

**The Highland Council**  
**Skye, Ross & Cromarty Area Committee**

**30 April 2014**

Agenda Item	<b>11e</b>
Report No	<b>SRC 19e/14</b>

**Tain 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 the anticipated out turn for the Tain Common Good Fund (TCGF) to the end of March 2014, based on the Quarter 4 monitoring statement. 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 TCGF for the financial year 2014/15. The report updates Members on the current status of the Alexandra Bridge refurbishment project.

**1. Introduction**

1.1 **Appendix One** contains the anticipated out turn for 2013/14 on the TCGF 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. Appendix One also contains a proposed budget for the general management of the TCGF for 2014/15 with further detail on this contained within the report.

**2. Anticipated Revenue**

2.1 Rental Income – Rental income comes principally from the Market Street stalls, let in two lots and from grazings which are let by open advertisement each year. The total income expected to be available in 2014/15 from rents is expected to be £7,227.

2.2 Miscellaneous Income – Approximately £250 miscellaneous income is expected from lets of the Tain Links.

2.3 Mussel Fisheries Income – income from mussels has been low in recent years although there has been some improvement in 2013/14 as shown in the anticipated out turn. Assuming sales continue at current levels in 2014/15 we would anticipate income of approximately £30,000. However Members will be aware that sales can be affected by a range of unpredictable factors, so it will be important to monitor actual income closely and regular updates will continue to be provided at Ward Business Meetings. Members will also see in

para 3.2 below that there is significant expenditure required in 2014/15 on the mussel boat to meet current legislative standards.

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 £2,175 in 2014/15.

### 3. **Anticipated Expenditure**

The main revenue budget headings can be summarised as follows:

#### 3.1 Property charges and maintenance (excluding Alexandra Bridge)

Expenditure in 2013/14 under this heading included some refurbishment work on the market street stalls prior to letting. This level of expenditure is not envisaged in 2014/15 with both units now let. A lower level of expenditure is therefore assumed, excluding the capital refurbishment of the Alexandra Bridge which is considered separately. However this budget also covers the cost of monitoring the town's CCTV systems (£5,040), and an allowance is required for insurance, electricity costs etc. It is suggested that a budget of £8,000 be made for such costs. Costs of tree management also need to be considered. There are a number of trees on Common Good land which require removal. There may also be a requirement for additional tree survey/pollarding/felling works. It is suggested £7,000 be allowed for this, bringing the total property and maintenance budget to £15,000.

#### 3.2 Mussel Fisheries

There will be expenditure incurred in relation to the mussel boat in relation to:

- Slipping, paint and repair work.
- Replacement of the crane on board.
- Installation of electronic logging systems – this is required in order to meet new legislative requirements.

The cost of these works is anticipated to be in the region of £30,000.

#### 3.3 Alexandra Bridge Refurbishment

3.3.1 Members will be aware that a refurbishment scheme for the Alexandra Bridge is planned with work in preparation for a contract already well advanced. The total cost of refurbishment, including preparatory works, was expected to be approximately £200,000 and a funding package to support this is in place. The funding sources in place are: the Council's Capital Discretionary Fund (20% of project to a maximum of £40,000); Historic Scotland (25% of what are deemed eligible costs up to a maximum of £50,000); Ward Discretionary Budget (£5,000); and Tain Community Council (£5,000).

3.3.2 Very significant preparatory work has been required for the proposed scheme, which has included design and preparation of the works contract. It has also been necessary to carry out site investigation, testing of metals, paints and timber elements of the existing bridge, and to have the involvement of specialists in ecology, conservation and in historical methods of manufacture; all to meet the requirements of Historic Scotland, Scottish Natural Heritage and Marine Scotland.

- 3.3.3 Tenders for the proposed works were issued, and priced documents returned, in accordance with the Council's procurement procedures. Scrutiny and checking of the tenders is taking place. However, taking the most competitive of the tenders received, with all other costs in the project taken into account, and allowing a contingency, it is estimated that the total out-turn cost of the project would be £342,450. There is therefore a significant shortfall in available funding for the scheme.
- 3.3.4 Given the revised project costs funding needs to be reviewed. As the owner of the asset the contribution from the TCGF clearly needs to be reconsidered. However income into the TCGF is very limited and any additional contribution therefore reduces reserves. Finance advice suggests it would be prudent to prepare a longer term budget forecast for 4 years, aimed at ensuring that over this time income and expenditure is managed to ensure that the level of reserves by the end of the period is no lower than £150,000 - £160,000. This work will be undertaken as a matter of urgency, but it is clear that any increased contribution from the TCGF reserves would need to be limited and closely monitored.
- 3.3.5 The possibility of other funding sources is again being explored and discussions have commenced within the Council and with Historic Scotland to explore the potential for increased contributions. Checks are also being made as to the viability of reducing the scope of work and the implications of this; however the bridge is a grade B listed structure, so there will inevitably be constraints. Once all these enquiries are completed a way forward will be mapped out and it is recommended that a final decision regarding the way forward and the potential for any additional TCGF contribution be delegated to the Director of Finance and the Acting Head of Democratic and Community Engagement in consultation with local Ward Members and the Chair of the Area Committee. Budget figures for the bridge are therefore currently excluded from the proposed 2014/15 budget – though the likely impact has been considered in the setting of other budget elements.

#### 3.4 Grants to the Community

Historically grants to various community groups and projects have supported important local priorities and enables groups to deliver projects that would not otherwise have been possible. For the last 2 financial years the level of grants awarded has been kept to within £10,000 in recognition of the reducing levels income into the TCGF. Given the limited level of anticipated income and the significant expenditure required on the Alexandra Bridge it is recommended that a nil budget for Common Good grants should be made for 2014/15. This is in line with the principle that funds should be allocated to essential expenditure first.

### **4. Review of the Assets of the Tain 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 TCGF was reviewed and updated in 2013/14 as outlined to Members in the report to the October 2013 Area Committee. No further changes are anticipated in 2014/15 other than to account for depreciation, e.g. in relation to the mussel boat.

## **5. Implications**

- 5.1 Equalities Policy. Letting of properties, grazings etc. is carried out by open advertisement to allow an opportunity to any interested parties. All grant applications are considered and care is taken to ensure that projects supported give close attention to the need to provide facilities for as broad a range of the community as possible, including those who are physically disadvantaged. Care is also taken to ensure that any projects targeted at a particular age sector of the population are supported by a strong community or business case for doing so.
- 5.2 Climate Change – there are few implications for climate change in the report though the TCGF has supported work and projects promoting the natural environment.
- 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 –there are implications for the level of balances held by the TCGF. The anticipated deficit out turn of £33,842 in 2013/14 will reduce reserves to approximately £223,500 at the close of 2013/14. Given the current status of the Alexandra Bridge refurbishment project it is not possible, at this stage, to forecast the likely out turn for 2014/15. However the report outlines a proposed budget for the general management of the TCGF and recommends a process and mechanism for deciding the best way to take forward the Alexandra Bridge. Members will be updated in further reports to the Area Committee.

**Recommendation**

The Committee is invited to:

- i. agree the Tain Common Good Fund budget for 2014/15 detailed within the report and Appendix One
- ii. note the ongoing work in relation to the refurbishment of the Alexandra Bridge and
- iii. agree that that a final decision regarding the way forward in relation to the Alexandra Bridge and the potential for any additional TCGF contribution be delegated to the Director of Finance and the Acting Head of Democratic and Community Engagement in consultation with local Ward Members and the Chair of the Area Committee.

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

Date: 15<sup>th</sup> April 2014

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Background Papers: Tain Common Good Fund Quarter 4 monitoring statement

**Appendix One****Anticipated outturn for 2013/14 based on Quarter 4 Monitoring information and Proposed 2014/15 Budget (excluding Alexandra Bridge Refurbishment)**

	2014/15 Proposed Budget	2013/14 Anticipated Outturn £
<u>Expenditure</u>		
Property Costs	15,000	6,790
Miscellaneous Supplies	355	355
Central Support Charge	1,000	852
Mussel Boat equipment	30,000	
Grants	0	10,000
		<u>58,987</u>
Total expenditure	<u>31370</u>	<u>76,984</u>
<u>Income</u>		
Rents	7,227	5,894
Miscellaneous	250	73
Interest and investment income	2,175	2,175
Mussel surplus	30,000	30,000
		<u>5,000</u>
Total income	<u>39,652</u>	<u>43,142</u>
<b>Surplus/(deficit) for the year</b>	<b><u>8,282</u></b>	<b><u>(33,842)</u></b>