

Agenda Item	13e
Report No	RC/013/19

THE HIGHLAND COUNCIL

Committee: **Ross and Cromarty**

Date: **30 January 2019**

Report Title: **Tain Common Good Fund – Quarter 3 monitoring report and 2019/20 Budget**

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

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 2019/20
- 1.2 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 and proposes that this is continued. The report also asks the Committee to approve the renewal of a property lease to Citizens Advice Bureau at less than the market rent in view of the other benefits this service brings to the area. Members are also asked to delegate a decision of the potential use of grazing land for solar panels to the Acting Head of Policy in consultation with the Area Chair and Local Members.

2. Recommendations

- 2.1 Members are asked to:
 - i. scrutinise and note the Quarter 3 monitoring statement for the Tain Common Good Fund ;
 - ii. approve the proposed 2019/20 budget for the Fund
 - iii. agree that the Market Street stall lease with Ross-shire CAB be continued for a further 5 year period on current terms which include a rental of less than market value
 - iv. delegate a decision re the potential use of grazing land for solar panels to the Acting Head of Policy in consultation with the Area Chair and Local Members.

3. Quarter 3 Monitoring Statement

3.1 A monitoring statement showing transactions to the end of December 2018 against budget and the estimated year end position is attached at Appendix 1.

3.2 Income

3.2.1 All rental income due for the grazings held has been received. Lettings of Tain links resulted in greater income than expected and interest income will be credited later in the year. Unit 1-2 Market Street stalls has been let throughout the year and rental income is fully up to date.

3.2.2 Market Street Stalls Unit 4/5 was vacated in July 2018. The property was re advertised and a new lease has been agreed which should commence early in 2019, though at the time of writing final paperwork was being processed prior to the lease starting. This lease is based on a reviewed and increased rent level. However the period of vacancy does mean that the anticipated income will be lower than anticipated when the budget was set.

3.2.3 Overall as a result of the variations noted the anticipated income to the Tain Common Good fund is estimated to be £7,170 compared to the £9,220 originally anticipated.

3.3. Expenditure

3.3.1 The bulk of the expenditure on property to date has been in relation to the replanting of trees at Woody Braes, dilapidation works at Unit 4/5 Market Street stalls and property advertising. Due to the nature of the works at Unit 4/5, some of the costs are not regarded as the responsibility of the outgoing tenant. Local Members are supportive of this and of the need to have the works completed.

3.3.2 As a result of the above the anticipated outturn for property costs has been adjusted to £15,000 from £12,500 reported at the end of Q2.

3.3.3 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

3.3.4 The spend in relation to the mussel fishery represents the last element of the advisory work and stock survey work procured from Heriot Watt University (HWU) and a small amount in relation to the sale of the boat. £15,000 was set aside for a survey of the mussel fishery. This has not been used and this element of the budget will therefore be underspent. However Members will see in para 4.3.3 that it is proposed that this survey be done early in the next financial year.

4. Annual Budget for 2019/20

4.1 A proposed budget for 2019/20 is set out in **Appendix 2** to this report.

4.2 Income

- 4.2.1 Income is derived from the rents from the Market Street Stalls, let in two lots, from the grazing land and occasional lets of the Tain links with a small amount from interest on revenue balances.
- 4.2.2 Market Street stall Unit 1-2 is currently let to the Ross-shire Citizen's advice Bureau (CAB). When initially let in 2014 the only offer received was that from the CAB. The offer was accepted on the basis that the provision of a CAB presence in Tain brought additional benefit to the area. The rent for that Unit is now up for review. Local Members are supportive of the current rent level being continued on the basis that overall this is of benefit to the residents of Tain and the loss of a local CAB office presence would be detrimental. The Committee are requested to agree that the lease be continued with the CAB for a further 5 year period on existing terms. This would represent a theoretical loss of £1,600 p.a. as compared to the market value as assessed by property colleagues. Such a lease extension would not qualify as a disposal requiring consultation under the Community Empowerment legislation as the lease is for a period of less than 10 years
- 4.2.3 A new lease agreement is due to be signed up very shortly for Unit 4-5 Market Street Stalls. Once again the granting of this lease would not qualify as a disposal requiring consultation under the Community Empowerment legislation as the lease is for a period of less than 10 years. In this case the lease has been dealt with by officers with local member consultation and the unit will be let at market value.
- 4.2.4 In previous years a small amount of income has also been received from 2 areas of grazing which have been let by open advertisement in March each year with the highest bid being accepted. However it has been suggested that consideration be given to the use of these areas for solar panels as part of a partnership project as this might generate a better return than the current grazing lets. This is currently being explored by the Commercial and Efficiency Team. If this does prove to be viable and advantageous to the Tain Common Good Fund it would require a long lease and would clearly be a change of use. As a result community consultation is required under the Community Empowerment legislation and this consultation was started just before the Christmas period. The closing date for comment is 15 February 2019. The full consultation paper can be seen via the following link:
https://www.highland.gov.uk/downloads/file/20159/blarliath_tain_common_good_consultation

Local Members are fully supportive of this exploration and consultation. It may be that even if the project goes ahead the larger of the 2 fields can still be let for grazing with only a portion required for solar panels.

The Committee is asked to note the position and to agree that a decision on the way forward be made by the Acting Head of Policy in consultation with the Area Chair and local Members having due consideration to feedback received under from the Community Empowerment consultation. In the meantime it is recommended that the budget be based on the current year's income and this can be revised depending on the outcome of the exploration of the solar panel project.

- 4.2.5 In some years there has also been additional income from occasional lets of Tain links to commercial circuses. 2 bookings were received in 2018 but this is unusual as most circuses will only take a let if they can be first on the site – and both of the 2018 circuses have indicated they would require this in future. In the past lets have been based on a charge of £260 per day including set up days. It is proposed that this charge is increased, where possible, by negotiation although charges will need to reflect duration of stay and anticipated footfall. It is proposed that the total income anticipated from such lets in 2019/20 be set at £1,000.
- 4.2.6 It is anticipated that interest receivable on projected surplus balances will be approximately £1,600 in 2019/20.

4.3 Expenditure

- 4.3.1 The majority of expenditure is anticipated in relation to property and the mussel fishery as noted below.
- 4.3.2 A property budget is required to cover annual maintenance costs and tree replacement at Woody Braes, a provision for minor works at Tain Links as well as property insurance and electricity costs.

There will also be some repair work required in relation to the Alexandra Bridge as there is an issue relating to the connection between the top of the bridge hangers and the main suspension cables. In the longer hangers this connection is slipping down the cable and the tension in the hangers is being lost. There is not an immediate safety risk but as the position will deteriorate if not addressed a repair must be undertaken.

Members will recall that significant refurbishment works were carried out to the Bridge in 2015 and it is of course disappointing that further repairs should be required at this stage. The refurbishment brought the bridge back into good condition but as a listed building as much as possible of the old structure was retained and new items were always as sympathetic as possible to the original. This was required by Historic Environment Scotland which also provided some grant funding towards the works and maintains the character of the bridge but also means that the bridge inevitably retains all of/most of its inherent limitations. Options to address the issues are currently being explored and will be discussed with Local Ward Members.

In the meantime it is recommended that a property budget of £12,000 be made.

- 4.3.3 **Mussel Fishery** – As Members are aware, the adopted professional advice by Heriot Watt was that the mussel fishings should be rested to allow mussel stocks to improve followed by a survey in 2018. Should mussel stock 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.

HWU had indicated they might be able to assist by carrying out this work when they already had a boat in the firth for their other work reducing the cost from approximately £15,000 to around £3,500. Unfortunately no such opportunity has arisen to date so no further survey work has been done. Nor is there any indication that HWU will be able to assist on this basis at this time. However the lack of evidence of stock also hinders the ability to seek a 3rd party to lease the fishing rights. It is

therefore proposed that a survey be commissioned and the budget set for 2018/19 be carried forward to 2019/20. After the survey is complete information can be brought to Members in due course to consider all options in relation to the mussel fishery.

4.4 Grants to the Community

- 4.4.1 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. It is recommended that this position be maintained.

5. Implications

- 5.1 Resource: The Quarter 3 monitoring statement indicates a deficit of £12,233 by the end of the financial year. The Usable Revenue Reserves stood at £230,499 at 31st March 2018 with a capital receipts reserve of £119,530. The anticipated deficit will reduce the Usable Revenue Reserves to approximately £218,266.

Every effort is made to limit spend and to let the assets owned by the Common Good Fund. Explorations are currently ongoing in relation to the increased income that might be achieved if grazing land is used for solar panels. It is still hoped to let the mussel fishery rights in 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.

- 5.2 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
- 5.3 Community (Equality, Poverty and Rural): due to the lack of income no community grants budget is proposed.
- 5.4 Climate Change / Carbon Clever: the use of land for solar panels is being explored and if this goes ahead it could have a positive impact on climate change.
- 5.5 Risk: None
- 5.6 Gaelic: None

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

Date: 18 January 2019

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

Background Papers:

Appendix 1

Tain Common Good - Quarterly Monitoring

Period to 03 January 2019

	Actual to date £	Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	5,310	7,620	5,570	(2,050)
Interest and investment income	-	1,600	1,600	-
TOTAL INCOME	5,310	9,220	7,170	(2,050)
EXPENDITURE				
Staff Costs	313	2,009	2,009	-
Property costs	5,929	2,000	15,000	13,000
Central Support Charges	-	1,000	1,000	-
Tain Mussel Fishery	1,185	15,000	1,185	(13,815)
Tain Mussel Fishery Boat	210	-	210	210
TOTAL EXPENDITURE	7,637	20,009	19,403	(606)
Income less Expenditure	<u>(2,327)</u>	<u>(10,789)</u>	<u>(12,233)</u>	<u>(1,444)</u>

Appendix 2

TAIN COMMON GOOD FUND PROPOSED BUDGET 2019/20

	2019/20 £	2018/19 £
Income		
Rents & Lettings	9,100	7,620
Interest and investment income	1,600	1,600
Total income	<u>10,700</u>	<u>9,220</u>
Expenditure		
Staff Costs	2,000	2,009
Property Costs	12,000	2,000
Central Support Charge	1,000	1,000
Mussel Fishery	15,000	15,000
Total Expenditure	<u>30,000</u>	<u>20,009</u>
Surplus/(deficit) for the year	<u><u>- 19,300</u></u>	<u><u>- 10,789</u></u>

Useable reserves as at
31/03/2018:

Revenue funds	230,499
Capital Receipts Reserve	<u>119,530</u>
	<u>350,029</u>