

APPENDIX 1



**Aberdeenshire Council**

**Common Good Fund Policy**

## What are Common Good Funds?

Common Good Funds are generally made up of property (including land, buildings, investments and movable items) that belonged to the previous burghs of Scotland.

The responsibility for administering these funds now rests with the local authorities throughout Scotland. Aberdeenshire Council is responsible for administering 17 Common Good Funds, the details of which are listed below:

AREA COMMITTEE	NAME OF COMMON GOOD FUND AND AREA COVERED	APPLICABLE COUNCIL WARD
<b>BANFF AND BUCHAN</b>	Aberchirder	1
	Banff	1
	Fraserburgh	3
	Macduff	2
	Portsoy	1
	Rosehearty	2
<b>BUCHAN</b>	Peterhead	5/6
<b>FORMARTINE</b>	Oldmeldrum	8
	Turriff	7
<b>GARIOCH</b>	Inverurie	11
	Kintore	12
<b>KINCARDINE AND MEARNS</b>	Inverbervie	19
	Laurencekirk	19
	Stonehaven	18
<b>MARR</b>	Ballater	15
	Banchory	16
	Huntly	14

These Common Good Funds, although, held by the Council are legally distinct from the Council's other funds, and any money held within these Funds, including the income from any assets which make up these Funds, are to be used solely for the overall benefit of the people who reside in the area covered by the applicable Fund.

The Council, however, does retain discretion in terms of how these funds and their income is used and, for example, may decide to acquire land for public use (e.g. formation of a public park) or maintain a publicly owned building (e.g. maintaining the local town hall) using the funds where the action taken is deemed to be for the overall benefit of the local community.

Further to this the Council also considers applications for funding in respect of each of the aforementioned Common Good Funds, from individuals or organisations who live or operate in the area covered by the specific Fund and who provide services which are aimed at benefiting their community.

The 17 Funds listed in the table above vary in size and as a result what can be achieved in each area using these funds will differ as will the opportunity for individuals or organisations to secure funding.

The Council has therefore developed the following policy and procedures when it comes to administering these Funds.

## **What can Common Good Funds be used for?**

The actual use of Common Good funds has been determined by the Courts over the years, and local authorities have a very wide discretion as to how the funds are distributed, provided that local authorities honestly exercise their discretion and that the use of common good funds is not contrary to policy<sup>1</sup> or for unlawful purposes<sup>2</sup>.

The Courts have decided that Common Good monies may be used for the following:-

a) **“Upholding the dignity of the Burgh”**

This involves matters relating to civic ceremonies and related hospitality for appropriate officials and guests, such as town twinning events.

b) **The prudent management, upkeep and improvement of common good fund property, whether such property is used by the general public or held for investment purposes**

This relates to the management and maintenance of Common Good land and buildings for public use

c) **Safeguarding the corporate rights of the community and defending its interests**

This could be used to develop or promote a coat of arms or civic identity.

d) **Granting donations to public institutions or charities**

Such donations must be granted to benefit the interests of the general public of the relevant area.

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<sup>1</sup> Test set out in *Graham v Glasgow Corporation* (1936)(SLT) 145

<sup>2</sup> *Kemp v Glasgow Corporation* (1920)SC(HL) 73

- e) **Any other purpose which in the bona fide and reasonable judgement of the council, is for the good of the community as a whole, as opposed for the interest and benefit of any particular group or individual.**

The Courts have stated that they will “*only interfere with Local Authorities discretion if its acting’s are shown to be (1) ultra vires<sup>3</sup>, (2) illegal, (3) contrary to public policy, (4) contrary to the general interests and welfare of the community as a whole, (5) not within their proper discretion (6) not an honest exercise of their discretion (7) vitiated<sup>4</sup> by abuse or malversation<sup>5</sup>”.*

Aberdeenshire Council has determined that Festive Light Displays and Town Twinning fall into this category.

## **Festive Light Displays**

The following eligibility criteria apply to applications for Festive Light Displays:-

1. Groups can apply for new lights only. Repair, maintenance, installation and storage costs will not be supported,
2. Groups can source 50% of the total cost of the purchase of new lights from this fund to a maximum of £1,500,
3. Groups can only access this fund once every three years,
4. Support will only be given for displays which use energy efficient technology and focus on town centres or the main village thoroughfares

LOCAL VARIATION – This criteria does NOT apply within the Buchan Area of Aberdeenshire

## **Town Twinning**

Applications for funding may be acceptable for contributions towards the establishment of new Town Twinning Schemes where evidence is shown

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<sup>3</sup> ultra vires – beyond the powers

<sup>4</sup> vitiated - invalidate

<sup>5</sup> malversation – corruption

that there will be benefits to the whole community. This may include travel expenses for an initial visit only.

Funds distributed from the Common Good will be recovered from the applicant if not used as applied for.

## What can't Common Good Funds be used for?

Common Good Funds **cannot** be used for –

- Activities promoting religious or political beliefs
- Travel costs for exchange visits or trips unless it can clearly be demonstrated that there is a benefit to the wider community.
- Administrative costs for community councils over and above their annual grant from Aberdeenshire Council
- Applications to cover an organisation's running costs or capital investments
- Applications for projects which another organisation has a legal right or duty to provide
- Projects that do not benefit the wider community
- Applications from individuals or organisations that do not live or operate within the area covered by the particular Common Good Fund
- Organisations seeking to make a profit using Common Good Funding where those profits are not reinvested back into the project.

## Who makes decisions about distributing Aberdeenshire's Common Good Funds?

Aberdeenshire Council's Scheme of Governance sets out the powers available to Committees and Officers in relation to Common Good Funds within Aberdeenshire.

### The power to approve policy

Section C of Part 2A– List of Committee Powers Section 2.6 gives power to the **Business Services Committee** to approve policies for the management and investment of any funds including the common good.

### The power to administer Common Good Funds

Section B of Part 2A – List of Committee Powers Section 2.1 gives **Area Committees** authority to administer Common Good Funds and trusts controlled by the Council for the benefit of their Area.

All Area Committees have been consulted on this policy and have agreed to administer the Common Good Funds for their Area in accordance with this Policy.

## Practicalities

Part 2A – List of Committee Powers – General Provisions Section 7 permits an Area Committee to delegate to an Officer any of the functions which have been delegated to the Committee.

Section 8 allows a Committee to delegate to Sub-Committees.

Part 2B – List of Officer Powers – Section D Business Services

Section 1.4 gives Area Managers authorisation to process applications in terms of the Council's Common Good Fund Procedures, as follows:

- 1.4 process applications for financial assistance requests from the Council's common good funds in terms of the Council's common good procedures; and to
  - a. Determine the competency of applications in terms of the Council's Common Good Policy, following consultation with the Head of Finance and Head of Legal and Governance; and
  - b. Approve awards of financial assistance from common good funds, following consultation with the relevant Ward Members, where there is majority agreement:
    - (i) that an awards can be made; and
    - (ii) as to the amount of money that is to be awarded;failing which the matter is to be referred to the relevant Area Committee for determination.

In terms of the Financial Regulations, Section 4.10.1 states that the Council shall make the necessary arrangements for the proper administration of each Trust Fund in accordance with the conditions laid down by the Trust or other deed.

## Capital Expenditure

Local Authorities have a statutory duty to keep the scale of their capital investment under review.

The Finance Service must be consulted on the implications when appraising any request which has or may have a capital implication.

## Payments from Revenue

Payments made from any particular Common Good Fund in any one year should not exceed the level of income it is anticipated will be generated in that year. This is a prudent view which seeks to ensure the ongoing viability of the Fund.

There are, however, times when Members may wish to make a payment of a level greater than the income generated in that year. In order to allow for this any unspent revenue income from previous years can also be considered available to spend.

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<b>Responsible Officer</b>	<i>Fiona M. Stewart Senior Solicitor (Democratic Services) Governance Team Legal and Governance Business Services</i>
<b>Policy Sponsor</b>	<i>Director of Business Services</i>
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