

Agenda Item	7
Report No	ERA-05-23

HIGHLAND COUNCIL

Committee: Easter Ross Area Committee

Date: 23 January 2023

Report Title: Invergordon Common Good Fund – 2021/22 Annual Accounts and end of year position, 2022/23 Quarter 3 monitoring report, Proposed Budget for 2023/24 Budget and Disposal Issues

Report By: Executive Chief Officer, Communities and Place

1. Purpose/Executive Summary

1.1 This report presents the Invergordon Common Good Fund audited accounts and Annual Report for 2021/22, the Quarter 3 monitoring for 2022/23 and a proposed budget for 2023/24. The report highlights main points regarding the accounts and the strategy in relation to the overall fund value.

2. Recommendations

2. Members are asked to:

- Consider and note the Invergordon Common Good Fund Annual Report and end of year position for 2021/22;
- Consider and note the position of the Invergordon Common Good Fund, as shown in the 2022/23 Quarter 3 monitoring statement;
- Agree the proposed budget for 2023/24;
- Note the current position in relation to the Town Hall and the Bouchardon Bust.

3. Implications

3.2 **Resource Implications:** Resource implications are set out in the report.

The annual accounts for 2021/22 set out the financial position of the Invergordon Common Good Fund including its reserves.

The report also sets out the 2022/23 quarter three monitoring which is on target.

3.1 **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) Implications** – As and when appropriate community consultation regarding potential disposal of assets is carried out under the Community Empowerment (Scotland) Act 2015. No consultations are currently running or required.

3.4 **Risk implications** – 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 agreed, following the appropriate statutory consultation, to market the building for sale or long lease. An update is provided within the report.

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 2021/22.

Appendix 2 shows the Revenue results for the same period of 2021/22 compared to Budget.

4.2 There was little financial activity in relation to the Invergordon Common Good Fund over the 2021/22 period. Overall, there was a small surplus on the account of £1,523. This was largely the result of an underspend on the property budget as no minor repairs were required. This underspend offset slightly higher than expected staff costs and lower than expected interest and investment income. Overall, the usable reserves increased to £81,305 as at 31 March 2022 from £79,781 at 31 March 2021. Members will also note that there is a revaluation loss noted, as a result of the downward revaluation of Bouchardon Bust on basis of valuation in place at that time.

5. Quarter 3 Monitoring Statement

- 5.1 A monitoring statement showing transactions to the end of December 2022 against budget and estimated year end position is attached at **Appendix 3**.
- 5.2 Income - Invergordon Town Hall is rented to Highlife Highland at a rent of £3,500 for 2022/23 which has been received. There is also a small income from interest on revenue balances though this is lower than originally anticipated.
- 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 2023/24

- 6.1 A proposed budget for 2023/24 is set out in **Appendix 4** of the report for the Committee to consider.
- 6.2 Anticipated Revenue for 2022/23
The income to the ICGF comes from the rent charge for the town hall which stands at £3,500 per year. This continues to be budgeted for as the Town Hall has not been sold.

Interest on Revenue Balances - It is anticipated that interest receivable on projected surplus balances will be approximately £300.

- 6.3 Anticipated Expenditure
Staff Costs – A budget of £1,000 has been allocated for 2023/24 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 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 no grants budget is proposed to protect reserves. This is in line with the principle that funds should be allocated to essential expenditure first.

7. Invergordon Common Good property and other assets.

- 7.1 As agreed in February 2022 the Invergordon Town Hall has been marketed. Some indication of interest has been received but no closing date has yet been set. A local group has also indicated their interest in the property. No firm request or proposal has been made but there has been an initial discussion with relevant officers and an expression of interest is anticipated.

- 7.2 Members asked that potential issues associated with a sale of the Bouchardon Bust be explored. An Options appraisal has been started and the intention is to bring a report to the October 2023 Easter Ross Committee for Members to consider.

Designation: Edward Foster, Finance and Resources
Allan Gunn, ECO, Community & Places

Date: 12 January 2023

Authors: Helen Ross, Senior Ward Manager, CSER
Lara Harrison, Accountant
Sara Murdoch, Common Good Officer

STATEMENT OF ACCOUNTS 2021-22

Appendix 1

Invergordon Common Good Fund

Income and Expenditure Account

	2021/22 £	2020/21 £
<u>Expenditure</u>		
Administration charges	72	70
Staff Costs	2,074	1,235
Total expenditure	<u>2,146</u>	<u>1,305</u>
<u>Income</u>		
Rents	3,500	3,500
Interest and investment income	169	536
Total income	<u>3,669</u>	<u>4,036</u>
Surplus/(deficit) for the year	1,523	2,731
Revaluation gains/(losses)	<u>(100,000)</u>	<u>-</u>
Total comprehensive income and expenditure	<u>(98,477)</u>	<u>2,731</u>

Balance Sheet

	31/03/2022 £	31/03/2021 £
<u>Non current assets</u>		
Investment properties	1	1
Heritage assets	1,485,000	1,585,000
	<u>1,485,001</u>	<u>1,585,001</u>
<u>Current assets</u>		
Loans fund deposits	81,305	79,781
Total assets	<u>1,566,306</u>	<u>1,664,782</u>
Usable reserves		
Revenue funds	81,305	79,781
Unusable reserves		
Revaluation reserve	1,485,000	1,585,000
Capital adjustment account	1	1
	<u>1,485,001</u>	<u>1,585,001</u>
Total reserves	<u>1,566,306</u>	<u>1,664,782</u>

**Invergordon Common Good - Quarterly Monitoring
Period to March 2122**

Appendix 2

	Actual 21/22 £	Budget £	Variance £
Income			
Rents	3,500	3,500	-
Interest and investment income	169	300	(131)
Total Income	<u>3,669</u>	<u>3,800</u>	<u>(131)</u>
Expenditure			
Staff Costs	2,074	1,100	974
Property costs	-	2,000	(2,000)
Central Support	72	100	(28)
Total Expenditure	<u>2,146</u>	<u>3,200</u>	<u>(1,055)</u>
Surplus/(deficit) for year	1,523	600	923
Revaluation gains/(losses)	(100,000)	-	(100,000)
Total comprehensive income and expenditure	<u><u>(98,477)</u></u>	<u><u>600</u></u>	<u><u>(99,077)</u></u>
Usable reserves (Appendix 1)	<u><u>81,305</u></u>		

**Invergordon Common Good - Quarterly Monitoring
Period to Dec 22/23**

Appendix 3

	Actual to date £	Budget £	Estimated Outturn £	Variance £
Income				
Rents	7,000	3,500	3,500	-
Interest and investment income	-	300	300	-
Total Income	<u>7,000</u>	<u>3,800</u>	<u>3,800</u>	<u>-</u>
Expenditure				
Staff Costs	1,034	1,100	1,100	-
Property costs	1,388	2,000	2,000	-
Central Support	-	100	100	-
Total Expenditure	<u>2,422</u>	<u>3,200</u>	<u>3,200</u>	<u>-</u>
Income less Expenditure	<u><u>4,578</u></u>	<u><u>600</u></u>	<u><u>600</u></u>	<u><u>-</u></u>
Audited Usable Reserves 2021/22 (Appendix 2)		£81,305		
Estimated outturn for 22/23		<u>600</u>		
Estimated Usable Reserves 2022/23		<u><u>£81,905</u></u>		

**INVERGORDON COMMON GOOD FUND
DRAFT BUDGET 2023/24**

Appendix 4

	Draft Budget 2023/24 £
<u>Income</u>	
Rents	3,500
Interest and investment income	300
Total income	<u>3,800</u>
<u>Expenditure</u>	
Staff Costs	1,100
Property Costs	2,000
Administration charges	100
Total expenditure	<u>3,200</u>
Surplus/(deficit) for the year	<u><u>600</u></u>
Estimated Usable Reserves 2022/23 (Appendix 3)	81,905
Budget surplus/(deficit) for 23/24	<u>600</u>
Forecast year end reserves 23/24	<u><u>82,505</u></u>