

Finance and Resources Committee

10.00am, Thursday, 26 September 2019

2018-19 Common Good Annual Performance Report

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report.

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2018-19 Common Good Annual Performance Report

2. Executive Summary

- 2.1 The report presents the outturn position for the Common Good Fund and the performance of its cash investments for the 2018/2019 financial year. The report includes an update on the Common Good Property Planned Maintenance Fund and the plans for the 2019/20 financial year. The report also includes an update on current issues affecting Common Good in Edinburgh.

3. Background

- 3.1 The City of Edinburgh Council has a statutory obligation under the Local Government, etc. (Scotland) Act 1994, Section 15(4) (b) in administering property held as part of the common good to have regard to the interests of all the inhabitants of the city. In effect the Council holds the Common Good Fund for the benefit of the city as a whole.
- 3.2 Section 102 of the Community Empowerment (Scotland) Act 2015 places a duty on local authorities to “establish and maintain a register of property which is held by the authority as part of the common good” (a common good register). Before establishing a common good register, the Act requires a local authority to publish a list of property that it proposes to include in the register, and to consult on this list. When the list of property is published, the local authority must notify community councils and other community bodies so that these groups can consider the list and give their views (make representations).
- 3.3 On 19 October 2015, the Governance, Risk and Best Value Committee requested that the Head of Finance explore ways to use the Common Good Fund to maintain proactively and refurbish Common Good property.
- 3.4 On 14 January 2016, the Finance and Resources Committee approved the use of the Common Good Fund for planned maintenance of the Common Good assets. Since approval, £0.144m has been spent, with £0.111m spent on Scott Monument lighting and £0.030m spent on Calton Hill redevelopment.

4. Main report

Financial Outturn

- 4.1 All income and expenditure relating to Common Good property, including that which is incurred from within main Council budgets, is included in the Revenue Account for the Common Good Fund. A recharge equal to the net cost funded from Council budgets is shown, in Appendix 1, as being made against the Council for the use of Common Good assets for £1.680m (£2.812m 2017/18). All figures within the report are subject to rounding.
- 4.2 The unaudited accounts for the Common Good Fund for 2018/19 showed an in-year deficit of £0.035m, compared to a deficit of £0.015m in 2017/18.
- 4.3 The balance of the Common Good Fund as at 31 March 2019 was £2.352m (£2.387m 2017/18). £2m from the receipt of the sale of East Market Street Garage had been earmarked to fund a maintenance programme for Common Good assets as agreed at the 14 January 2016 Finance and Resources Committee. £1.856m of this fund remained as at 31 March 2019 and is included within the £2.352m above.
- 4.4 Much of the cash resources of the Common Good are invested with the Council's cash fund, with a balance held within the Council's loans fund to manage day to day cash flow. The interest earned on the investment amounted to £0.016m in 2018/19 (£0.009m 2017/18). The interest was re-invested within the cash fund throughout the year. A balance of £2.123m was held within the Treasury cash fund at 31 March 2019 (£2.109m 2017/18).

Common Good Properties

- 4.5 The properties included in the 2018-19 financial accounts as assets of the Common Good fund are listed in Appendix 3.
- 4.6 The value of Common Good assets is determined in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. In adhering to the code, the valuations for community and heritage assets on the Common Good balance sheet may appear low. As they are based on a historic cost methodology, the valuation often acts as a proxy to log ownership of the asset on the register. Due to the historic nature of the Common Good Asset Register and the fact that there is generally no readily available market valuation for a number of the assets, the figures are indicative for accounting purposes. The valuations are similarly notional rather than reflecting the real economic value.
- 4.7 A response to the Community Empowerment (Scotland) Act 2015 consultation on Common Good matters was approved by the Finance and Resources Committee on 28 September 2017 and submitted to the Scottish Government. The legislation has now been laid in Parliament. The relevant provisions come into force on 27 June 2018, and the Scottish Government published the accompanying guidance in July. The Community Empowerment (Scotland) Act 2015 places a duty on local authorities to "establish and maintain a register of property which is held by the authority as part of the common good" (a common good register).

- 4.8 Before establishing a common good register, the Act required a local authority to prepare and publish a list of properties that it proposed to include in the register. The Common Good Asset Register for public consultation was approved for issuing at the 27 September 2018 Finance and Resources Committee. The consultation closed on 31 December 2018.
- 4.9 The updated Common Good Asset Register is attached at Appendix 4, including assets added following consultation, non-heritable assets and assets under further research. This includes assets where legal counsel opinion is being sought and those where further investigation is still on-going.

Common Good Property Planned Maintenance

- 4.10 Annual stonework safety surveys costing approximately £10,000 will be carried out on the Scott Monument, Nelson Monument, Calton Hill Monuments and buildings, Canongate Tolbooth and Lady Stairs House. Any necessary public safety works identified will be carried out at that time and reported as part of the next Common Good update.

- 4.11 South Queensferry Harbour

An Engineers report has been obtained to advise on the structural condition of the harbour and to identify and prioritise future maintenance costs. The report has noted £0.500m backlog maintenance costs, with an indicative cost of £0.080m to £0.120m suggested for interim works to stabilise the harbour structure. In order for a more robust interim figure to be provided, trial pits need to be dug in the harbour surface and the engineers will inspect and specify the works required. Quotations for this aspect of the work are currently being obtained.

- 4.12 Community Asset Transfers

A community asset transfer of Ravelston park Pavilion was agreed by Finance and Resources Committee on 7 March 2019, subject to the removal of inalienable common good status. The Council are petitioning the Court of Session to have the status changed and this is being funded by the applicant. A public consultation is currently underway into the proposal, which will close on 11 October

5. Next Steps

- 5.1 The next Annual Performance Report will be reported to Committee in September 2020 following completion of the 2019/20 External Audit.

6. Financial impact

- 6.1 There is no direct financial impact arising from the content of this report. However, outcomes of the condition surveys (including South Queensferry Harbour?) and the on-going asset review may have future financial impacts.

7. Stakeholder/Community Impact

- 7.1 The Council's unaudited annual accounts, including the Common Good, were published on the Council's website from 30 June 2019 and made available for

public inspection for a period of 15 working days in accordance with the provisions of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014.

- 7.2 The Common Good Asset Register was issued for public consultation and engagement from 27 September 2018 to 31 December 2018. Feedback from that has been used in updating the Common Good Asset Register.

8. Background reading/external references

- 8.1 [‘Common Good Planned Maintenance Programme and Common Good Reporting’](#), Finance and Resources Committee, 14 January 2016
- 8.2 [‘Community Empowerment \(Scotland\) Act 2015: Proposed Consultation Response on Common Good Matters’](#), Finance and Resources Committee, 28 September 2017
- 8.3 [‘Common good property: statutory guidance for local authorities’](#), Scottish Government, July 2018
- 8.4 [‘2017-18 Common Good Annual Performance Report’](#), Finance and Resources Committee, 27 September 2018

9. Appendices

- 9.1 2018-19 Common Good Fund Detailed Accounts
- 9.2 2018-19 Common Good Fund Income and Expenditure
- 9.3 2018-19 Common Good Asset Register including within Accounts
- 9.4 Common Good Asset Register with additional information