

REPORT TO: East Lothian Council

MEETING DATE: 29 April 2025

BY: Executive Director for Council Resources

SUBJECT: Common Good Budget 2025/26

1 PURPOSE

- 1.1 To provide an update on Common Good Funds and agree the proposed budgets for 2025/26.

2 RECOMMENDATIONS

- 2.1 The Council is recommended to:
- Note the ongoing financial challenges relating to the current economic climate and the risks that this presents to the Common Good Funds.
 - Approve the 2025/26 grants budget for Dunbar, Haddington, Musselburgh, and North Berwick as set out in Appendices 2a-2d, noting the context for future budget development.

3 BACKGROUND

- 3.1 The Council's approved Standing Orders and Scheme of Administration states the following:
- Council will approve an annual budget for each of the Common Good Funds that will include provision for the maintenance of assets and any committed items of expenditure.

- Each Common Good Committee has authority to approve the following for the benefit of the community:
 - Award a grant of up to £10,000 where there is sufficient budget.
 - Approve revenue expenditure of up to £10,000 for the maintenance of the assets of the fund, if any individual award can be met within the overall approved budget.

3.2 Common Good investment income and funds should be used to maintain the Common Good asset base with any surplus funds being used to benefit the inhabitants of the area covered by the funds.

Budget Development

3.3 Council approved the Common Good budget for 2024/25 in April 2024. The budgets are updated annually, and take into consideration the following key components:

- a. Previous year review and updated fund balances.
- b. Roll forward of indicative budgets, taking into consideration any updated assumptions relating to:
 - Projected expenditure commitments in particularly relating to ongoing repairs and maintenance of Common Good assets.
 - Projected income to the funds relating to rental income and investment income.

3.4 The funds have traditionally forecast to deliver a surplus, with levels of grants available to support the community set at a reasonable level to ensure the fund values could continue to meet current obligations and sustain a value of investment for future benefit.

2023/24 Financial Position

3.5 The accounts for 2023/24 were approved on 27th March 2025. The fund balances as at 31 March 2024 of all Common Good Funds including Cockenzie, Port Seton & Tranent remain aligned to the draft position reported to Council on 25 June 2024 and totals £13.774 million. Further detail is set out at **Appendix 1** of this report.

3.6 The fund balances also reflect the historic cost of Common Good property assets amounting to £3.891 million. This represents the proportion of the value of property assets which the Common Good funds may direct to achieve their objectives. As previously reported to members, some properties are inalienable and therefore their values cannot be realised through sale of assets.

Current Position and Risks

- 3.7 Council is aware that there remains a number of key risks within each of the Common Good funds and these are highlighted below:
- Place-based asset project work is due to report to Council in August 2025 and this will include the Common good assets.
 - The fund is supported by significant levels of investment which remains subject to market conditions and remain subject to ongoing discussion with treasury investment advisers. The need to ensure the ongoing viability of the investment funds remains essential to ensure the long-term benefits of the Common Good investments.
 - As previously reported to Council there remains significant and ongoing challenges associated with Brunton Hall due to the identification of structural issues related to the use of Reinforced Autoclaved Aerated Concrete (RAAC). As noted above the Brunton Hall will be included in the place-based asset project.
- 3.8 The draft financial position for 2024/25 for both Council and Common Good funds is currently being consolidated and will be presented to Council in June 2025. The budgets have been developed based on projections for the 2024/25 financial year, and any wider commitments. Any material changes emerging from the consolidation of the draft accounts will be presented to Council.

2025/26 Budgets

- 3.9 Notwithstanding the wide range of financial and ongoing risks and variables which may impact on future budgets, this must be balanced alongside the requirement for Common Good Committees to have some certainty in approved budgets, including any available budgets to consider any grant applications during 2025/26.
- 3.10 Much of these risks remain variable and the impact may not be fully understood in the immediate months ahead. Given this, it is recommended that Council approve a 2025/26 Common Good budget, which has been rolled forward from previous approved budget, and updated with the assumptions set out in the section below:
- Based on commentary from the appointed investment managers, and current forecast market conditions, there has been no assumption to reflect an investment return during 2025/26. This position will remain under close review during the financial year and remains a key area of risk.
 - Future capital investment requirements will be taken into consideration once updated asset management information is available. Each Common Good fund holds a number of assets, many of which require on-going investment and maintenance.
 - The grants budget for Musselburgh Common Good has been reduced by £38,000 (compared to 2024/25 levels) to £112,000 to reflect the award of

grants approved by Council in February 2025. Common Good grants budgets for the other areas remain consistent with those approved for 2024/25. These levels will remain subject to ongoing review given both investment and future asset management investment requirements.

3.11 The draft 2025/26 budgets reflect the following elements:

- Dunbar Common Good – Winterfield Golf Club have signed a lease with ELC and are now responsible for the course and clubhouse. This has led to a reduction in the repairs budget of £5,000. This is offset by the reduction in rent income of £5,000 due to a 10-year rent free period.
- Haddington Common Good – increase in repairs budget of £11,000 due to work needed on common good roads and paths at River Tyne walkway and Tyne House parking area.
- Musselburgh Common Good
 - increase in repairs budget of £25,000 to cover the costs of repairing the marquee at Musselburgh racecourse.
 - Increase in rates budget of £16,000 for NDR charged to Stoneyhill Community Centre.
 - Support and Services budget includes £246,000 charge by amenity services for work on common good assets. £123,000 was agreed in 2024. The proposed recharge for 2025/26 represents a more accurate recharge of costs incurred by amenity services in maintaining common good assets.
 - Grants budget reduced from £150,000 to £112,000 as extra grants awarded in March 2025 to Musselburgh Tennis Club: £14,000, Hollies Day Centre: £9,999, Fisherrow Trust: £16,734 and Musselburgh Twinning Association: £650.
 - Reduction in rent income of £185,000 due to closure of Brunton Hall.
- North Berwick Common Good – increase in rates of £1,000 due to NDR changes.

3.12 Noting the points set out above, the draft budgets for 2025/2026 for each of the Common Good Funds are set out in **Appendix 2a-d** of this report for consideration and approval.

4 POLICY IMPLICATIONS

4.1 There are no direct policy implications associated with this report, although ongoing monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

6 RESOURCE IMPLICATIONS

6.1 Financial – as described above.

6.2 Personnel - none

6.3 Other – none

7 BACKGROUND PAPERS

7.1 Council 23 April 2024 – Item 4 Common Good Budgets 2024/25

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DATE	14 April 2025

Appendix 1 - Common Good Fund Balances 2023/24 (signed off 27/03/25)

Fund	23/24 Fund Balance	Balance Related to Unrealised Fair Value Gains on Investments	23/24 Fund balances (Excluding Investments fair value movements)	Historic Cost of Property Assets (PPE)	23/24 Fund Balance (Excluding FV Investments and Historic Cost of PPE)
<i>Balances at 31/03/2023 (audited financial statements)</i>	£'000	£'000	£'000	£'000	£'000
Dunbar	929	6	923	693	230
Haddington	848	17	831	208	623
Musselburgh	9,823	667	9,156	1,439	7,717
North Berwick	1,751	38	1,713	1,127	586
TOTAL*	13,351	728	12,623	3,562	9,156
Cockenzie, Port Seton & Tranent	423	0	423	424	-1
TOTAL COMMON GOOD FUND BALANCE	13,774	728	13,046	3,891	9,155

*Fund balances may be subject to variation based on common good grants awarded since April.
Draft 24/25 Financial Statements are still being prepared.

Appendix 2 – Summary – For information only as each Common Good is a separate entity

**Consolidated Common Good
Income & expenditure Budget**

	Approved	Draft budgets
	Budget 2024/25 £000	Indicative Budgets 2025/26 £000
Expenditure		
Premises - Repairs & Maintenance	66	97
Premises - Rates	29	46
Supplies & Services	184	307
Grants	174	136
Depreciation	86	86
Total Expenditure	539	672
Income		
Rents & Other Income	-488	-298
Interest / Investment Income (inc realised gains and losses on sale of investments) *	-2	-2
Dividend income *	-83	-83
Total Income	-573	-383
Cost of Services	-34	289
Net Surplus/Deficit for the year	-34	289
Common Good Balance *	-13,351	-13,385
Accumulated Fund	-13,385	--13,096

Appendix 2a

Dunbar Common Good Income & expenditure Budget

	Approved	Draft budgets
	Budget 2024/25 £000	Indicative Budgets 2025/26 £000
Expenditure		
Premises - Repairs & Maintenance	10	5
Premises - Rates	0	0
Supplies & Services	4	4
Grants	4	4
Depreciation	30	30
Total Expenditure	48	43
Income		
Rents & Other Income	-19	-14
Interest / Investment Income (inc realised gains and losses on sale of investments) *	0	0
Dividend income *	-1	-1
Total Income	-20	-15
Cost of Services	28	28
Net Surplus/Deficit for the year	28	28
Common Good Balance *	-929	-901
Accumulated Fund	-901	-873

* Excluding unrealised gains and losses on the fair value of investments

Appendix 2b

Haddington Common Good Income & expenditure Budget

	Approved	Draft budgets
	Budget 2024/25 £000	Indicative Budgets 2025/26 £000
Expenditure		
Premises - Repairs & Maintenance	1	12
Premises - Rates	0	0
Supplies & Services	1	1
Grants	10	10
Depreciation	0	0
Total Expenditure	12	23
Income		
Rents & Other Income	-27	-27
Interest / Investment Income (inc realised gains and losses on sale of investments) *	0	0
Dividend income *	-2	-2
Total Income	-29	-29
Cost of Services	-17	-6
Net Surplus/Deficit for the year	-17	-6
Common Good Balance *	-848	-865
Accumulated Fund	-865	-871

* Excluding unrealised gains and losses on the fair value of investments

Appendix 2c

Musselburgh Common Good Income & expenditure Budget

	Approved	Draft budgets
	Budget 2024/25 £000	Indicative Budgets 2025/26 £000
Expenditure		
Premises - Repairs & Maintenance	45	70
Premises - Rates	24	40
Supplies & Services	175	298
Grants	150	112
Depreciation	51	51
Total Expenditure	445	571
Income		
Rents & Other Income	-404	-219
Interest / Investment Income (inc realised gains and losses on sale of investments) *	-2	-2
Dividend income *	-76	-76
Total Income	-482	-297
Cost of Services	-37	274
Net Surplus/Deficit for the year	-37	274
Common Good Balance *	-9,823	-9,860
Accumulated Fund	-9,860	-9,586

* Excluding unrealised gains and losses on the fair value of investments

Appendix 2d

North Berwick Common Good Income & expenditure Budget

	Approved	Draft budgets
	Budget 2024/25 £000	Indicative Budgets 2025/26 £000
Expenditure		
Premises - Repairs & Maintenance	10	10
Premises - Rates	5	6
Supplies & Services	4	4
Grants	10	10
Depreciation	5	5
Total Expenditure	34	35
Income		
Rents & Other Income	-38	-38
Interest / Investment Income (inc realised gains and losses on sale of investments) *	0	0
Dividend income *	-4	-4
Total Income	-42	-42
Cost of Services	-8	-7
Net Surplus/Deficit for the year	-8	-7
Common Good Balance *	-1,751	-1,759
Accumulated Fund	-1,759	-1,766

* Excluding unrealised gains and losses on the fair value of investments