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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 10**

**20 December 2017**

#### **North Ayrshire Council**

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**Title:** **Festival and Events**

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**Purpose:** This report proposes the creation of a fund to support community run festivals and events in North Ayrshire.

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**Recommendation:** That the Council agrees (a) to the creation of a fund for community run festivals and events of £150,000; and (b) to review the operation of the fund after the first year.

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#### **1. Executive Summary**

- 1.1 This report has been brought forward as a result of Member concerns about the impact on festivals, particularly Marymass and Largs Viking Festival, of any reduction in the amount that Irvine and Largs Common Goods make available for annual grant distribution. It seeks Council approval to create a fund to support community organised festivals and events which would also be available to support festivals and events across North Ayrshire.

#### **2. Background**

- 2.1 There are a number of festivals and events which are organised and run by communities across North Ayrshire. Many of these raise funds to support them, whilst the larger festivals are heavily dependent on local Common Good Funds. The latter include Marymass based in Irvine, and the Largs Viking Festival. Based on 2015/16, those events which receive the largest funding support are:-
- Marymass Festival - Irvine Common Good met £49,994 out of total Council grant of £50,994
  - Largs Viking Festival - Largs Common Good met £5000 out of total Council funding of £6,850
  - Saltcoats Queen of the Sea - Total Council funding £1,350

- 2.2 As outlined in paragraph 2.1 the bulk of the funding for Marymass and Largs Viking Festival comes from Irvine and Largs Common Goods respectively. In contrast to other towns in North Ayrshire, Irvine and Largs retain sizeable Common Good Funds. These can only be expended for the benefit of the former area of Irvine Burgh (being the westernmost part of the current town of Irvine) and Largs, or their respective residents.
- 2.3 These common goods receive annual rentals from properties let by them, often from the Council. In turn this has allowed an annual distribution of funds which does not erode the capital of the Common Goods. In the case of Irvine Common Good, average annual grant expenditure for 2014/15 to 2016/17 was £59,132. Largs Common Good has disbursed an annual average of £13,485 over the same period.
- 2.4 In the case of Largs, the Largs Car Park fund can also fund festivals and events. While not part of Largs Common Good, North Ayrshire Council's Corporate Policy Committee of 10 September 2002 agreed to ring fence the net car park income for expenditure on the tourist and visitor areas of Largs. Accordingly this fund is also able to fund festivals and events in Largs, in a similar manner to Largs Common Good.
- 2.5 The car park fund currently has a balance of £256,122. After Council's decision in February 2017 to use part of the Fund's annual surplus for public toilets in Largs, the Fund's annual surplus available for distribution is £85,000. In recent years approximately £33,000 has been used to meet Streetscene costs relating to Largs Viking Festival. The remaining monies have been distributed to other projects in the town. Largs is also able to disburse funds to local groups from the benefits from windfarm community benefit monies distributed by an independent trust.
- 2.6 The Council budget, agreed in February 2017, included a 10% budget reduction in grounds maintenance costs, to be implemented in the current financial year. To meet this, a full review was undertaken of the sites where grounds maintenance was carried out. This is an extensive exercise, still ongoing, which requires examination of time sheets and title deeds.

- 2.7 This review has to date identified a number of sites where the Council was undertaking grounds maintenance on sites owned by Agencies of the Scottish Government, housing associations, or on private ground where factoring arrangements should be in place. It also identified maintenance being carried out on Housing Revenue Account(HRA) owned ground and common good lands, which was not being charged to these accounts. Measures are now being taken to regularise the position on such charges. In North Ayrshire, two Common Goods receive grounds maintenance services, these are at Irvine and Largs.
- 2.8 The areas of Irvine Common Good land maintained are as follows:
- The Moor;
  - Low Green;
  - Recreation Park (part of);
  - Galt Avenue;
  - Grass are behind Irvine Old Parish Church;
  - Redburn Community Centre grounds;
  - Land at end of Berry Drive;
- 2.9 The cost of the provision of grounds maintenance services for this land in Irvine is £28,995. This includes labour charges, vehicle costs and plants/bedding. Some of the areas of land are large in size and require significant resources to maintain them. The areas are well used and maintained to a high standard. Costs will reduce slightly if the sale of common good land at Redburn to the HRA, is approved by Cabinet on 12 December.
- 2.10 The area of Largs Common Good land maintained is Douglas Park including the bowling green and tennis courts. The cost of the provision of grounds maintenance services for Douglas Park, Largs is £30,907. Again, this includes labour charges, vehicle costs and plants/bedding. Again, the area is well used and maintained to a high standard. In the case of Douglas Park it has been ascertained that Largs Common Good have been receiving the rental income from the bowling green and tennis courts, only the maintenance charges have been incorrectly coded to the wrong account.
- 2.11 In relation to the common goods, financial rules are clear. All income and expenditure which relates to common good properties must be charged to the relevant common good. Now it is known that grounds maintenance costs are being incorrectly charged to the wrong account (Council), the position needs to be regularised by charging to the correct account (Common Good).

- 2.12 Given the level of the charge, it is not proposed to back-date any charges to the Common Goods. This differs from the previous approach taken where land occupied by the Council was found to be within a Common Good. In those cases, the Common Goods received income backdated for up to 17 years.
- 2.13 If the current policy approach is maintained, where annual grants can only be made at a level which does not erode the capital of the Common Good fund, the impact of charging for grounds maintenance will be to reduce the annual amount available for distribution. It would reduce the level of grant available for disbursement from Irvine Common Good Fund to £29,272 for 2017/18. Based on current levels of capital balances, the continued disbursement of grants at their current level from the Irvine Common Good Funds would result in the full utilisation of the available capital balances of the Irvine Common Good Fund within 33 years.
- 2.14 For Largs Common Good Fund, the inclusion of Grounds Maintenance recharges would reduce the level of grant available for disbursement to zero and would result in a deficit position which would require the utilisation of capital balances each year. Based on current levels of capital balances, the continued disbursement of grants at the current level from the Largs Common Good Funds would result in the full utilisation of the available capital balances within 15 years. This does not take into account the availability of alternative funding from Largs Car Park Fund.
- 2.15 Community organisations and festival groups in North Ayrshire have been successful at fundraising and in attracting sponsorship for events. This is increasingly important as opportunities for external, particularly public sector, funding support reduces. Both Marymass and Largs Viking Festival committees are working hard to attract external funding to reduce dependency on the Common Good. However, it is accepted that large local festivals, with the potential to have a significantly positive economic impact on local businesses and communities, will continue to require some level of support from the Common Good. As Marymass last year utilised £49,994 of the current £59,132 annual grant of Irvine Common Good, it is evident that the annual grant to Marymass could not continue at current levels without reducing the capital of Irvine Common Good. Similarly, Largs Common Good could not continue to grant aid Largs Viking Festival without eroding its capital.

- 2.16 In order to minimise the immediate impact on Marymass and Largs Viking Festival, as well as to provides some financial support for communities without access to a common good, to provide some financial support for local festivals, it is proposed to set up a Festivals and Events fund. A non-recurring fund of £150,000 could be funded out of the current year underspend in the pensions auto-enrolment budget.
- 2.17 Distribution of the fund would be managed by Connected Communities to ensure central oversight of all Council events and festivals funding. The combined funding package for Marymass and Largs Viking Festivals from the Festivals and Events Fund and Common Good would be managed in the same manner as at present, to encourage community ownership of Marymass and the Viking Festivals against a background of continuing reduction in overall Council funding. In relation to other events, opportunities for funding would be identified and evaluated by Connected Communities, priority being give to those events which would best support locality priorities or community empowerment.
- 2.18 The Tourism Strategy approved by Cabinet on 12 December 2017 envisages that Council support may be required for major events. Such funding would be the subject of individual decision by Officers or Cabinet, depending on the level of funding required, and would not be funded out of the Festivals and Events Fund.

### **3. Proposals**

- 3.1 It is proposed to set up a Festivals and Events fund of £150,000. This would be funded out of the current year underspend. As this is non-recurring it is recommended that Council review the operation of the fund after the first year

#### 4. Implications

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| <b>Financial:</b>       | Common Goods require to meet grounds maintenance costs which relate to their land- see Legal implications. The creation of a non-recurring Festival and Events Fund of £150,000 can be funded from a specific current year underspend. Once expended, Council would require to identify new funding as part of a future budget exercise.  |
| <b>Human Resources:</b> | Officers from Economy and Communities and Communications will be required to support the allocation and disbursement of the fund, and the organisational support required by event and festival organisers.   |
| <b>Legal:</b>           | <p>Common Goods require to meet grounds maintenance costs which relate to their land. Section 12 of the Local Government in Scotland Act 2003 requires Councils to follow 'proper accounting practice'. 'Proper accounting practice' comprises legislation, statutory guidance, recognised Codes, and the Council's Financial Regulations. The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 requires separate accounts for Common Goods. The LASAAC Guidance on 'Accounting for the Common Good' anticipates that repair and maintenance of assets would be a charge met by a Common Good. It should also be borne in mind that one of the grounds for the Controller of Audit to make a report to the Accounts Commission under section 102 of the Local Government (Scotland) Act 1973 is that "any sum which ought to have been credited or debited to one account of the authority has been credited or, as the case may be, debited to another account of the authority".</p> <p>The Head of Democratic Services has investigated the question of whether the payment by the Council of grounds maintenance charges which relate to Common Good properties, might create a right to receive such maintenance free of cost, independent of land ownership. The same right would also apply to ground owned by Agencies of the Scottish Government, housing associations, or to private ground which the Council was inadvertently maintaining. There is no lease or other documentation to create such a right.</p> |

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|  | <p>Therefore such a right would be akin to an implied servitude, existing independently of the land. There is no Scottish case law which could substantiate the creation of such a new type of servitude. Accordingly neither the Common Goods or anyone else has a right to receive free grounds maintenance from the Council.</p> <p>It would be legally competent for the Council to grant fund the Common Goods to support them in meeting grounds maintenance costs. However this would effectively continue to divert funds available for the whole Council area to subsidise Largs and Irvine West. By way of contrast, the proposals in this report take a more equitable approach.</p> |
| <b>Equality:</b>                           | There are no equality implications.   |
| <b>Environmental &amp; Sustainability:</b> | There are no environmental and sustainability implications.   |
| <b>Key Priorities:</b>                     | The continuation of vibrant festivals supports the Council Plan objective of Working Together to Develop Stronger Communities.  |
| <b>Community Benefits:</b>                 | None.   |

## 5. Consultation

- 5.1 The Irvine and Largs Locality Partnerships were advised in September 2017 of the implications of grounds maintenance charges being charged to Common Goods. There has also been consultation with the Executive Directors of Economy and Communities, Finance and Customer Support and Place. The feedback received as a result of the consultations has informed this report presented to Council today.



ELMA MURRAY  
Chief Executive

Reference : AF/JM

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## Background Papers