
To: Finance and Resources Policy Board

On: 25 January 2017

Report by: Director of Finance & Resources

Heading: Paisley & Renfrew Common Good Funds 2017/18

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 available to the Funds during the year. For each Fund income is derived from their respective investment portfolios 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 2017/18 has been estimated along with the existing annual commitments and assessment made of the affordability of the existing funds delegated to Local Area Committees on an annual basis.
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2. Recommendations

- 2.1 The Board is asked to:
- 1. Approve** the 2017/18 budget allocations to Local Area Committees as follows:

Renfrew Common Good	Renfrew & Gallowhill	£67,360
Paisley Common Good	Renfrew & Gallowhill	£2,000
Paisley Common Good	Paisley North	£13,000
Paisley Common Good	Paisley South	£15,000

2. **Approve** the continuing funding of recurring projects as outlined in Appendix 1.

3. **Background**

- 3.1 The Common Good Funds of both Paisley and Renfrew are utilised each financial year to fund ongoing projects and commitments made by previous meetings of the Finance and Resources Policy Board. In addition, an annual allocation is made to the relevant Local Area Committees, who have the delegated authority to disburse grants to local organisations from whom they receive bids for funding and/or utilise the funding themselves to support appropriate projects.
- 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 year by year basis. However in terms of investment income from dividends and interest, there is a requirement to make an informed estimate each year in order to assess what funds are likely to be available to the Common Good Funds the following year.
- 3.3 The rental income to both Common Good Funds is expected to remain unchanged.
- 3.4 An element of the funding allocation for the Cherrie Centre under the Renfrew Common Good Fund is provided to allow the Centre to pay the Living Wage to its staff. The Living Wage rate has increased from £8.25 per hour to £8.45, and the budget has been inflated to reflect this.
- 3.5 Recent years have seen investment income hold 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 the income budgets to reflect the continued uncertainty in the markets and the ability to sustain the current level of investment income generated. The level of investment income continues to be closely monitored by both officers and the Investment Review Board.
- 3.6 Taking the income projections into account a forecast income and expenditure statement for each Common Good Fund has been prepared on a cash basis (ie excluding non-cash movements such as depreciation) and is attached for Members consideration. These forecasts are based on the presumption that in year expenditure will not exceed income. There is a requirement to ensure the ongoing

commitments of each Common Good Fund remain affordable and sustainable. The spend projections below do not include the one-off contributions towards Parks improvements from both Common Good Funds agreed by Council on 3 March 2016, which will be funded from accumulated cash balances.

- 3.7 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. These items will impact on the published annual accounts, and could result in an in-year deficit being reported in the accounts despite the fact no cash loss has been made.

Implications of the Report

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

Community Care, Health & Well-being – Many of the projects funded by Local Area Committees contribute to the promotion of more active pursuits for all age groups.

Empowering our Communities – The funding allocated from the Common Good Funds supports local community groups and projects.

Safer and Stronger – The community projects funded by Local Area Committees, as well as recurring funding for events and community services supports communities to be safer and stronger.
4. **Legal – None.**
5. **Property/Assets** – The vacation of Renfrew Police Station may entail additional security and maintenance costs while the future of the building is considered in line with the Council asset management strategy.
6. **Information Technology – None.**
7. **Equality & Human Rights -**

- (a) 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.

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Appendix 1

Paisley Common Good - Income & Expenditure Forecast

	Approved	Proposed
	2016/17	2017/18
Estimated Net Annual Income Available:		
Interest receivable	(4,000)	(4,000)
Investment Income	(111,000)	(111,000)
Property Rental Income	(48,800)	(48,800)
	(163,800)	(163,800)
Less:		
Investment Management Fees	12,000	13,000
Council Administration Fee	13,000	12,000
External Audit Fees	0	2,300
Property Costs	5,500	5,500
Total Available for Disbursement	(133,300)	(131,000)
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
Nature Corner - Barshaw Park	15,680	15,680
CCTV Operations	18,600	18,600
Total Cost of Recurring Projects	92,050	92,050
LAC Allocations		
Renfrew & Gallowhill LAC	2,000	2,000
Paisley North LAC	13,000	13,000
Paisley South LAC	15,000	15,000
	30,000	30,000
(Surplus)/Deficit on cash basis	(11,250)	(8,950)

Renfrew Common Good - Income & Expenditure Forecast

	Approved	Proposed
	2016/17 £	2017/18
Estimated Net Annual Income Available		
Interest receivable	(12,500)	(15,000)
Investment Income	(380,000)	(380,000)
Property Rental Income	(260,000)	(260,000)
	<u>(652,500)</u>	<u>(655,000)</u>
Less:		
Investment Management Fees	39,000	42,000
Council Administration Fee	38,000	37,000
External Audit Fees	0	2,300
Property Costs	<u>25,000</u>	<u>25,000</u>
Total	(550,500)	(548,700)

Deduct

Cost of Recurring Projects

Christmas lights	22,430	22,430
Repair to War Memorial	285	285
Repair to Public Clocks	205	205
Maintenance Benches - Robertson Park	640	640
Pets Corner, Robertson Park	6,460	6,460
Cherrie Centre - out of school care	41,530	41,530
Cherrie Centre - living wage subsidy	26,200	29,400
Renfrew Gala Week	10,000	10,000
Brown Institute		
Moorcroft Sports Centre - Contribution to Running Costs		
Renfrew Town Hall - lifecycle maintenance	8,000	8,000
CCTV Operations	11,000	11,000
Total Cost of Recurring Projects	<u>126,750</u>	<u>129,950</u>

LAC Allocations

Allocated as follows:

Renfrew & Gallowhill LAC	67,360	67,360
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(Surplus)/Deficit on cash basis

(356,390) (351,390)