

Agenda Item	11.
Report No	SCC/09/22

HIGHLAND COUNCIL

Committee: Sutherland County Committee

Date: 28 February 2022

Report Title: Dornoch Common Good Fund: Annual Report 2020/21, Proposed Budget 2022/23 and Quarter 3 Monitoring Statement 2021/22

Report By: Interim 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 2020/21. Secondly the report presents a budget for Dornoch Common Good Fund for Financial Year 2022/23. Finally, the report provides information on income and expenditure in relation to the Dornoch Common Good Fund for the first three quarters of 2021/22.

2. Recommendations

2.1 Members are asked to:

- i. Consider the Dornoch Common Good Fund Annual Report and Accounts for 2020/21.
- ii. Agree the Dornoch Common Good Fund Annual Budget for 2022/23.
- iii. Consider the position of the Dornoch Common Good Fund, as shown in the Q3 monitoring statement against budget.

3 Implications

3.1 Resources

The projected deficit for the current year (£88,485) is within budget and affordable given the level of reserves at the start of the 2021/22 Financial Year

The proposed budget for 2022/23 balances income and expenditure, thus maintaining reserves for the coming Financial Year.

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 Area Community Council was consulted on the 2022/23 budget when it met in December 2021. Following that consultation, it is proposed to maintain the £25,000 available for grants to support community projects (see 7.5)

3.4 Climate Change / Carbon Clever

None

3.5 Risk

The proposed budget balances income and expenditure. 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 2020/21

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 2020/21. Members are also referred to the Dornoch Common Good Fund Annual report to 14 November 2019 Sutherland County Committee (ref SCC/22/19) which presented the 20/21 budget.

4.2 Members are requested to note that the Fund shows a surplus for the year of £17,482 which is larger than the predicted £10,090 This due to an underspend against budgeted expenditure (in particular Grants and Contributions) and greater income following rent reviews (Scottish Water and the Maritime and Coastguard Agency) and increased investment income.

4.3 Details of the Grants and Contributions made totalling £21,141 are itemised in the table below:

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
Total	21,141

4.4 On 31 March 2021 the total assets of Dornoch Common Good were £886,115 including Usable Reserves (Revenue Funds) of £332,477.

4.5 **Changes to Leases in 2020/21**

4.6 There were no changes to leases in 2020/21.

4.7 **Disposal and Acquisitions 2020/21**

4.8 There were no disposals or acquisitions in 2020/21.

5 **Budget 2022/23**

5.1 The proposed budget for 2022/23 is outlined in Appendix 2.

5.2 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
- Hangar at Dornoch Airfield,
- Sutherland Agricultural Society Shed
- Coastguard Station,
- Land at Well St.

All leases and reviews are up to date with the exception of the new lease with Royal Dornoch Golf Club. The terms of the new lease were agreed by Sutherland County Committee on 13 May 2021 and by Highland Council on 24 June 2021 followed by Court approval on 21 September 2021. The Council's draft lease is currently with the Golf Club's solicitors for approval and is still to be completed, so the 22/23 budget includes the rental income arising from the current lease.

5.3 Interest On Revenue Balances

It is anticipated that interest receivable on projected surplus balances will be approx. £2,500 in 2022/23, based on the interest paid in 2020/21 (see Appendix 1).

5.4 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 2022/23 based on actual and projected expenditure for 2020/21 and 2021/22.

5.5 Grants and Contributions

The budget for grants and contributions significantly increased in 2021/22 to cover three projects:

- Dornoch Heritage SCIO – Historylinks Museum Extension
- DACIC – Project Curlew Phase 1 Car and Coach Park
- Highland Council – Refurbishment Dornoch Sq. Public Conveniences

It is anticipated that all of these projects will be completed, and the funding drawn down during the current financial year, with the exception of the final tranche of

£7,000 for Dornoch Heritage SCIO, which will be rolled forward to the 2022/23 budget. The £25,000 allocated for community projects will remain unchanged.

The Grants and Contributions budget for 22/23 will be as follows:

Project	Amount (£)
Dornoch Heritage SCIO – Historylinks Museum Extension	7,000
Community Projects	25,000
Total	32,000

5.6 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. It is proposed to maintain the budget at £13,500 in 2022/23.

5.7 Fund Balance

Members are asked to note that in the proposed budget is almost balanced (surplus is £390). This follows the current year during which expenditure is expected to exceed income by approx. £88,485 (see Appendix 3) and although this will significantly impact reserves, it is affordable given the current reserve balance.

6. **2020/21 Third Quarter Monitoring Report**

6.1 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 (2021/22), reported against the 2021/22 budget agreed by Sutherland County Committee in November 2019. Overall a significant deficit of £88,485 is forecast although this is within the budget.

6.2 Explanation of Variances

- Rents – the variance reflects the increased rent received for the Dornoch Firth salmon netting rights
- Miscellaneous income - refunded legal costs previously covered by the Fund
- Grants and contributions – as explained in 5.5 above the variance represents the remaining funding allocated to Dornoch Heritage SCIO, which will be drawn down in 22/23.

7 **Property Update**

7.1 Royal Dornoch Golf Club – As stated in section 5.2 above, the lease with Royal Dornoch Gold Club is progressing but yet to be finalised. Members will be updated in due course.

Designation: Interim ECO Communities and Place and ECO Resources and Finance

Date: 8 February 2022

Author: Phil Tomalin, Ward Manager
Jackie McLaughlin, Principal Accounting Technician

**Dornoch Common Good Fund
Statement of Accounts 2020/21**

Income and Expenditure Account

	2020/21	2019/20
	£	£
<u>Expenditure</u>		
Grants and contributions	21,141	12,580
Property repairs and maintenance	6,240	9,237
Administration charges	100	98
Staff costs	2,875	3,359
Total expenditure	30,357	25,274
<u>Income</u>		
Rents	45,600	58,180
Miscellaneous income	-	725
Interest and investment income	2,240	2,833
Total income	47,840	61,738
Surplus/(deficit) for the year	17,482	36,464
Revaluation gains/(losses)	1,730	197,688
Total comprehensive income and expenditure	19,212	234,152

Balance Sheet

	31/03/2021	31/03/2020
<u>Non-current assets</u>		
Investment Properties	531,418	529,688
Heritage assets	22,250	22,250
	553,668	551,938
<u>Current assets</u>		
Loans fund deposits	332,678	315,196
Sundry Debtors	(201)	(201)
	332,477	314,995
Total assets	886,145	866,933
Usable reserves		
Revenue funds	332,477	314,995
Unusable reserves		
Revaluation reserve	22,250	22,250
Capital adjustment account	531,418	529,688
	553,668	551,938
Total reserves	886,145	866,933

**Dornoch Common Good Fund
Proposed Budget 2022/23**

	Budget 2022/23 £
INCOME	
Rents	45,890
Interest and investment income	2,500
TOTAL INCOME	<u>48,390</u>
EXPENDITURE	
Staff Costs	2,500
Grants & contributions	32,000
Miscellaneous Costs	13,500
TOTAL EXPENDITURE	<u>48,000</u>
Income less Expenditure	<u><u>390</u></u>
Expected usable reserves 21/22	£243,992
Expected usable reserves 22/23	£244,382

**Dornoch Common Good - Quarterly Monitoring
Period to Dec 2021**

	Actual to date £	Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	45,447	45,600	46,200	600
Misc Income	1,575	0	1,575	1,575
Interest and investment income	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
TOTAL INCOME	47,022	48,100	50,275	2,175
EXPENDITURE				
Staff Costs	2,126	2,500	2,500	0
Grants & contributions	25,219	129,760	122,760	(7,000)
Miscellaneous Costs	<u>3,118</u>	<u>13,500</u>	<u>13,500</u>	<u>0</u>
TOTAL EXPENDITURE	30,463	145,760	138,760	(7,000)
Income less Expenditure	<u><u>16,559</u></u>	<u><u>(97,660)</u></u>	<u><u>(88,485)</u></u>	<u><u>9,175</u></u>

Audited Usable Reserves 2020/21

£332,477

Estimated year end reserves 2021/22

£243,992

Note 1 Grants and Contributions 2021/22 (end Q3)

Organisation/ Project	Amount (£)
Dornoch Community Council – Town Improvement Projects 2	4,084
Dornoch Heritage SCIO – Historylinks Extension 2nd of 4	7,000
Dornoch Heritage SCIO – Historylinks Extension 3rd of 4	7,000
Dornoch Community Council – Town Improvement Projects 3	4,134
Dornoch Beach Wheelchairs – Play Equipment	3,000
Total	25,219