
To: Finance, Resources and Customer Services Policy Board

On: 2 February 2022

Report by: Director of Finance and Resources

Heading: Paisley and Renfrew Common Good Fund Budgets 2022/23

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 2022/23 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
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2. Recommendations

2.1 The Board is asked to:

- i) **Approve** the 2022/23 budget allocations to Local Partnerships as follows:

Common Good Fund	Local Partnership	Budget 2022/23
Renfrew	Renfrew	£71,740
Paisley	Paisley East	£11,820
Paisley	Paisley North, West and Central	£10,380
Paisley	Gleniffer	£9,740

- ii) **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 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, which have delegated authority to disburse grants to local organisations from which 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.
- 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 2022/23.
- 3.4 In recent years, and particularly over the course of 2020 and 2021, 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 During 2021-22 the Investment Review Board agreed that funds from the Paisley Common Good Fund and Renfrew Common Good Fund cash balance (managed by the Council) be added to the investments managed by the Funds' investment managers: £3.3m for the Renfrew Common Good Fund and £0.3m for the Paisley Common Good Fund. This increase in the level of managed funds, coupled with the appreciation in the underlying market value the funds during the previous year, has resulted in an increase for 2022/23 in the estimates of investment management fees (which are directly linked to the funds' market value).
- 3.6 Taking these 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.
- 3.7 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. 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.

- 3.8 Due to the COVID-19 pandemic, some of the events for which funding was approved in 2021/22 from the Common Goods Funds could not go ahead. If the event was cancelled the payment from the funds has not been made. The assumption for the next financial year is that these events will occur and the funding remains within the 2022/23 budgets.
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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

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Renfrew Common Good - Income & Expenditure Forecast

	Approved 2021/22 £	Proposed 2022/23 £
Estimated Net Annual Income available:		
Income receivable from Loans Fund	-23,000	-18,000
Investment Income	-450,000	-540,000
Property Rental Income	-260,000	-260,000
	-733,000	-818,000
Less costs:		
Investment Management Fees	62,000	90,000
Council Administration Fee	45,000	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	-600,700	-657,700
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
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	122,360	122,360
Local Partnership Allocations		
Renfrew	67,360	71,740
(Surplus)/Deficit on cash basis	-410,980	-463,600

Paisley Common Good - Income & Expenditure Forecast

	Approved 2021/22 £	Proposed 2022/23 £
Estimated Net Annual Income available:		
Income receivable from Loans Fund	-4,000	-2,000
Investment Income	-150,000	-155,000
Property Rental Income	-48,000	-48,000
	-202,000	-205,000
Less costs:		
Investment Management Fees	18,000	24,000
Council Administration Fee	15,000	15,000
External Audit Fees	2,300	2,300
Property Costs	5,500	5,500
Total Available for Disbursement	-161,200	-158,200
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
CCTV Operations	18,600	18,600
Total Cost of Recurring Projects	81,370	81,370
Local Partnership Allocations		
Paisley East	11,100	11,820
Paisley North, West and Central	9,750	10,380
Gleniffer	9,150	9,740
	30,000	31,940
(Surplus)/Deficit on cash basis	-49,830	-44,890