

**The Highland Council**  
**Skye, Ross and Cromarty Area Committee –**  
**19 November 2014**

Agenda Item	11e
Report No	SRC/045/14

**Tain Common Good – Annual Report and Quarter 2 Monitoring Report**

**Joint Report by the Head of Policy and Reform and Director of Finance**

**Summary**

This report invites Members to note the:  
Tain Common Good Fund – Annual Report 2013/14  
Tain Common Good Fund - Second Quarter Monitoring Statement

**1. Annual Report**

- 1.1 Appendix 1 of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Tain Common Good Fund (TCGF) for Financial Year 2013/14. This final out turn is broadly in line with the report brought to Members in August 2014. Although the final out turn includes an allowance of £10,400 depreciation in relation to the mussel boat, this has no impact on the Revenue Fund balance as depreciation is reversed out to the Capital Adjustment Account under statutory accounting regulations.
- 1.2 Key points to note in relation to expenditure are:
- 1.2.1 Property costs were higher than usual due to some refurbishment work required to Units 1 & 2 of the Market Street stalls prior to re letting. The bulk of the spend however relates to the cost of CCTV monitoring.
- 1.2.2 Grants were limited to £10,000 in 2013/14 but Members will recall that in view of the other calls on the TCGF, particularly in relation to the refurbishment of the Alexandra Bridge, a nil grant budget was set for the current financial year. This will reduce the impact on the TCGF in future years.
- 1.2.3 £54,450 was spent on the preparation of the Alexandra Bridge refurbishment package. This spend, which impacts on the level of Common Good Reserves, is contained within the £100,000 approved by the Finance, Housing and Resources Committee in April 2013 to support the Bridge Refurbishment package, though members will be aware that a final funding package is not yet in place due to higher than anticipated costs. Further detail on the current position in relation to refurbishment is outlined later in the report.

- 1.3 Income - the main source of income in 2013/14 was the £53,574 generated from mussel sales. This is well above the £30,000 income predicted as a result of increased sales later in the financial year. Income was also received from rent of the Market Street stalls, though units 1 & 2 were vacant for a considerable time due to works required and a lack of response to advertisement. They have since been let to the CAB in the current financial year. Other minor income sources include occasional lets of the links for commercial events such as circuses and grazing lets which are advertised annually.
- 1.4 In the accounts the classification of all non-current assets is subject to de minimis level of £6,000 for vehicles, plant and machinery and £20,000 for all other assets. Consequently some assets belonging to the Common Good, with smaller value, may not be included in the figure reported in the accounts.
- 1.5 Members are requested to note changes to the reserves reported in the audited accounts. This is as a result of adjustments provided by Audit Scotland to the Common Good accounts.
- 1.6 The underlying concept is that each category of asset in the top half of the balance sheet has an equivalent reserve in the bottom half of the balance sheet.
- 1.7 Unusable Reserves comprise the Revaluation Reserve and the Capital Adjustment Account, and these are matched with the non-current assets. Usable reserves comprise Revenue Funds and represent the actual funds available (£447,075). They are represented by short term deposits net of sundry creditors at the year end.
- 1.8 The usable reserves of the Common Good Funds have increased due to the reallocation of items which in previous years had been identified as unusable reserves.
- 1.9 The Revaluation Reserve represents the value of heritage assets held by the Common Good which are over the de minimis level.
- 1.10 The effect of the amendments on each reserve was as follows. Total Reserves have **not changed**, only the split between the individual reserves.

**Tain Common Good  
31/03/2014  
Usable and Unusable  
Reserves**

	<b>Audited £</b>	<b>Unaudited £</b>	<b>Movement £</b>
<b>Usable Reserves</b>			
Revenue Fund	447,075	236,053	211,022
Donated Asset		248,000	-248,000
	<u>447,075</u>	<u>484,053</u>	<u>-36,978</u>
<b>Unusable Reserves</b>			
Revaluation Reserve	13,000	3,222	9,778
Capital Fund			0
Capital Adjustment Account	487,200	460,000	27,200
	<u>500,200</u>	<u>463,222</u>	<u>36,978</u>
<b>Total Reserves</b>	<b><u>947,275</u></b>	<b><u>947,275</u></b>	<b><u>0</u></b>

**2. Monitoring Statement to end of September 2014**

2.1 A monitoring statement showing transactions against budget to the end of September 2014 is attached as Appendix 2.

**3. Expenditure**

3.1 Property Costs – The expenditure of £7,304 relates principally to the CCTV monitoring costs with the remainder relating to rates and insurance as well as final repairs to the Market Street stalls and legal costs to clear unauthorised waste dumped on the Tain links. The expenditure is within the budget set.

3.2 Alexandra Bridge – The £9071 spend shown against the Alexandra Bridge is, as reported to the August meeting of the Area Committee, the last element of the preparatory works undertaken in relation to the tender process for refurbishment work to the bridge.

3.3 Members may recall that in April 2014, when the annual TCGF budget for 2014/15 was approved, no budget for this heading was set as there was not, at that time, sufficient information to inform the decision. In August Members were advised that, due to higher than expected tender costs, work was ongoing to identify an increased funding package. It was noted that, as owner of the asset, the contribution from the TCGF may need to be reconsidered, but that this would

be done in the context of a 4 year budget forecast 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.

- 3.4 Since then advice from Procurement has meant that the work has had to be retendered in order to comply with policy and the final cost and therefore the level of funding package required cannot be established until those tenders are back and have been assessed. Any additional TCGF allocation towards the work over and above the £100,000 already approved would require to be considered in the light of the reserves and would require Resources Committee approval.
- 3.5 Members will be updated as this progresses.

#### **4. Income**

- 4.1 The income received so far relates to property and grazing rentals and as noted in paragraph 1.3 above all the Market Street stalls are now let.
- 4.2 Members will see that an income of £30,000 from mussels is anticipated. Unfortunately demand has been low so far this year with little income generated. It is quite possible that demand will improve again but hard at this stage to predict the final out turn. Meantime the intention is to have the essential works to the boat, which were highlighted previously to the Area Committee and included within the budget, completed as soon as possible to keep the boat compliant with all requirements. Loss of mussel income would impact on reserves in the coming year but also on the longer term forecasting. The position will be closely monitored but Members will know from previous reports that levels of sales and therefore income can be affected by a range of factors including market demand and levels of toxins.

#### **5. Implications**

- 5.1 There are resource implications relating to the Alexandra Bridge but these are contained within the report. There are no other resource implications. There are no Equalities, Climate Change/Carbon Clever, Legal, Financial, Gaelic, Risk or Rural Implications.

#### **Recommendation**

The Committee is invited to note:

- i. the Tain Common Good Fund Annual Report for 2013/14; and
- ii. the position of the Tain Common Good Fund as shown in the Quarter 2 Monitoring Statement against budget.

Designation: Carron McDiarmid, Head of Policy and Reform  
Derek Yule, Director of Finance

Date: 7 November 2014  
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## Appendix One

### STATEMENT OF AUDITED ACCOUNTS 2013-14

#### Tain Common Good Fund

Income and Expenditure Account	2013/14 £	2012/13 £
<u>Expenditure</u>		
Property costs	6,794	22,658
Legal fees	0	38
Grants and contributions	10,000	14,614
Administration charges	852	807
Rent and Rates	0	-
Alexandra Bridge Repair works	54,450	-
Advertising	0	-
Depreciation	<u>10,400</u>	<u>10,400</u>
Total expenditure	82,496	48,517
<u>Income</u>		
Rents	5,494	5,031
Contributions	0	-
Other income	53,574	10,955
Interest and investment income	<u>2,175</u>	<u>2,753</u>
Total income	61,243	18,739
<b>Surplus/(deficit) for the year</b>	<b><u>(21,253)</u></b>	<b><u>(29,778)</u></b>
Unrealised gains on investments	<u>0</u>	<u>(49,778)</u> <u>(49,778)</u>
Total comprehensive income and expenditure	<u><u>(21,253)</u></u>	<u><u>(79,556)</u></u>

<b>Balance Sheet</b>	31/03/14 £	31/03/13 £
<u>Non current assets</u>		
Investment properties	260,000	260,000
Plant and Machinery	202,000	211,000
Heritage	13,000	13,000
Intangible asset	<u>25,200</u>	<u>26,600</u>
	500,200	510,600
<u>Current assets</u>		
Loans fund deposits	<u>447,537</u>	<u>457,928</u>
	447,537	457,928
<u>Current liabilities</u>		
Sundry Creditors	<u>(463)</u>	<u>-</u>
	(463)	-
<b>Total assets</b>	<b><u>947,275</u></b>	<b><u>968,528</u></b>
<b>Usable reserves</b>		
Revenue funds	<u>447,075</u>	<u>457,928</u>
	447,075	457,928
<b>Unusable reserves</b>		
Revaluation reserve	13,000	13,000
Capital adjustment account	<u>487,200</u>	<u>497,600</u>
	500,200	510,600
<b>Total reserves</b>	<b><u>947,275</u></b>	<b><u>968,528</u></b>

Appendix Two

Tain Common Good Fund – Quarter 2 Monitoring Statement 2014/15

	<b>Budget 2014-2015</b>	<b>Actual year to date</b>
<b><u>Expenditure</u></b>		
Property Costs	15,000	7,304
Miscellaneous Supplies	355	0
Central Support Charges	1,000	0
Mussel Boat Equipment	30,000	0
Alexandra Bridge		9,701
<b>Total Expenditure</b>	<b>46,355</b>	<b>17,005</b>
<b><u>Income</u></b>		
Rents	7,227	4,580
Miscellaneous	250	42
Interest and investment income	2175	0
Mussel Surplus	30,000	0
<b>Total income</b>	<b>39,652</b>	<b>4,622</b>
<b>Surplus/(deficit)</b>	<b>(6,703)</b>	<b>(12,383)</b>