

Agenda item	10d
Report no	RC/044/18

THE HIGHLAND COUNCIL

Committee: Ross and Cromarty

Date: 1 November 2018

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

Report By: Derek Yule, Depute Chief Executive and Director of Corporate Resources and Alison Clark, Acting Head of Policy

1. Purpose/Executive Summary

1.1 This report presents the Invergordon Common Good Fund audited accounts for 2017/18 and the 2nd Quarter monitoring for 2018/19. 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
- i. consider the Invergordon Common Good Fund Annual Report for 2017/18;
 - ii. consider the position of the Invergordon Common Good Fund, as shown in the 2018/19 Quarter 2 monitoring statement;
 - iii. agree that options including disposal of the Town Hall by sale or a long lease be explored within the framework of the Community Empowerment (Scotland) Act 2015

3. Annual Report

- 3.1 Appendix 1 of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Invergordon Common Good Fund (ICGF) for Financial Year 2017/18.
- 3.2 There was very little financial activity in relation to the Invergordon Common Good. Overall there was a surplus on the account of £2,045 which has increased the usable reserves at 31 March 2018 to £71,568.
- 3.3 Following the year-end valuation process a revaluation loss of £41,000 was recognised in respect of Invergordon Town Hall, which is held as an investment property in the balance sheet. This is matched with a corresponding movement in the Capital Adjustment Account which is shown under unusable reserves.

4. Quarter 2 Monitoring Statement

- 4.1 A monitoring statement showing transactions to the end of September 2018 against budget and estimated year end position is attached at Appendix Two.
- 4.2 No income has yet been received but the Town Hall is rented to Highlife Highland at a rent of £3,300 for 2018/19 and this will be received later in the financial year. Members also asked to note that the rent was set in 2014 for a 5 year period so a rent review will be carried out shortly to be implemented in 2019/20.
- 4.3. There has been a small charge for the Invergordon Common Good Fund's proportion of the costs of the Common Good Fund Officer but overall very little expenditure has been incurred so far this financial year. The property budget is set for minor essential repairs to the Town Hall and as yet none have been required.

5. Invergordon Town Hall

- 5.1 The Town Hall does require significant refurbishment and efforts have been ongoing for some years to increase usage and to source grant funding. These efforts have not been successful. There is therefore no funding available to refurbish the building and the running costs continue to outstrip the income from lets. More recently a report to look at all the possible options for the future of the Town Hall was commissioned under Project Inspire. Having looked at the building and its history, including the attempts made to find funding for refurbishment for community use, the recommendation was that the option of sale be considered. Members are therefore now asked to agree that options including disposal by sale or a long lease now be considered.
- 5.2 Members will be aware of the Community Empowerment (Scotland) Act 2015. This Act includes Part 8, a section relating to Common Good Property which came into force on 27 June 2018. This section seeks to increase transparency about the existence of common good assets and to ensure there is community involvement in decisions taken about their identification, use and disposal. The Act places duties on local authorities to establish and maintain a common

good register (section 102) and to undertake a consultation process before taking any decision to dispose of or change the use of a common good asset (section 104). The required consultation period set out in the legislation is 12 weeks. Procedures are currently being developed to ensure that this new legislation is complied with.

- 5.3 Prior to disposal it will also be necessary to consider whether the property is what is called 'alienable' or inalienable.' Alienable property is property where there is no specific restriction or prohibition preventing disposal or change of use. Inalienable property is property where there is some specific restriction preventing disposal or change of use. In this case the Council must apply to the Sheriff Court or Court of Session to authorise the disposal or change of use. The title of the Town Hall is not clear but as public buildings like town halls are examples of the types of property that may be inalienable, legal advice is that it is advisable to treat the Town Hall on the assumption that it is inalienable. An application to the Sheriff Court would therefore be required to authorise disposal.
- 5.4 If Members support the exploration of disposal the appropriate application to the Sheriff Court will be made and appropriate consultation will be undertaken once the procedures, currently being worked up, are in place.

6. Implications

- 6.1 The repair and refurbishment work which the Town Hall needs cannot be accommodated within existing resources. Building up the level of Usable Reserves remains important but given the repair requirements, more significant measures must also be considered. Efforts to pull in the required funding through grants have been unsuccessful. Without refurbishment the building will continue to deteriorate and therefore Members are asked to agree that disposal by sale or long lease be explored, within the framework of the Community Empowerment legislation. The Usable Reserves stood at £71,568 as at 31 March 2018.
- 6.2 Resource – Members will note a surplus of £1,500 is anticipated at the end of 2018/19.

Legal - Any disposal would be carried out within the framework of the Community Empowerment (Scotland) Act 2015 and as noted in paragraph 5.3 an assumption would be made that the Town Hall was inalienable and the correct authority to dispose obtained.

Community (Equality, Poverty and Rural) - No implications at present but full consultation would be carried out and considered before a course of action was agreed.

Climate Change/Carbon Clever - none

Risk – none

Gaelic - none

Designations: Derek Yule, Depute Chief Executive and Director of Corporate Resources
Alison Clark, Acting Head of Policy

Date: 8 October 2018

Authors: Helen Ross, Senior Ward Manager, CSER
Steven Wright, Trainee Accountant

Background Papers: Project Inspire Invergordon Town Hall Report 12.3.18

STATEMENT OF ACCOUNTS 2017-18

Invergordon Common Good Fund

Income and Expenditure Account	2017/18 £	2016/17 £
Expenditure		
Administration charges	84	88
Staff Costs	1,458	-
Total expenditure	<u>1,542</u>	<u>88</u>
Income		
Rents	3,300	3,300
Interest and investment income	287	258
Total income	<u>3,587</u>	<u>3,558</u>
Surplus/(deficit) for the year	<u>2,045</u>	<u>3,470</u>
Revaluation gains/(losses)	(41,000)	-
Total comprehensive income and expenditure	<u><u>(38,955)</u></u>	<u><u>3,470</u></u>
Balance Sheet		
	31/03/2018 £	31/03/17 £
Non current assets		
Investment properties	55,000	96,000
Heritage assets	85,000	85,000
	<u>140,000</u>	<u>181,000</u>
Current assets		
Loans fund deposits	71,568	69,523
	<u>71,568</u>	<u>69,523</u>
Total assets	<u><u>211,568</u></u>	<u><u>250,523</u></u>
Usable reserves		
Revenue funds	71,568	69,523
Unusable reserves		
Revaluation reserve	85,000	85,000
Capital adjustment account	55,000	96,000
	<u>140,000</u>	<u>181,000</u>
Total reserves	<u><u>211,568</u></u>	<u><u>250,523</u></u>

Appendix 2

**Invergordon Common Good - Quarterly
Monitoring
Period to 27 September 2018**

	Actual to date £	Budget £	Estimate d Outturn £	Variance £
Income				
Rents	0	3,300	3,300	0
Interest and investment income	0	300	300	0
Total Income	<u>0</u>	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Expenditure				
Staff Costs	298	1,000	1,000	0
Property costs	0	1,000	1,000	0
Admin charges	0	100	100	0
Total Expenditure	<u>298</u>	<u>2,100</u>	<u>2,100</u>	<u>0</u>
Income less Expenditure	<u><u>(298)</u></u>	<u><u>1,500</u></u>	<u><u>1,500</u></u>	<u><u>0</u></u>