
To: Finance, Resources and Customer Services Policy Board

On: 29 January 2020

Report by: Director of Finance and Resources

Heading: Paisley and Renfrew Common Good Fund Budgets 2020/21

1. Summary

1.1 The level of funding available to disburse annually from the Paisley and Renfrew Common Good Funds is dependent upon the income received by the Funds during the year. For each Fund, income is derived from its respective investment portfolio and is received in the form of property rental payments, interest payments or dividends, with the latter two being particularly sensitive to financial market fluctuations.

1.2 The level of income available for 2020/21 has been estimated along with existing annual commitments and assessments made of the affordability of existing funds delegated to Local Partnerships on an annual basis

2. Recommendations

2.1 The Board is asked to:

i) **Approve** the 2020/21 budget allocations to Local Partnerships as follows:

Common Good Fund	Local Partnership Area	Budget 2020/21
Renfrew	Renfrew	£67,360
Paisley	Paisley East, Ralston, Hawkhead / Lochfield, Hunterhill and Charleston	£11,100
Paisley	Paisley North, Gallowhill, Ferguslie, Paisley West and Central	£9,750
Paisley	Foxbar / Brediland and Glenburn	£9,150

- ii) **Approve** the continuing funding of recurring projects as outlined in Appendix 1.
 - iii) **Note** the ongoing discussion with the Thomas Coats Preservation Trust and **approve** the award of £50,000 from Paisley Common Good Fund subject to the conclusion of the due diligence process.
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3. **Background**

- 3.1 The Common Good Funds of both Paisley and Renfrew are used each financial year to fund ongoing projects and commitments made by the Finance, Resources and Customer Services Policy Board. In addition, an annual allocation is made to relevant Local Partnerships, who have delegated authority to disburse grants to local organisations from whom they receive bids for funding and / or to use the funding themselves to support appropriate projects. The proposed allocations are based on the current Local Partnership arrangements. The governance and operating arrangements of Local Partnerships are currently being reviewed, therefore an adjustment to the proposed Common Good allocations may be required depending on the outcome of the review.
- 3.2 Income received by the Common Good Funds is derived from rental income from Common Good property and, principally, from dividend income and interest payments. Subject to maintaining tenancies, rental income remains fairly stable and predictable on a yearly basis. However, in terms of investment income from dividends and interest, it is necessary to make an informed estimate each year of the income that will be available to the Common Good Funds in the following year.
- 3.3 Rental income to both Common Good Funds is expected to remain unchanged in 2020/21.
- 3.4 In recent years, investment income has held up well in a difficult financial market, exceeding the targets set for the Funds' investment managers. However, a degree of caution has been applied to income budgets to reflect the continued uncertainty in the markets and the anticipated sustainability of the current level of investment income, which continues to be monitored closely by both officers and the Investment Review Board.
- 3.5 Taking these income projections into account, a forecast Income and Expenditure Statement for each Common Good Fund has been prepared on a cash basis (i.e. excluding non-cash movements, such as depreciation) and is attached for Members' consideration. These forecasts presume that in-year expenditure will not exceed income. There is a requirement to ensure that the ongoing commitments of each Common Good Fund remain affordable and sustainable.
- 3.6 It should be noted by Members that the Annual Accounts for the Common Good Funds are prepared on an accruals basis and therefore will include non-cash items, such as depreciation and unrealised gains or losses on the market value of investments. This means that the surplus or deficit published in the Annual Accounts will differ from the Funds' cash position and could result, for example, in an in-year deficit

being reported in the Annual Accounts despite no cash losses being made.

- 3.7 The Leadership Board agreed on 1 May 2019 to offer a contribution of £50,000 from the Paisley Common Good Fund to the Thomas Coats Preservation Trust to support their ongoing fundraising campaign, subject to demonstrating a robust and funded business case for their proposed reuse of the Thomas Coats Memorial Church. Council officers remain in dialogue with the Trust and have been provided information with regards the proposed development of the building and business case. Further clarification from the Trust is being sought with regards aspects of their business case to ensure that risks associated with the proposals are appropriately assessed and managed. Once this due diligence process is complete to the satisfaction of the Director of Finance & Resources, it is proposed that the funding agreed is passed to the Trust, subject to the Council's usual grant conditions.
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Implications of the Report

1. **Financial** – The proposed budgeted allocations will ensure the general principle of only spending the income available each year.
2. **HR & Organisational Development** – None.
3. **Community Planning** –

Our Renfrewshire is well – Many of the projects funded by Local Partnerships contribute to the promotion of more active pursuits for all age groups.

Our Renfrewshire is thriving - The funding allocated from the Common Good Funds supports local community groups and projects.

Our Renfrewshire is safe – The community projects funded by Local Partnerships, as well as recurring funding for events and community services supports communities to be safer and stronger.
4. **Legal** – None.
5. **Property/Assets** – None.
6. **Information Technology** – None.
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None.

9. **Procurement** – None.
 10. **Risk** – There is a risk investment income will not be realised as forecast, however this risk will be monitored through regular discussion with the Council's investment manager and adviser.
 11. **Privacy Impact** – None.
 12. **COSLA Policy Position** – None.
 13. **Climate Risk** – None.
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Author

Alastair MacArthur, Ext 7363

Appendix 1

Renfrew Common Good - Income & Expenditure Forecast

	Approved 2019/20 £	Proposed 2020/21 £
Estimated Net Annual Income available:		
Income receivable from Loans Fund	-15,000	-15,000
Investment Income	-400,000	-450,000
Property Rental Income	-260,000	-260,000
	-675,000	-725,000
Less costs:		
Investment Management Fees	52,000	59,000
Council Administration Fee	44,000	45,000
External Audit Fees	2,300	2,300
Renfrew Town Hall - lifecycle maintenance	8,000	8,000
Property Costs	15,000	15,000
Total Available for Disbursement	-553,700	-595,700
Cost of Recurring Projects approved in prior years:		
Christmas lights: operating costs	15,900	15,900
Christmas lights: switch-on event	10,000	10,000
Repair to War Memorial	285	285
Repair to Public Clocks	205	205
Maintenance Benches - Robertson Park	640	640
Pets Corner - Robertson Park	6,460	0
Cherrie Centre Support	79,330	79,330
Renfrew Gala Week	5,000	5,000
CCTV Operations	11,000	11,000
Total Cost of Recurring Projects	128,820	122,360
Local Partnership Allocations		
Renfrew	67,360	67,360
(Surplus)/Deficit on cash basis	-357,520	-405,980

Paisley Common Good - Income & Expenditure Forecast

	Approved 2019/20 £	Proposed 2020/21 £
Estimated Net Annual Income available:		
Income receivable from Loans Fund	-3,000	-3,000
Investment Income	-158,000	-150,000
Property Rental Income	-48,000	-48,000
	-209,000	-201,000
Less costs:		
Investment Management Fees	17,000	18,000
Council Administration Fee	14,500	15,000
External Audit Fees	2,300	2,300
Property Costs	5,500	5,500
Total Available for Disbursement	-169,700	-160,200
Cost of Recurring Projects approved in prior years:		
Christmas lights	52,340	52,340
Repair to War Memorial	430	430
Fireworks Display	5,000	5,000
Barshaw Gala	5,000	5,000
Nature Corner - Barshaw Park	15,680	0
CCTV Operations	18,600	18,600
Total Cost of Recurring Projects	97,050	81,370
Local Partnership Allocations		
Paisley East, Ralston, Hawkhead/Lochfield, Hunterhill and Charleston	11,100	11,100
Paisley North, Gallowhill, Ferguslie, Paisley West and Central	9,750	9,750
Foxbar / Brediland and Glenburn	9,150	9,150
	30,000	30,000
(Surplus)/Deficit on cash basis	-42,650	-48,830