

COMMON GOOD FUND POLICY

This policy defines the guiding principles for the governance, stewardship and administration of Common Good Funds in the Highland Council administrative area. The principles ensure the Common Good Funds are handled with integrity and in a manner that is transparent, accountable and fair.

1. INTRODUCTION

The Common Good Funds across Highland differ in scale and complexity. Whilst any decision must be taken in light of the particular circumstances, this policy provides assurance that all funds are dealt with in as consistent a manner as possible.

The Common Good Funds comprise land and buildings in addition to moveable items such as regalia (Chains of Office), art works and furniture and also includes certain interests such as fishing rights. This property is owned by the Council and, whilst it does not have a separate legal identity, all property must be administered separately from other Council assets.

The manner in which Common Good Funds are administered is controlled by principles laid down in legislation and case law ensuring that:

- The principle of Best Value is applied (*as defined in section 1 Local Government in Scotland Act 2003*).
- Regard has to be taken to the interests of the residents within the boundary of the former Burgh to which the particular fund relates (*section 222(2) Local Government (Scotland) Act 1973 and confirmed by section 15(4) (a) Local Government etc. (Scotland) Act 1994*).
- Members of the community are involved as consultees to whom the Council has to have regard (*1994 Act above and sections 102 and 104 Community Empowerment (Scotland) Act 2015*).

In Highland the practice has also been adopted that, as far as reasonably possible, funds are allocated against essential expenditure first (essential upkeep) with any surplus being applied for discretionary expenditure (non-essential maintenance, investment to grow the relevant fund and grants).

2. GOVERNANCE

2.1 Highland Council

All elected Members of the Highland Council are responsible for the management of the Common Good Funds in relation to determining and delivering investment policy, including the purchase and disposal of assets, subject to the administration of these funds being delegated to City of Inverness/local Area Committees or to Officers in terms of the Council's Scheme of Delegation.

2.2 City of Inverness Area Committee and Local Area Committees

Area Committees oversee the management of the Common Good assets in their locality by scrutinising the budget, approving costs and grant applications, where grant funds are open, as

agreed within Council policy as well as the purchase and disposal of Common Good assets up to 10% of the value of the particular fund, such value being based on the value given in the most recent set of audited accounts.

For avoidance of doubt any decisions involving over 10% are reserved to the Highland Council.

For Inverness the management of the Common Good Fund is delegated to the Inverness Common Good Fund Sub-Committee which is overseen by the City of Inverness Area Committee.

2.3 City Area Manager/Senior Ward Managers

The Inverness City Area Manager and Senior Ward Managers have the delegated power to administer Common Good funds for their locality up to a maximum of £10,000 per application following consultation with relevant Ward Members and where not otherwise dealt with by City of Inverness Area Committee or Local Committees. (*For grant application processes – see paragraph 8 below*). With the proviso that the Inverness City Area Manager refers all decisions (subject to the exercise of Recess Powers) involving sums in excess of £30,000 to the Inverness Common Good Fund Sub-Committee.

2.4 Pensions Committee and Investment Sub-Committee

The Inverness and Nairn Common Good Funds have portfolios of stock market investments. The investment fund is managed by external agents (currently Adam & Co). The Pensions Committee has the delegated power to set the investment strategy and associated policies and oversees the Investment Sub-Committee in its implementation of the strategy and policies.

The Investment Sub-Committee is delegated the powers and duties of the Council in relation to the management and investment of the Inverness, and now the Nairn, Common Good Funds ensuring compliance with best practice, current legislation and delivery of objectives, strategy and policies. It also receives reports from and assesses the performance of the investment agents. Councillors who sit on relevant Area Committees are appointed as representatives of the relevant Common Good Fund to sit on the Investment Sub-Committee.

3. ASSET REGISTER

3.1 Section 102 Community Empowerment (Scotland) Act 2015

This section places a duty on local authorities to establish, publish and maintain a register of all Common Good property in a format and location (including online) that is easily accessible to members of the community. The Scottish Government has published guidance which provides details regarding timescales, information about assets, local consultation and publicity proposals required to fulfil this duty. The specific duties in this regard are as follows:-

- Publish a list of property proposed to be included in the Highland Council Common Good Asset Register, notify community councils and community bodies and advertise the availability of the list. The list must be publically available for comment on the Council website and in local council offices, council hubs and libraries for a minimum of 12 weeks.
- Receive and respond (ideally within 12 weeks) to any representations and publish responses.
- Publish the register as soon as practicable after the initial 12 week period and, in any event, within 6 months of the end of the consultation.

- Review/update the register – upon any acquisitions or disposals, in accordance with any decided regular programme and, in any event, at intervals not exceeding 5 years.

3.2 When the Council publishes its list of property it will also publish guidance on its website to explain the process and how representations can be made.

3.3 When the Asset Register is published the Council will also publish on its website the process for the ongoing review of the register.

4. ACQUISITION AND DISPOSAL OF COMMON GOOD FUND ASSETS

4.1 The responsibility for the acquisition and disposal of Common Good Fund assets is reserved to the Highland Council subject to the power delegated to the Area Committees for transactions up to 10% of the value of the particular area fund (see 2.1 and 2.2 above).

4.2 Section 104 Community Empowerment (Scotland) Act 2015

This section places a duty on local authorities to publish details of any proposed disposal or change of use of property and to undertake consultation with the community on the proposal. The Scottish Government has published guidance which provides details regarding timescales, publicity and consultation required to fulfil this duty. The specific duties in this regard are as follows:-

- Publish any proposal to dispose/change use, notify community councils and community bodies and advertise (including putting up notices). Proposal must be publically available for comment for a minimum of 8 weeks. It will be published on the Council website and available to view in local council offices, council hubs and libraries.
- Receive and respond (ideally within 8 weeks) to any representations and publish responses.
- Take all representations into account when reaching a decision, publish the decision and notify community councils, community bodies and anyone who made a representation.
- Conduct a new consultation exercise in the event of any material amendment to any proposal due to a change in circumstances or following the representations received.

4.3 The Council will publish guidance on its website to explain the consultation process and how to make representations. For avoidance of doubt, the Council will treat a lease of longer than 10 years as a disposal.

5. BUDGET SETTING, MONITORING AND REPORTING

5.1 Budget setting

The proposed budget for the coming year is presented to the City of Inverness Area Committee and the Area Committees prior to the commencement of each financial year. Once the figures have been agreed the budgets are accepted as approved.

The Area Committees are provided with a proposed budget showing the expected income and expenditure for the coming year set against the current budget. The information provided will include anticipated tenancy income, essential maintenance costs together with the costs of basic services. The expenditure budget takes account of any additional cost outlays and may also include provision for the making of grants.

5.2 Monitoring and reporting

5.2.1 Inverness

The Inverness Common Good Sub-Committee considers and monitors the Inverness Common Good Fund and reports as necessary to the City of Inverness Area Committee.

Financial monitoring statements are produced on a monthly basis and considered at monthly meetings comprising officers from services involved with the Inverness Common Good Fund and any of the properties or projects. Financial monitoring reports and a report on the grants and capital projects are presented to each meeting of the City of Inverness Area Committee. Other reports – budget setting, annual reports, review reports or reports on specific projects are presented to the City of Inverness Area Committee as and when appropriate.

5.2.2 Outwith Inverness

Outwith Inverness the day to day management of the Common Good Funds is led by the Ward Managers within budget.

Monthly detailed transaction reports are provided to the Ward Managers to allow for ongoing monitoring. Quarterly financial monitoring reports are presented to the next available Area Committees together with any other reports (budget setting, annual reports and specific item reports) that may be appropriate.

6. FUNDS

6.1 Income generation (rents, leases and dividends from long term investments)

The Common Good Funds have adopted the Highland Council policies and procedures for leases and setting rents with rent increases being set in accordance with current market conditions. A specific policy has been developed to cover the occasions when the Common Good Funds may wish to let a property for less than market rent and for occasional one off lettings/short term occupancy.

6.2 Capital funds

Capital assets are used to generate income. Any proceeds from capital sales should be used to increase the capital held by the relevant fund. It may be appropriate to fund the purchase of any capital assets from the capital fund but it should not be used to finance any revenue expenditure.

6.3 Revenue balances (unspent income from previous years)

Any unspent balances from previous years may be used to supplement income in any year to increase the amount available to spend. However, a minimum balance should be maintained in revenue balances in each Common Good Fund to ensure the sustainability of the funds particularly where there are no or limited capital funds generating income. Revenue balances are held within the Highland Council Loans Fund.

6.4 Evidence of value for money

The Highland Council Financial Regulations and Standing Orders (including Contract Standing Orders) are applied to the Common Good Funds ensuring that value for money is achieved. There may be occasions when a Common Good Fund wishes to use a contractor who is not on the Council's approved list. This should only happen if there are good reasons for not using one of the Council's approved contractors and the decision must be signed off by the Depute Chief Executive and Director of Corporate Resources.

6.5 Loans or grants to supplement Common Good Funds

Although the Council has the power to borrow to support the Common Good Fund activities using the Common Good assets as security; it is not considered good practice to do so. The Council supports Common Good Funds through its Loans Fund preventing the need to consider exercising this power.

7. EXPENDITURE

When considering expenditure from the Common Good Funds the Council must have regard to the interests of the residents within the boundaries of the former Burgh to which the particular fund relates. However the Council also has a responsibility to maintain and grow Common Good Funds for future generations. The authority to incur and approve any expenditure is derived from the Scheme of Delegation referred to in paragraph 2. Expenditure can be split into essential expenditure and discretionary expenditure.

7.1 Essential expenditure

This covers essential maintenance costs to ensure the upkeep of the Common Good assets.

7.2 Discretionary expenditure

Included in this category is planned but not essential maintenance expenditure, civic celebrations, hospitality for visiting official guests with any surplus being considered for use for grants towards projects that will have community wide benefit (*see paragraph 8 below*).

It may also be invested in Stocks, Shares and Bonds as well as, occasionally, in the purchase of new land assets. No new Common Good property can be created following the abolition of the Burghs by the 1973 Act, therefore any land or buildings acquired subsequently using Common Good funds will be recorded on the Asset Register but annotated to the effect that they are investment property to allow the distinction to be made.

The Council has a wide discretion over the use of Common Good funds as long as it is for the benefit of the relevant community following the application of reasonable judgement and having regard to the interests of the inhabitants of the former burgh. This can include purposes that may also be covered by the Council's statutory responsibilities however this should only be where the funding is for service provision over and above that which the Council has agreed to provide under its mainstream budget.

8. GRANTS

8.1 Application

As part of the budget setting process for each of the funds a decision will be made whether that particular fund will be open to grant applications that year and, if so, how much will be set aside for this purpose. A standard application form is used for all Council grant applications. Any grant application must show how the particular project is going to be of benefit on a community wide basis. The application form and guidance can be downloaded from the Council website. The applications are scrutinised by the Inverness City Area Manager or relevant Ward Manager to ensure the project is appropriate for delivering benefit for the Common Good. Each application must be assessed on its merits and consideration given to integration with other funding.

8.2 Assessment

8.2.1 Inverness

This is the biggest of the Highland Funds and generates a number of grant applications. For Inverness the Common Good Fund Sub-Committee decides on grants up to and including £10,000. That Sub-Committee also considers and makes recommendations to the City of Inverness Area Committee on applications between £10,000 and £30,000. Any application exceeding £30,000 is usually only considered directly by the City of Inverness Area Committee.

8.2.2 Outwith Inverness

In respect of applications up to £10,000, the Ward Manager will consult with relevant Members at the next Ward Business Meeting. These discussions help inform the decision on the application made by the Ward Manager. The decision to approve or refuse an application exceeding £10,000 is referred to the Area Committee for the locality relevant to the fund.

8.3 Approval

If the grant application is approved, a letter authorising the Common Good financial assistance must be sent to the applicant together with the terms and conditions and the publicity guidelines. The terms and conditions have been developed to ensure that the grants given are used for the Common Good and in accordance with the terms of the application. Furthermore successful grant recipients are expected to provide evidence of value for money and that they are adhering to relevant Council policies.

(The terms and conditions, publicity guidelines and Common Good logo can also be downloaded from the Council website.)