

The Highland Council
Skye, Ross & Cromarty Area Committee

30 April 2014

Agenda Item	11d
Report No	SRC 19d/14

**Invergordon Common Good Fund
Budget Setting 2014/15**

Joint Report by the Director of Finance and the Acting Head of Community & Democratic Engagement

Summary

This report provides Members with a monitoring statement for the Invergordon Common Good Fund (ICGF) to the end of March 2014. The report also sets out the anticipated income and expenditure for the coming year and invites Members, for the first time, to set a revenue budget for the Invergordon Common Good Fund (ICGF) for the financial year 2014/15.

1. Monitoring Statement to end of March 2014

- 1.1 Appendix One of the report contains the anticipated out turn for 2013/14 on the ICGF based on the quarter 4 monitoring statement. Members should note that this includes only transactions in the ledger at the time of writing and will exclude any accruals which will not be recorded until the end of the month.
- 1.2 The majority of the expenditure on property relates to a survey carried out on the Invergordon Town Hall which is in poor condition. Members will note that no grants were awarded from the ICGF in 2013/14.
- 1.3 Based on the monitoring statements as shown there will be a deficit of £1,219 for the year in 2013/14 which would reduce the Usable Reserve Balances held by the ICGF to £52,941 at 31st March 2014. As noted above this excludes the impact of any accruals not yet recorded. Once audited the final Income and Expenditure Account Balance sheet will be brought to Members in a future report.

2. Anticipated Revenue for 2014/15

- 2.1 Rental Income – The only rental income is that from the Invergordon Town Hall which is rented by Highlife Highland. The rent due for 2014/15 is £3,000.
- 2.4 Interest and Revenue Balances – Assuming that the current low interest rates continue, it is anticipated that interest receivable on projected surplus balances will be approximately £300 in 2014/15.

3. Anticipated Expenditure

The main revenue budget headings can be summarised as follows:

3.1.1 Property Costs

Property costs have tended to be low, with just essential repairs being carried out to the Town Hall. However the property is in need of substantial repair and renovation and in 2013/14 a detailed stonework study was carried out paid for by Ward Discretionary Funding. This study outlined approximately £60k of exterior stonework repairs needed to address the poor condition.

3.1.2 Given the level of expenditure required to bring the outside of the building to a good standard it was felt prudent to also consider the condition of the interior; there are issues around access and the condition of the kitchen toilets etc that affect the use of the building and therefore the potential for income. A further piece of work was commissioned to look at options for improvements to the inside of the building and a further report with indicative costing has recently been received. The cost of this report was split between the Ward Discretionary Budget and the ICGF. The report is very helpful in setting out ways improvements could be made with indicative costs, but it will be important to consider to report in detail within the context of likely future uses of the building with local members and the local community.

3.1.3 It is not possible at this stage to set a realistic budget for major works that may or may not be carried out as they have not yet been defined – and indeed the ICGF does not have the resources to complete all works likely to be desirable. It is however suggested that a revenue property budget of £1,000 be set for 2014/15 for urgent and day to day repairs. Any capital project for upgrading the building would require separate consideration and an appropriate funding package would have to be identified and brought to Committee for consideration.

3.2 Administration and Insurance costs

These are minimal and a roll forward budget of £100 is proposed to cover additional support costs in relation to quarterly monitoring information being provided by Finance.

3.3 Grants to the Community

Given the limited level of income and the likely future requirement of the town hall building it is proposed that no grants be made in 2014/15 in order to protect the reserves. This is in line with the principle that funds should be allocated to essential expenditure first.

4. Review of the Assets of the Invergordon Common Good

4.1 Members will recall that an update report, entitled Policy, Management and Reporting, was presented by the Corporate Manager to Council on 19 December 2013. The report referred to a plan of actions required to improve and standardise the management of Common Good Funds and made specific reference to Common Good Fund Asset Registers and work to ensure that the Asset Registers are up to date and accurate.

4.2 The asset register for ICGF was reviewed and updated in 2013/14 as outlined to members in the report to the October 2013 Area Committee.

5. Implications

5.1 Equalities Policy. The Invergordon Town Hall is not fully accessible. Any internal refurbishment would seek to address this and so improve equality of access.

5.2 Climate Change – Any refurbishment project would seek to increase energy efficiency where possible. There are no other climate change implications in the report.

5.3 Legal and Financial Implications – the application of funds will fall within the competency guidelines set out both in statute and in common law in relation to Common Good Funds. Additionally, through the governance being applied by the Finance Service, funds will remain compliant with all financial regulations.

5.4 Expenditure – It is proposed that a budget of £1k be set for property costs and £100 for administration. Any additional budget requirement to support a refurbishment will be brought to members as part of any project proposal developed. Based on this assumption income will exceed expenditure by £2,200. This will therefore result in a surplus which would increase the balance on revenue reserves to £53,141 at the end of 2014/15.

Recommendation

The Committee is invited to:

- i. note the ongoing survey work in relation to the condition of the Invergordon Town hall;
- ii. agree the Invergordon Common Good Fund budget for 2014/15 detailed within the report
- iii. agree that update reports are brought back to the Skye, Ross & Cromarty Area Committee.

Designation: David Haas, Acting Head of Community and Democratic Engagement

Date: 15th April 2014

Authors: Helen Ross, Senior Ward Manager, CSER
Fiona Callum, Accountant

Background Papers: Invergordon Common Good Quarter 4 Monitoring Statement
Invergordon Town Hall Survey (internal document)
Invergordon Town Hall Budget Estimates (by Laing Traditional Masonry)

Invergordon Common Good Fund – Anticipated outturn for 2013/14 based on Quarter 4 Monitoring information and Proposed 2014/15 Budget

	2014/15 Proposed Budget	2013/14 Anticipated Outturn £
<u>Expenditure</u>		
	1000	
Property costs		4479
Contributions and donations		-
Grants		
Administration charges	100	34
Total expenditure	<u>1,100</u>	<u>4,513</u>
<u>Income</u>		
Rents	3,000	3,000
Refund of administration charges		-
Miscellaneous		-
Interest and investment income	300	294
Total income	<u>3,300</u>	<u>3,294</u>
Surplus/(deficit) for the year	<u>2,200</u>	<u>(1,219)</u>