

Agenda Item	10
Report No	ERA-07-21

## HIGHLAND COUNCIL

**Committee:** Easter Ross Area Committee

**Date:** 17 February 2021

**Report Title:** Invergordon Common Good Fund – Annual Accounts, Quarter 3 monitoring report and 2021/22 Budget

**Report By:** Executive Chief Officer, Resources and Finance Executive  
Chief Officer, Community and Places

### 1. Purpose/Executive Summary

- 1.1 This report presents the Invergordon Common Good Fund audited accounts for 2019/20, the Quarter 3 monitoring for 2020/21 and a proposed budget for 2021/22. The report highlights main issues regarding the accounts and the strategy in relation to the overall Fund value Members are asked to:

### 2. Recommendations

- 2.1 Members are asked to:

- Note the Invergordon Common Good Fund Annual Report for 2019/20;
- Note the position of the Invergordon Common Good Fund, as shown in the 2020 Quarter 3 monitoring statement;
- Approve the proposed budget for 2021/22;
- Consider whether or not disposal of the Invergordon Town Hall by lease or sale on the open market should be explored, noting this will require a new public consultation under the terms of the Community Empowerment legislation.

### 3. Implications

- 3.1 Legal Implications: any disposal of Invergordon Town Hall would be carried out within the legal framework of the Community Empowerment Scotland Act 2015. 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. The application of funds will comply with all financial regulations.

- 3.2 Resource Implications: The annual accounts set out the financial position of the Invergordon Common Good Fund including its reserves. The report also sets out the quarter two monitoring and highlights predicated income and expenditure against the budget which is on target. 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 potential disposal is under consideration.
- 3.3 Community (Equality, Poverty and Rural) Implications – The Invergordon & District Development Trust had hoped to develop a robust business plan to take on the Invergordon Town Hall, but this has not been possible to date. The report therefore asked Members to consider disposal on the open market. Should Members decide to dispose of the Invergordon Town Hall, a further consultation would be required under the Community Empowerment (Scotland) Act 2015. Further to this, Sherriff Court approval would be required to dispose of an inalienable asset.
- 3.4 Risk – As noted previously to this committee, the Invergordon Town Hall requires significant refurbishment that cannot be accommodated within existing Common Good resources. It is for this reason that Members had previously agreed to consider disposing of the building via sale or long lease. The failure to progress disposal of the property to the Invergordon and District Development Trust means that a further decision is required on the future of the building.
- 3.5 Climate Change and Gaelic– no implications

#### **4. Annual Report**

- 4.1 Appendix 1 of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Invergordon Common Good Fund (ICGF) for Financial Year 2019/20.
- 4.2 There was very little financial activity in relation to the Invergordon Common Good over the 2019/20 period. Overall there was a surplus on the account of £2,630 which was the largely the result an underspend on the property budget as no minor repairs were required. This has increased the usable reserves at 31 March 2020 to £77,050.
- 4.3 As Members have been made aware in a previous report, investigations have now proved that the bust of Sir John Gordon is a Common Good Asset. As a result, it is now held as a Heritage Asset on the balance sheet at £1.500m: the same value as it was previously held on the Council's accounts. The resulting increase in the value of Heritage Assets is matched with a corresponding movement in the Revaluation reserve which is shown under unusable reserves.

#### **5. Quarter 3 Monitoring Statement**

- 5.1 A monitoring statement showing transactions to the end of December 2020 against budget and estimated year end position is attached at **Appendix 2**.

- 5.2 Income - Invergordon Town Hall is rented to Highlife Highland at a rent of £3,500 for 2020/21 which has been received. A small amount of income in the form of interest on revenue balances is expected in the 4<sup>th</sup> quarter.
- 5.3 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. An underspend of £2,000 is therefore anticipated against this budget which will result in a slightly increased final budget surplus.

## **6. Proposed Budget for 2021/22**

- 6.1 A proposed budget for 2021/22 is set out in **Appendix 3** of the report for the Committee to consider.
- 6.2 Anticipated Revenue for 2021/22

The income to the ICGF comes from the rent charge for the town hall which stands at £3,500 per year.

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.

### 6.3 Anticipated Expenditure

Staff Costs – A budget of £1,000 has been allocated for 2021/22 to meet Invergordon Common Good Fund's proportion of the Common Good Fund Officer costs.

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.

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.

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 2021/22 to protect reserves. This is in line with the principle that funds should be allocated to essential expenditure first.

## **7. The Future of the Town Hall**

- 7.1 Members will recall that early in 2019 a public consultation was held under the terms of the Community Empowerment (Scotland) Act 2015 on the proposal to dispose of the Town Hall by sale or a long lease. The rationale for progressing this was the extensive repairs required to maintain the building and the inability of Invergordon Common Good to make these repairs given the limited resources available to the fund. After considering the responses

received, this committee decided that the proposal should not go ahead. This was to allow the newly formed Invergordon & District Development Trust (IDDT) time to develop a proposal to take on the Town Hall.

- 7.2 Updates on the progress of IDDT have been reported to this Committee. Members will recall that the (IDDT) developed an initial Business Plan for the Town Hall but this required strengthening. It was therefore agreed that Members would continue to monitor and receive updates on the IDDT's progress prior to deciding on how to proceed. Even prior to the onset of Covid, IDDT had been unable to progress the development of a robust and sustainable business plan for the future of the Invergordon Town Hall. As noted in the Quarter 2 monitoring report for 2020/21, Covid has made this task even more challenging and as a result no progress has been made over the last year and there are no immediate signs that this position will change. This position has been discussed and confirmed by the Trust.
- 7.3 Given the very difficult context for any community group to develop a robust plan going forward Members are now asked whether at this point they wish to reconsider the proposal to dispose of Invergordon Town Hall by lease or sale on the open market. It should be noted that if Members wish to do this a further public consultation will be required under the terms of the Community Empowerment legislation.

Designation: Liz Denovan, ECO, Finance and Resources  
Carron McDiarmid, ECO, Community & Places

Date: 4th February 2021

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**Appendix 1****STATEMENT OF ACCOUNTS 2019-20****Invergordon Common Good Fund****Income and Expenditure Account**

	2019/20 £	2018/19 £
<u>Expenditure</u>		
Property costs	1,500	0
Administration charges	69	69
Staff Costs	701	939
Other costs	55	0
Total expenditure	<u>2,325</u>	<u>1,008</u>
<u>Income</u>		
Rents	4,250	3,300
Interest and investment income	705	560
Total income	<u>4,955</u>	<u>3,860</u>
<b>Surplus/(deficit) for the year</b>	<u>2,630</u>	<u>2,852</u>
Revaluation gains/(losses)	1,446,001	(1,000)
Total comprehensive income and expenditure	<u><u>1,448,631</u></u>	<u><u>1,852</u></u>

<b>Balance Sheet</b>	31/03/2020	31/03/2019
	£	£
<u>Non current assets</u>		
Investment properties	1	54,000
Heritage assets	1,585,000	85,000
	<u>1,585,001</u>	<u>139,000</u>
<u>Current assets</u>		
Loans fund deposits	77,050	74,420
	<u>77,050</u>	<u>74,420</u>
<b>Total assets</b>	<b><u><u>1,662,051</u></u></b>	<b><u><u>213,420</u></u></b>
<b>Usable reserves</b>		
Revenue funds	77,050	74,420
<b>Unusable reserves</b>		
Revaluation reserve	1,585,000	85,000
Capital adjustment account	1	54,000
	<u>1,585,001</u>	<u>139,000</u>
<b>Total reserves</b>	<b><u><u>1,662,051</u></u></b>	<b><u><u>213,420</u></u></b>

## Appendix 2

### Invergordon Common Good - Quarterly Monitoring Period to Dec 2020

	Actual to date £	Budget £	Estimated Outturn	Variance £
<b>Income</b>				
Rents	3,500	3,500	3,500	0
Interest and investment income	0	300	300	0
<b>Total Income</b>	<u>3,500</u>	<u>3,800</u>	<u>3,800</u>	<u>0</u>
<b>Expenditure</b>				
Staff Costs	1,012	1,000	1012	12
Property costs	0	2,000	0	(2,000)
Central Support	0	100	100	0
<b>Total Expenditure</b>	<u>1,012</u>	<u>3,100</u>	<u>1,100</u>	<u>(2,000)</u>
<b>Income less Expenditure</b>	<u><u>2,488</u></u>	<u><u>700</u></u>	<u><u>2,712</u></u>	<u><u>1,988</u></u>

Usable Reserves 2019/20 £ 77,050

## Appendix 3

### INVERGORDON COMMON GOOD FUND PROPOSED BUDGET 2021/22

	2021/22	2020/21
	£	£
<u>Income</u>		
Rents	3,500	3,500
Interest and investment income	300	300
Total income	<u>3,800</u>	<u>3,800</u>
<u>Expenditure</u>		
Staff Costs	1,100	1,000
Property Costs	2,000	2,000
Administration charges	100	100
Total expenditure	<u>3,200</u>	<u>3,100</u>
<b>Surplus/(deficit) for the year</b>	<b><u>600</u></b>	<b><u>700</u></b>