

Agenda Item	<b>12e</b>
Report No	<b>RC/10/18</b>

## HIGHLAND COUNCIL

**Committee:** Ross & Cromarty

**Date:** 31 January 2018

**Report Title:** **Tain Common Good Fund – Quarter 3 monitoring report and 2018/19 Budget**

**Report By:** Derek Yule, Depute Chief Executive and Director of Corporate Resources  
Carron McDiarmid, Head of Policy & Reform, Ward Management

### 1. **Purpose/Executive Summary**

- 1.1** This report presents the Quarter Three monitoring statement for the Tain Common Good Fund and puts forward a proposed budget for 2018/19. Members are asked to scrutinise and note the report and to approve the proposed budget for 2018/19. The report notes that in recent years Members have set a nil budget for grants due to the lack of income into the Common Good. The report proposes that this is continued. However an application for 3 years funding towards a development officer has been received and Members are asked in a separate report on the agenda to consider this application. Should this result in an award of grant the final budget would require to be amended as necessary to reflect that decision.

### 2. **Recommendation**

- 2.1** This report asks Members to scrutinise and note the Quarter 3 monitoring statement for the Tain Common Good Fund and also to consider and approve the proposed 2018/19 budget for the Fund.

### **3. Quarter 3 Monitoring Statement**

3.1 A monitoring statement showing transactions to the end of December 2017 against budget and the estimated year end position is attached at **Appendix 1**.

### **4. Income**

4.1 Rental income is on track with all the properties and grazings let. Income from interest and investments will be credited later in the year. In future years the £119,879 received from the sale of the mussel boat will be shown ring fenced under the Useable Reserves.

### **5. Expenditure.**

5.1 The bulk of the expenditure on property has been in relation to the Woody Braes tree work. The replanting of the bank from which the trees were removed is still due to take place in the spring of 2018. This is likely to cost approximately £5,000 and the estimated outturn has been amended to £15,500 to reflect this.

5.2 Members will also note that there has been a small charge for the Tain Common Good Fund's proportion of the costs of the Common Good Fund Officer and the expected outturn for this is £2,009. The spend in relation to the mussel fishery largely relates to the advisory work and stock survey done by Heriot Watt University with an element relating back to the lease of Meikleferry pier, now terminated. However there is still a small amount outstanding to Herriot Watt for the work commissioned and there will be some additional costs for a survey to prospect for spat due to be done in springtime. The anticipated outturn therefore remains at £24,000 as noted in the Quarter 2 Monitoring report.

### **6. Annual Budget for 2018/19**

6.1 A proposed budget for 2018/19 is set out in **Appendix 2** to this report.

6.2 Rental income Rental income comes principally from the Market Street stalls, let in two lots. Both are currently let with rental agreements in place. The rent for Nos 1 & 2 was set at the start of the current lease in 2014 so the rent is not due for review until 2019. The rent of Market Street stalls Nos. 4 & 5 is due for review in November 2018 but pending that review the anticipated rent income shown in the proposed budget is based on the current rent levels in place.

6.3 A small amount of income is also received from 2 areas of grazing which are let by open advertisement in March each year. Members are asked to agree that when they are advertised the highest bids received be accepted.

6.4 In some years there is some additional income from occasional lets of Tain links to commercial companies. There were none in 2017 but 2 provisional bookings have been made so far for 2018/19 has been received so far and an income of £520 is anticipated.

6.5 Overall the total income anticipated from these sources in 2018/19 is £7,650.

6.6 Mussel Fishery – As Members are aware, the adopted professional advice by

Herriot Watt was that the mussel fishings should be rested to allow mussel stocks to improve. Herriot Watt has subsequently recommended that in spring 2018 a follow up survey is undertaken to prospect for spat for quantity purposes. Subject to the results of the spat survey, should mussel stocks indicated quantities have risen to sustainable levels for fishings, then a second survey should be implemented to quantify the necessary shell and meat quality which will relate to the remuneration that can be received through sustainable harvesting via a third party fishing lease.

If this is positive we would be able to lease the fishing rights in order to procure an income for the TCGF. The value of such a lease will be dependent on stock levels and quality so no assumed budget is being proposed at this time. This can be amended once more information is available.

6.7 Interest on Revenue Balances – It is anticipated that interest receivable on projected surplus balances will be approximately £1,600 in 2018/19.

## 7. **Expenditure**

### 7.1 Property charges and maintenance

Details of anticipated expenditure in relation to property are set out below.

7.2 The Market Street units are let on full repairing leases so no expenditure is anticipated in 2018/19. The grazings are let each year on a 364 day grazing let. No expenditure is anticipated in relation to the grazings.

7.3 There are occasional costs related to the areas such as Tain Links, e.g. fencing repairs, tree management etc. There are also minor costs related to building insurance and electricity costs. No more substantial property costs are anticipated at present so a budget of £2,000 is proposed.

7.4 Mussel Fishery – as noted in paragraph 6.6 it is hoped that if stocks are recovered the fishing right can be leased in 2018/19. If stocks have risen sufficiently, there would be some costs associated with the follow up survey for meat and shell sampling, water sampling and staff time and advice. This would only be done if the spring spat prospect is sufficiently positive. An indicative budget of £15,000 is proposed.

7.7 Grants to the Community – in recent years a nil grants budget has been set due to the pressure on the TCGF and the deficits that the fund has incurred.

7.7.1 Expenditure has been reduced by selling the boat and ending the costs associated with operating the fishery. If the mussel stocks prove to have recovered sufficiently the intention is to lease the rights to a 3<sup>rd</sup> party and so secure some income for the TCGF after any associated costs from the mussel fishery (e.g. further stock surveys, water sampling) have been covered. At this stage it is difficult to anticipate what level of income may be achieved.

7.7.2 Against this background officer advice is to maintain a zero grants budget and the proposed budget reflects that. However an application has been received from the Tain Initiative Group requesting £61,000 over a 3 year period to allow a project officer to be recruited. A separate report is provided to Members regarding that application. Depending on the outcome of this grant application the grants budget may require to be amended.

## **8. Implications**

- 8.1 Resource - The Quarter 3 monitoring statement indicates a surplus of £86,950 by the end of the financial year. However this includes the receipt from the sale of the mussel boat (£119,879). The income from this sale will be shown next year separately under the Usable Revenue Reserves as agreed by Members. Excluding this income the anticipated out turn is a deficit of £32,929 which is a more accurate picture of the position. The Usable Revenue Reserves stood at £249,870 at 31st March 2017 and this will be reduced to approximately £217,000 with the mussel boat income, as noted, showing separately as a Usable Revenue Reserve of £119,879. Work is on track to obtain income for the mussel fishery in future but this is stock dependent and there is therefore still a risk to the TCGF. However spend is being kept to a minimum to reduce the risk.
- 8.2 Community – due to the lack of income no community grants budget is proposed.
- 8.3 Legal - 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 implied by the Finance Service, funds will remain compliant with all financial regulations.
- 8.4 There are no Equality, Poverty, Rural, Climate Change/Carbon Clever, Risk or Gaelic implications.

Designation: Derek Yule, Depute Chief Executive and Director of Corporate Resources  
Carron McDiarmid, Head of Policy & Reform, Ward Management

Date: 17 January 2018

Authors: Helen Ross, Senior Ward Manager, CSER  
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Background Papers:

Herriot Watt University Tender document

Herriot Watt University Stock Assessment Report.

## Appendix 1

### Tain Common Good - Quarterly Monitoring Period to 31 December 2017

	Actual to date £	Budget £	Estimated Outturn £	Estimated Variance £
<b>INCOME</b>				
Rents	5,625	7,900	7,900	-
Other income	80	-	80	80
Interest and investment income	-	1,600	1,600	-
Sale of Tain Mussel Fishery Boat	<u>119,879</u>	<u>-</u>	<u>119,879</u>	<u>119,879</u>
<b>TOTAL INCOME</b>	125,584	9,500	129,459	119,959
<b>EXPENDITURE</b>				
Staff Costs	1,005	-	2,009	2,009
Property costs	10,010	10,500	15,500	5,000
Central Support Charges	-	1,000	1,000	-
Tain Mussel Fishery	14,467	24,000	24,000	-
Tain Mussel Fishery Boat	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
<b>TOTAL EXPENDITURE</b>	25,481	47,500	42,509	(4,991)
<b>Income less Expenditure</b>	<u><u>100,103</u></u>	<u><u>(38,000)</u></u>	<u><u>86,950</u></u>	<u><u>124,950</u></u>

## Appendix 2

<b>TAIN COMMON GOOD FUND</b>		
<b>PROPOSED BUDGET 2018/19</b>		
		£
<b>Income</b>		
Rents		7,620
Interest and investment income		1,600
Total income		9,220
<b>Expenditure</b>		
Staff Costs		2009
Property Costs		2000
Central Support Charge		1,000
Mussel Fishery		15,000
Total Expenditure		20,009
<b>Surplus/(deficit) for the year</b>		<b>(10,789)</b>