

Agenda Item	11
Report No	ERA-08-21

THE HIGHLAND COUNCIL

Committee: Easter Ross Area Committee

Date: 17 February 2021

Report Title: Tain Common Good Fund – Annual Accounts, Quarter 3 Monitoring Report and Proposed Budget for 2021/22

Report By: ECO – Finance and Resources
ECO – Communities and Places

1. Purpose/Executive Summary

- 1.1 This report presents the Tain 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.

2. Recommendations

2.1 Members are asked to:

- Consider the Tain Common Good Fund Annual Report for 2019/20;
- Consider the position of the Tain Common Good Fund, as shown in the 2020 Quarter 3 monitoring statement
- Approve the proposed budget for 2021/22

3. Implications

- 3.1 Resource:
The Usable Revenue Reserves stood at £223,440 at 31st March 2020 with a capital receipts reserve of £119,530. Every effort is made to limit spend and to protect the balances of the Tain Common Good Fund (TCGF), however essential repairs were required to the Alexandra Bridge and a budget is also set aside for a survey to assess the levels of mussel stock. The sub tidal mussel survey will be undertaken in order to assess the potential to secure a future income stream from the mussel fishing rights and is therefore important to the long-term position of the TCGF.

- 3.2 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. The application of funds will comply with all financial regulations.
- 3.3 Community (Equality, Poverty and Rural): due to the lack of income there is no community grants budget. There are no other equality, poverty or rural implications as a result of the report.
- 3.4 Risk: without a potential income from the mussel beds, the TCGF will struggle to cover its costs and the ongoing repairs to its assets. The mussel survey is therefore essential in order to establish a long-term position for the TCGF and enable investment in common good assets.
- 3.5 Climate Change / Carbon Clever, Gaelic: None

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 2019/20.
- 4.2 Members will see that property costs were lower than anticipated. There was minor spend including repairs to the skate park and the last element of the repair work carried out to units 4/5 Market Street stalls before they were re-let. The majority of the property budget for 2019/20 had been set aside for the repairs required to the Alexandra Bridge fixings but that work and corresponding expenditure was not incurred until the current financial year, as noted in the Quarter 3 monitoring statement.
- 4.3 Members will also be aware that the mussel survey has been delayed hence that budget also being underspent for the 2019/20 period.
- 4.4 Staff costs relate to the TCGF share of the charges for the Common Good Fund Officer.
- 4.5 The depreciation and amortisation of £960 shown is in relation to the fishing licence.
- 4.6 Rental income was also lower than originally expected. This was principally due to two factors: 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 secondly, Unit 4/5 Market Streets was vacant until August 2019.

5. Balance Sheet

5.1 Usable Reserves

The slippage in Alexandra Bridge repair works and the mussel survey resulted in a small surplus overall for 2019/20 of £1,831. This has resulted in Revenue Reserves standing at £223,440 while the Capital Receipt Reserve remains at £119,530.

5.2 Unusable Reserves

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.

The Capital Adjustment Account represents the value of the investment properties and intangible assets 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. These reserves are required to be shown to reflect the value of the Fund's non-monetary assets and so do not represent sums available to the Common Good Fund for investment.

6. Quarter 3 Monitoring Statement

6.1 A monitoring statement showing transactions to the end of December 2020 against budget and the estimated year end position is attached at Appendix 2. Members will note that the Fund is anticipating a deficit of £9,400 for the year which will need to be funded from reserves.

6.2 Income

6.2.1 The Market Street stalls and grazings are all let, with income as shown in Appendix 2. The income received is in line with the total budgeted.

6.3 Expenditure

6.3.1 The main property expenditure relates to the bracket replacement required for the Alexandra Bridge which has now been completed. There are some issues currently being explored in relation to Woody Braes which is discussed further at 7.3 but work is not anticipated this year and therefore no amendment has been made to the anticipated outturn at present.

6.3.2 There is no expenditure shown to date for the Tain Mussel Fishery, but some expenditure will be incurred by year end for staff time and equipment. An Intertidal survey was carried out by two Infrastructure and Environment members of staff who have the necessary qualifications and skills. The results were relatively similar to those 4 years ago but it was noted that there has been quite a good recruitment of juveniles.

6.3.3 A sub tidal survey is still required to complete the survey works. Significant exploration was been undertaken regarding the best and most cost-effective way to do this. It became clear that the best way forward was to acquire a suitable camera and carry out the survey in house, with the officer time and the cost of a hired boat and skipper and other associated costs being charged to the Common Good. This will be significantly cheaper than using an external contractor and is therefore advantageous to the Common Good Fund and well within the budget set for survey work. The items of equipment required have been ordered however due to the current situation in regard to Covid 19 the survey cannot take place until the lockdown measures are lifted. The anticipated expenditure up to year end is therefore reduced to £1,600.

Proposed Budget for 2021/22

7. Income

7.1 A proposed budget for 2021/22 is set out in Appendix 3. Income is derived from the letting of the Market Street stalls and the 2 grazing lets. Based on this an income budget of £8,600 is proposed.

It is proposed that the Interest and investment income budget be retained at £1,600.

7.2 Expenditure

7.3 Property - A small property budget of £5,000 is proposed to cover minor repairs. However, there has been some recent slippage at the top of the Woody Braes bank which requires exploration. This is water related and members will recall that a re-planting scheme was undertaken during March – April 2018 to help stabilise this area of the bank. The planting contract includes annual inspection and replacement of failed saplings but inevitably it will be some time before this re planting has any significant impact on the stability of the slope. The slope area which was subject to slip prior to re planting is being monitored on a monthly basis by the local Bridge Inspector to assess the position. It is not clear at this stage if additional works will be required or, if so, what works would be required. Meantime the concrete barriers on the road at the base of the slope which were installed to catch any minor slips for safety reasons remain in place Traffic lights were placed on site as a precaution at the time of the last minor slip 3 weeks ago, but these are now removed after inspection found the slip to be stable. Members will be kept up to date with the position as this moves forward.

7.4 The Mussel Fishery – A comparative inter tidal survey will be carried out as well as a sub-tidal survey. The surveys will require a boat and skipper for 5 days work in total with an additional cost for analysis, report writing etc (estimated 4 days). A budget of £10,000 is therefore proposed to cover this.

7.5 Central Support and staff costs – it is proposed that both these budgets be carried forward at the 2020/21 level of £1,000 and £2,000 respectively.

7.6 The proposed Budget will result in a deficit of £7,800 which will need to be funded from reserves but all spend is either essential or is to support the mussel fishery towards becoming income generating once again.

8. **Asset Enquiries/Common Good consultations**

8.1 As noted in the November 2020 Tain Common Good monitoring report, two enquires had been received. One was regarding the old kiosk on Tain Links by the duck pond, this has now progressed and is the subject of a separate report. The other was an exploratory enquiry relating the mussel fishery. This remains at a very early stage but Members will be kept up to date with any progress.

Designation: Liz Denovan, ECO, Finance and Resources
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Date: 4 February 2021

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Appendix 1

STATEMENT OF ACCOUNTS 2019-20

Tain Common Good Fund

Income and Expenditure Account	2019/20 £	2018/19 £
<u>Expenditure</u>		
Property costs	1,183	874
Other Costs	2,282	10,857
Administration charges	947	2,890
Rent and Rates	-	881
Staff Costs	1,384	1,340
Tain Mussels net expenditure	-	1,267
Depreciation and Amortisation	960	960
Total expenditure	6,756	19,069
<u>Income</u>		
Rents	5,189	5,513
Other income	128	59
Interest and investment income	3,270	2,688
Total income	8,587	8,259
Surplus/(deficit) for the year	1,831	(10,810)
Revaluation gains/(losses)	8,000	50,500
	8,000	50,500
Total comprehensive income and expenditure	9,831	39,690

Balance Sheet	31/03/20	31/03/19
	£	£
<u>Non current assets</u>		
Investment properties	325,000	317,000
Heritage assets	385,779	385,779
Intangible asset	10,200	11,160
	<u>720,979</u>	<u>713,939</u>
 <u>Current assets</u>		
Loans fund deposits	<u>342,970</u>	<u>348,129</u>
	342,970	348,129
 <u>Current liabilities</u>		
Sundry creditors	<u>0</u>	<u>(7,950)</u>
	0	(7,950)
 Total assets	 <u><u>1,063,949</u></u>	 <u><u>1,054,118</u></u>
 Usable reserves		
Revenue funds	223,440	220,649
Capital Receipts Reserve	<u>119,530</u>	<u>119,530</u>
	342,970	340,179
 Unusable reserves		
Revaluation reserve	94,434	94,434
Capital adjustment account	<u>626,545</u>	<u>619,505</u>
	720,979	713,939
 Total reserves	 <u><u>1,063,949</u></u>	 <u><u>1,054,118</u></u>

Period to Dec 2020

	Actual to date £	Budget £	Estimated Outturn	Variance £
INCOME				
Rents	7,657	8,600	8,600	0
Interest and investment income	0	1,600	1,600	0
TOTAL INCOME	<u>7,657</u>	<u>10,200</u>	<u>10,200</u>	<u>0</u>
EXPENDITURE				
Staff Costs	797	2,000	2,000	0
Property costs	10,609	15,000	15,000	0
Central Support Charges	0	1,000	1,000	0
Tain Mussel Fishery	0	20,000	1,600	(18,400)
TOTAL EXPENDITURE	<u>11,406</u>	<u>38,000</u>	<u>19,600</u>	<u>(18,400)</u>
Income less Expenditure	<u>(3,750)</u>	<u>(27,800)</u>	<u>(9,400)</u>	<u>18,400</u>

Unaudited Usable Reserves 2019/20 £223,440

Appendix 3

TAIN COMMON GOOD FUND PROPOSED BUDGET 2021/22

	2021/22	2020/21
	£	£
<u>Income</u>		
Rents & Lettings	8,600	8,600
Interest and investment income	1,600	1,600
Total income	10,200	10,200
<u>Expenditure</u>		
Staff Costs	2,000	2,000
Property Costs	5,000	15,000
Central Support Charge	1,000	1,000
Mussel Fishery	10,000	20,000
Total Expenditure	18,000	38,000
Surplus/(deficit) for the year	(7,800)	-27,800