

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	10 March 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Common Good Budget 2021/22
REPORT NUMBER	RES/21/057
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Helen Sherrit
TERMS OF REFERENCE	2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Council with details of the draft Common Good budget for 2021/22, to enable the Council to approve a final budget that will take effect on 1 April 2021. The information included in the report allows all aspects of the Common Good to be considered by elected members.

2. RECOMMENDATION(S)

That the Council:

- 2.1 Approve the Common Good budget for 2021/22 as detailed in Appendix 1;
- 2.2 Consider and decide on each of the new requests for funding detailed in Appendix 3 to this report, taking account of the affordable funding available for 2021/22; and
- 2.3 Approve the proposed Investment Strategy as detailed in Appendix 4 for a Multi-Asset Income Fund investment and delegate authority to the Chief Officer – Finance to procure and appoint a Fund Manager and to invest up to £30m of Common Good funds with that Fund Manager.

3. BACKGROUND

Projected Out-turn 2020/21

- 3.1 The projected outturn for 2020/21 shows, based on spending to the end of Quarter 3, that the Common Good is forecast to operate over budget as cash reserves were approved (Urgent Business Committee, May and June 2020) to fund a donation to the Lord Provosts Charitable Trust covid-19 hardship appeal (£100k), and to support the General Fund budget (£706k). Expenditure consists of a wider range of grants, contributions and the provision of funding to some services carried out by employees of Aberdeen City Council. It is forecast that cash balances will remain at or above recommended levels as at 31 March 2021.

Budget 2021/22

Income

- 3.2 The Common Good is a highly valuable asset for Aberdeen City. The value of the Common Good is based predominantly on land and buildings, the history of which dates back to the 15th Century and King Robert the Bruce.
- 3.3 Today the asset portfolio comprises of land, buildings and cash. The position at the start of the year (31 March 2020) is as follows:

	£'000
Land and Buildings	93,850
Investment in ACC Loans Fund	29,707
Total Long-Term Assets	123,557

- 3.4 The income generated from these assets is the basis of expenditure that can be incurred by the Common Good annually. The ground rents, lease income and cash investment returns generate in excess of £3 million per annum in income, which is used to fund a wide range of organisations and their activities in the City of Aberdeen, and this includes some activities undertaken by the Council itself. Further details are shown in Appendix 1.
- 3.5 Cash balances have increased in recent years due to the sale of land for development, and this can reduce annual income. The cash balances are generally set aside to help maintain annual income levels, through investment income, rather than being used to fund expenditure. A minimum cash balance recommendation is maintained for the Common Good.
- 3.6 In preparing the 2021/22 Common Good budget the assumption is that no additional one-off funding will be withdrawn from the assets it holds.
- 3.7 Council agreed on 3 March 2020 to Instruct the Chief Officer – Finance to undertake a review of the investment options for the Common Good cash balances, with a report being presented to the City Growth and Resources Committee no later than December 2020. Due to the unique circumstances of 2020/21 and the resource requirements for other priorities the reporting of the options are now captured in this report.

- 3.8 The current context for low interest rates was underlined by the Bank of England (BoE) when, at its meeting ending on 3 February, it maintained the bank rate at a record low of 0.10%, where it has remained since March 2020. In addition, the Bank announced it would engage with financial firms to ensure they are ready to implement a negative bank rate after six months. As such, the BoE will incorporate the option of negative interest rates into its policy toolkit.
- 3.9 The Common Good currently holds two types of asset classes – Land and Buildings investments and Cash Balance investments. The instruction from Council in March 2020 was recognition that choices can be made to change the investment returns, to benefit the annual income of the Common Good. Specifically, it is from where the cash balances are invested that greatest opportunity lies to improve annual income in a short period of time. The objective being to protect the sustainability of the funding to the activities that the Common Good supports, and also extend the opportunities to support the city and its citizens.
- 3.10 The cash balances of c.£30m are currently split into 2 categories: - fixed-term investments (£8m) and an investment in the Council's Loans Fund (£22m). The fixed-term investments are placed for up to one year with external institutions that feature on the Council's approved investment Counterparty list. The investment income is therefore achieved relative to the current interest rate environment. Interest rates have been and are forecast to remain very low. The advantage of this investment strategy is that it reflects a low risk to the underlying cash investment.
- 3.11 To increase the level of investment income the trade off is generally to increase risk, normally that risk will be to the underlying cash investment. That risk profile will depend on a range of factors including the investment period, the investment asset class and the level of diversification. The options for changing where the cash balances are invested have been looked at in line with the Council Treasury and Investment Strategy, to consider risk and reward, taking a prudent and responsible view of what would provide a level of protection to the underlying investment while achieving a return that increases annual income prospects.
- 3.12 Detailed in Appendix 4 is a list of the analysis and the options considered by officers with a recommendation that a Multi Asset Income Fund investment is approved. The draft budget for 2021/22 has been prepared on the basis that cash balances are moved to a Multi-Asset Income Fund in a number of transactions reducing the timing risk of investing in a single transaction, and with income returns being achieved during the second half of the year.
- 3.13 Overall, for the draft budget 2021/22 investment income is assumed 6 months at the current level (0.05%) and 6 months with the new Multi Asset Fund (4%).
- 3.14 Rental income is received by the Common Good for predominantly ground rent and leases that are in place and is based on projections provided by the Chief Officer - Corporate Landlord. Appendix 1 shows that income is forecast to be stable for the Common Good in 2021/22.

Expenditure

- 3.15 A significant proportion of the expenditure annually is on recurring activities and outcomes and therefore these recurring elements are a continuing feature in building the 2021/22 budget.
- 3.16 Appendix 1 provides a breakdown of the various categories of expenditure that have been included in the draft budget for 2021/22. The recurring nature of a range of activities and outcomes, to support external organisations and the work of the Council is included in these.
- 3.17 As the assets of the Common Good include land and buildings, there are times when expenditure on those assets must be incurred. Continuing investment in its assets is included in the first section of Appendix 1, General Property and Estates, where the core costs of insurance and necessary repair and maintenance are included.
- 3.18 The recurring nature of many of the projects and activities that the Common Good funds means that assumptions have to be included about what their future cost might be. Note that the recurring funding provided by the Common Good is subject to an annual review. Appendix 1 has details of the impact of inflation based assumptions on pay and prices to provide an insight to the sustainability of the Common Good. An explanation of the various categories of spend has been detailed in Appendix 2.

Net Budget

- 3.19 Appendix 1 shows that, taking account of the total income that it can reasonably expect, and an estimate of the recurring expenditure that must be met there is £0.515m available. Any balance has historically been used to support funding of a more one-off and discretionary nature. For 2021/22 the value of funding available is £0.515m.
- 3.20 In relation to non-recurring / discretionary spending that can be approved from the Common Good a new process was approved as part of the 2019/20 Budget for accepting applications and this was implemented during the previous year and continues to be used to provide specific application conditions and timescales. It has provided the opportunity to assess the applications in a more consistent and collective basis, rather than simply responding to ad hoc approaches. The aim of the new process is to make it equitable and transparent, enabling closer links to the Local Outcomes Improvement Plan.
- 3.21 The criteria and instructions on the application process were made available on the Council website in the autumn, with a closing date of 30 October 2020. Having the information on the website raised awareness of the application process and 44 applications were received.
- 3.22 All applications were assessed by Finance and Legal Services to ensure they met the underlying criteria that is required of Common Good funding. Once these basic checks had been carried out, those applications that met the criteria were ranked against quality of project, impact of the activity on the LOIP outcomes and how the project will be managed.

- 3.23 Appendix 3 provides a brief summary of the applications that were received and the outcome of the assessment against underlying criteria and also the scoring matrix. These items are not currently included in the draft budget, and as such, if approved, will reduce the level of available funding.
- 3.24 Approval of one-off or discretionary funding should not exceed the £0.515m that is available. The Council may choose to alter the value awarded to either recurring or non-recurring funding set out in the budget.

4. FINANCIAL IMPLICATIONS

- 4.1 The report outlines proposals for the Common Good budget for the financial year 2021/22. The approved budget must ensure that expenditure proposed for the year is fully funded from income generated by the Common Good.
- 4.2 Following capital receipts in 2020/21 the value of the Common Good's cash balances are projected at year-end are £33.9m, in line with the recommended level. To protect the cash balances against inflation, a proportion of the income generated annually is set aside, this has been included in the budget shown in Appendix 1.

5. LEGAL IMPLICATIONS

- 5.1 All requests for funding from the Common Good have been considered and comply with the following two criteria, 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.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Strategic	Use of the Common Good not achieving intended strategic objectives.	L	When funding is requested from the Common Good legal review to ensure it is compliant with the criteria, and new applications for one-off funding are further assessed against the LOIP stretch outcome criteria.
	The Council approved a Risk Appetite Statement (RAS) on 9 December	M	The recommendations and risk assessment carried out are consistent with the

	2020. The RAS sets out how the Council will balance its risks and opportunities in pursuit of delivering the outcomes set out within the Local Outcome Improvement Plan and associated strategies.		Council's RAS. Should Council be minded to depart from the recommendations, it is important in doing so that the Council considers the potential impacts across the organisation and on the Council's pursuit of strategic outcomes.
Compliance	Non-compliance with Common Good criteria	L	Legal review process.
Operational	Grants paid to third party organisations may be lost and benefits not achieved if organisations fail to remain operational.	L	Review process for preparing the budget and ongoing contact with the organisations.
Financial	<p>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 or would become unsustainable.</p> <p>Reduction in rental income as a result of the sale of properties.</p> <p>Loss of capital value in the investments made.</p>	<p>M</p> <p>M</p>	<p>A financial assessment process is included in the application process.</p> <p>Council is robust and equitable.</p> <p>The Common Good has an investment strategy for the cash balances it holds and this should be reviewed on a regular basis, included in this report.</p> <p>A robust procurement process to appoint a suitable Fund Manager and regular performance review and monitoring of investments.</p>
Reputational	There is a risk that the reputation of the Council will be adversely affected by changes to projects and services that currently receive funding.	L	These are minimised by the having a robust and objective application process that enhances the Council's reputation as a fair and equitable funder of services and projects.
Environment / Climate	None identified.		

7 OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The Council's commissioning cycle specifically joins the allocation of resources, through the approval of the budget, with the intention to deliver on the Local Outcome Improvement Plan (LOIP). The process of evaluation of applications for Common Good Funding specifically asked for details of how the LOIP stretch outcomes would be addressed and therefore the distribution options available to the Council cover all 15 outcomes to a greater or lesser extent.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The Council aims to support improvement in the local economy to ensure a high quality of life for all people in Aberdeen. The Common Good funds initiatives and programmes that are provided by the Council, Community, Voluntary and other public sector partners which impact on all the citizens of Aberdeen.
Prosperous People Stretch Outcomes	The Council is committed to improving the key life outcomes of all people in Aberdeen. The Common Good Fund supports a range of initiatives to support the citizens of Aberdeen City.
Prosperous Place Stretch Outcomes	Investment in the range of initiatives by the Common Good will enhance the place by creating a better and more vibrant city in which to live.
Regional and City Strategies	The Common Good provides a sustainable funding source or a range of initiatives described in the Delivery Plan.

8. IMPACT ASSESSMENTS

Reflect whether any of the following have been completed as part of your report

Assessment	Outcome
Impact Assessment	Appropriate use of the Common Good will likely have a positive effect on various Protected

	Characteristics. A full Impact assessment is not required.
Data Protection Impact Assessment	Not required

9 BACKGROUND PAPERS

Not applicable.

10 APPENDICES

Appendix 1 Common Good Fund Budget 2021/22

Appendix 2 Notes to accompany the Common Good Budget 2021/22

Appendix 3 Items for consideration for 2021/22 – one off items

Appendix 4 Common Good Cash Balances - Investment Options Review

11 REPORT AUTHOR CONTACT DETAILS

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Appendix 1

Common Good Fund Budget						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Out-turn	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000	£'000
<u>General Properties/Estates</u>						
1 Insurance Costs	17	17	17	18	18	18
2 Repairs and Maintenance	653	247	139	142	145	148
	670	264	157	160	163	166
<u>Grants & Contributions to External Organisations</u>						
3 Aberdeen Citizen's Advice Bureau	315	321	328	334	341	348
4 Contributions to Trusts & Festivals (Paid to City Growth Culture)						
- Aberdeen Performing Arts funding which includes the festivals eg Granite Noir and True North	225	225	225	225	225	225
- Peacock Visual Arts	35	35	35	35	35	35
5 Aberdeen Performing Arts Contribution - Stage 1 Agreement	75	75	75	75	75	75
6 Techfest	37	37	37	37	37	37
7 Aberdeen Safer Community Trust	70	70	70	70	70	70
8 ABSAFE - Distribution of Personal Alarms	2	2	2	2	2	2
	758	764	771	777	784	791
<u>External Organisations Rents</u>						
Aberdeen Science Centre Rent	42	42	42	42	42	42
Castlegate Arts Rent	8	8	8	8	8	8
Lemon Tree Rent	36	36	36	36	36	36
Lemon Tree Office Rental	10	10	10	10	10	10
Charity Shop	16	15	15	15	15	15
	112	111	111	111	111	111
<u>10 Promoting Aberdeen</u>						
Events						
- Armed Forces Day	0	10	10	10	10	10
- Celebrate Aberdeen	0	20	20	20	20	20
- Fireworks	0	45	39	39	39	39
- Nativity	0	10	10	10	10	10
Christmas & New Year Celebrations						
- Christmas Village	117	150	150	150	150	150
- Hogmanay Celebrations	0	75	75	75	75	75
- Sculpture Trail Storage	5	5	5	5	5	5
Christmas Illuminations Electricity/Installation	48	48	52	56	60	65
Christmas Tree	7	7	7	7	7	7
Nuart (3 years)	100	0	125	125	0	0
Tour of Britain	0	61	135	0	0	0
BP Summer Screen	0	17	0	0	0	0
Highland Games	0	77	77	77	77	77
Hire of Equipment & Sites	10	10	10	10	10	10
	287	535	715	584	463	468
<u>11 Grants/Services Provided by Aberdeen City Council</u>						
Twinning Activities	100	60	60	60	60	60
Youth Activities Small Grant Funding	50	50	50	50	50	50
Community Gala	5	10	10	10	10	10
Festive Community Grants	4	4	4	4	4	4
Home Safety Check Scheme	71	70	70	70	70	70
Picture Loan Scheme	15	15	15	15	15	15
Maintenance of Paths in Parks	5	5	5	5	5	5
	250	214	214	214	214	214
<u>12 Civic Service Funding</u>						
St Nicholas Carillon	6	6	6	6	6	6
Armistice Day Expenses	6	6	6	6	6	6
Public Clocks	15	10	11	12	13	13
Civic Support	275	323	328	333	338	343
Civic Support to Burgesses	7	7	7	7	7	7
Civic Receptions	30	150	150	150	150	150
Civic Hospitality - visitors	6	12	12	12	12	12
Civic Hospitality - promoting	4	5	5	5	5	5
Archivist Unit	285	271	275	279	283	287
Central Support Services	248	189	185	181	176	172
Civic Gift Fund	9	18	18	18	18	18
Lord Provost Travel	15	29	29	29	29	29
Lord Lieutenancy and other duties	7	7	7	7	7	7
Lord Provosts Portrait	0	10	0	0	0	0
	912	1,042	1,038	1,044	1,050	1,055
<u>Other Recurring Expenditure</u>						
13 Duthie Park Capital Charges	126	70	70	70	70	70
Recurring Expenditure	2,972	3,000	3,075	2,960	2,855	2,875

Common Good Fund Budget						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Out-turn	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000	£'000
14 Non Recurring Expenditure Items						
Gordon Highlanders	20	0	0	0	0	0
CFINE - SFCPA Co-ord Post	25	0	0	0	0	0
Castlegate Arts	70	0	0	0	0	0
Bonnymuir Green Community Trust	8	0	0	0	0	0
Culter Community Council - Lovers Walk	11	0	0	0	0	0
BOD & District Men's Shed	16	0	0	0	0	0
Miscarriage Information Support Service	2	0	0	0	0	0
Sunrise Partnership SCIO	5	0	0	0	0	0
Aberdeen Multicultural Centre	15	0	0	0	0	0
Friends of Seaton Park	8	0	0	0	0	0
Friends of Victoria and Westburn Parks	8	0	0	0	0	0
Mental Health Day	3	0	0	0	0	0
Friends of Hazlehead Park	8	0	0	0	0	0
Contribution to APA Funding	706	0	0	0	0	0
Northsound Cash for Kids Appeal	7	0	0	0	0	0
Original 106 Christmas Appeal	7	0	0	0	0	0
Non Recurring Expenditure	918	0	0	0	0	0
15 Inflationary Charge - Increase in Cash Balance	439	500	515	530	546	563
Total Expenditure	4,473	3,500	3,590	3,490	3,401	3,438
16 Income from Properties and Estates	(3,450)	(3,266)	(3,266)	(3,266)	(3,266)	(3,266)
17 Interest on Invested Funds	(158)	(679)	(960)	(1,240)	(1,260)	(1,280)
18 Lands of Skene/Torry (Share of Surplus)	(70)	(70)	(70)	(70)	(70)	(70)
ORDINARY INCOME	(3,678)	(4,015)	(4,296)	(4,576)	(4,596)	(4,616)
Net (Surplus)/Deficit	795	(515)	(706)	(1,086)	(1,195)	(1,179)

Notes to accompany the Common Good Budget 2021/22

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 to meet legislative standards. This includes 6 months of Non Domestic Rates for the former Aberdeen Journals building on the Lang Stracht it was agreed at City Growth & Resources on 3 February 2021 to demolish the building.

Note 3

This represents a contribution towards the core funding for Aberdeen Citizen's Advice Bureau.

Note 4

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

Note 5

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 6

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 7

This represents core funding for Aberdeen Safer Community Trust and to provide essential safety information for all P7 children in Aberdeen.

Note 8

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

Note 9

This is a grant to cover the cost of rental of various premises from Aberdeen City Council for external organisations.

Note 10

This is funding towards the costs of organising specific events as detailed in the events programme that promote the City as a visitor destination.

Currently the planned months for these events are as follows -

Nuart – April

Armed Forces Day - June

Highland Games - June

Celebrate Aberdeen - June

BP Summer Screen - June/July
Tour of Britain - September
Fireworks - November
Nativity – November & December

Note 11

This funding is for the provision of grants and services administered by the City Council.

Note 12

This is funding for the Civic Services that support the Civic functions within the City Council and services to the citizens of Aberdeen.

This includes grant funding to support the Lord Dean and the Burgesses of Guild.

Note 13

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

Note 14

These items are one-off items approved by Council for expenditure in 2020/21.

Note 15

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

Note 16

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 17

This is a budget for income received on invested funds with 6 months at the current interest rate and 6 months at a rate within the range of returns from a Multi Asset Income Fund.

Note 18

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

Years 2-5

Overall, for future years a number of assumptions have been made about funding requirements that may, for example, reflect the natural end of some agreements / contracts, flat cash for some discretionary funding and inflationary increases where contracted. These future year budgets are indicative and will not be finalised until the annual budget cycle is complete for each individual year.

Common Good Fund Budget				
Appendix 3				
Items for Consideration for 2021/22 - One off Items				
	Organisation	Amount Requested	2020/21 Funding	Officer Evaluation Out of 16
1	Sport Aberdeen (Active Family Adventures)	19,360		15
2	Sport Aberdeen (Project Activator)	54,755		15
3	Avenue	79,046		14
4	Home-Start Aberdeen	100,000		14
5	Camphill Rudolph Steiner - Project 1	20,617		14
6	Camphill Rudolph Steiner - Project 2	24,503		14
7	Creative Learning ACC (Living Advent Calendar)	8,800		13
8	Creative Learning ACC (Creative Resilience Festival)	27,500		13
9	CLAN	6,000		13
10	Friends of Victoria and Westburn Parks	38,720	8,000	13
11	Cfine	37,500	25,000	13
12	Gordon Highlanders Museum	150,000	20,000	13
13	Integrated Children and Family Services	80,000		12
14	Sunrise Partnership SCIO	7,000	5,300	12
15	Belmont Filmhouse	11,320		12
16	Bonnymuir Green Community Trust	7,500	7,500	12
17	Friends of Johnston Gardens	20,740		12
18	Disabled Persons Housing Service Aberdeen			
18	Families First Project	30,404		12
19	St Machar's Cathedral	40,000		12
20	Aberdeen Care & Repair	24,793		12
21	Rosemount & Mile End Community Council	1,067		12
22	Aberdeen City Libraries	2,380		11
23	Friends of Seaton Park	70,000	8,000	11
24	Friends of Duthie Park	34,699		11
25	Friends of Hazlehead	66,000	8,000	11
26	Archives - Digital repository	10,000		11
27	Caslegate Arts Ltd/Aberdeen Arts Centre	70,000	70,000	10
28	Aberdeen Cyrenians	40,000		10
29	Dyce Parish Church of Scotland	19,962		10
30	Culter Community Council - School Field	4,800		10
31	Culter Community Council - Lover's Walk	3,900	11,100	10
32	Music in Hospitals & Care	6,000		9
33	Grampian Hospitals Art Trust	50,000		9
34	Garthdee Field Allotments Association	22,838		9
35	Four Pillars	10,000		9
36	EGCP Ltd	2,500		9
37	Peacock Visual Arts	40,000		8
38	Beach Ballroom	20,000		8
39	BOD & District Men's Shed	12,500	15,500	8
40	Ferryhill Railway Heritage Trust	25,000		8
41	Miscarriage Information Support Service	3,600	1,500	7
42	Aberdeen Multicultural Centre SCIO	15,000	15,000	6
43	Westburn Development Trust SCIO	5,000		5
	Total	1,323,804		

Applications for Common Good funding 2021/22:

Note 1 Sport Aberdeen –Active Family Adventures Amount requested £19,360

This represents funding for a project which aims to provide families impacted by poverty a variety of outdoor day trips and activities that they can enjoy together.

Note 2 Sport Aberdeen -Project Activator Amount requested £54,755

This represents funding for staff, training, venue hire and equipment for a project to engage and enable people with long term health conditions to take part in increased levels of activity.

Note 3 Avenue Amount requested £79,046

This represents a contribution towards the costs of a Family Support worker, counselling and therapy services.

Note 4 Home-start Aberdeen Amount requested £100,000

This represents a contribution towards the funding of 4 posts (General Manager, Team Leader, Co-ordinator and Administrator)

Note 5 Camphill Rudolph Steiner - Project 1 Amount requested £20,617

This represents funding to run a pilot project for disadvantaged young people in Aberdeen City to access bespoke work placements and increase their routes to employment.

Note 6 Camphill Rudolph Steiner – Project 2 Amount requested £24,503

This represents funding to buy equipment to create a fully functional kitchen at Camphill School Aberdeen for use by students.

Note 7 Creative Learning Aberdeen City Council Amount requested £8,800

This represents a contribution towards the creation and production of a living advent calendar.

Note 8 Creative Learning Aberdeen City Council Amount requested £27,500

This represents the funding to provide Artists, digital support, materials and project support for a Creative Resilience Festival to be rolled out to Primary Schools.

Note 9 CLAN Amount requested £6,000

This represents a contribution towards funding of an Artist Co-ordinator and an Education Co-ordinator for “Light the North”, CLAN’s Lighthouse Sculpture Trail.

Note 10 Friends of Victoria and Westburn Parks Amount requested £38,720

This is a budget for the restoration of the fountain in Victoria Park.

Note 11 CFINE Amount Requested £37,500

This represents a contribution towards the salary costs of the Sustainable Food Co-ordinator and Promotions and Publicity Officer, premises and admin costs.

Note 12 The Gordon Highlanders requested £150,000

This represents funding to undertake essential repairs to the external fabric of The Gordon Highlanders Museum building, a listed building once the studio of the artist St George Reid. The estimate provided by the Architect indicates the priority levels of building & value of each, Priority A (attend to within 1 year) cost £115,489, Priority B (attend to within 2 to 5 years) cost £31,328 and Priority C (attend to within 5 to 10 years) cost £7,423.

Note 13 Integrated Children and Family Services Amount requested £80,000

This represents funding to support the ongoing provision of an external Participation and Engagement Officer, associated activities and the Small Grants Scheme for Aberdeen City's care experienced children and young people.

Note 14 Sunrise Partnership SCIO Amount requested £7,000

This is a contribution towards providing 200 one to one support sessions for children in kinship care.

Note 15 Belmont Filmhouse Amount requested £11,320

This is a contribution towards a Senior Selections film project.

Note 16 Bonnymuir Green Community Trust Amount requested £7,500

This represents funding for continued support of the Project and Centre co-ordinator posts.

Note 17 Friends of Johnstone Gardens Amount requested £20,740

This represents funding for proposed projects to improve and carry out restoration to Viewing area by blue bridge, Shelter and 1st viewing area.

Note 18 Disabled Persons Housing Service Aberdeen Amount requested £30,404

This represents funding for a Housing Adviser, management and administration costs to support Families first project.

Note 19 St Machar's Cathedral Amount requested £40,000

This represents a contribution towards the total costs of replacing the roof on the Cathedral and new equipment to support Education and Interpretation.

Note 20 Aberdeen Care & Repair Amount requested £24,794

This represents a budget for a Dementia Officer's costs.

Note 21 Rosemount & Mile End Community Council Amount requested £1,067

This represents a contribution towards the Installation and housing of a Community Defibrillator.

Note 22 Aberdeen City Libraries Amount requested £2,380

This represents funding for conservation of two Victorian era Royal portraits held as part of the collections of Aberdeen City Libraries.

Note 23 Friends of Seaton Park Amount requested £70,000

This represents a budget for improving paths and access to the park.

Note 24 Friends of Duthie Park Amount requested £34,699

This represents funding for Refurbishment of Road Roller, New interpretation Boards Winter Gardens, Raised beds Physic Garden, History and Heritage Mural Art Project, Mayors for Peace Art Project, Community Garden, New Polytunnel, Certificated RHS Gardening Courses

Note 25 Friends of Hazlehead Amount requested £66,000

This represents a budget for updating areas of Pet's Corner and refurbishment of the Pet's Corner and Tram Bus shelters.

Note 26 Archives Digital Repository

This represents funding to develop an IT system to capture, store, and provide long-term access to born-digital information beyond its original operational environment.

Note 27 Castlegate Arts Ltd/Aberdeen Arts Centre Amount requested £70,000

This represents continuation funding for Saturday and seasonal workshops, Castlegate Theatre Company and Schools Outreach programme.

Note 28 Aberdeen Cyrenians Amount requested £40,000

This represents a contribution towards the funding of a mental health practitioner to support vulnerable people.

Note 29 Dyce Parish Church of Scotland Amount requested £19,962

This represents a contribution to the assessment and stabilisation of Headstones within the graveyard and groundwork required.

Note 30 Culter Community Council – School field Amount requested £4,800

This represents a contribution towards the improvement and upkeep of the Culter School Playing Field area of Coronation Park and its environs, public walks, footpaths and green spaces.

Note 31 Culter Community Council – Lover's Walk Amount Requested £3,900

This represents a contribution towards the improvement and upkeep of the Lover's Walk Riverside path at Culter and its environs, public walks, footpaths and green spaces.

Note 32 Music in Hospitals and Care Amount requested £6,000

This represents contribution towards the costs for a programme of 40 concerts to be delivered by professional Aberdeen-based musicians at care homes in the city over the coming year.

Note 33 Grampian Hospitals Art Trust Amount requested £50,000

This represents a contribution towards a major new artwork and new creative writing project on the site of Aberdeen Royal Infirmary (ARI).

Note 34 Garthdee Field Allotments Association Amount requested £22,838

This represents a budget for improving paths and access for wheelchairs and less able users.

Note 35 Four Pillars Amount requested £10,000

This represents a contribution towards the costs of road closures for annual Grampian Pride Parade. Normally takes place in May but if restrictions ease and there is capacity to safely provide an event towards the end of the year this could happen in October/November time.

Note 36 EGCP Ltd Amount requested £2,500

This represents funding for the gathering, preparation and printing of information on aspects of the coastal environment to be displayed on existing noticeboards.

Note 37 Peacock Visual Arts Amount requested £40,000

This represents a contribution towards support to implement a pioneering creative activity pack that can be delivered to the beneficiaries of CFINE's, Food bank, Fare share and Community Food Members programme.

Note 38 Beach Ballroom Amount requested £20,000

This represents a contribution towards the funding of the over 60's Young at Heart events (Tea dances, Sing-a-longs and Variety shows).

Note 39 Bridge of Don & District Men's Shed Amount Requested £12,500

This represents a contribution towards rent and utilities costs for initial 3 years in new premises.

Note 40 Ferryhill Railway Heritage Trust Amount requested £25,000

This represents funding to extend a footpath for access to a portacabin used for storing railway heritage items.

Note 41 Miscarriage Information Support Service Amount requested £3,600

This represents funding for providing 40 Comfort bags for Aberdeen Maternity Hospital every second month for parents who have a baby loss.

Note 42 Aberdeen Multicultural Centre Amount requested £15,000

This is a grant to cover the cost of the annual Aberdeen MELA – One World Day festival.

Note 43 Westburn Development Trust SCIO Amount requested £5,000

This represents a contribution towards the project viability assessment for the restoration and redevelopment of Westburn House, within Westburn Park.

The following project was rejected as it did not meet legal or financial criteria:

The Royal Horticultural Society Aberdeen Amount requested £2,230

This is to cover costs still incurred for events that did not take place due to Covid-19

Appendix 4

Common Good Cash Balances - Investment Options Review

Background and Objective

1. The Common Good currently holds two types of asset classes – Land and Buildings investments and Cash Balance investments. The instruction from Council in March 2020 was recognition that choices can be made to change the investment returns, to benefit the annual income of the Common Good. Specifically, it is from where the cash balances are invested that greatest opportunity lies to improve annual income in a short period of time. **The objective being to protect the sustainability of the funding to the activities that the Common Good supports, and also extend the opportunities to support the city and its citizens.**
2. The cash balances of c.£30m are currently split into 2 categories: - fixed-term investments (£8m) and an investment in the Council's Loans Fund (£22m). The fixed-term investments are placed for up to one year with external institutions that feature on the Council's approved investment Counterparty list. The investment income is therefore achieved relative to the current interest rate environment. Interest rates have been and are forecast to remain very low. The advantage of this investment strategy is that it reflects a low risk to the underlying cash investment.
3. To increase the level of investment income the trade off is generally to increase risk, normally that risk will be to the underlying cash investment. That risk profile will depend on a range of factors including the investment period, the investment asset class and the level of diversification. The options for changing where the cash balances are invested have been looked at in line with the Council Treasury and Investment Strategy, to consider risk and reward, taking a prudent and responsible view of what would provide a level of protection to the underlying investment while achieving a return that increases annual income prospects.

Current Investment Profile

4. Value – As at 31 January 2021, £33m
5. Risk - On a risk scale of 0 to 10, with 0 being the lowest level of risk and 10 being the highest, the current cash investment arrangements would probably sit at around 1 or 2.
6. Returns – Cash, interest rate-based returns of <1%
7. Diversification – very limited, predominantly investment in Aberdeen City Council Loans Fund; and external lending for periods of up to one year, as permitted by the Council's Counterparty List.
8. Environmental, Social and Governance (ESG) – in line with Aberdeen City Council scheme of governance and Treasury and Investment Strategy.

Alternative Investment Options

9. Key considerations
- Risk, Lower risk asset classes to be considered to mitigate the likelihood of cash investment value reducing;
 - Income returns, paid monthly or quarterly, to maintain cashflow to support expenditure;
 - Growth returns, low to medium as income is more important to the Common Good;
 - Liquidity, medium to high to ensure ability to access funds if needed;
 - Term, medium to long term investment as objective is to achieve ongoing income for the long term benefit of the city and its citizens;
 - ESG considerations, Fund must be signed up to the Principles of Responsible Investment;
 - Asset Diversification, medium to high in order to mitigate the risk of all of the investment being exposed to the same market conditions;
 - Operational Complexity, low to medium for operational and cost reasons;
 - Fees, low to medium.
10. Detailed below are the options considered –
- **Buy & Maintain Credit Fund** – A fund which would invest in good quality Corporate Bonds and yield around 2% currently. Large scale fund (£bns) is actively managed and aims to deliver an attractive return through a long-term, low turnover investment approach. This type of fund aims to add value principally through attractive credits and will be managed to reflect the Fund Managers credit views. The fund would aim to avoid the flaws of a market-weight based benchmark approach. The fund's would have a rigorous, and disciplined investment process, drawing on a large team of credit analysts. Risk rating: Between 2 and 3
 - **Multi-Asset Income Fund** – A fund which invests in a range of assets, which makes it more diversified than a buy and maintain credit fund. The fund dynamically allocates/changes over time, and would feature much higher yielding 4-5% if it hits its target. This is reflected in a higher, ongoing fund fee. A Buy & Maintain Credit fund (as previous option) would feature as a component part of this fund, which is a “blended” product. In summary, good yield, good asset mix. Risk rating: Between 4 and 5.
 - **Secure Income Fund** – This type of fund is more specialised than the previous funds and would involve a higher-level of specialist operational administration, but returns could potentially be in the range of say 6-10%. Further due diligence would need to be done around the stability of the income, as funds of this type tend to have no prior track record. Risk rating: Between 4 and 5.
 - **Fiduciary Arrangement** – Under this type of arrangement, the Council would appoint a Fund Manager to build a tailored solution which would target a specific level of income yield (say 3% for example). Where a fixed yield is desired, the level of risk would shift up and down in line with market

conditions and the subsequent actions required to achieve the desired yield over time.

Risk Rating: Between 2 and 5. The risk level would be dependent on the target yield selected.

11. A summary of the key considerations for each of the options is shown below:

	Buy & Maintain	Multi-Asset Income	Secure Income	Fiduciary Arrangement
Risk 0-10	2-3	4-5	4-5	2-5
Income	Yes – 2.5%	Yes – 4-5%	Yes – 5-6%	Yes – target set
Growth	Low	Low	Low	Low
Liquidity	High	High	Low	Medium
Term	Medium to Long	Medium to Long	Medium to Long	Medium to Long
ESG	Yes	Yes	Yes	Yes
Diversification	Low	High	Medium	Flexible
Op. Complexity	Low	Low	High	Medium
Fee	Low	Medium	High	Medium

12. Having considered all the factors and key considerations, it is recommended that the Common Good cash balance, up to £30m, is invested in a Multi-Asset Income Fund and that investment with the selected Fund Manager is done in tranches to reduce the timing risk exposure.
13. The remaining cash balances of the Common Good will continue to be invested in the Aberdeen City Council Loans Fund and provide working capital cashflow protection. These will achieve an interest rate-based return.