

Agenda Item	9
Report No	ERA/06/20

THE HIGHLAND COUNCIL

Committee: Easter Ross Area Committee

Date: 20 February 2020

Report Title: Tain Common Good Fund – Quarter 3 monitoring report and 2020/21 Budget

Report By: Liz Denovan, ECO – Finance and Resources
Carron McDiarmid, ECO – Communities and Places

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 2020/21.

2. Recommendations

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

3. Implications

- 3.1 Resource: The Quarter 3 monitoring statement indicates a deficit of £4,090 by the end of the financial year. The Usable Revenue Reserves stood at £220,649 at 31st March 2019 with a capital receipts reserve of £119,530. The anticipated deficit will reduce the Usable Reserves to £216,559.
- 3.2 Every effort is made to limit spend and to let-out the assets owned by the Common Good Fund. The 2019/20 overspend anticipated is mainly due to the cost of the mussel drop down survey and this cost is being incurred in the anticipation that once stocks recover a future income stream can be provided by lease of the fishery. The budget set for 2020/21 will also result in a deficit but it is essential that repair work is carried out to the Alexandra Bridge and every effort is being made to do this in such a way that no clawback of Historic Environment Scotland grant is incurred.

- 3.3 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.
- 3.4 Community (Equality, Poverty and Rural): due to the lack of income no community grants budget is proposed.
- 3.5 Climate Change / Carbon Clever, Risk, Gaelic: None

4. Quarter 3 Monitoring Statement

- 4.1 A monitoring statement showing transactions to the end of December 2019 against budget and the estimated year end position is attached at Appendix 1.

4.2 Income

- 4.2.1 Members will recall that only one of the 2 grazing areas were let, as the potential for a solar panel project was being explored for the smaller let and the income level therefore reduced. Also, whilst the Unit 1-2 Market Street stalls has been let throughout the year, Unit 4/5 was vacant until 14th August 2019. There were no lets of Tain Links this year.

5. Expenditure

- 5.1 The bulk of the expenditure on property to date has been in relation to dilapidation works at Unit 4/5 Market Street stalls and property advertising along with the annual maintenance visits in relation to the tree planting done at the Woody Braes. There were also some minor repairs works required to the skate park at Tain Links.
- 5.2 Members will be aware that the brackets of the Alexandra Bridge still require to be upgraded. A proposal for the work was put forward and received Listed Building Consent. However, Historic Environment Scotland (HES) was not satisfied with the proposed brackets and has refused permission for the work to proceed as they regard the proposed brackets as unsympathetic to the original design and the ethos of the agreed HES funded work in 2015. This is disappointing but officers in Infrastructure and Environment are looking at alternatives and will continue to liaise with HES. HES approval is required to avoid a clawback of 40% of the grant awarded to that element of the work in 2015. As a result of the delay it is likely that the property budget will be underspent in 2019/20 and the unused budget will need to be rolled forward to 2020/21. Meantime the estimated out-turn has been reduced to £4,000 which still allows for any minor repairs/work that may be required.
- 5.3 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.
- 5.4 There is no expenditure to date for the Tain Mussel Fishery. Members will recall that a drop down survey is required to assess the condition of and prospects for the fishery. A quote from a local company, Mackay Underwater Technology, has been received to carry out the survey. The work is also being supported by colleagues in Infrastructure and Environment to prepare the survey plan and liaise with the

company. The aim is to complete the survey in 1 day to keep costs down. This will require right tide and weather conditions and the intention is to complete survey in March/April. If the results of the survey are promising, a more detailed survey would be required before the potential to lease out the right to operate the fishery could be considered further. Meantime the estimated out turn for this year has been reduced to £3,870 and it may be that in fact this cost is incurred in 2020/21.

6. Annual Budget for 2020/21

6.1 A proposed budget for 2020/21 is set out in **Appendix 2** to this report.

6.2 Income

6.2.1 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. Both the Market Street Stall Units are now let. Members will recall that the use of grazing land for solar panels was being explored as part of a partnership project with the intention that this might generate a better return than the current grazing lets. Unfortunately, this did not prove to be viable. The intention would therefore be to advertise both grazings area for rent on 2020/21. No enquires for occasional lets for the link for 2020 have yet been received.

6.2.2 In the light of the above, a rent and lettings income budget of £8,600 is proposed.

6.2.3 It is anticipated that interest receivable on projected surplus balances will be approximately £1,600 in 2020/21.

7.3 Expenditure

7.3.1 The majority of expenditure is anticipated in relation to property, in particular the Alexandra Bridge, and the mussel fishery as noted below.

7.3.2 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. A budget of £4,500 for this is proposed.

As noted above the repair work required to the Alexandra Bridge will not now be done until 2020/21. Based on plans being explored by Council officers, a budget of £10,500 is recommended, giving a total Property Budget of £15,000.

7.3.3 **Mussel Fishery** – As noted in 5.4 above, the intention is to carry out a drop-down survey as soon as possible. If the results of that survey are positive in terms of stock recovery, the next step would be to research market demand/price and consider the potential value of a lease agreement to the Tain Common. If this is considered a viable and positive way forward a second survey would be required to quantify the necessary shell and meat quality as that would affect the remuneration that could be expected through sustainable harvesting via a third party fishing lease. A budget of £20,000 is included for this.

8 **Grants to the Community**

- 8.1 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.

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Date: 11 February 2020

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**Tain Common Good - Quarterly Monitoring
Period to 31st December 2019**

	Actual to date	Budget	Estimated Outturn	Variance
	£	£	£	£
INCOME				
Rents	3,730	9,100	5,180	3,920
Interest and investment income	-	1,600	1,600	-
TOTAL INCOME	3,730	10,700	6,780	3,920
EXPENDITURE				
Staff Costs	1,567	2,000	2,000	-
Property costs	2,570	12,000	4,000	8,000
Central Support Charges	-	1,000	1,000	-
Tain Mussel Fishery	-	15,000	3,870	11,130
TOTAL EXPENDITURE	4,137	30,001	10,871	19,130
Income less Expenditure	407	19,301	4,091	15,210

Appendix 2

TAIN COMMON GOOD FUND PROPOSED BUDGET 2019/20

	2020/21	2019/20
	£	£
Income		
Rents & Lettings	8,600	9,100
Interest and investment income	1,600	1,600
Total income	10,200	10,700
Expenditure		
Staff Costs	2,000	2000
Property Costs	15,000	12,000
Central Support Charge	1,000	1,000
Mussel Fishery	20,000	15,000
Total Expenditure	<u>38,000</u>	<u>30000</u>
Surplus/(deficit) for the year	<u><u>-27,800</u></u>	<u><u>-19,300</u></u>

Useable reserves as at
31/03/2019:

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