

Agenda Item	12
Report No	ERA-10-22

THE HIGHLAND COUNCIL

Committee: Easter Ross Area Committee

Date: 17 February 2022

Report Title: Tain Common Good Fund – Annual Accounts for 2020/21, Quarter 3 Monitoring Report for 2021/22 and Proposed Budget for 2022/23

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 2020/21, the Quarter 3 monitoring for 2021/22 and a proposed budget for 2022/23. The report highlights main points 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 2020/21;
- consider the position of the Tain Common Good Fund, as shown in the 2021 Quarter 3 monitoring statement; and
- approve the proposed budget for 2022/23.

3. Implications

3.1 Resource implications:

The Usable Revenue Reserves stood at £221,247 at 31st March 2021 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.

Appendix 2 sets out the quarter three monitoring for 2021/22 which is forecast to be on budget.

3.2 Legal implications: 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) impacts: 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.
Risk implications: With property responsibilities but limited income the TCGF has had to
- 3.4 use Reserves in recent years to repair to its assets and to explore the potential for the mussel fishery to generate an income. Expenditure is kept to a minimum but there is a risk that the funds become depleted over time.
- 3.5 Climate Change / Carbon Clever, Gaelic implications: 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 2020/21.
- 4.2 Members will see that there was a spend of £10,687 under 'other costs'. This relates largely to the bracket repairs required for the Alexandra Bridge.
- 4.3 Staff costs relate largely to the TCGF share of the charges for the Common Good Fund Officer, but include an element related to the mussel fishery for the time of the EFF Regional Development Officer as her salary is externally funded.
- 4.4 The depreciation and amortisation of £960 shown is in relation to the fishing licence.
- 4.5 Rental income shows higher than anticipated but this is because a 2021/22 payment was made early and should in fact have been credited to the following year.

Balance Sheet

- 4.6 Usable Reserves
The Usable Revenue Reserves reflect the small deficit over the year and now stand at £221,247. The Capital Receipt Reserve remains at £119,530.

- 4.7 Unusable Reserves

The Revaluation Reserve of £94,434 represents the cost/take-on 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 revaluation of the Alexandra Bridge (£7,000), less amortisation of intangible assets (£960).

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.

5. Quarter 3 Monitoring Statement

- 5.1 The monitoring statement showing transactions to the end of December 2021, against budget and the estimated year end position, is attached at Appendix 2. This is currently showing a deficit for the year (before project spend) of £2,600, although smaller than originally anticipated due to limited forecast spend on the Mussel Fisheries and this may reduce further if general property costs remain low.

5.2 Income - As advised in the Quarter Two monitoring report, the full income from the larger of the two grazing lets was received and credited before the end of March 2021 and was therefore credited in the 2020/21 accounts. This does not adversely affect the fund overall but means the anticipated income level for 2021/22 has been reduced to £6,400.

5.3 Expenditure

Property costs remain low. The expenditure related to the Tain mussel fishery relates to the comparative inter tidal and subtidal surveys as noted in the Quarter 2 monitoring report. In light of the results of that report the advice was to rest the fishery. An underspend of £7,400 is therefore anticipated against this budget and the anticipated outturn has been amended accordingly.

5.4 Mussel Fishery – The spend of £2,600 relates to rib hire for the survey undertaken.

5.5 Tain Golf Club Road – Members will recall a budget for £20,000 was set aside from reserves in order to carry out much needed repairs. A scheme for the works has now been drawn up but prior to any work being commissioned, confirmation of responsibility is being explored through a different route. An update will be provided at committee.

6. Land Use and Consultations under the Community Empowerment (Scotland) Act 2015

6.1 There are no consultations currently ongoing

6.2 Bike Track facility – The proposed lease is for 9.5 years and does not constitute a change of use. The proposal therefore does not trigger a consultation. All approvals are therefore in place and the Council's legal team are waiting for the group to formalise their structure prior to finalising the lease.

7. 2022/23 Budget

7.1 Income

A proposed budget for 2022/23 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

Property - A small property budget of £5,000 is proposed to cover minor repairs.

The Mussel Fishery – A small budget of £2,000 is recommended in relation to the mussel fishery. This would cover minor costs around a walk-in intertidal survey and would also support preparatory work prepare for any potential restoration project that could be put forward under the Green Growth Accelerator Programme.

Central Support and staff costs – it is proposed that both these budgets be carried forward at the 2021/22 level of £1,000 and £2,000 respectively.

The proposed Budget will result in a small surplus of £200.

Designation: Liz Denovan, ECO, Finance and Resources
Allan Gunn, ECO, Community & Places

Date: 3 February 2022

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STATEMENT OF ACCOUNTS 2020-21

Tain Common Good Fund

Income and Expenditure Account

	2020/21	2019/20
	£	£
<u>Expenditure</u>		
Property costs	373	1,183
Other Costs	10,687	2,282
Administration charges	971	947
Staff Costs	3,336	1,384
Depreciation and Amortisation	960	960
Total expenditure	<u>16,327</u>	<u>6,756</u>
<u>Income</u>		
Rents	10,569	5,189
Other income	255	128
Interest and investment income	2,351	3,270
Total income	<u>13,174</u>	<u>8,587</u>
Surplus/(deficit) for the year	(3,152)	1,831
Revaluation gains/(losses)	7,000	8,000
Total comprehensive income and expenditure	<u>3,848</u>	<u>9,831</u>
Balance Sheet		
	31/03/2021	31/03/2020
	£	£
<u>Non current assets</u>		
Investment properties	332,000	325,000
Heritage assets	385,779	385,779
Intangible asset	9,240	10,200
	<u>727,019</u>	<u>720,979</u>
<u>Current assets</u>		
Loans fund deposits	340,777	342,970
Total assets	<u>1,067,796</u>	<u>1,063,949</u>
Usable reserves		
Revenue funds	221,247	223,440
Capital Receipts Reserve	119,530	119,530
	<u>340,777</u>	<u>342,970</u>
Unusable reserves		
Revaluation reserve	94,434	94,434
Capital adjustment account	632,585	626,545
	<u>727,019</u>	<u>720,979</u>
Total reserves	<u>1,067,796</u>	<u>1,063,949</u>

**Tain Common Good - Quarterly Monitoring
Period to Dec 2122**

	Actual to date	Budget	Estimated Outturn
	£	£	
INCOME			
Rents	4,965	8,600	6,400
Interest and investment income	-	1,600	1,600
TOTAL INCOME	<u>4,965</u>	<u>10,200</u>	<u>8,000</u>
EXPENDITURE			
Staff Costs	1,038	2,000	2,000
Property costs	985	5,000	5,000
Central Support Charges	-	1,000	1,000
Tain Mussel Fishery	2,600	10,000	2,600
TOTAL EXPENDITURE	<u>4,623</u>	<u>18,000</u>	<u>10,600</u>
Income less Expenditure	<u><u>342</u></u>	<u><u>(7,800)</u></u>	<u><u>(2,600)</u></u>
Projects			
Golf Club Road Repairs	-	20,000	20,000
Anticipated contribution from reserves for 2021/22	<u>342</u>	<u>27,800</u>	<u>(22,600)</u>
Audited Usable Reserves 2020/21			£221,247
Estimated year end reserves 2021/22			£198,647

**TAIN COMMON GOOD FUND
DRAFT BUDGET 2022/23**

	Draft Budget 2022/23 £
<u>Income</u>	
Rents & Lettings	8,600
Interest and investment income	1,600
Total income	<u>10,200</u>
<u>Expenditure</u>	
Staff Costs	2,000
Property Costs	5,000
Central Support Charge	1,000
Golf Club Road Repairs	-
Mussel Fishery	2,000
Total Expenditure	<u>10,000</u>
Surplus/(deficit) for the year	<u><u>200</u></u>
Anticipated reserves year end 2021/22	£198,647
Forecast year end reserves 2022/23	£198,847