

Agenda Item	12e
Report No	RC/048/19

HIGHLAND COUNCIL

Committee: Ross and Cromarty Committee

Date: 6 November 2019

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

Report By: Executive Chief Officer – Resources and
Executive Chief Officer – Communities and People

1. Purpose/Executive Summary

- 1.1 This report presents the Tain Common Good Fund audited accounts for 2018/19 and the 2nd Quarter monitoring for 2019/20. The report highlights main issues regarding the accounts and the strategy in relation to the overall Fund value.

2. Recommendations

Members are asked to:

- consider and note the Tain Good Fund Annual Report for 2018/19; and
- consider and note the position of the Tain Common Good Fund, as shown in the 2019/20 Quarter 2 monitoring statement against budget.

3. Implications

- 3.1 Resource Implications are as noted in this report. As a result of the circumstances detailed, expenditure continues to exceed income. Any potential sources of income will continue to be explored and expenditure will be closely monitored and managed.
- 3.2 There are no: Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever, Risk, Gaelic Implications.

4. Annual Report

4.1 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 2018/19.

4.2 Income

4.2.1 The Principal income for the TCGF is derived from the rent from the Market Street stalls and from grazing lets. Some additional income for the lets of Tain Links was also received in 2018/19. However a vacancy arose in Units 4 and 5 Market Street stalls when that lease was relinquished. Repair work was required and whilst it was hoped the property could be re let before year end this did not prove possible. As a result, the total rent received in 2018/19 was £5,513 lower than the £7,620 originally anticipated.

4.3 Expenditure

4.3.1 Property costs for the year largely relate to the cost of works masonry repairs required at Units 4 and 5 Market Street stalls with a further portion relating to the tree replanting required at Woody Braes and a small amount for electricity and insurance charges.

4.3.2 Admin and staff costs relate to the TCGF share of the charges for the Common Good Fund Officer as well as central support charges.

4.3.3 The Tain mussel expenditure relates almost entirely to the final invoice paid to Herriot Watt University for survey work.

4.3.4 The depreciation and amortisation of £960 shown is in relation to the fishing licence which was retained when the boat was sold. Further investigation has indicated the licence value may be higher and this is currently being explored. Any amendments required would be reflected in the 2019/20 accounts.

4.4 Other Comprehensive Income

4.4.1 Following the year end valuations of the investment properties of the fund an upward revaluation of £50,000 was recognised in relation to 1-2 and 4-5 Market Stalls and sites at Blarliath and Chapel Street.

4.5 Total Comprehensive Income and Expenditure

4.5.1 Overall the accounts show a net deficit of £10,810. However Members need to be aware that this includes the amortisation charge against the fishing licence which is reversed out to the Capital Adjustment Account and therefore does not impact on the usable reserves of the fund.

4.6 **Balance Sheet**

4.6.1 **Usable Reserves**

4.6.2 There was a decrease in usable revenue funds of £9,850 in the year from £230,499 to £220,649 as a result of the activity mentioned above.

4.6.3 Following decisions at Ross and Cromarty Committee (12/01/2017) and Highland Council (09/03/2019) to ring-fence any monies generated from the sale of the boat for future expenditure on the Mussel Fishery, the proceeds of the sale from the boat are being held in the Capital Receipts Reserve.

4.6.4 **Unusable Reserves**

4.6.5 The Revaluation Reserve represents the value held in terms of the Heritage assets of the fund where there has been no movement in the year.

4.6.6 The Capital Adjustment Account represents the value of the investment properties and intangible asset of the fund, as well as Alexandra Bridge. The movement in the year in this reserve is a result of amortisation and gain on revaluation mentioned previously.

5 **Quarter 2 Monitoring Statement**

5.1 A monitoring statement showing transactions to the end of September 2019 against budget and the estimated year end position is attached at Appendix Two.

5.2 **Income**

5.2.1 The income received so far relates to the larger grazing let and to the Market Street Stalls Unit. Unfortunately the overall income for the year will be lower than originally for a number of reasons: Unit 4/5 at Market Street stalls has only been let since mid-August so the full year's rental will not be achieved; the solar panel project planned for the smaller grazing area has not yet progressed to a stage where income can be forecast; there have been no additional lets of Tain links this summer. As a result of this position the overall income forecast is now £6,780 as against the £10,700 originally anticipated.

5.3 **Expenditure**

5.3.1 The staff costs incurred to date relate principally to the Common Good Officer.

5.3.2 The property costs to date relate principally to ridge replacement work at Unit 4/5 Market Street Stalls and the cost of this year's 2 annual inspections and associated tree replacement at Woody Braes following the significant felling that took place there. It is still anticipated that spend will be incurred to upgrade the brackets for the hangers on Alexandra Bridge. However Listed Building Consent is required for this work. This has been requested but the work cannot take place until this consent is given.

5.3.3 There is no expenditure to date shown for the Tain Mussel Fishery. However arrangements are being made, supported by a Dandi colleague with appropriate knowledge and experience, for a drop-down survey. The cost of this will be approximately £1,800. Following this we will be clearer as to whether there is sufficient indication of mussels to warrant a full assessment going into 2020. Depending on the outcome of this a further, more detailed survey may be required to allow the fishing to be put out to tender. This budget will therefore be reviewed in the next monitoring report when the results of the initial drop-down survey are known.

5.3.4 At present TCGF is anticipating a year-end deficit position of £27,720.

Designations: Executive Chief Officer – Resources and
Executive Chief Officer – Communities and People

Date: 17 October 2019

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Background papers:

Appendix 1

STATEMENT OF ACCOUNTS 2018-19

Tain Common Good Fund

Income and Expenditure Account	2018/19 £	2017/18 £
<u>Expenditure</u>		
Property costs	874	360
Other Costs	10,857	10,124
Administration charges	2,890	1,170
Rent and Rates	881	399
Staff Costs	1,340	1,362
Alexandra Bridge Repair works	-	-
Tain Mussels net expenditure	1,267	14,467
Depreciation and Amortisation	960	960
Total expenditure	<u>19,069</u>	<u>28,841</u>
<u>Income</u>		
Rents	5,513	7,100
Other income	59	107
Interest and investment income	2,688	1,303
Grants and Contributions - Alexandra Bridge	-	-
Total income	<u>8,259</u>	<u>8,509</u>
<u>Other Operating Expenditure</u>		
Loss on disposal of non-current asset	-	55,470
Surplus/(deficit) for the year	<u>(10,810)</u>	<u>(75,801)</u>
Revaluation gains/(losses)	50,500	500
Unrealised gains on investments	0	0
	<u>50,500</u>	<u>500</u>

Total comprehensive income and expenditure	<u>39,690</u>	<u>(75,301)</u>
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Balance Sheet

	31/03/19	31/03/18
	£	£

Non current assets

Investment properties	317,000	266,500
Heritage assets	385,779	385,779
Intangible asset	<u>11,160</u>	<u>12,120</u>
	713,939	664,399

Current assets

Sundry debtors	-	250
Loans fund deposits	<u>348,129</u>	<u>349,779</u>
	348,129	350,029

Current liabilities

Sundry creditors	<u>(7,950)</u>	-
	(7,950)	-

Total assets

<u>1,054,118</u>	<u>1,014,428</u>
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Usable reserves

Revenue funds	220,649	230,499
Capital Receipts Reserve	<u>119,530</u>	<u>119,530</u>
	340,179	350,029

Unusable reserves

Revaluation reserve	94,434	94,434
Capital adjustment account	<u>619,505</u>	<u>569,965</u>
	713,939	664,399

Total reserves

<u>1,054,118</u>	<u>1,014,428</u>
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Appendix 2

Tain Common Good - Quarterly Monitoring Period to 30 September 2019

INCOME	Actual to date £	Budget £	Estimated Outturn £	Variance £
Rents	3,480	9,100	5,180	3920
Interest and investment income	-	1,600	1,600	-
TOTAL INCOME	3,480	10,700	6,780	3920
EXPENDITURE				
Staff Costs	804	2,000	2,000	-
Property costs	2,475	12,000	16,500	4,500
Central Support Charges	-	1,000	1,000	-
Tain Mussel Fishery	-	15,000	15,000	-
TOTAL EXPENDITURE	3,280	30,000	34,500	4,500
Income less Expenditure	200	(19,300)	(27,720)	(8,420)