

## ABERDEEN CITY COUNCIL

---

COMMITTEE	COUNCIL
DATE	22 February 2017
INTERIM DIRECTOR	Richard Ellis
TITLE OF REPORT	Common Good Budget 2017/18 to 2021/22
REPORT NUMBER	CG/17/016
CHECKLIST COMPLETED	Yes

---

### **1. PURPOSE OF REPORT**

This report provides the draft Common Good budget for 2017/18 to 2021/22, for consideration by elected members.

### **2. RECOMMENDATIONS**

It is recommended that the Council: -

- a) approves the Common Good budget for 2017/18 as detailed in Appendix 1 to this report;
- b) approves the recommendation that the Head of Finance be asked to undertake a comprehensive review of Common Good assets; and
- c) considers and makes a decision on each of the new requests for funding which are detailed at Appendix 3 to this report.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The report outlines proposals for the Common Good budget for the financial year 2017/18.
- 3.2 It also contains details of the value of the Common Good's cash balances.
- 3.3 A full review of the Common Good budget has been undertaken.

### **4. OTHER IMPLICATIONS**

- 4.1 The Common Good funds provide support to a range of services and projects both internal and external to the Council. If funding was not provided there may be a risk that services and projects would no longer be delivered.

## **5. BACKGROUND/MAIN ISSUES**

### **Introduction**

- 5.1 In preparing a draft Common Good budget for 2017/18, the financial strategy approved by the Finance & Resources Committee of 6<sup>th</sup> December 2012 has been applied.
- 5.2 Generally, requests for funding from the Common Good need to comply with two conditions, namely;
- (1) That the Common Good must be applied for the benefit of the community; and
  - (2) That the Council must in each case use reasonable judgement in allocating Common Good funding.

### **Projected Out-turn 2016/17**

- 5.3 The projected outturn for 2016/17 shows a surplus of £232,000 compared with a budgeted surplus of £72,000.
- 5.4 The favourable movement of £160,000 comparing budget to out-turn is primarily due to underspends in staffing within Civic Support; an underspend in Civic Receptions due to fewer applications being received; and an underspend in the repairs and maintenance budget due to less repairs work being carried out on properties.

### **Draft Budget 2017/18**

- 5.5 In developing the draft Common Good budget for 2017/18, input has been sought from those external bodies currently supported by the Common Good and from various Council officers responsible for the different expenditure and income lines. The draft budget is shown in Appendix 1 below.
- 5.6 Rental income is based on projections provided by the Asset Management team within Communities, Housing & Infrastructure.
- 5.7 The Council's legal team has fully reviewed all items currently funded by the Common Good in terms of fulfilling the criteria summarised in 5.2 above. The items which they suggest do not fulfil the criteria are:

	<b>£000</b>
Official Catering	17
Bulawayo Trust	45
Gomel Trust	22
Mary Garden Prize	2
Events Team	50
	136

- 5.8 These items have been removed from the draft budget and are shown as cost pressures in the Council's revenue budget.
- 5.9 Appendix 3 outlines those new items for which requests for funding have been received. These items are not currently included in the draft budget, and as such, if approved, will reduce the level of surplus shown in Appendix 1. The current budgeted position for 17/18 is a surplus of £472,000.

### **Investment Strategy & Cash Balances**

- 5.10 In December 2012 the Finance, Policy & Resources Committee agreed an investment strategy to ensure the long term financial viability of the Common Good. Given the continued economic conditions and also the increased level of cash reserves that the Common Good has through the sale of land it is important that this strategy is reviewed regularly.
- 5.11 In February 2016, Council agreed to the following:
1. A review of Asset Class and Investment Portfolio be reported back to Committee in due course;
  2. The principal of ensuring that cash balances be increased annually to take account of inflation should be adhered to;
  3. The principal of adhering to maintaining the principal cash held (that is, cash balances should increase in value and should not be utilised) and that interest earned is the only cash made available as part of the budget process; and
  4. Over the medium term (5 years) all spend, which does not relate to the running or maintenance of the Common Good Fund, should be non-recurring.
- 5.12 The asset portfolio is comprised of land and buildings, and cash. The current position (31<sup>st</sup> March 2016) is as follows:

	£'000
Land and Buildings	95,531
Investment in Loans Fund	<u>16,881</u>
Total Long Term Assets	112,412

- 5.13 These assets generate in excess of £3 million per annum in income, which is used to fund the spend shown in Appendix 1.
- 5.14 A major criterion of the investment strategy has to be to ensure that the assets held by the Common Good are fit for purpose in the 21<sup>st</sup> century. The Council is custodian of these assets, and capital preservation should be the main priority.
- 5.15 An investment strategy needs to assess each of the categories of assets and ensure that they are fit for purpose and offering the best possible return on investment.

- 5.16 It is therefore recommended, and taking cognisance of the additional responsibilities imposed by the Community Empowerment Act, that the Head of Finance be asked to prepare a comprehensive asset register and to review all Common Good investments, using expertise from fund managers as appropriate.
- 5.17 Members will wish to note that the Minister for Local Government and Housing has confirmed the intention to publish guidance on the procedures to be followed when creating Common Good registers and the management and use of Common Good property as envisaged in Part 8 of the Community Empowerment (Scotland) Act 2015. Draft guidance for consultation will be published soon after the Local Government Elections in May 2017. Reports on these matters will be brought to Committee as and when required.

## **6. IMPACT**

### **Improving Customer Experience –**

Accurate budget setting and financial planning assists the Council in planning and designing our future service delivery.

### **Improving Staff Experience –**

Good financial information improves good financial management and helps to track how successful management initiatives, such as service redesign, have been.

### **Improving our use of Resources –**

It is the duty of the Council as trustees of the Common Good to ensure that the cash balances are maintained, and that the Common Good is preserved for future generations.

## **7. MANAGEMENT OF RISK**

- 7.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by elected members. This report is part of that framework.

## **8. BACKGROUND PAPERS**

Finance, Policy and Resources Committee 6<sup>th</sup> December 2012  
(CG12/1024)

## **9. REPORT AUTHOR DETAILS**

Helen Valentine  
Finance Manager (Projects)  
☎ (52)2098  
Email [hvalentine@aberdeencity.gov.uk](mailto:hvalentine@aberdeencity.gov.uk)

Ciaran Monaghan  
Head of Service, Office of Chief Executive  
☎ (52)2293  
Email [cmonaghan@aberdeencity.gov.uk](mailto:cmonaghan@aberdeencity.gov.uk)

Common Good Fund Budget					*	*	*	*
Appendix 1		2016/17	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Note		Budget £000	Outturn £000	Budget £000	Budget £000	Budget £000	Budget £000	Budget £000
	<b>General Properties/Estates</b>							
1	Insurance Costs	17	13	17	17	17	17	17
2	Repairs and Maintenance	85	50	85	85	85	85	85
		102	63	102	102	102	102	102
	<b>Other Expenses</b>							
3	St Nicholas Carillon	6	6	6	6	6	6	6
4	Printing and Other Sundries	3	3	0	0	0	0	0
5	Official Catering	17	12	0	0	0	0	0
		26	21	6	6	6	6	6
	<b>Donations, Grants, Contributions</b>							
6	Aberdeen Citizen's Advice Bureau	298	298	301	304	307	310	310
7	Twinning Activities	137	124	137	137	137	137	137
8	Contributions to Trusts & Festivals	325	325	325	325	325	325	325
9	Techfest	37	37	37	37	37	37	37
10	Satrosphere Rent	42	42	42	42	42	42	42
11	Bulawayo Trust	45	45	0	0	0	0	0
12	Gomel Trust	22	22	0	0	0	0	0
13	Mary Garden Prize	2	2	0	0	0	0	0
14	Quincentenary Prizes	3	3	0	0	0	0	0
15	Aberdeen Performing Arts Contribution - Stage 1 Agreement	75	75	75	75	75	75	75
16	Aberdeen Safer Community Trust (ABSAFE)	68	68	68	70	70	60	60
17	Youth Activities Small Grant Funding	50	50	50	50	50	50	50
18	Castlegate Arts Rent	8	8	8	8	8	8	8
19	Events	61	61	65	61	61	61	61
20	Community Galas	10	10	10	10	10	10	10
21	Lemon Tree Rent	36	36	36	36	36	36	36
22	Lemon Tree Office Rental	10	10	10	10	10	10	10
23	Crematorium Bus	46	46	46	46	46	46	46
24	Christmas & Hogmanay Celebrations	200	200	225	200	200	200	200
25	Hazlehead Park - Maintenance & Upgrade Works	30	30	30	30	0	0	0
26	Commonwealth Travel Bursary Scheme	20	20	0	0	0	0	0
		1,525	1,512	1,465	1,441	1,415	1,408	1,408
	<b>Promoting Aberdeen</b>							
27	Festive Community Grants	4	4	4	4	4	4	4
28	Civic Support	248	211	262	262	262	262	262
29	Christmas Illuminations and Festivals	173	157	184	179	179	179	179
30	Entertainment for Elderly/Disabled Citizens	50	50	0	0	0	0	0
31	Older Persons Development Officer	19	19	0	0	0	0	0
32	Civic Receptions	150	120	150	150	150	150	150
33	Civic Hospitality	20	12	20	20	20	20	20
		664	573	620	615	615	615	615
	<b>Other Expenditure</b>							
34	Archivist Unit	188	188	211	211	211	211	211
35	Central Support Services	120	120	120	120	120	120	120
		308	308	331	331	331	331	331
	<b>Other Projects</b>							
36	Home Safety Check Scheme	71	71	71	71	71	71	71
37	Charity Shop	16	16	16	16	16	16	16
38	Community Safety Initiatives (ABSAFE)	2	2	2	2	2	2	2
		89	89	89	89	89	89	89
	<b>Other Recurring Expenditure</b>							
39	Civic Gift Fund	18	15	18	18	18	18	18
40	Lord Lieutenancy and other duties	7	4	7	7	7	7	7
41	Armistice Day Expenses	6	6	6	6	6	6	6
42	Picture Loan Scheme	15	15	15	15	15	15	15
43	Business Investment Fund	15	15	0	0	0	0	0
44	Duthie Park Capital Charges	126	126	126	126	126	126	126
		186	181	171	171	172	172	172
	<b>Recurring Expenditure</b>	<b>2,900</b>	<b>2,747</b>	<b>2,783</b>	<b>2,755</b>	<b>2,729</b>	<b>2,722</b>	<b>2,722</b>
45	<b>Non Recurring Expenditure Items</b>							
	Lord Provost Portrait	5	5	5	0	0	0	0
	Upkeep of March Stones	10	10	0	0	0	0	0
	Contribution to Ferryhill Railway Heritage	10	10	0	0	0	0	0
	Contribution to Kirk of St Nicholas	10	10	0	0	0	0	0
	Contribution to Castlegate Arts (subject to Service Level Agreement)	40	40	0	0	0	0	0
	Contribution to Aberdeen Street Pastors	9	8	0	0	0	0	0
	Grant to Celebrate Aberdeen	20	20	0	0	0	0	0
	ACC Asset Management - Brimmond Hill - cattle grids/fencing	10	0	0	0	0	0	0
	ACC Asset Management - Bucksburn Farm - bollards	2	0	0	0	0	0	0
	ACC Asset Management - Smithfield Farm - roof repairs	10	10	0	0	0	0	0
	ACC Asset Management - Jessefield Farm - house doors	3	3	0	0	0	0	0
	Balnagask Community Centre	0	5	0	0	0	0	0
		129	121	5	0	0	0	0
	<b>ORDINARY EXPENDITURE</b>	<b>3,029</b>	<b>2,868</b>	<b>2,788</b>	<b>2,755</b>	<b>2,729</b>	<b>2,722</b>	<b>2,722</b>
46	Inflationary Charge - Increase in Cash Balance			168	175	183	191	200
	<b>TOTAL EXPENDITURE</b>	<b>3,029</b>	<b>2,868</b>	<b>2,956</b>	<b>2,930</b>	<b>2,912</b>	<b>2,913</b>	<b>2,922</b>

<b>Common Good Fund Budget</b>					*	*	*	*
<b>Appendix 1 (cont)</b>		<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Note</b>		<b>Budget</b>	<b>Outturn</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
47	Income from Properties and Estates	(2,900)	(2,900)	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)
48	Interest on Invested Funds	(130)	(130)	(158)	(204)	(207)	(251)	(286)
49	Lands of Skene/Torry (Share of Surplus)	(70)	(70)	(70)	(70)	(70)	(70)	(70)
	<b>ORDINARY INCOME</b>	<b>(3,100)</b>	<b>(3,100)</b>	<b>(3,428)</b>	<b>(3,474)</b>	<b>(3,477)</b>	<b>(3,521)</b>	<b>(3,556)</b>
	<b>TOTAL INCOME</b>	<b>(3,100)</b>	<b>(3,100)</b>	<b>(3,428)</b>	<b>(3,474)</b>	<b>(3,477)</b>	<b>(3,521)</b>	<b>(3,556)</b>
	<b>Net (Surplus)/Deficit</b>	<b>(72)</b>	<b>(232)</b>	<b>(472)</b>	<b>(545)</b>	<b>(566)</b>	<b>(608)</b>	<b>(634)</b>

## **Appendix 2**

### **Notes to accompany the Common Good Budget**

#### **Note 1**

This budget is used to insure properties owned by the Common Good.

#### **Note 2**

This is a budget for repairs and maintenance costs for properties owned by the Common Good.

#### **Note 3**

This represents a contribution towards the fees paid to the Carillonneur.

#### **Note 4**

This budget is for items including the printing of the Town House brochure and promoting the Office of the Lord Provost. The budget has been removed from the Common Good as the service has agreed to absorb the cost.

#### **Note 5**

This budget is to provide refreshments during official City Council business. Legal Services advises that this does not fit the criteria for the Common Good and the budget has been included as a cost pressure in the General Fund.

#### **Note 6**

This represents core funding for Aberdeen Citizen's Advice Bureau. The increase represents a 1% inflationary increase.

#### **Note 7**

This funding is for the provision of financial and organisational support to people, communities and organisations in the City wishing to become involved in twin city projects, and also contributes to the costs of a Twinning Officer.

#### **Note 8**

This is a contribution towards the costs of Aberdeen International Youth Festival (£65,000), Aberdeen Performing Arts (£225,000) and Peacock Visual Arts (£35,000).

#### **Note 9**

This represents a contribution towards the running costs of the City's annual Techfest festival, held in various venues throughout the City during September.

#### **Note 10**

This is a grant to cover the cost of Satrosphere's rental of premises from Aberdeen City Council.



#### Note 11

This is a contribution towards the Aberdeen Bulawayo Trust, which provides support to people in Bulawayo, primarily focusing on the development of self-sustaining market gardens and the repair and maintenance of homes and shelters. Legal Services advises that this does not fit the criteria for the Common Good and the budget is included as a cost pressure in the General Fund.

#### Note 12

This is a contribution towards the Aberdeen Gomel Trust, which addresses and helps to resolve the medical, nutritional, social and spiritual problems experienced by the people of Gomel. Legal Services advises that this does not fit the criteria for the Common Good and the budget is included as a cost pressure in the General Fund.

#### Note 13

This is funding for the Mary Garden Prize, currently presented as part of the Aberdeen International Youth Festival. Legal Services advises that this does not fit the criteria for the Common Good and the budget is included as a cost pressure in the General Fund.

#### Note 14

This budget covers 3 annual £1,000 awards for the Quincentenary Prize, presented by the University of Aberdeen since 1995 to commemorate the 500<sup>th</sup> Anniversary of King's College. Legal Services advises that this does not fit the criteria for the Common Good. Following discussion with the University of Aberdeen it has been decided to discontinue the funding of the prizes.

#### Note 15

This provides match funding for Aberdeen Performing Arts in relation to a grant awarded by Creative Scotland towards the costs of programming at His Majesty's Theatre.

#### Note 16

This represents core funding for Aberdeen Safer Community Trust.

#### Note 17

This is funding for the City Council youth activity small grants scheme. This scheme offers young people opportunities to contribute to their own communities and to the life of the city.

#### Note 18

This is a grant to cover the cost of the rental of the Arts Centre.

#### Note 19

This is funding towards the costs of organising specific events as details in the events programme. The increased cost is due to the cost of the shed being replaced in the Nativity scene due to its dilapidated state – approved, subject to the budget process, at FP&R Committee on 1st December 2016.

Note 20

This is for grants towards community galas held in the city.

Note 21

This is a grant to cover the cost of the rental of the Lemon Tree.

Note 22

This is a grant to cover the cost of renting an office next to the Lemon Tree Theatre.

Note 23

This is a budget to provide for a bus service to the crematorium.

Note 24

This is to fund the City's Christmas and Hogmanay celebrations. The increase is due to the increased cost of the Hogmanay celebrations – approved, subject to the budget process, at F, P&R Committee on 1<sup>st</sup> December 2016.

Note 25

This is a budget towards the costs of maintenance and upgrade works at Hazlehead Park.

Note 26

This is to fund the Diamond Jubilee Commonwealth Travel Bursary for young people. The 5 years commitment ceases 2016/17.

Note 27

This is a budget towards the costs of festive events held at the Council's leased community centres.

Note 28

This is a budget for the Civic Support team, incorporating the Lord Provost's secretariat, Town Sergeants and civic transportation. The increase is due to increased salary costs.

Note 29

This is a budget for the cost of the Christmas illuminations. The increase is due to the start of a new contract which may require possible enhancements.

Note 30

This is a budget to cover the costs of administering and delivering the 50+ development programme and entertainment for the elderly and disabled. The programme is no longer being delivered as it was and the officer has moved to the Council's Events Team and the budget is included as a cost pressure in the General Fund.

Note 31

This is a budget to cover the salary costs of a development officer to work with elderly citizens. This has been removed from the Common Good as the service has agreed to absorb this cost.

Note 32

This is a budget to cover the costs of hosting civic receptions.

Note 33

This is a budget for promotional civic hospitality.

Note 34

This is a contribution towards the costs of running the City Archive Unit. The increased cost is due to salary increases.

Note 35

This is a budget to cover the allocation of central support costs such as Finance, HR and office accommodation.

Note 36

This is funding for the Home Safety Check Scheme run by Aberdeen City Council.

Note 37

This is a budget to cover the rental and running costs for a charity shop in George Street.

Note 38

This is funding for the personal alarms distributed on behalf of the City Council by Aberdeen Safer Community Trust.

Note 39

The Civic Gift Fund provides a budget for the purchase of gifts presented to guests and visitors by the Lord Provost on behalf of the City.

Note 40

This budget covers the costs incurred by the Lord Provost in discharging his duties as Lord Lieutenant.

Note 41

This budget covers the costs of the annual Armistice Day event.

Note 42

This is a budget to cover funding for pictures loaned from the Art Gallery for display in other Council buildings.

Note 43

This is a fund towards the costs of the Depute Provost's activities in building and enhancing business links for the benefit of the City of Aberdeen. This has been removed from the Common Good as the service has agreed to absorb the cost.

Note 44

This is a budget for the servicing of the capital debt for the upgrade to Duthie Park.

Note 45

These items are one-off items approved by Council for expenditure in 2016/17.

Note 46

This is a provision to protect the Fund's cash balances by inflation.

Note 47

Around 100 properties have registerable leases on land owned by the Common Good. In addition to this, the Common Good owns land at Brimmond Hill, Hazlehead, Hilton, Hillhead of Pitfodels, Kincorth, Kepplehills, Tullos and Mastrick, all of which generate income for the Common Good and which is reflected in this budget.

Note 48

This is a budget to cover interest received on invested funds.

Note 49

The Common Good owns 51% of the Lands of Torry Trust and 30% of the Lands of Skene Trust. These trusts earn income in rents and interest from investment.

Appendix 3	
<b><u>Items for Consideration for 2017/18 - One off Items</u></b>	
Contribution towards Rob Roy Statue	£30,000
Befriend A Child Support Worker	£5,040
Aberdeen & North East Scotland Family History Society - Broad Street Exhibition	£7,000
RNLI - Contribution towards new Inshore lifeboat	£5,000
Aberdeen Illness & Disability Advice Service - payment of rent & overheads	£18,140
Aberdeen Performing Arts - replacement lift at HMT	£80,000
Homestart - contribution to rent of the charity shop	£5,000
	<b>£150,180</b>

### **Contribution towards Rob Roy Statue**

The Rob Roy Preservation Trust seeks a contribution of £30,000 towards the total costs of £46,100 for the production and installation of a replacement Rob Roy statue to be sited above the Culter Burn.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.

### **Befriend a Child**

A request for £5,040 being the costs of a support worker working with 14 families during 2017 is made by the Befriend a Child charity. While Children's Social Work colleagues are supportive of the work undertaken by Befriend a Child, they point out that the charity currently receives £40,000 a year from the Children's Social Work budget and are involved in work currently underway in relation to Public Social Partnership commissioning.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.

### **Aberdeen & North East Scotland Family History Society**

The Family History Society seeks funding of £7,000 towards a research project exploring the lives of the people who lived and worked on Broad Street 100 years ago. The proposal is to have materials ready for exhibition at the time of the re-opening of Provost Skene's House.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.

**Aberdeen Lifeboat Station**

The RNLI is currently fundraising the sum of £52,000 to cover the costs of a new inshore lifeboat that will come into service in Aberdeen in 2018. It is suggested that a contribution of £5,000 would be appropriate should the Council wish to provide support.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.

**Aberdeen Illness and Disability Advice Service**

A request for funding of £18,140 has been made by the above towards the costs of office overheads (£14,300) and a part time appeals support worker (£3, 840). The Service receives an annual grant of £32,600 from the Fairer Aberdeen Fund but has recently lost the support of commercial sponsors that previously covered the organisation's office overheads. The Service offers support to clients from Aberdeenshire and Moray as well as those from Aberdeen City.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.

**Aberdeen Performing Arts**

APA requests a grant of £80,000 to cover the total cost of a replacement passenger lift at His Majesty's Theatre. With all available reserves committed to the Music Hall redevelopment, there are no funds available for the work required at HMT. Members will be mindful that APA receives £346,000 a year from the Common Good towards its costs.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.

**Home-Start Aberdeen Charity Shop**

A contribution of £5,000 is sought towards the costs of rental of the shop used by the organisation in George Street as a lease is agreed with a new landlord. The shop provides income towards the work of the Home-Start charity which is currently supporting over 200 families.

Legal Services advises that support towards the proposal could meet the criteria of the Common Good.