

Agenda Item	7(b).
Report No	SCC/04/21

HIGHLAND COUNCIL

Committee: Sutherland County Committee

Date: 1 March 2021

Report Title: **Dornoch Common Good Fund: Annual Report 2019/20, Proposed Budget 2021/22 and Quarter 3 Monitoring Statement 2020/21**

Report By: **ECO Communities and Place
ECO Resources and Finance**

1. Purpose/Executive Summary

1.1 This report presents the Annual Report and Accounts of Dornoch Common Good Fund for Financial year 2019/20. Secondly the report presents a budget for Dornoch Common Good Fund for Financial Year 2021/22. Finally, the report provides information on income and expenditure in relation to the Dornoch Common Good Fund for the first three quarters of 2020/21.

2. Recommendations

2.1 Members are asked to:

- i. Consider the Dornoch Common Good Fund Annual Report and Accounts for 2019/20.
- ii. Agree the Dornoch Common Good Fund Annual Budget for 2021/22.
- iii. Consider the position of the Dornoch Common Good Fund, as shown in the Q3 monitoring statement against budget.

3 Implications

3.1 Resources

- An overspend against Miscellaneous Costs in the current year is anticipated which is detailed in the report at 8.2. This will be managed by limiting expenditure and through underspend against other budget lines. Any overspend at year end is affordable given the income in the current year and the projected out-turn of an in-year surplus of £2,100.
- The proposed budget for 2021/22 presents a deficit for the year of £97,660 due to commitments made to fund third party projects during 2020 and refurbishment of Dornoch Sq. Public Conveniences. There are sufficient useable cash reserves (£314, 995) to cover this in-year deficit.

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)

- Dornoch Community Council was consulted on the 2021/22 budget when it met on 20 January 2021. Following that consultation, it is proposed to maintain the £25,000 available for grants to support community projects (see 7.5). The Community Council was also consulted on 23 February 2021 and expressed support for the refurbishment of Dornoch Sq. Public Conveniences by Highland Council using £44,000 of Common Good funding.

3.4 Climate Change / Carbon Clever – none

3.5 Risk

- The budget will draw on reserves to support the projects outlined in section 7.5 which were approved in 20/21 and the proposed refurbishment of Dornoch Sq. Public Conveniences. It is important to protect reserves to cover liabilities falling to the fund and the proposed budget will maintain sufficient levels of reserves to manage that risk.

3.6 Gaelic – none

4. Annual Report 2019/20

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 2019/20.

4.2 Members are requested to note that the Fund shows a surplus for the year of £36,464. This is partly due to the payment of backdated rent by Scottish Water and Maritime and Coastguard Agency following rent reviews.

4.3 Details of the Grants and Contributions totalling £12,580 are itemised in the table below.

Grants and Contributions 2019/20

Project	Amount
Dornoch Community Council - Beach Toilets	2,580.00
DACIC - Community Development Manager	10,000.00
Total	12,580.00

4.4 The Revaluation gain of £197,688 reflects the periodic review of the accounting value of the Common Good assets.

5 Changes to Leases in 2019/20

5.1 In line with the Sutherland County Committee decision of 22 May 2019, the lease for Dornoch Caravan Park was assigned to Dornoch Caravan and Camping Park Ltd.

6 Disposal and Acquisitions 2019/20

6.1 There were no disposals or acquisitions in 2019/20

7 Budget 2021/22

7.1 The proposed budget for 2021/22 is outlined in Appendix 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.

Rental income has now increased to £45,600 following review of rent payable by Scottish Water for Dornoch Pumping Station/ Water Treatment Works and Marine and Coastguard Agency for Dornoch Coastguard Station.

A rent review for Dornoch Caravan Park was due in April 2020, however given that the previous review was only concluded in 2019 and the costs associated with conducting a rent review, Members were consulted and supportive of Officers' proposal to forgo that review with the next review taking place in April 2023.

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. £2,500 in 2021/22, based on the interest paid in 2019/20 (see Appendix 1).

Staff costs

Staff costs comprise the Dornoch Common Good Fund contribution towards the costs of the Council's Common Good Officer. All Common Good funds contribute to these costs. £2,500 budget is the expected expenditure in 2021/22 based on actual and projected expenditure for 2019/20 and 2020/21.

Grants and Contributions

The amended budget for grants and contributions has significantly increased for 2021/22 based on decisions taken by this Committee and the proposed refurbishment of the PCs outlined above. It comprises the following:

Project	Amount
Dornoch Heritage SCIO – Historylinks Museum Extension	£21,000
DACIC – Project Curlew Phase 1 Car and Coach Park	£39,760
Community Projects	£25,000
Highland Council – Refurbishment of Dornoch Sq. PCs	£44,000
Total	£129,760

7.5.1 *Dornoch Heritage SCIO – Historylinks Museum Extension*
9 July 2020 Sutherland County Committee approved £27,365 for this project. To date only £6,365 has been drawn down leaving a balance of £21,000 to be claimed.

7.5.2 *DACIC – Project Curlew Phase 1 Car and Coach Park*
9 July 2020 Sutherland County Committee approved £39,760 for this project. To date no funds have been drawn down.

7.5.3 *Community Projects*
This is the annual funding available for community projects and remains unchanged from the 2020/21 budget.

7.5.4 *Highland Council – Refurbishment Dornoch Sq. Public Conveniences*
The refurbishment project emerged from discussions with Dornoch Community Council regarding the Public Conveniences (PCs) in Dornoch Sq. Initially the Community Council considered requesting a community asset transfer of the PCs so it could lead a refurbishment project for which it would apply for Dornoch Common Good funding. Having considered the proposal, the Community Council felt unable to take on the long-term responsibility for operating and maintaining the PCs so proposed that Highland Council use Common Good funds to renovate the PCs and continue to operate them.

In the first instance, Highland Council outlined three options for refurbishment of the toilets, which were given estimated costs ranging from £88K to £135K with the more expensive options including full refurbishment of the building and replacement of the roof. Following discussion with the Community Council, Highland Council agreed a reduced specification focussed on internal refurbishment of the toilet block. Based on estimated costs and initial contractor pricing a budget of £44,000 is required to complete that work.

In the meantime, Highland Council has commissioned a structural report for the building to ensure that the building structure does not require additional work. The refurbishment of the PCs outlined above is conditional on a satisfactory structural report.

The new specification and proposed budget were discussed with Dornoch Community Council on Tues 23 February 2021, and while the Community Council did request some minor modifications to the specification (which are acceptable to Highland Council), it supported the proposed budget of £44,000

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 other expert costs when these are required for example relating to rent reviews. Since April 2020 the Council's Property and Housing service has been charging for staff time spent on Common Good issues. This is to

reflect the additional time staff spend on the renegotiation of leases, rent reviews and community consultations. Given this, and levels of expenditure in 2019/20 and in the current year, it is proposed to increase the budget to £13,500 in 2021/22.

7.7 Fund Balance

Members are asked to note that the proposed amended budget will lead to an excess of expenditure over income of £97,660 which will require to be funded from the Fund's reserves. Given the balance of £314,995 useable cash reserves at 31 March 2020 and a projected surplus for 20/21 of £2,100 the projected deficit for 2021/22 is considered affordable. It would not however be sustainable for the Fund to run an annual deficit on a recurring basis.

8 **2020/21 Third Quarter Monitoring Report**

8.1 Appendix 3 of this report shows the position of the Dornoch Common Good Fund at the end of the Third Quarter of the current Financial Year (2020/21), reported against the 2020/21 budget agreed by Sutherland County Committee in November 2019. Overall a small year end surplus of £2,100 is forecast, which is lower than the budgeted surplus of £10,090. An explanation of this difference is provided below.

8.2 Explanation of Variances

- Staff Costs – the variance is due to the increased requirement for Common Good Officer to assist with consultation and other Common Good issues.
- Miscellaneous costs - The variance is due to the one-off cost of repairing the Bank steps which required repairs to ensure the safety of pedestrians and the unexpected additional repair work required to sections of the bank in parts of Dornoch Burn during the periodic burn clean. Other property costs incurred in 2020/21 include realigning parking at Dornoch Beach playpark and surveying and legal fees.

9 **Property Update**

9.1 East Sutherland Rescue Association lease extension – Members agreed to lease an increased area of Common Good land to ESRA at Committee on 14 Nov 2019. The lease is expected to be concluded shortly.

9.2 Royal Dornoch Golf Club – Members approved a community consultation on a new lease with RDGC at Sutherland County Committee in Aug 2019. At the time of writing this report that consultation is ongoing, following detailed discussions over terms with RDGC over recent months. Members will be updated in due course.

9.3 Historylinks – discussions with Historylinks, reported in the 2018/19 Common Good Annual report, regarding possible purchase of Dornoch Common Good land on which the museum is built, did not lead to purchase and the current lease remains in place.

Designation: ECO Communities and Place and ECO Resources and Finance

Date: 24 February 2021

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Background Papers:

APPENDIX 1

STATEMENT OF ACCOUNTS 2019-20 Dornoch Common Good Fund

Income and Expenditure Account	2019/20 £	2018/19 £
<u>Expenditure</u>		
Grants and contributions	12,580	14,060
Property repairs and maintenance	9,237	8,720
Administration charges	98	98
Staff Costs	3,359	870
Total expenditure	25,274	23,748
 <u>Income</u>		
Rents	58,180	57,625
Miscellaneous income	725	
Interest and investment income	2,833	1,963
Total income	61,738	59,588
 Surplus/(deficit) for the year	36,464	35,841
 Revaluation gains/(losses)	197,688	162,000
 Total comprehensive income and expenditure	234,152	197,841
 Balance Sheet		
	31/03/2020 £	31/03/2019 £
<u>Non current assets</u>		
Investment Properties	529,688	332,000
Heritage assets	22,250	22,250
	551,938	354,250
 <u>Current assets</u>		
Loans fund deposits	315,196	279,275
Sundry Debtors	(201)	(201)
	314,995	279,074
 <u>Current Liability</u>		
Other Creditors	0	(543)
 Total assets	866,933	632,781
 Usable reserves		
Revenue funds	314,995	278,531
 Unusable reserves		
Revaluation reserve	22,250	22,250
Capital adjustment account	529,688	332,000
 Total reserves	866,933	632,781

APPENDIX 2

Dornoch Common Good Fund Amended Proposed Budget 2021/22

	2021/22	2020/21
<u>Income</u>	£	£
Rents	£45,600	£43,090
Interest and Investment Income	£2,500	£1,000
Total Income	£48,100	£44,090
<u>Expenditure</u>		
Staff Costs	£2,500	£1,500
Grants & Contributions	£129,760	£25,000
Property and Maintenance Costs	£13,500	£7,500
Total Expenditure	£145,760	£34,000
Surplus/(Deficit) for year	-£97,660	£10,090

Note 1: Grants and Contributions

Project	Amount
Dornoch Heritage SCIO – Historylinks Museum Extension	£21,000
DACIC – Project Curlew Phase 1 Car and Coach Park	£39,760
Highland Council – Refurbishment of Dornoch Sq. PCs	£44,000
Community Projects	£25,000
Total	£129,760

APPENDIX 3

**Dornoch Common Good - Quarterly Monitoring
Period to Dec 2020**

	Actual to date	Budget	Estimated Outturn	Variance
	£	£	£	£
INCOME				
Rents	44,967	43,090	45,600	2,510
Interest and investment income	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
TOTAL INCOME	44,967	44,090	46,600	2,510
EXPENDITURE				
Staff Costs	1,440	1,500	2,500	1,000
Grants & contributions	21,141	25,000	25,000	0
Miscellaneous Costs	<u>5,918</u>	<u>7,500</u>	<u>17,000</u>	<u>9,500</u>
TOTAL EXPENDITURE	28,499	34,000	44,500	10,500
Income less Expenditure	<u><u>16,468</u></u>	<u><u>10,090</u></u>	<u><u>2,100</u></u>	<u><u>(7,990)</u></u>

Note 1 Grants and Contributions 2020/21

Organisation/ Project	Amount
Dornoch Beach Wheelchairs – Beach wheelchair	5,693
Dornoch Community Council – Town Improvement Projects	6,503
Dornoch Beach Wheelchairs – Let’s all get to the Beach	2,580
Dornoch Heritage SCIO – Historylinks Extension 1 st of 4	6,365
	<u>21,141</u>