

ABERDEEN CITY COUNCIL

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COMMITTEE	Finance, Policy and Resources
DATE	23 June 2017
REPORT TITLE	2016/17 Common Good Fund – Monitoring Report Update
REPORT NUMBER	CG/17/058
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	Catriona Gilmour

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**1. PURPOSE OF REPORT:-**

- 1.1 To inform the Committee members of the income and expenditure position of the Common Good Fund for the year ended 31 March 2017 and provide information on the cash balances as at 31 March 2017.

**2. RECOMMENDATION(S)**

- 2.1 Note the income and expenditure position for the year ended 31 March 2017.
- 2.2 Note the cash balances as at 31 March 2017 of £17.36m, which is within the recommended levels indicated by the Head of Finance.
- 2.3 Agree to carry forward £280k of the 2016/17 budget underspends in earmarked reserves to allow the completion of park and property maintenance and development projects in future years.

**3. BACKGROUND/MAIN ISSUES**

**Income and Expenditure**

- 3.1 The figures for the year to 31 March 2017 show a surplus position of £480k, which is a favourable variance of £408k, from a net income budget of £72k. A number of park and property maintenance and development projects were not completed within 2016/17 and £280k of funds will need to be carried forward in earmarked reserves to ensure their delivery.
- 3.2 Appendix 1 provides a summary of income and expenditure.

3.3 The main variances from budget are:-

	£'000s
Repairs & maintenance on properties	(41)
Twinning	(36)
Civic Support	(51)
Xmas Illuminations	(60)
Civic Receptions	(50)
Central Support Costs	(52)
Archives	20
Rental Income	(132)
Small variances	(6)
<b>TOTAL UNDERSPEND</b>	<b><u>(408)</u></b>

**Cash Balances**

3.4 The cash balance at 31 March 2016 is £17.36m which includes earmarked reserves. A number of park and property maintenance & development projects were not completed within 2016/17 and £280k of earmarked reserves is included in this figure. Appendix 2 summarises the earmarked reserves position.

3.5 The Council agreed at the budget setting meeting on 5<sup>th</sup> February 2015 that the minimum cash balance should be the equivalent of two years of expenditure. This equates to £6.1m. Added to this figure are the proceeds of sales of properties which are invested to provide future income for the fund resulting in a total minimum cash balance of £13.7m. Council at its meeting on 25<sup>th</sup> February 2016 also agreed to the principal of ensuring that cash balances be increased annually to take account of inflation, adding £91k to give a minimum cash balance of £13.8m.

3.6 As trustee of the Common Good Fund, the Council has a duty to ensure that cash balances are maintained at levels to generate sufficient annual income to fund any future expenditure from the Common Good deemed appropriate.

**4. FINANCIAL IMPLICATIONS**

4.1 The Financial Implications have been reported within Section 3 above.

**5. LEGAL IMPLICATIONS**

There are no direct legal implications arising from the recommendations of this report.

## **6. MANAGEMENT OF RISK**

### **Financial**

- 6.1 Every organisation has to manage the financial 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 and has been produced to provide an overview of the current operating position and so financial risk related to this report is considered to be low.

### **Other**

- 6.2 Consideration has also been given to Employee, Customer / Citizen, Environmental, Technological, Legal and Reputational risks, and no risks were identified.

## **7. IMPACT SECTION**

### **Economy**

- 7.1 The Common Good Fund plays a part in the economy of Aberdeen with its assets leased for commercial purposes.

### **People**

- 7.2 One of the conditions of common good funding is that it should benefit citizens of Aberdeen as a whole. Careful monitoring of budgets, means that we can ensure that money provides value for our citizens and that it is used to provide services that can contribute to their well being and quality of life in Aberdeen.

### **Place**

- 7.3 The Common Good Fund provides considerable investment into Aberdeen's cultural life including funding events ranging from the Winter Festival to Aberdeen International Youth Festival.

### **Technology**

- 7.4 There is no impact on technology arising from this report.

## **8. BACKGROUND PAPERS**

Financial ledger data extracted for the period.

## **9. APPENDICES**

Appendix 1 – Common Good Fund Income and Expenditure  
Appendix 2 – Common Good Fund Earmarked Reserves

## **10. REPORT AUTHOR DETAILS**

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## Common Good Fund Income and Expenditure

As at Period 10 2016/17	Year To Date		
	Revised Budget	Actual Expenditure	Variance Amount
	£'000	£'000	£'000
Recurring Expenditure	2,900	2,569	(332)
Recurring Income	(3,100)	(3,224)	(124)
<b>Budget After Recurring Items</b>	<b>(200)</b>	<b>(656)</b>	<b>(456)</b>
Non Recurring Expenditure	129	176	48
Non Recurring Income	0	0	0
<b>Total</b>	<b>(72)</b>	<b>(480)</b>	<b>(408)</b>
<b>Cash Balances as at 1 April 2016</b>	<b>(16,881)</b>	<b>(16,881)</b>	
<b>Estimated Cash Balances as at 31 March 2017</b>	<b>(16,953)</b>	<b>(17,361)</b>	
<b>Minimum cash balance requirement per budget report (Council February 2016)</b>	<b>(13,734)</b>	<b>(13,734)</b>	

Common Good Fund Earmarked Reserves

As at Period 12 2016/17	Balance b/f 1 April 2016	Forecast for Year	New Amounts / (Unrequired) Amounts	Projected c/f 31 March 2017	Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts)
	£'000	£'000	£'000	£'000	
<i>Projects:</i>					
Fernhill Farm Replacement Building	100	0	0	100	Funds to allow replacement building to be built. The building is required under the terms of the farm lease. It has been agreed with tenant that we will contribute £100k towards new building. Awaiting tenant to draw up plans and obtain planning permission.
Consultancy Costs	22	11	0	11	To meet costs relating to work carried out by consultants re rent reviews, and property management.
Auchmill Golf Course	133	9	(124)	0	Ongoing works at Auchmill Golf course. Work has now been completed and the remaining amounts are no longer required.
Property Repairs & Maintenance	29	4	0	25	To cover electrical and asbestos work on farm properties to meet required standards. Contract awarded and work is in progress. Electrical works have still to be carried out at Greenferns Farm.
Union Terrace Gardens Repairs	50	50	0	0	Work on lighting is complete.
March Stone Upkeep	3	0	0	3	Work to be completed in 17/18.
Torry Battery Park	3	0	0	3	Work is to be carried out as part of the wider Torry Battery project and will take place in 17/18.
Cromwell Wall, Marischal Court Repairs	1	0	0	1	Work to be completed in 17/18.
Fishing Industry Memorial	50	0	0	50	Artists have been shortlisted with full proposals due in August and memorial to be completed by Summer 18.
Grove Nursery	70	2	0	68	Work is ongoing and will be completed in early 2017/18.
Culter Heritage Hall	5	5	0	0	Funding to allow improvements to the hall. Grant has now been paid as receipts received.
Allan Park Cults Cricket Pitches	2	2	0	0	Grant has been paid as invoice for roller was submitted.
Feasibility Study - Aberdeen Arts Centre	5	5	0	0	Contract awarded for 17k. Feasibility study now complete and all funds used.
Culter Playing Fields	8	0	0	8	Work is ongoing.
Satrosphere Refurbishment	11	0	0	11	Funding to be carried forward to allow a review of payment to Satrosphere to be carried out and then monies released.
Lord Provost Portrait	0	0	5	5	Artist for protrait has been chosen and work is ongoing.
Upkeep of March Stones	0	0	10	10	Work to be completed in 17/18.
Ferryhill Railway Heritage	0	0	5	5	Work is being done and invoices supplied. Payment to be made early 17/18.
Smithfield Farm - Roof repairs	0	0	10	10	A site visit is required to be carried out to determine what work is required.
<b>Total</b>	<b>492</b>	<b>88</b>	<b>(94)</b>	<b>280</b>	