

Agenda Item	8a.
Report No	SCC/22/19

HIGHLAND COUNCIL

Committee: Sutherland County Committee

Date: 14 November 2019

Report Title: **Dornoch Common Good Fund: Annual Report 2018/19, Proposed Budget 2020/21 and Quarter 2 Monitoring Statement 2019/20**

Report By: Executive Chief Officer Resources and 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 2018/19. Secondly the report presents a budget for Dornoch Common Good Fund for Financial Year 2020/21. Finally, the report provides information on income and expenditure in relation to the Dornoch Common Good Fund for the first two quarters of 2019/20.

2. **Recommendations**

- 2.1 Members are asked to:
- i. Consider the Dornoch Common Good Fund Annual Report and Accounts for 2018/19.
 - ii. Agree the Dornoch Common Good Fund Annual Budget for 2020/21.
 - iii. Consider the position of the Dornoch Common Good Fund, as shown in the Q2 monitoring statement against budget.

3 Implications

3.1 Resources

- An overspend against Miscellaneous costs is anticipated and will be managed by limiting expenditure and through underspend against other budget lines. Any overspend at year end is affordable within current fund balances.
- The proposed budget for 2020/21 provides a modest excess of income over expenditure protecting the Common Good Fund balance

3.2 Legal – none

3.3 Community (Equality, Poverty and Rural) – none

3.4 Climate Change / Carbon Clever – none

3.5 Risk – none

3.6 Gaelic – none

4. Annual Report 2018/19

4.1 Appendix 1 of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Dornoch Common Good Fund for Financial Year 2018/19.

4.2 Members are requested to note that the Fund shows a surplus for the year of £35,841. This is largely due to the full settlement of arrears from Dornoch Caravan Park.

4.3 Details of the Grants and Contributions totalling £14,060 are itemised in the table below. Members are asked to note that a £60 legal recharge was miscoded in error to Grants and Contributions rather than Miscellaneous property costs in the accounts.

Grants and Contributions 2018/19

Organisation/ Project	Amount
DACIC – Community Development Officer (1/2)	£10,000
Dornoch Community Council – Beach Toilets (1/2)	£2,000
North Highland College – Food and Drink Showcase	£2,000
Legal recharge (miscoded)	£60
	£14,060

4.4 The Revaluation gain reflects the periodic review of the accounting value of the Common Good assets.

5 Changes to Leases in 2018/19

5.1 There were no changes to leases in 2018/19

6 Disposal and Acquisitions 2018/19

6.1 In March 2019 a 99 year lease was granted to Sutherland Agricultural Society for an area by the airfield for a storage shed.

7 Budget 2020/21

7.1 The proposed budget for 2020/21 is outlined in Appendix 2

7.2 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,
- Sutherland Agricultural Society Shed
- Coastguard Station,
- Land at Well St.
- Historylinks.

Rental income has now increased to £43,090 following a review of Dornoch Caravan Park rent and a new lease agreed with Sutherland Agricultural Society for a storage shed. In addition, discussions are ongoing with Royal Dornoch Golf Club regarding the current lease terms and rent, and a rent review of the lease with Scottish Water for Dornoch Pumping Station/ Water Treatment Works is ongoing at the time of report writing. Members will be updated in due course, however as neither of these have been concluded the additional income is not included in the 2020/21 budget.

7.3 Interest On Revenue Balances

Assuming that the current low interest rates continue, it is anticipated that interest receivable on projected surplus balances will be approx. £1,000 in 2020/21.

7.4 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 expected expenditure in 2020/21.

7.5 Grants and Contributions

Following discussion with local Members and the Chair of Dornoch Community Council it is proposed that the budget retains the £25,000 allocation for Grants and Contributions. This is affordable within the fund income which will exceed expenditure by approx. £10,000 per year, affording modest year on year increases to the fund balance.

7.6 Miscellaneous Property 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), but also includes legal and expert costs when these are required for example relating to rent reviews. Given the expenditure in 2018/19 and in the current year, it is proposed to increase the budget to £7,500 2020/21.

8 2019/20 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 (2019/20), reported against the 2019/20 budget agreed by Sutherland County Committee in November 2018.

8.2 Explanation of Variances

- Rent – Rent is up to date. The second instalment for Dornoch Caravan Park due in November.
- Grants and Contributions – £12,580 is currently committed: £2,580 has been paid to Dornoch Community Council for the Beach toilets. DACIC have not yet claimed the second of two payments of £10,000 for the Community Development Officer.
- Property Costs – The variance is due to the one-off cost of installing wooden bollards at Dornoch Beach to control parking. The variance is affordable within existing fund balances, but expenditure is being managed to reduce the year end variance.

9 **Property Update**

- 9.1 East Sutherland Rescue Association lease extension – the consultation on this is completed and is subject of a separate report to Sutherland County Committee.
- 9.2 Royal Dornoch Golf Club – Members approved a community consultation on a new lease with RDGC at Sutherland County Committee in August 2019. The terms of the proposed lease are still being discussed so the consultation has not yet started. Members will be updated in due course.
- 9.3 There are ongoing discussions with Historylinks Museum regarding the possible purchase of the land belonging to the Common Good Fund on which Historylinks Museum is built. To date, no offer has been received for consideration, but Members will be kept updated on any developments.
- 9.4 The Council's Area Property Surveyor Caithness and Sutherland inspected Dornoch Caravan Park in October 2019 and reports good progress with repairs and maintenance. There will be a follow up inspection at the start of next season.

Designation: Executive Chief Officer Resources and Acting Head of Policy

Date: 28 October 2019

Author: Phil Tomalin, Ward Manager
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Background Papers:

APPENDIX 1

STATEMENT OF ACCOUNTS 2018-19

Dornoch Common Good Fund

Income and Expenditure Account	2018/19 £	2017/18 £
<u>Expenditure</u>		
Grants and contributions	14,060	9,669
Miscellaneous property costs	8,720	2,277
Administration charges	98	121
Staff Costs	870	1,447
Total expenditure	<u>23,748</u>	<u>13,515</u>
<u>Income</u>		
Rents	57,625	21,430
Interest and investment income	1,963	876
Total income	<u>59,588</u>	<u>22,306</u>
Surplus/(deficit) for the year	<u>35,841</u>	<u>8,791</u>
Revaluation gains/(losses)	162,000	0
Total comprehensive income and expenditure	<u>197,841</u>	<u>8,791</u>

Balance Sheet	31/03/2019 £	31/03/2018 £
<u>Non current assets</u>		
Investment Properties	332,000	170,000
Heritage assets	22,250	22,250
	<u>354,250</u>	<u>192,250</u>
<u>Current assets</u>		
Loans fund deposits	279,275	232,692
Sundry Debtors	(201)	9,999
	<u>279,074</u>	<u>242,691</u>
<u>Current Liability</u>		
Other Creditors	(543)	(3,150)
Total assets	<u>632,781</u>	<u>434,941</u>
Usable reserves		
Revenue funds	278,531	242,691
Unusable reserves		
Revaluation reserve	22,250	170,000
Capital adjustment account	332,000	22,250
Total reserves	<u>632,781</u>	<u>434,941</u>

**Dornoch Common Good Fund
Proposed Budget 2020/21**

	2020/21	2019/20
<u>Income</u>	£	£
Rents	43,090	42,080
Interest and Investment Income	1,000	1,000
Total Income	<u>44,090</u>	<u>43,080</u>
<u>Expenditure</u>		
Staff Costs	1,500	1,500
Grants & Contributions	25,000	25,000
Miscellaneous Costs	7,500	5,500
Total Expenditure	<u>34,000</u>	<u>32,000</u>
Surplus/(Deficit) for year	<u>10,090</u>	<u>11,080</u>

**Dornoch Common Good - Quarterly Monitoring
Period to 30th Sept 2019**

INCOME	Actual to date £	Budget £	Estimated Outturn £	Variance £
Rents	27,029	42,080	42,080	-
Interest and investment income	-	1,000	1,000	-
TOTAL INCOME	27,029	43,080	43,080	-
EXPENDITURE				
Staff Costs	179	1,500	1,500	-
Grants & contributions	2,580	25,000	25,000	-
Miscellaneous Costs	6,172	5,500	11,500	6,000
TOTAL EXPENDITURE	8,931	32,000	38,000	6,000
Income less Expenditure	18,098	11,080	5,080	6,000

Note 1 Grants and Contributions 2019/20

Organisation/ Project	Amount
DACIC Community Development Officer (2/2) (£10,000 committed)	£0
Dornoch Community Council – Beach Toilets	£2,580
	£2,580