

**The Highland Council**

**Skye, Ross and Cromarty Area Committee –  
18 November 2015**

Agenda Item	<b>8e</b>
Report No	<b>SRC/056/15</b>

**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 for 2014/15 and Second Quarter Monitoring Statement for 2015/16. It also proposes that consultation be undertaken with Ward Members and Tain Community Council representatives on the performance of the mussel fishery and potential options with feedback being brought back for Members to consider.

**1. Annual Report**

1.1 Appendix I of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Tain Common Good Fund for Financial Year 2014/15.

**1.2 Expenditure**

- 1.2.1 Key points to note in relation to expenditure are that:  
Property costs are significantly lower than anticipated. This is principally because the budget allowed for tree management has not been required.
- 1.2.2 The expenditure of £27,214 shown against the mussel fishery relates to the cost of maintaining the fishery, e.g. water sampling, pier duties, running repairs and skipper fees etc, after income of £6,080 is taken into account.
- 1.2.3 A budget of £30,000 was set for repairs to the boat (slipping paint and repair work, crane replacement and installation of logging equipment). This work was not done so the budget has not been spent. This is separate from the running expenditure noted above in relation to the fishery generally.
- 1.2.4 The depreciation shown relates to two elements. The mussel boat is depreciated by £9,000 and this is reflected in the reduced value of plant and equipment shown in the Balance Sheet for non-current assets. The fishing licence is amortised by £1,400. This is reflected in the reduction in value of the intangible assets shown on the Balance Sheet along with an additional reduction in relation to the licence value of £8,800 which results from the removal of scallop entitlement that had never been used.
- 1.2.5 Members will be aware that the Alexandra Bridge is undergoing refurbishment. The spend shown for 2014/15 relates to preparatory works.

## **Income**

The key variation in actual income against anticipated income relates to the mussel fishery. When the budget was set an overall surplus of £30,000 was anticipated, after running costs had been paid. Members may recall from monitoring reports that demand for mussels and therefore sales were low. The final income received was much lower than expected and as noted above the overrun was a net deficit of £27,214. Clearly this is a very disappointing position and the implications are considered in more detail later in the report.

The other income shown relates principally to a ward contribution of £6,945 towards Alexandra Bridge repairs.

## **1.3 Balance Sheet**

1.3.1 Overall the depreciation of the mussel boat and licence outlined in paragraph 1.2.4 reduces non-current assets whilst usable reserves are reduced from £447,075 to £401,154. Members will see that the value of heritage assets has increased by £94,000. This is because accounting legislation now requires all Heritage Assets to be accounted for and the increase relates to the inclusion of the Alexandra Bridge on the Balance Sheet.

## **2. Monitoring Statement to end of September 2015**

2.1 A monitoring statement showing transactions against budget to the end of September 2015 is attached as Appendix Two.

## **2.2 Income**

2.2.1 The income received to date is in line with the budget set. The Alexandra Bridge funding received so far consists of £50,000 Capital Discretionary Funding, a £5,000 contribution from Tain Community Council and £69,227 drawn down from Historic Environment Scotland (previously known as Historic Scotland) . A further £29,668 Historic Environment Scotland funding is still due to be drawn down at set stages.

## **2.3 Expenditure**

3.1 Property costs incurred in the first half of the year have been low. Some known cost will be incurred but the anticipated outturn has been reduced to £13,500

3.1.2 The refurbishment work to the Alexandra Bridge commenced on May 2015. The work is near to practical completion at the time of writing. Spend is currently within the amount anticipated and will be offset by further grant payments from Historic Environment Scotland which are drawn down at set intervals.

3.1.3 A budget of £32,500 was set aside for works to the mussel boat as outlined in 1.3.3. The required E-catch electronic log book system has been installed, grant funded by Marine Scotland. However it is not yet fully functional pending the installation of a vessel monitoring system (VMS) which will report the vessel position when fishing and will also upload data from E-Catch to Marine Scotland Monitoring and Compliance. The VMS system has now been purchased and is due to be installed. The remaining work (paint and repair work, crane replacement etc.) is still outstanding and the budget set aside for it therefore remains.

3.1.4 Members will see that the mussel fishery is running at a small deficit over the first half of the year. Some loads have been sold but the income is insufficient to cover the running costs incurred. It is hoped that sales levels will increase enabling the fishery to break even or better but the final out turn depends on market demand etc so is hard to predict.

#### **4. Implications**

4.1 There are resource implications relating to the Alexandra Bridge but these are contained within the report and, as noted, the work is progressing well and grant funding being drawn down to offset the costs. As noted in previous reports this is a project which, whilst it draws on the Usable Reserves, is a one off project to bring an asset back to good condition.

4.2 There most significant resource implications come from the mussel fishery. Historically the fishery has provided an excellent income stream for the Common Good. More recently the position has been more variable and the 2014/15 deficit clearly reduces the level of Common Good Reserves. However following a small deficit in 2011/12 (£5,680) the following 2 years produced surpluses (£9,572 in 2012/13 and £58,800 in 2013/14) which increase the Common Good reserves.

4.3 The context is a difficult one; the fishery faces stiff competition from UK/EU producers and imports and over recent years there have been a significant number of algal toxin events which can result in harvesting being prohibited for long periods of up to 2 or 3 months. At the same time there are unavoidable costs incurred to keep the fishery open and these are only offset if sufficient sales are made. Even if the fishery were to be 'mothballed' there are costs associated with boat storage. However if closure was considered then possibility of future income would be lost – as well as the historical association.

4.4 Given this uncertain position and the implications for the Common Good a further consultative meeting has been arranged with Ward Members, Community Council representatives and the Head of Environment and Development to consider options and their implications. It is proposed that feedback from this meeting together with a summary of the possible options be brought to the Committee for consideration.

4.5 The result of the above implications is reflected in the £45,921 decrease in the level of useable reserves and changes in the value of assets.

4.6 There are no Equalities, Climate Change/Carbon Clever, Legal, Financial, Gaelic, Risk or Rural Implications.

### **Recommendations**

The Committee is invited to:

- i. Scrutinise and note the Tain Common Good Fund Annual Report for 2015/15;
- ii. Scrutinise and note the position of the Tain Common Good Fund as shown in the Quarter 2 Monitoring Statement against budget and;
- iii. agree that consultation be undertaken locally with Tain Community Council representatives on the performance of the mussel fishery and potential options with feedback being brought back for Members for consideration.

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

Date: 4 November 2015  
Author: Helen Ross, Senior Ward Manager, CSER  
Vicki MacDonald, Accountant

**Appendix One**

**Statement Of Audited Accounts 2014-15**

**Tain Common Good Fund**

<b>Income and Expenditure Account</b>	2014/15 £	2013/14 £
<b>Expenditure</b>		
Property costs	10,956	6,794
Legal fees	586	-
Grants and contributions	-	10,000
Administration charges	903	852
Rent and Rates	850	-
Alexandra Bridge Repair works	22,010	54,450
Tain Mussels	27,214	-
Depreciation	10,400	10,400
Total expenditure	<u>72,919</u>	<u>82,496</u>
<b>Income</b>		
Rents	7,723	5,494
Other income	7,050	53,574
Interest and investment income	1,827	2,175
Total income	<u>16,600</u>	<u>61,243</u>
<b>Surplus/(deficit) for the year</b>	<b><u>(56,319)</u></b>	<b><u>(21,253)</u></b>
Revaluation Gains	70,134	-
	<u>70,134</u>	<u>-</u>
Total comprehensive income and expenditure	<u><u>13,815</u></u>	<u><u>(21,253)</u></u>

<b>Balance Sheet</b>	31/03/15 £	31/03/14 £
<b>Non current assets</b>		
Investment properties	257,500	260,000
Plant and Machinery	193,000	202,000
Heritage	94,434	13,000
Intangible asset	15,000	25,200
	<u>559,934</u>	<u>500,200</u>
 <b>Current assets</b>		
Loans fund deposits	401,154	447,538
	<u>401,154</u>	<u>447,538</u>
 <b>Current liabilities</b>		
Sundry Creditors	-	(463)
	<u>-</u>	<u>(463)</u>
 <b>Total assets</b>	 <u><b>961,088</b></u>	 <u><b>947,275</b></u>
 <b>Usable reserves</b>		
Revenue funds	401,154	447,075
	<u>401,154</u>	<u>447,075</u>
 <b>Unusable reserves</b>		
Revaluation reserve	94,434	13,000
Capital adjustment account	465,500	487,200
	<u>559,934</u>	<u>500,200</u>
 <b>Total reserves</b>	 <u><b>961,088</b></u>	 <u><b>947,275</b></u>

## Appendix Two

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

Period to 30 September  
2015

<b>Income</b>	<b>Actual to date</b> £	<b>Budget</b> £	<b>Estimated Outturn</b> £	<b>Estimated Variance</b> £
Rents	3,200	6,805	6,805	-
Other income	-	350	350	-
Interest and investment income	-	2,175	2,175	-
Alexandra Bridge	<u>124,227</u>	<u>153,895</u>	<u>153,895</u>	<u>-</u>
<b>Total Income</b>	127,427	163,225	163,225	-
<b>Transfer from Reserves</b>	-	112,105	112,105	-
<b>Total Income</b>	<u>127,427</u>	<u>275,330</u>	<u>275,330</u>	<u>-</u>
<b>Expenditure</b>				
Property costs	1,982	17,000	13,500	(3,500)
Central Support Charges	-	1,000	1,000	-
Alexandra Bridge Repair works	193,804	266,000	266,000	-
Mussel Boat	2,400	32,500	32,500	-
Mussel Fishery Deficit	<u>1,557</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditure</b>	199,743	316,500	313,000	(3,500)
<b>Income less Expenditure</b>	<u>(72,316)</u>	<u>(41,170)</u>	<u>(37,670)</u>	<u>3,500</u>