

**The Highland Council**  
**Sutherland County Committee**  
**30<sup>th</sup> November 2016**

Agenda Item	<b>10.</b>
Report No	<b>SCC/ 27/16</b>

**Dornoch Common Good Fund – Monitoring Report Second Quarter 2016/17  
Five Year Financial Plan.**

**Joint Report by Depute Chief Executive & Director of Corporate Development  
and Director of Finance**

**Summary**

This report invites Members to scrutinise and note the Dornoch Common Good monitoring statement to September 2016. Members are also asked to note Dornoch Common Good Fund five year strategy.

**1 2016/17 Second Quarter Monitoring Report**

1.1 **Appendix One** of this report shows the position of the DCGF at the end of the Second Quarter of the current Financial Year (2016/17) against budget.

1.2 Income

Income to Dornoch Common Good is made up from rents. Areas of ground within the Common Good are leased to Dornoch Caravan Park, Dornoch Water Treatment Works, Dornoch Golf Course (part), the Coastguard Station, History Links as well as an individual householder. The Dornoch Firth Netting Rights are leased to the Kyle of Sutherland Fisheries Trust. Members are asked to note that invoices for rent have been issued in the second quarter but some income is still due.

1.3 Expenditure

Expenditure to date of £168, as shown at Appendix 1, relates to insurance costs for Common Good land. The budget set is for minor essential repairs only. There are no implications for buildings repair or maintenance and the amount set has in the past comfortably covered ground maintenance.

1.4 Grants to Community

Within the period under review £2,945.10 has been paid out in grants, details of which are shown in Note 1 to the appendix. Further applications have been received and these are currently under review and will be shown as appropriate in future monitoring statements. A further grant of £2,500 was been approved within this period for the Beach Regeneration Group but it is unlikely this money will be paid out in this financial year. Whilst current reserves are healthy there is a commitment to contribute £100,000 over three years to the Dornoch and District Community Association (DADCA) for the proposed New Dornoch Community Centre with £50,000 being paid in the first year. Therefore Members have previously agreed to limit other grants to £12,000 per year to protect reserves hence the grants budget of £62,000.

## 2 Disposal and Acquisitions

2.1 There were no disposals or acquisitions in the period under review.

## 3 Financial Strategy

3.1 It is important to ensure that the DCGF is being managed responsibly over the long term. Members will be aware that the main sources of income are rents due from the caravan site, the water board premises and coastguard station.

3.2 Given the security of the rental income sources and lease lengths, it is reasonable to assume that income will be maintained at approximately the same level over the next 5 years. Increases may arise from rent reviews or new opportunities to lease additional areas; however no rent reviews have been built into the forecast at this stage.

3.3 In recent years the main expenditure incurred has been in relation to the grants awarded. These are discretionary and the budget level can therefore be varied with Committee approval from year to year as required. However for planning purposes it is proposed that a continued annual budget of £12,000 for grants be assumed. In addition to this the grant commitment in place for DADCA (see para 1.4 above) must be taken into account. Property costs have been low but given that the DCGF owns properties, land and trees which means there are potential liabilities it is suggested a modest budget of £5,000 be retained even though this has not recently be utilised.

3.4 On the basis of these planning assumptions the revenue reserves of the DCGF would reduce over the next 3 years due to the grant to DADCA but once this commitment is delivered a small surplus of £6,280 per year would be generated. This forecast is shown on the table below for Members to consider.

3.5 Although the table below shows a deficit in years 16/17, 17/18 and 18/19, this will actually be funded from revenue reserves.

3.6

	2016/17 estimate d outturn	2017/18	2018/19	2019/20	2020/21	2022/22
	£	£	£	£	£	£
Rents	21,530	21,530	21,530	21,530	21,530	21,530
Interest etc	1,000	1,000	1,000	1,000	1,000	1,000
Total income	22,530	22,530	22,530	22,530	22,530	22,530
Grants budget	12,000	12,000	12,000	12,000	12,000	12,000
DADCA commitment	50,000	25,000	25,000	0	0	0
Property costs	5,000	5,000	5,000	5,000	5,000	5,000
Total Expenditure	67,000	42,000	42,000	17,000	17,000	17,000
<b>Surplus/(deficit)</b>	<b>(44,470)</b>	<b>(19,470)</b>	<b>(19,470)</b>	<b>5,530</b>	<b>5,530</b>	<b>5,530</b>
Revenue Fund at 31/03/16	223,593					
<b>Revenue Fund at end of FY</b>	<b>179,123</b>	<b>159,653</b>	<b>140,183</b>	<b>145,713</b>	<b>151,243</b>	<b>156,773</b>

## 4 Implications

### 4.1 Legal & Financial Implications

All funds will be spent in accordance with financial regulations. The award of £100,000 to DADCA agreed in December 2015 will result in deficits over the next 3 financial years as noted shown in paragraph 6.4. However this does not reduce Reserves to a level below that considered prudent and the grant will enable DADCA to provide an important new facility for the community. Thereafter assuming a level grants budget and no other significant changes a small surplus will be generated each year which will support the level of Reserves.

4.2 Members are aware that the Community Empowerment (Scotland) Act 2015 places new duties on the Council regarding Common Good Funds. The Act requires Councils (as trustees) to establish and maintain a common good register, listing all common good property, and to make this publicly available free of charge including on a website. When establishing this register, Community Councils and other community bodies (whether or not formally constituted) must be invited to comment on it as a way to highlight any items they believe should be included or omitted. The Council must also consult on any decisions to sell or change the use of common good property, and the public must be informed of any decisions. Statutory guidance is awaited on this provision in the Act and arrangements will be made to ensure the Council complies with the duties. Given the current arrangements regarding the Dornoch Common Good Fund the new duties will not be onerous.

4.3 There are no Equalities, Climate Change or Carbon Clever implications within the report although the new community facility which DADCA will build will be better insulated and have a more sustainable heating system than the current building. It will also have improved access.

4.4 There are no Gaelic or Rural implications.

### **Recommendations**

The Committee is invited to:

- Note the Dornoch Common Good Fund – Second Quarter, 2016/17 Monitoring Report
- Consider the financial strategy outlined

Designations: Director of Finance and Head of Policy and Reform

Date: 15 November 2016

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Background Papers:

Appendix One: Dornoch Common Good Second Quarter 2016/17 Monitoring Report.

## Note 1 Grants & Contributions

	£
Dornoch and District Community Association- Community Resilience	£945.10
Dornoch Area Community Council-Natural History information panels at beach car park and airstrip.	£2000
	<u>£2,945.10</u>

## Appendix One

### Dornoch Common Good - Quarterly Monitoring Period to September 2016

	Actual to date	Budget	Estimated Outturn	Estimated Variance
<b>INCOME</b>	£	£	£	£
Rents	12,930	21,530	21,530	
Interest and investment income	-	1,000	1,000	-
<b>TOTAL INCOME</b>	<u>12,930</u>	<u>22,530</u>	<u>22,530</u>	
<b>EXPENDITURE</b>				
Grants & contributions	2,945	62000	62000	
Property & Miscellaneous Costs	168	5000	5000	
<b>TOTAL EXPENDITURE</b>	<u>3,113</u>	<u>67,000</u>	<u>67,000</u>	
<b>Income less Expenditure</b>	<u>9,817</u>	<u>(44,470)</u>	<u>(44,470)</u>	