

The Highland Council
Sutherland County Committee
22 February 2017

Agenda Item	12.
Report No	SCC/ 07/17

**Dornoch Common Good Fund – Annual Report 2015/16
Monitoring Report Third Quarter 2016/17
Budget Report 2017/18- Five Year Plan.**

Joint Report by Director of Corporate Services/Depute Chief Executive and Director of Finance

Summary

This report invites members to scrutinise and note the:

- Dornoch Common Good Fund - Annual Report and Accounts for 2015/16
- Dornoch Common Good Fund Q3 monitoring statement to 31st December 2016.

Members are also asked to approve the Dornoch Common Good Fund Annual Budget for 2017/18 along with a five year strategy.

1	Annual Report 2015/16
	This Annual Report has been compiled in accordance with Common Good Policy agreed by the Highland Council on 19 December 2013.
2	Annual Accounts 2015/16
2.1	Appendix One of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Dornoch Common Good Fund (DCGF) for financial year 2015/16. These are now audited accounts.
2.2	Income received was in line with that forecast.
2.3	In relation to expenditure Members will note that spend on property repairs and maintenance of £165 was significantly below budget. This is due to provision allowed for repairs and maintenance of footpaths, beaches and the Dornoch Burn area. Other costs covered by the Common Good Fund tend to be minimal. However given that repairs may be required it is proposed that the £5,000 budget be retained to cover essential costs that may arise.
2.4	The total spend of £15,418 includes an additional £3,000 which relates to a miscoding of VAT on a grant payment from 2014/15. As previously reported to Members in the Common Good report of 9 th February 2016, the 2014/15 accounts were credited with £3,000 in error. This has been rectified in the 2015/16 accounts, and the overall impact on the Common Good Fund is nil.

2.5	The unrealised gain relates to Dornoch Caravan Park, which was not included in the 2014/15 accounts and has been valued as at 31 st March 2016.
3	2016/17 Third Quarter Monitoring Report
3.1	Appendix Two of this report shows the position of the DCGF at the end of the Third Quarter of the current Financial Year (2016/17) against budget.
3.2	<u>Income</u> Members are asked to note that invoices for all rent were issued in the third Quarter. One payment remains outstanding but is expected shortly. The anticipated outcome will be £21,530.
3.3	<u>Expenditure</u> Once again spend on property and miscellaneous costs have been low, with the anticipated outturn being reduced from £5,000 to £255. Members are asked to note the spend on Voluntary Sector Grants as itemised in Note 1. This is currently within the previously agreed limit set of £12,000. It is shown as £2,945 but there are two pending applications one to BRIG Dornoch for £5000 and a second to East Sutherland Community Care Forum for £3,739, that will give a total funding amount of £11,684 still within limits previously set. Members will be aware there is still an existing commitment over the next three years to a proposed Dornoch Community Centre.
4	Disposal and Acquisitions
4.1	There were no disposals or acquisitions in 2015/16.
5.	Budget for 2017/18
5.1	The proposed revenue budget for 2017/18 can be found in Appendix Three.
5.2	<u>Rental Income</u> – Rent is due for Dornoch Caravan and Camping Park, Dornoch Water Treatment Works, Dornoch Firth Salmon Netting Rights, Dornoch Golf Course (part), Coastguard Station, Land at Well St. and History links Dornoch. The total rent due for 2017/18 is £21,530.
5.3	<u>Interest On Revenue Balances</u> – Assuming that the current low interest rates continue, it is anticipated that interest receivable on projected surplus balances will be approx. £1,000 in 2017/18.
5.4	<u>Property and Miscellaneous Costs</u> Property costs (usually relating to repair and maintenance of footpaths benches etc. around the Beach car park, on the links and Dornoch Burn) tend to be low. Likewise, other costs covered by the Common Good Fund tend to be minimal. However given that repairs may be required it is proposed that the £5,000 budget be retained to cover essential costs that may arise.
5.5	<u>Grants to the Community</u> In order to protect reserves it has been agreed in future to limit grants to £12,000

	<p>Whilst reserves are healthy, there is a commitment to contribute £100,000 over three years to the proposed new build of Dornoch Community Centre at the Meadows, Dornoch as agreed at Highland Council on 17th December 2015. Members will be aware a recent funding application by the group was unsuccessful which throws some doubt on the project, but as yet the application has not been withdrawn and so has been included in all figures. The first year's payment of £50,000 is shown to be within financial year 16/17, but this is dependent on DADCA identifying a full funding package.</p>
	<p>Financial Strategy</p>
6.1	<p>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.</p>
6.2	<p>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. A rent review is currently underway in relation to both the Dornoch Caravan Site and Water Board Premises. Members will be kept up to date via the regular monitoring reports.</p>
6.3	<p>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 5.5 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.</p>
6.4	<p>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.</p>
6.5	<p>Although the table below shows a deficit in years 16/17, 17/18 and 18/19, this will actually be funded from revenue reserves.</p>

6.6	<table border="1"> <thead> <tr> <th></th> <th>2016/17 estimated outturn</th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2022/22</th> </tr> <tr> <th></th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Rents</td> <td>21,530</td> <td>21,530</td> <td>21,530</td> <td>21,530</td> <td>21,530</td> <td>21,530</td> </tr> <tr> <td>Interest etc</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> <td>1,000</td> </tr> <tr> <td>Total income</td> <td>22,530</td> <td>22,530</td> <td>22,530</td> <td>22,530</td> <td>22,530</td> <td>22,530</td> </tr> <tr> <td>Grants budget</td> <td>12,000</td> <td>12,000</td> <td>12,000</td> <td>12,000</td> <td>12,000</td> <td>12,000</td> </tr> <tr> <td>DADCA commitment</td> <td>50,000</td> <td>25,000</td> <td>25,000</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Property costs</td> <td>5,000</td> <td>5,000</td> <td>5,000</td> <td>5,000</td> <td>5,000</td> <td>5,000</td> </tr> <tr> <td>Total Expenditure</td> <td>67,000</td> <td>42,000</td> <td>42,000</td> <td>17,000</td> <td>17,000</td> <td>17,000</td> </tr> <tr> <td>Surplus/(deficit)</td> <td>(44,470)</td> <td>(19,470)</td> <td>(19,470)</td> <td>5,530</td> <td>5,530</td> <td>5,530</td> </tr> <tr> <td>Revenue Fund at 31/03/16</td> <td>223,593</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Revenue Fund at end of FY</td> <td>179,123</td> <td>159,653</td> <td>140,183</td> <td>145,713</td> <td>151,243</td> <td>156,773</td> </tr> </tbody> </table>		2016/17 estimated 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	Surplus/(deficit)	(44,470)	(19,470)	(19,470)	5,530	5,530	5,530	Revenue Fund at 31/03/16	223,593						Revenue Fund at end of FY	179,123	159,653	140,183	145,713	151,243	156,773
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7.	Implications																																																																																				
7.1	<u>Legal & Financial Implications</u>																																																																																				
7.2	All funds will be spent in accordance with financial regulations.. The Revenue Fund stood at £223,593 as at 31st March 2016. 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 DAA 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.																																																																																				
7.3	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.
7.4	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.
7.5	There are no Gaelic or Rural implications.

Recommendation

The Committee is invited to:

- Note the Dornoch Common Good Fund – Annual Report and Accounts for 2015/16
- Note the Dornoch Common Good Fund – Third Quarter, 2016/17 Monitoring Report
- Approve the Dornoch Common Good Fund – Annual Budget for 2017/18
- Consider the financial strategy outlined

Designations: Director of Finance and Director of Corporate Services & Depute Chief Executive

Date: 08 February 2017

Author: Garry Cameron, Temp, Ward Manager Sutherland

Background Papers:

Appendix One: Dornoch Common Good Annual Accounts 2015/16

Appendix Two: Dornoch Common Good Third Quarter 2016/17 Monitoring Report

Appendix Three: Dornoch Common Good Annual Budget 2017/18

Note 1 Grants & Contributions

	£
Dornoch And District Community Association -Resilience	945
Dornoch Area Community Council-Beach Panels	2 000
	<hr/> 2,945

STATEMENT OF ACCOUNTS 2015-16			
Dornoch Common Good Fund			
Income and Expenditure Account	2015/16		2014/15
	£		£
<u>Expenditure</u>			
Grants and contributions	15,160		27,000
Property repairs and maintenance	165		740
Legal fees	-		109
Miscellaneous	-		71
Administration charges	93		66
Total expenditure	15,418		27,986
<u>Income</u>			
Rents	21,480		21,880
Interest and investment income	901		898
Sale of Land	-		300
Miscellaneous	3,000		-
Total income	25,381		23,078
Surplus/(deficit) for the year	9,963		(4,908)
Revaluation gains/(losses)	155,000		(55,188)
Total comprehensive income and expenditure	164,963		(60,096)
Balance Sheet			
	31/03/16		31/03/15
	£		£
<u>Non current assets</u>			
Investment properties	155,000		-
Heritage Assets	22,250		22,250
	177,250		22,250
<u>Current assets</u>			
Loans fund deposits	203,286		213,656
Sundry Debtors	20,400		
	223,686		213,656
<u>Current liabilities</u>			
Sundry Debtors	-		(26)
Amounts due to other local authorities	(93)		-
	(93)		(26)
Total assets	400,843		235,880
Usable reserves			
Revenue funds	223,593		213,630
Unusable reserves			
Revaluation Reserve	22,250		22,250
Capital Adjustment Account	155,000		-
Total reserves	400,843		235,880

Dornoch Common Good - Quarterly Monitoring				APPENDIX 2	
Period to 31 December 2016					
	Actual to date	Budget	Estimated Outturn	Estimated Variance	
	£	£	£	£	
INCOME					
Rents	12,930	21,530	21,530	-	
Interest and investment income	-	1,000	1,000	-	
TOTAL INCOME	12,930	22,530	22,530	-	
EXPENDITURE					
Grants & contributions	2,945	62,000	62,000	-	
Miscellaneous Costs	255	5,000	255	(4,745)	
TOTAL EXPENDITURE	3,200	67,000	62,255	(4,745)	
Income less Expenditure	9,730	(44,470)	(39,725)	(4,745)	

**DORNOCH COMMON GOOD FUND
PROPOSED BUDGET 2017/18**

**APPENDIX
THREE**

	2017/18	2016/17
<u>Income</u>	£	£
Rents	21,530	21,530
Interest	<u>1,000</u>	<u>1,000</u>
Total income	22,530	22,530
<u>Expenditure</u>		
Grants and Contributions	12,000	12,000
DADCA Award	25,000	50,000
Miscellaneous	<u>5,000</u>	<u>5,000</u>
Total expenditure	42,000	67,000
Surplus/(deficit) for year	<u><u>(19,470)</u></u>	<u><u>(44,470)</u></u>