
Report To:	Policy & Resources Committee	Date:	6 February 2018
Report By:	Chief Financial Officer	Report No:	FIN/19/18/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Common Good Budget 2018/19		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval for the 2018/19 Common Good Budget .

2.0 SUMMARY

- 2.1 The Council runs a Common Good Budget which is overseen by the Policy & Resources Committee. The vast majority of the income for the Common Good Fund comes from shop rents from premises in the centre of Port Glasgow with expenditure being incurred on property maintenance and supporting various community events which benefit the whole of Inverclyde.
- 2.2 In recent years due to one off spend on property maintenance and events, the Common Good Fund balance has reduced significantly and successive reports by the Council's external auditors have highlighted the need for the Council to increase the fund balance back to the minimum recommended level of £100,000.
- 2.3 Appendix 1 shows the proposed draft budget for 2018/19 and it can be seen that there is a budgeted surplus of £26,640 which if achieved would increase the fund balance as at 31 March 2019 to £37,350.
- 2.4 The Committee should be aware that whilst the proposed budget generates a surplus in 2018/19 if there is a downturn in occupation of the properties in Port Glasgow Town Centre or a significant maintenance cost then this budgeted surplus could be eliminated. It is important therefore that Members continue to look at ways of increasing the Common Good Fund balance when opportunities arise.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the 2018/19 Common Good Budget as set out in Appendix 1 and note that updates on the Budget will be reported to each cycle of the Policy & Resources Committee during 2018/19.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council operates an Inverclyde wide Common Good Fund which is overseen by the Policy & Resources Committee.
- 4.2 The Common Good Fund income nearly all comes from shop rents generated in Port Glasgow Town Centre with expenditure being split between maintenance of the properties and support for a number of Inverclyde wide events.
- 4.3 In the 2017/18 Budget it was agreed to remove the funding of Christmas parcels/dinners for the elderly from the Common Good Budget in order to allow a surplus to be generated.
- 4.4 The reason for the need to generate a surplus is that the Common Good Fund balance has significantly reduced in recent years due to one off expenditure on the Port Glasgow Town Centre properties and a major event. The current minimum recommended Common Good Fund balance is £100,000 and the projected balance as at 31 March 2018 is £10,710.

5.0 PROPOSALS

- 5.1 Appendix 1 contains the proposed 2018/19 Common Good Budget. From this it can be seen that the proposed budget would generate a surplus of £26,640 in 2018/19.
- 5.2 The Budget assumes a reduction in void rents on the basis of latest letting information and a maintenance of the current level of contribution to the 5 events which the Common Good either fully or partly funds.
- 5.3 It is important that the Committee understand that it would only take relatively small changes to the occupation of properties within Port Glasgow Town Centre or an increase in the maintenance cost of these properties for the budgeted surplus to be greatly reduced or eliminated.
- 5.4 In light of this it is important that Members continue to examine opportunities to increase the Common Good Fund balance as the alternative is that the funding for events is either reduced or transferred the General Fund.

6.0 IMPLICATIONS

6.1 Finance

The Common Good is a stand alone ring fenced budget and requires to run at a surplus. The proposals in this report would allow that position to be maintained.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

6.2 Legal

The Head of Legal and Property Services provides advice to the Chief Financial Officer to ensure that the Common Good Fund reflects all appropriate expenditure and income.

6.3 Human Resources

There are no HR implication arising from this report

6.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

6.5 Repopulation

There are no repopulation implications arising from this report

7.0 CONSULTATIONS

7.1 The Members' Budget Working Group support the proposals outlined in this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 None

COMMON GOOD FUND
REVENUE BUDGET 2018/19

	Projected 2017/18	Budget 2017/18	Adjustment 2018/19	Budget 2018/19
PROPERTY COSTS	23,500	19,000	A 3,000	22,000
Repairs & Maintenance	9,000	9,000		9,000
Rates	13,500	9,000	3,000	12,000
Property Insurance	1,000	1,000		1,000
ADMINISTRATION COSTS	8,000	7,700	0	7,700
Sundries	1,800	1,500		1,500
Commercial Rent Management Charge	2,200	2,200		2,200
Recharge for Accountancy	4,000	4,000		4,000
OTHER EXPENDITURE	79,100	79,100	0	79,100
Christmas Lights Switch On	10,500	10,500		10,500
Gourock Highland Games	29,400	29,400		29,400
Armistice Service	8,300	8,300		8,300
Comet Festival	13,300	13,300		13,300
Fireworks	12,600	12,600		12,600
Rent Relief (Society of the Innocents)	5,000	5,000		5,000
INCOME	(126,540)	(132,440)	B (3,000)	(135,440)
Gross Rent	(168,950)	(168,950)		(168,950)
Void Rents	42,910	37,010	(3,000)	34,010
Internal Resources Interest	(500)	(500)		(500)
NET EXPENDITURE	(15,940)	(26,640)	0	(26,640)

Projected Fund Balance as at 31st March 2018 **£10,710**

Projected Fund Balance as at 31st March 2019 **£37,350**

Notes:

A Property Costs

Adjust Rates budget based on current level of voids 3,000

3,000

It is proposed any underspends in the annual Repairs & Maintenance budget would be added to the Repairs & Renewals fund.

B Income

Adjust Income to bring in line with latest projections (3,000)

(3,000)

Total Adjustments

0

C Occupancy assumptions:

Projected Income (& Rates) assumes full occupancy with the exception of:

- 8 Bay Street (part year)
- 10 Bay St (assumed 50% occupancy on short term charity leases)
- 12 Bay Street (vacant)
- 17 John Wood St (vacant & unfit for occupation)
- 74 Port Glasgow Road (vacant)

D Recommended Fund Level

The recommended minimum overall fund level is £100,000.