

ITEM 8

24th March 2010



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Financial Services

Contact: Morag Johnston Ext: 74316

Common Good Fund: Budget 2010-11

Purpose of report:

The Finance and Audit Scrutiny Committee considered a report on the use of the Common Good Fund budget in 2010-11 at its meeting of 24 February 2010. This report summarises the issues discussed at the meeting and propose recommendations to progress those issues.

Recommendations:

It is recommended that the Finance and Audit Scrutiny Committee:

- Agree that officers bring forward a report on the development of Social Enterprise and the implications for the Common Good Fund.
- Agree that the heading of Council Buffet is replaced with the term Training (Council Buffet) to denote that the Common Good Fund is funding the training kitchen.
- Request that City Property undertake a review of the Common Good assets managed by them and bring forward proposals on an investment strategy including associated management costs.
- Notes that the award of civic hospitality is currently limited through application of criteria, delegation of authority (with events over £10,000 requiring Executive Committee approval) and available budget.
- Request that the Lord Provost consider undertaking a review of the current criteria for awarding civic hospitality.
- Agree to refer the proposed budget to the Executive Committee noting that Finance and Audit Scrutiny Committee may bring forward proposals on budget changes in respect of the above at a later date.

Ward No(s):

Citywide:

Local member(s) advised: Yes

No

Consulted: Yes

No

COMMON GOOD FUND BUDGET 2010-11

1. Background

- 1.1 The Finance and Audit Scrutiny Committee considered a report at its meeting of 24 February 2010 on the use of the Common Good Fund budget in 2010-11.
- 1.2 There were a number of proposals put forward by members of the Committee and this report seeks to summarise those and make recommendations on how to progress them.
- 1.3 It should be noted that the current budget of the Common Good Fund is fully expended, subject to fluctuations in investment income, on supporting the training kitchen of the Council Buffet and Civic Hospitality. As a result of the policy decision to maintain the capital of the fund any decision to incur expenditure in other areas will result in a need to reduce expenditure in these two areas. Alternatively it would require to be funded through the General Fund.

2. Proposals

Proposal 1

- 2.1 The first proposal put forward was to use the Common Good fund budget to support the development of social enterprise in the City. The use of the Fund for this purpose is permitted and it is suggested that officers are asked to undertake further work on this issue and the implications for the Common Good Fund.

Proposal 2

- 2.2 The use of the Common Good Fund to support the training kitchen for the Council Buffet remains unchanged however the description in the Common Good budget should be amended to more accurately reflect the expenditure. Members continue to pay for full food costs.

Proposal 3

- 2.3 It was proposed that one third of the investment income is diverted from civic events to supporting the necessary investment in CGF property with City Property LLP, who will now manage those assets on behalf of the CGF, being asked to provide a report on how that funding would be spent. It is proposed that City Property LLP be asked to bring back a report outlining proposals for maximising the income from CGF property. Thereafter the level of funding available to support those proposals would be considered.

Proposal 4

- 2.4 A review of the number of civic events supported by the Common Good Fund was proposed. It is recognised that there are already limitations to the award of civic hospitality through application of criteria, delegation of authority (with events over £10,000 requiring Executive Committee approval) and available budget.
- 2.5 There were also discussion around accounting principles relating to operational properties on the CGF asset register and also the management of CGF properties by City Property LLP. These matters were discussed in relation to a separate paper on Common Good – Accounting Treatment and have no direct impact on setting the CGF Budget for 2010-11.

3. Recommendations

3.1 It is recommended that the Finance and Audit Scrutiny Committee:

- Agree that officers bring forward a report on the development of Social Enterprise and the implications for the Common Good Fund.
- Agree that the heading of Council Buffet is replaced with the term Training (Council Buffet) to denote that the Common Good Fund is funding the training kitchen.
- Request that City Property undertake a review of the Common Good assets managed by them (see attached appendix) and bring forward proposals on an investment strategy including associated management costs.
- Notes that the award of civic hospitality is currently limited through application of criteria, delegation of authority (with events over £10,000 requiring Executive Committee approval) and available budget.
- Request that the Lord Provost consider undertaking a review of the current criteria for awarding civic hospitality.
- Agree to refer the proposed budget to the Executive Committee noting that Finance and Audit Scrutiny Committee may bring forward proposals on budget changes in respect of the above at a later date.

**GLASGOW CITY COUNCIL
COMMON GOOD
DRAFT BUDGET FOR 2010/11**

EXPENDITURE

Revised Budget for 2009/10	HEADING	Proposed Budget for 2010/11
£000		£000
180	Council Buffet	182
874	Civic Hospitality	874
39	Properties and Feu Duties	55
10	Miscellaneous Charges	10
1,103	TOTAL GROSS EXPENDITURE	1,121

INCOME

Revised Budget for 2009/10		Proposed Budget for 2010/11
£000		£000
91	Council Buffet	91
366	Civic Hospitality	297
235	Properties and Feu Duties	245
1	Miscellaneous Charges	1
410	Contribution from Common Good Fund	487
1,103	TOTAL DEPARTMENTAL INCOME	1,121
0	DIRECT NET EXPENDITURE	0
0	Specific Government Grant	0
0	ADJUSTED SERVICE NET EXPENDITURE	0

APPENDIX

Common Good Fixed Asset

To Be Managed By

• Range of Shops – 53-67 Byres Road	City Property LLP -	Income Generating
• Range of Shops – 4-6 Dowanhill St	City Property LLP -	Income Generating
• Range of Shops – 174-182 Dumbarton Road	City Property LLP -	Income Generating
• Range of Shops – 407-439 Gt Western Road	City Property LLP -	Income Generating
• Range of Shops – 33-37 Riverford Road	City Property LLP -	Income Generating
• Range of Shops – 254-290 Sauchiehall St	City Property LLP -	Income Generating
• Citizens Theatre – 119a-123 Gorbals St	City Property LLP -	Income Generating
• Bowling Green – 1240-1284 Dumbarton Road	City Property LLP -	Income Generating
• Humber Farm (Farm Grazing Land adjacent to Newton Mearns)	City Property LLP -	Income Generating
• Vacant Property – 41-43 Nithsdale Drive	City Property LLP	
• Vacant Land – 234 London Road	City Property LLP	
• Vacant Land – 120 Woodville St	City Property LLP	
• Pollok Country Park	LES Operational Property to be managed by LES	

Where income is earned by the above properties, the income is allocated to the Common Good Account.