

Agenda Item	10a
Report No	SCC/25/18

HIGHLAND COUNCIL

Committee: Sutherland County Committee

Date: 15 November 2018

Report Title: **Dornoch Common Good Fund: Annual Report 2017/18, Proposed Budget 2019/20 and Quarter 2 Monitoring Statement 2018/19**

Report By: Depute Chief Executive/ Director of Corporate Resources
Acting Head of Policy

1. Purpose/Executive Summary

1.1 This report presents the Annual Report and Accounts of Dornoch Common Good Fund for Financial year 2017/18. Secondly the report presents a budget for Dornoch Common Good Fund for Financial Year 2019/20. Finally, the report provides information on income and expenditure in relation to the Dornoch Common Good Fund for the first two quarters of 2018/19.

2. Recommendations

2.1 Members are asked to:

- i. Consider the Dornoch Common Good Fund Annual Report and Accounts for 2017/18.
- ii. Agree the Dornoch Common Good Fund Annual Budget for 2019/20.
- iii. Consider the position of the Dornoch Common Good Fund, as shown in the Q2 monitoring statement against budget.

3. Annual Accounts 2017/18

3.1 Appendix One of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Dornoch Common Good Fund for Financial Year 2017/18.

3.2 Members are requested to note the details of the Grants and Contributions totalling £9,412 itemised in Note 1 and that the Fund shows a surplus for the year of £8,791

4. Budget 2019/20

4.1 The proposed budget is outlined in Appendix 2

4.2 Rental Income

Rental income is received for the following properties:

- Dornoch Caravan and Camping Park,
- Dornoch Pumping Station/ Water Treatment Works,
- Dornoch Firth Salmon Netting Rights,
- Dornoch Golf Course (part),
- Hangar at Dornoch Airfield,
- Coastguard Station,
- Land at Well St.
- Historylinks.

Rental income has now increased to £42,080 following a review of Dornoch Caravan Park rent. A rent review for Dornoch Pumping Station/ Water Treatment Works is ongoing at the time of report writing.

4.3 Interest On Revenue Balances

Assuming that the current low interest rates continue, it is anticipated that interest receivable on projected surplus balances will be approximately £1,000 in 2019/20.

4.4 Staff costs

This is the Dornoch Common Good Fund contribution towards the costs of the Council's Common Good Officer. All Common Good funds contribute to these costs. £1,500 budget is based on the 2017/18 outturn.

4.5 Grants and Contributions

The £50,000 allocated to Dornoch Sports Hall is not required as the project has been removed from the Council's current Capital Programme.

Given the increased rental income, and following discussion with Dornoch Community Council it is proposed to increase the Grants and Contributions budget from £12,000 to £25,000. This will cover the potential £10,000 contribution from Dornoch Common Good for the proposed Dornoch Area Community Interest Company Development Manager (should this be approved by Committee), cover the already agreed costs of the community-run Beach toilets and leave £12,500 for other community projects, more or less equivalent with the current Grants and Contributions budget. Income will still exceed expenditure by approx. £11,000 per year, affording modest year on year increases to the fund balance.

4.6 Miscellaneous Costs

This relates principally to property costs (usually relating to repair and maintenance of footpaths, benches, fences etc. around the Beach car park, on the links and Dornoch

Burn) which tend to be low. Likewise, other costs covered by the Common Good Fund tend to be minimal. It is proposed that £5,500 is sufficient to cover these costs in 2019/20.

5 Changes to Leases

- 5.1 A rent review has taken place at Dornoch Caravan Park leading to an increase in rent. The outcome of the Scottish Water pumping station/ treatment works rent review is awaited.
- 5.2 In February 2018 a 25 year lease was granted to Mid America Ltd for the site for a hangar at Dornoch Airfield.
- 5.3 In March 2018 a 19 year lease was granted to Dornoch Area Community Council for the site of the Dornoch Beach playpark.

6 Disposal and Acquisitions

- 6.1 There were no disposals or acquisitions in 2017/18.

7 Property Update

- 7.2 Dornoch BRIG has completed an upgrade of the Beach playpark on an area leased to Dornoch Community Council. This volunteer driven work has delivered substantial improvement to the play park and the wider beach car park area.

8 2017/18 Second Quarter Monitoring Report

- 8.1 Appendix 3 of this report shows the position of the Dornoch Common Good Fund at the end of the Second Quarter of the current Financial Year (2018/19), reported against the 2018/19 budget agreed by Sutherland County Committee in February 2018.

8.2 Explanation of Variances

- Rent – increased income arises from a rent review completed in June 2018 and applying to the current and previous years. In future years the rent income will be £42,080 plus any increase arising from the ongoing rent review for Dornoch Pumping Station/ Water Treatment Works.
- Staff costs – these costs, relating to the Common Good Officer were not included in the current year budget. The £1,500 expected outturn is based on the 17/18 outturn. The 2019/20 budget includes £1,500 for staff costs (Appendix 2).
- Grants and Contributions – The budget includes £50,000 for Dornoch Sports Hall although this is no longer required as the project has been withdrawn from the Council's current Capital Programme. The expected expenditure includes £12,000 for community projects and £10,000 for the proposed DACIC Community Development Manager (subject of a separate report to Sutherland County Committee), assuming that Committee approves the application. Provision for this has also been made in the 2019/20 budget (Appendix 2).
- Property Costs – The variance is due to the cost of the independent expert who advised the Caravan Park rent review.

Members will note from Appendix 3 that the budget overall is forecast to be underspent by £71,020, contributing a surplus of £26,050 to Dornoch Common Good Fund balance.

9. Implications

- 6.1 Resource – The proposed budget for 2019/20 provides a modest excess of income over expenditure protecting the Common Good Fund balance
- 6.2 Legal – none
- 6.3 Community (Equality, Poverty and Rural) – none
- 6.4 Climate Change / Carbon Clever – none
- 6.5 Risk – none
- 6.6 Gaelic – none

Designation: Depute Chief Executive/ Director Corporate Resources
Acting Head of Policy

Date: 18 October 2018

Author: Phil Tomalin, Ward Manager
Steven Wright, Trainee Accountant

Background Papers:

Note 1 Grants and Contributions

Organisation/ Project	Amount
DADCA – Hanging Baskets	£1,000
Dornoch Heritage Soc. – Interpretation Panels	£3,112
Boys Brigade – Year round activities	£300
Dornoch BRIG – Beach Playpark	£5,000
	£9,412

APPENDIX 1

STATEMENT OF ACCOUNTS 2017-18

Dornoch Common Good Fund

Income and Expenditure Account	2017/18	2016/17
	£	£
<u>Expenditure</u>		
Grants and contributions (see Note 1)	9,412	11,682
Property repairs and maintenance	2,909	255
Administration charges	121	125
Staff Costs	1,447	-
Total expenditure	13,890	12,062
<u>Income</u>		
Rents	21,430	21,530
Interest and investment income	1,251	838
Total income	22,681	22,368
Surplus/(deficit) for the year	8,791	10,306
Revaluation gains/(losses)	-	15,000
Total comprehensive income and expenditure	8,791	25,306
Balance Sheet	31/03/2018	31/03/17
	£	£
<u>Non current assets</u>		
Investment Properties	170,000	170,000
Heritage assets	22,250	22,250
	192,250	192,250
<u>Current assets</u>		
Loans fund deposits	232,692	213,700
Sundry Debtors	9,999	20,199
	242,691	233,899
Total assets	434,941	426,149
Usable reserves		
Revenue funds	242,691	233,899
Unusable reserves		
Revaluation reserve	170,000	22,250
Capital adjustment account	22,250	170,000
Total reserves	434,941	426,149

**Dornoch Common Good Fund
Proposed Budget 2019/20**

	2019/20	2018/19
<u>Income</u>	£	£
Rents	42,080	23,030
Interest and Investment Income	1,000	1,000
Total Income	<u>43,080</u>	<u>24,030</u>
 <u>Expenditure</u>		
Staff Costs	1,500	0
Grants & Contributions	25,000	62,000
Miscellaneous Costs	5,500	7,000
Total Expenditure	<u>32,000</u>	<u>69,000</u>
 Surplus/(Deficit) for year	<u>11,080</u>	<u>(44,970)</u>

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

	Actual to date	Budget	Estimated Outturn	Variance
	£	£	£	£
INCOME				
Rents	37,920	23,030	61,550	38,520
Interest and investment income	-	1,000	1,000	-
TOTAL INCOME	37,920	24,030	62,550	38,520
EXPENDITURE				
Staff Costs	342	-	1,500	1,500
Grants & contributions	-	62,000	22,000	(40,000)
Miscellaneous Costs	6,073	7,000	13,000	6,000
TOTAL EXPENDITURE	6,415	69,000	36,500	(32,500)
Income less Expenditure	31,505	(44,970)	26,050	71,020