February 2020 (Report 20/45 refers). This report provides an update on the projected outturn for 2020/21.
- 1.2 Report 20/45 also provided the monitoring position and projected outturn for the Financial Year 2019/20. This report provides an update on the final position for the year ended 31 March 2020.

2. PROPOSALS

Financial Statement 2019/20

- 2.1 The audited surplus for the Fund for Financial Year 2019/20 is £20,661 and the Fund balance at 31 March 2020 is £1,537,076. This includes £1,000,000 as the Minimum Revenue Balance, £120,000 as the Repair and Renewal Reserve and £417,076 of other useable reserves.
- 2.2 The £43,149 positive movement from the previously reported deficit of £22,488 reported to this Committee on 19 February 2020 (Report 20/45 refers) is mainly attributed to:-
 - £16,104 underspend on Christmas Events, mainly due to the costs for replacement lighting and the installation and removal of lights and decorations being lower than anticipated;
 - £27,377 additional income in respect of a dilapidation claim relating to the Lower City Mills property.
- 2.3 As detailed in Appendix 1, there are various other under/overspends throughout the budget headings, the most notable relating to the Repairs and Maintenance budgets. The General budget underspend of £10,788 absorbed the majority of the £11,329 overspend in the 2 North Port project. The schedule of works for the 2 North Port property was approved by Committee at the meeting of 19 December 2018 (Report 18/406 refers), however, the contractor estimates for the plumbing and electrical works were understated.

- 2.4 The upgrade works for North Port are complete, however, marketing the site stalled due to other priorities arising from the Covid-19 pandemic. In addition, the property suffered water damage from the severe rainfall on 11/12 August 2020 and flooring and doors will require replacing, and redecoration will be required. The cost of works will be covered by the Council's insurance policy.

Financial Statement 2020/21

- 2.5 On the basis of Appendix 2, it is anticipated that there will be a surplus of £60,890 for the year, and the Fund balance at 31 March 2021 is projected to be £1,597,966.
- 2.6 The consequences of Covid-19 include the cessation of events due to public health measures. Report 20/134 considered by the Environment & Infrastructure Committee on 19 August 2020 provided an update on the Perth Winter Festival and it was approved that the Festival does not take place in 2020/21. The Perth Common Good Fund contributes £40,000 towards the event.
- 2.7 In addition, the annual Bonfire & Fireworks event planned for 5 November 2020 is also cancelled due to the public health concerns arising from Covid-19. The Perth Common Good Fund contributes £16,500 towards the cost of fireworks for the event.
- 2.8 The 2020/21 Budget & 2019/20 Financial Statement report to Committee on 19 February 2020 (Report 20/45 refers) included in Section 2.1.4 a note of matters which may influence the financial position of the Fund. The Committee will be aware that 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.
- 2.9 Additional resource is required to complete the review of property titles for the Perth Common Good Fund and it is proposed that Legal Services outsource this work to an appropriately qualified individual, having considerable knowledge of the common good. It is in the interest of the Perth Common Good Fund to have the properties currently administered as common good confirmed, and it is therefore proposed, that the Perth Common Good Fund meets the estimated £3,000 cost to complete the review.
- 2.10 As a result of the cancellation of events noted in Sections 2.6 and 2.7, and the cost to complete the review of property titles noted in Section 2.8, the Fund will benefit from an expenditure saving of £53,500 in the current financial year.
- 2.11 The Covid-19 pandemic has had an impact on the local, national and global economy, and there may be a consequential impact upon the rental income received by the Fund. However, the full outcome for rents received may not be fully known until later in the financial year. The current estimate for 2020/21 rental income requires the projection for this financial year to be

reduced by £10,410 to £226,590. The reduction includes allowance for previous decisions approved by Committee and assumes no rental income for the 2 North Port unit for the remainder of the year. The adjustment also includes allowance for the proposals to be considered by Committee in a separate report at this meeting.

- 2.12 Interest rates have fallen significantly and, for the purpose of projections, it is assumed that low rates will continue for the remainder of the financial year. The projection for Interest on Investments to 31 March 2021 has, therefore, been reduced to £7,000. However, the fixed term deposit has been renewed for a shorter term to provide an opportunity to recoup some of the loss should there be an increase in interest rates.
- 2.13 Income from the sale of Fishing Permits has also reduced from prior years, comparative income to 31 August for 2019/20 and 2018/19 is £517 and £761 respectively. The projected income for the year has been reduced to £500 pending the analysis and comparison of data for the current and previous financial years.
- 2.14 The cumulative reduction in income arising from the revision to the estimates noted in Section 2.11 to 2.13 amounts to £18,210.
- 2.15 The reduced expenditure and income for the year results in an anticipated overall net reduction in expenditure of £35,290.

3. CONCLUSION AND RECOMMENDATIONS

3.1 The Committee is requested to:-

- (i) Note the Audited Income and Expenditure to the 31 March 2020 for the Perth Common Good Fund for the 2019/20 Financial Year, as set out in Appendix 1 to the report;
- (ii) Approve the proposals in Section 2.9 to complete the review of property titles in line with the requirements of the Community Empowerment (Scotland) Act 2015;
- (iii) Note the estimated Income and Expenditure to 31 March 2021 for the Perth Common Good Fun for the 2020/21 Financial Year, as set out in Appendix 2 to the report.

Author(s)

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Approved

Name	Designation	Date
Stewart MacKenzie	Head of Finance	29 September 2020
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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 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.

1.2 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 Interim 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 – Audited Perth Common Good Fund Financial Statement for the year to 31 March 2020 for Financial Year 2019/20.
- Appendix 2 - Perth Common Good Fund Financial Statement for the period to 31 August 2020 for Financial Year 2020/21.