

# PERTH COMMON GOOD FUND COMMITTEE

28 April 2021

## 2021/22 BUDGET & 2020/21 FINANCIAL STATEMENT

Report by Head of Finance  
(Report No. 21/54)

### **PURPOSE OF REPORT**

This report seeks approval of the budget for Financial Year 2021/22 for Perth Common Good Fund and details the Income and Expenditure to 31 March 2021 and the projected outturn for Financial Year 2020/21.

### **1. BACKGROUND / MAIN ISSUES**

- 1.1 The budget for Financial Year 2020/21 was approved by the Committee on 19 February 2020 (Report 20/45 refers). The report also included the draft budgets for financial years 2021/22 and 2022/23.
- 1.2 There is significant underspend in 2020/21 mainly due to the impact of Covid on public events and individual/group activities. The proposed budget for 2021/22 has been prepared based on activity undertaken in the years prior to 2020/21 and adjusted for anticipated changes in the new financial year. Appendix 1 provides the proposed 2021/22 Budget for the Perth Common Good Fund and the draft budgets for 2022/23 and 2023/24.
- 1.3 This report also provides the monitoring position and projected outturn for the Financial Year 2020/21.

### **2. PROPOSALS**

#### Budget 2021/22

- 2.1 The proposed budget for 2021/22 and draft budgets for 2022/23 and 2023/24 are at current prices and have been prepared in line with activity for years prior to 2020/21, and the anticipated costs which are likely to be incurred in future years.
- 2.2 Appendix 1 provides details of the proposed and draft budgets and provides a summary of the actual outturn for the years 2017/18 to 2019/20, together with the projected outturn for 2020/21. Also included is the proposed budget for 2021/22, and draft budgets for 2022/23 and 2023/24.
- 2.3 The proposed budgets for 2021/22 to 2023/24 assume a small surplus to provide contingency for any in-year movement in the actual income and/or expenditure of the Fund. Further property related upgrade expenditure is not anticipated in the short term, however, it is proposed that an annual surplus is

- maintained in order to protect the Fund balance for the longer term.
- 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.

An external consultant has been engaged to progress the review of titles for the former Burgh and the work and consultation will be completed in 2021/22. Until the review exercise is complete, there remains the risk that the Perth Common Good Fund property portfolio is incomplete and the Perth Common Good Fund may, therefore, potentially be liable for the future repair and upgrade costs for property which is not currently identified as common good.

(II) The 2021/22 Perth Common Good Fund budget and medium term plan is based upon a strategy of distributing the annual income of the Fund in line with previous years, 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 2021/22 and 2023/24, are summarised below and are detailed within Appendix 1.  
Rent & Rates

- 2.6 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 2021/22 season was 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.

#### Repairs and Maintenance

- 2.7 It is proposed to maintain the General budget at £15,000 in line with the pattern of expenditure incurred during recent years whilst allowing for expenditure on any unexpected minor repairs to Common Good properties.

#### Financial Assistance

- 2.8 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 these activities is £116,500.

### Legal Fees

- 2.9 As noted in Section 2.4(i) of the report, there is a statutory duty to review and publish a list of common good property. At the meeting on 19 October 2020 (Report 20/186 refers), the Committee approved that £3,000 expenditure will be met from the Perth Common Good Fund to complete the review of titles for the former Burgh. Unfortunately, the review could not progress as planned during 2020/21 due to other priorities arising from the pandemic, together with the associated lockdown restrictions. The proposed £3,000 budget for 2021/22, therefore, reflects the rephasing of expenditure between financial years.

### Christmas Events

- 2.10 It is proposed that the total 2021/22 Christmas Events budget for the storage of lighting and equipment; the installation, removal and maintenance of Christmas lights and associated equipment; and the contribution towards the Switch on Ceremony, remains unchanged from prior years.

### Income

- 2.11 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 2022/23 and 2023/24 is included to allow for the additional rent which may arise from rent reviews.
- 2.12 The Fund balance is invested as a fixed term deposit in The Council's Loans Fund. There remain a number of economic uncertainties and interest rates for deposits currently remain low. The budget for 2021/22 is based upon the rate available at the time of preparing this report and estimates will be revised at the time of future deposit rollover.
- 2.13 Income from fishing permits remains unpredictable and the 2021/22 budget assumes £500 income for the year.

### Revenue Account Balance

- 2.14 The total useable Revenue Account balance is projected to be £1,668,599 at 31 March 2021. Assuming all forecasts remain unchanged, the Revenue Account Balance is projected to increase to £1,677,799 at 31 March 2022.
- 2.15 It remains prudent to maintain the Fund balance at a reasonable level in order that the Fund can benefit in the event that investment interest rates were to increase in the future. It is, therefore, proposed that the balance of the Revenue Account continues to be maintained at a minimum of £1,000,000 to protect the longer-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 2022 is, therefore, £557,799 and will remain available for the funding of any unforeseen obligations arising for the Perth Common Good Fund.

#### Financial Statement 2020/21

- 2.18 On the basis of Appendix 2, it is anticipated that there will be a surplus of £131,523 in 2021/22 and, as noted previously, the Fund's estimated Revenue Account Balance will be £1,668,599 at 31 March 2021. Final adjustments for income and expenditure will be completed during April and a further update will be provided to the Committee at the June 2021 meeting.
- 2.19 The restrictions arising from the pandemic have resulted in several expenditure and income variances during 2020/21. The 2020/21 budget was set to achieve a £25,600 surplus for the Fund. The variances result in a projected additional surplus of £105,900 for the year, as shown in Appendix 2, and are summarised as follows: -
- Underspend arising from the cancellation of events (£56,500)
  - Financial Assistance underspend (£55,300)
  - Projected underspend for Repairs & Maintenance and repairs/replacement of Christmas Lights (£21,000)
  - Shortfall in income from rents, interest income, and fishing permit income (£26,900)

### **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 The proposed 2021/22 Budget and draft budgets for 2022/23 and 2023/24 have been prepared using expenditure and income trends for the Fund, whilst making adjustments for the potential impact of the pandemic.
- 3.2 Appendix 1 details the proposed 2021/22 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 2021/22, as set out in Appendix 1.
  - (ii) Note the Perth Common Good Fund draft budget for financial years 2022/23 and 2023/24, as set out in Appendix 1.
  - (iii) Note the Perth Common Good Fund Income and Expenditure to 31 March 2021 and the projected outturn for the year-end, as set out in Appendix 2.

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Contact Details</b>
Donald Coyne	Senior Accountant	CHXFinance@pkc.gov.uk

**Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
Stewart Mackenzie	Head of Finance	7 April 2021
Karen Donaldson	Chief Operating Officer	13 April 2021

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 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 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 - Proposed Budget for 2021/22 and draft budgets for 2022/23 and 2023/24
- Appendix 2 – Perth Common Good Fund Financial Statement for period to 31 March 2021 for Financial Year 2020/21