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| Agenda Item | 8 |
| Report No | ERA/05/20 |

HIGHLAND COUNCIL

Committee: Easter Ross Area Committee

Date: 20 February 2020

Report Title: Invergordon Common Good Fund – Quarter 3 monitoring and 2020/21 Budget Setting Report

Report By: Liz Denovan, Executive Chief Officer, Resources and Finance
Carron MacDiarmid, Executive Chief Officer, Community and Places

1. Purpose/Executive Summary

- 1.1 This report presents the Quarter Three monitoring statement for the Invergordon Common Good Fund and puts forward a proposed budget for 2020/21. The report also provides a short update in relation to the Invergordon & District Development Trust's plans for the Invergordon Town Hall.

2. Recommendation

- 2.1 This report asks Members to scrutinise and note the Quarter 3 monitoring statement for the Invergordon Common Good Fund and to consider and approve the proposed 2020/21 budget for the Fund.

3. Implications

3.1

Legal, Resource and Community (Equality, Poverty and Rural) implications – there are no implications in the report but Members are aware that limited funds mean that the condition of the Town Hall cannot be improved without external resources and available ongoing use which is why a potential disposal to the Invergordon & District Development Trust is under consideration. If the Invergordon & District Development Trust can develop a sufficiently robust business plan disposal to them would be done within the legal framework of the Community Empowerment (Scotland) Act 2015 and Sherriff Court approval to dispose of an inalienable asset would be sought.

There are no Carbon Clever/Climate Change, Rural, Risk or Gaelic implications in the report.

4. Quarter 3 Monitoring Statement

- 4.1 A monitoring statement showing transactions to the end of December 2019 against budget and estimated year end position is attached at **Appendix 1**.
- 4.2 Income - Invergordon Town Hall is rented to Highlife Highland at a rent of £3,500 for 2019/20. A small amount of income in the form of interest on revenue balances is expected in the 4th quarter.
- 4.3 Expenditure - There has been a charge for the Invergordon Common Good Fund's proportion of the costs of the Common Good Fund Officer. The property budget is set for minor essential repairs to the Town House and as, yet none have been required. However, £1,500 was paid for the valuation of the Town Hall by the District Valuer, with £750 recharged to the Invergordon Development Trust.
- 4.4 The final budget surplus may therefore be slightly greater than anticipated. This will slightly increase the Usable Revenue Reserves which stood at £74,420 at 31st March 2019.

5. Proposed Budget for 2020/21

- 5.1 A proposed budget for 2020/21 is set out in **Appendix 2** of the report for the Committee to consider.
- 5.2 **Anticipated Revenue for 2020/21**
 - 5.2.1 **Rental Income**
The income to the ICGF comes from the rent charge for the town hall which stands at £3,500 per year.
 - 5.2.2 **Interest on Revenue Balances** – Assuming that the current low interest rates continue, it is anticipated that interest receivable on projected surplus balances will remain at approximately £300 in 2020/21.
- 5.3 Anticipated Expenditure

5.3.1 **Staff Costs** - A budget has been allocated for 2020/21 of £1000 to meet Invergordon Common Good Fund's proportion of the Common Good Fund Officers cost.

5.3.2 **Property Costs**

There remains the potential for essential repairs to be required. It is also possible that there may be minor costs associated with the exploration/potential sale of the Town hall. It is therefore proposed that a budget of £2,000 be set to cover such costs.

5.3.3 **Administration and Insurance costs**

These are minimal and a roll forward budget of £100 is proposed to cover additional support costs in relation to quarterly monitoring information being provided by Finance.

5.3.4 **Grants to the Community**

Given the limited level of income and the likely future funding requirements of the town hall building it is proposed that no grants be made in 2020/21 to protect reserves. This is in line with the principle that funds should be allocated to essential expenditure first.

6. Next Steps

6.1 The budget proposed for 2020/21 is a minimum budget to keep the Town Hall operational in the coming months while the Invergordon & District Development Trust (IDDT) continue to develop their business case and seek funding for a refurbishment package so that they are in a position to request ownership of the Hall.

6.2 The initial Business Plan drawn up has been circulated separately to Members. It the community consultation and market research done, looks at tourism potential and the potential social, economic and environmental benefits of the project. It then looks at risks, finance and provides conclusions and recommendations.

6.3 Members will see that the Business Plan concludes that it will be essential to find an 'anchor tenant' in order to ensure a base level of regular income. There has been some interest shown by one local business. It is also clear that although the IDDT has a good membership and clear enthusiasm and energy and is being supported by Highland and Islands Enterprise they will need to recruit an experienced project officer (they have funding for this) and they will require support from a fund raiser. They are also getting support from a local Business, Global Energy, particularly in relation to ensuring the Business Plan can be strengthened by securing an adequate base income.

6.4 Overall IDDT has clearly made significant progress in a relatively short period of time but a strengthened business plan is required before it would be appropriate for Members to consider disposal of the Town Hall to the group – or indeed before the IDDT could secure the required funding package. It is therefore recommended that

members continue to monitor and receive updates on the IDDT progress and meantime no further action is taken. As noted in previous reports if/when Members are satisfied that the business case is sufficiently robust, that an appropriate funding package has been developed and that sale should therefore be pursued, a second public consultation would be required under the terms of the Community Empowerment Act and if following this a sale was supported this would also raise the question of alienability and, therefore, the Council would require to obtain permission from the Sheriff Court to sell the building.

Designation: Liz Denovan, Executive Chief Officer, Resources and Finance and
Carron MacDiarmid, Executive Chief Officer, Community and Places

Date: 28 January 2020

Authors: Helen Ross, Senior Ward Manager, CSER
Jackie McLaughlin, Principal Accounting Technician

Appendix 1

Invergordon Common Good - Quarterly Monitoring Period to 31st December 2019

| | Actual to date £ | Budget £ | Estimated Outturn £ | Variance £ |
|--------------------------------|------------------------|---------------------|---------------------------|-------------------|
| Income | | | | |
| Rents | 3,500 | 3,300 | 3,500 | 200 |
| Interest and investment income | <u>-</u> | <u>300</u> | <u>300</u> | <u>-</u> |
| Total Income | 3,500 | 3,600 | 3,800 | 200 |
| Expenditure | | | | |
| Staff Costs | 581 | 1,000 | 1,000 | - |
| Property costs | 805 | 1,000 | 1,000 | - |
| Central Support | <u>-</u> | <u>100</u> | <u>100</u> | <u>-</u> |
| Total Expenditure | 1,386 | 2,100 | 2,100 | - |
| | | | | <u>-</u> |
| Income less Expenditure | <u>2,114</u> | <u>1,500</u> | <u>1,700</u> | <u>200</u> |

Appendix 2

INVERGORDON COMMON GOOD FUND PROPOSED BUDGET 2020/21

| | 2020/21 | 2019/20 |
|---------------------------------------|--------------------------|----------------------------|
| | £ | £ |
| <u>Income</u> | | |
| Rents | 3,500 | 3,300 |
| Interest and investment income | 300 | 300 |
| Total income | <u>3,800</u> | <u>3,600</u> |
| | | |
| <u>Expenditure</u> | | |
| Staff Costs | 1,000 | 1,000 |
| Property Costs | 2,000 | 1,000 |
| Administration charges | 100 | 100 |
| Total expenditure | <u>3,100</u> | <u>2,100</u> |
| | | |
| Surplus/(deficit) for the year | <u><u>700</u></u> | <u><u>1,500</u></u> |