

Agenda Item	<b>9</b>
Report No	<b>RC/035/17</b>

## HIGHLAND COUNCIL

**Committee:** Ross & Cromarty

**Date:** 31 October 2017

**Report Title:** **Tain Common Good – Annual Accounts and Quarter 2 Monitoring Report**

**Report By:** Steve Barron, Chief Executive  
Derek Yule, Director of Corporate Resources

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

1.1 This report presents the Tain Common Good Fund audited accounts for 2016/17 and the 2<sup>nd</sup> Quarter monitoring for 2017/18. The report highlights main issues regarding the accounts and the strategy in relation to the overall Fund value.

### 2. **Recommendation**

2.1 Members are asked to:

- 2.2
- Consider the Tain Good Fund Annual Report for 2016/17;
  - Consider the position of the Tain Common Good Fund, as shown in the 2017/18 Quarter 2 monitoring statement against budget.
  - Agree to adjust the budget set for 2017/18 in line with the anticipated outturn as outlined in paragraph 4.4 of the report and Appendix Two

### **3. Annual Report**

3.1 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 2016/17.

#### 3.2 Income

3.2.1 The principal income for the TCGF comes from the rent from the Market Street stalls and from grazing lets all of which were let in 2016/17. The grant income shown for the Alexandra Bridge was for the bridge refurbishment now completed.

#### 3.3 Expenditure

3.3.1 The property spend shown is largely related to the cost of the CCTV monitoring contract. Arrangements have now been made to fund this from other sources so in future years the TCGF will no longer be required to meet this cost. The 'other costs' shown relate to the removal of trees at the Woody Braes site. This work was done over March and April so the cost was spread across the 2 financial years.

3.3.2 The Alexandra Bridge repair work has been completed and the £26,368 expenditure represents the final payments that were due.

3.3.3 The majority of the costs related to the mussel fishery represent rent due for the pier. That lease has now been terminated so no further rent is now due.

3.3.4 Overall there was a small surplus over the year of £2,827. However this is largely due to the fact that the final grant payments were received for the Alexandra Bridge refurbishment and these were greater than the final spend on the bridge in this period. Excluding these one off costs/payments the fund would have been in deficit with costs relating to the CCTV, tree management and the pier rental significantly exceeding income. However the pier lease has been terminated and, as noted in paragraph 3.3.1 above, the CCTV cost will not be borne by the TCGF in future. These changes together will significantly reduce the expenditure. It is also hoped that once the mussel stocks recover a lease of the fishery will generate additional income with minimum risk to the TCGF.

The unrealised gain on investments relates to the increase in value of the Alexandra Bridge, and is based on capital spend in the year.

#### 3.4 Balance Sheet

Members will note that the Usable Revenue Reserves have increased slightly from £237,082 in March 2016 to £249,870 with the Total Reserves standing at £1,089,729.

### **4. Quarter 2 Monitoring Statement**

- 4.1 A monitoring statement showing transactions to the end of September 2017 against budget and the estimated year end position is attached at Appendix Two.
- 4.2 Income - Rental income is on track with all the properties and grazings let. Income from interest and investments will be credited later in the year. Members will also note that the mussel boat has now been sold and the capital sum received, nett of the costs of the sale. This will increase the Usable Reserves in future and the amount can about shown ring fenced as requested by Members. The value of Plant and machinery on the Balance sheet will of course be reduced as a result of the sale.
- 4.3 Expenditure – The main expenditure has been in relation to the Woody Braes tree work referred to in 3.3.1 above. There has been a small charge for the Tain Common Good Fund's proportion of the costs of the Common Good Fund Officer and there has also been some spend in the mussel fishery, largely in relation to the lease of Meikleferry pier, now terminated.
- 4.4 Members may recall from the Quarter 1 monitoring report that the estimated outturn for property costs had been increased to £17,000 to allow for general property repairs and the replanting of the Woody Braes Bank which is required following the tree removal. The Quarter 1 report also noted that there will be additional costs to be charged for the mussel stock survey already provided and for the advice still being provided by Herriot Watt around the fishery and its transition from a Council run commercial fishery to a leased fishery within the Firth. An estimated £3,250 will also be required for a further rapid stock survey of the fishery. The estimated outturn was amended to £24,000 to reflect this. Members are asked to agree that the budget set be amended to reflect these estimated outturns.

## **5. Implications**

- 5.1 Members will note that some of the regular costs incurred by the TCGF in relation to the CCTV and the mussel fishery have now been removed. The sale of the mussel boat has resulted in a one off capital sum as noted above. These changes will help to contain expenditure and the significant repair/management work completed in relation to the bridge and the Woody Braes trees improves their condition. However the rents from the Market Street stall and the grazings are insufficient to cover all costs that may arise. As a result it is still important to pursue the potential to lease the fishery rights when stock levels permit this. Meantime expenditure will be closely monitored and managed.
- 5.2 Resource – Members will note a surplus of £85,442 is anticipated at the end of 2017/18. However this includes the one off capital receipt received from the sale of the mussel boat. If this is excluded the overall deficit would be £34, 763 – and this figure is effectively a more accurate picture of the position of the fund. Continuing deficits are clearly a matter for concerns albeit efforts are being made to reduce expenditure as outlined in the report and the potential to lease the fishery will continue to be pursued subject to stock levels.

Legal - none

Community (Equality, Poverty and Rural) – None

Climate Change/Carbon Clever - none

Risk – none

Gaelic - none

Designations: Steve Barron Chief Executive  
Derek Yule, Director of Corporate Resources

Date: 189 October 2017

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Background Papers:

## Appendix 1

### STATEMENT OF ACCOUNTS 2016-17

#### Tain Common Good Fund

Income and Expenditure Account	2016/17 £	2015/16 £
<u>Expenditure</u>		
Property costs	5,730	11,338
Other Costs	10,561	-
Administration charges	1,208	900
Rent and Rates	182	1,338
Alexandra Bridge Repair works	26,368	266,285
Tain Mussels net expenditure	7,484	17,225
Depreciation and Amortisation	9,960	9,960
Total expenditure	<u>61,493</u>	<u>307,046</u>
<u>Income</u>		
Rents	7,150	6,150
Other income	107	1,012
Interest and investment income	988	1,624
Grants and Contributions - Alexandra Bridge	56,075	124,227
Total income	<u>64,320</u>	<u>133,013</u>
<b>Surplus/(deficit) for the year</b>	<b><u>2,827</u></b>	<b><u>(174,033)</u></b>
Revaluation gains/(losses)	-	8,500
Unrealised gains on investments	25,381	265,964
	<u>25,381</u>	<u>274,464</u>
Total comprehensive income and expenditure	<u><u>28,208</u></u>	<u><u>100,431</u></u>

<b>Balance Sheet</b>	31/03/17	31/03/16
	£	£
<u>Non current assets</u>		
Investment properties	266,000	266,000
Plant and machinery	175,000	184,000
Heritage assets	385,779	360,398
Intangible asset	13,080	14,040
	<u>839,859</u>	<u>824,438</u>
<u>Current assets</u>		
Sundry debtors	250	250
Loans fund deposits	249,620	238,411
	<u>249,870</u>	<u>238,661</u>
<u>Current liabilities</u>		
Sundry Creditors	-	-
Amounts due to other local authorities	-	(1,579)
	<u>-</u>	<u>(1,579)</u>
<b>Total assets</b>	<b><u>1,089,729</u></b>	<b><u>1,061,520</u></b>
<b>Usable reserves</b>		
Revenue funds	<u>249,870</u>	<u>237,082</u>
	249,870	237,082
<b>Unusable reserves</b>		
Revaluation reserve	94,434	94,434
Capital adjustment account	<u>745,425</u>	<u>730,004</u>
	839,859	824,438
<b>Total reserves</b>	<b><u>1,089,729</u></b>	<b><u>1,061,520</u></b>

**Appendix 2**

<b>Tain Common Good Quarterly Monitoring</b>	<b>Actual to date</b>	<b>Budget</b>	<b>Year End Estimate</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME</b>				
Rents	4,150	7,900	7,900	-
Other Income	54	-	54	54
Interest and Investment Income	-	1,600	1,600	-
Sale of Tain Mussel Fishery Boat	120,205	-	120,205	120,205
<b>TOTAL INCOME</b>	<b>124,409</b>	<b>9,500</b>	<b>129,759</b>	<b>120,259</b>
<b>EXPENDITURE</b>				
Common Good Fund Officer	579	-	2,317	2,317
Property Costs	9,975	10,500	17,000	6,500
Central Support	-	1,000	1,000	-
Tain Mussel Fishery	1,435	-	24,000	24,000
Tain Mussel Fishery Boat	-	12,000	-	(12,000)
<b>TOTAL EXPENDITURE</b>	<b>11,989</b>	<b>23,500</b>	<b>44,317</b>	<b>20,817</b>
<b>Income less Expenditure</b>	<b>112,420</b>	<b>(14,000)</b>	<b>85,442</b>	<b>99,442</b>