

Agenda Item	8
Report No	ERA-06-23

## THE HIGHLAND COUNCIL

**Committee:** Easter Ross Area Committee

**Date:** 23 January 2023

**Report Title:** Tain Common Good Fund – Annual Accounts and Quarter 4 monitoring report for 2021/22, Quarter 3 Monitoring Report for 2022/23 and Proposed Budget for 2023/24

**Report By:** ECO – Communities and Place

### 1. Purpose/Executive Summary

- 1.1 This report presents the Tain Common Good Fund audited accounts and the Quarter 4 monitoring 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

2.1 Members are asked to:

- Consider and note the Tain Common Good Annual Report and accounts for 2021/22 and end of year position;
- Consider and note the position of the Tain Common Good Fund, as shown in the 2022/23 Quarter 3 monitoring statement;
- Agree the proposed budget for the Tain Common Good for 2023/24.

### 3. Implications

#### 3.1 Resource implications:

The resource implications and position of the fund are set out in the report.

The Usable Revenue Reserves stood at £223,117 at 31st March 2022 with a capital receipts reserve of £119,530.

The projected outturn for the Usable Revenue Reserves fund for 2022/23 is £212,654.

- 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:** There are no equality, poverty or rural implications as a result of the report.
- 3.4 **Risk implications:** With property responsibilities, but limited income, the TCGF has had to use Reserves in recent years to undertake repairs 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. To alleviate this, discussions will be held with Members around the potential to develop an Investment Strategy for TCGF.
- 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 2021/22.

**Appendix 2** shows the Revenue results for the same period compared to Budget.

- 4.2 Appendix 2 highlights that income is broadly as expected although the income from interest and investment income is slightly lower than anticipated. As previously reported one rental payment for 2021/22 was made early hence the slightly lower than budgeted figure received in 2021/22.
- 4.3 The depreciation and amortisation of £960 shown is in relation to the fishing licence.

#### 4.4 Balance Sheet

##### 4.5 Usable Reserves

At 31 March 2022, the Usable Revenue Reserves show a small increase to £223,117 whilst the Capital Receipt Reserve remains at £119,530. The Capital Receipts Reserve arose on the sale of the mussel fishery vessel.

##### 4.6 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 adjustments made to the values of the investment properties and intangible assets of the fund, as well as Alexandra Bridge.

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. 2022/23 Quarter 3 Monitoring Statement

- 5.1 The monitoring statement showing transactions to the end of December 2022, against budget and the estimated year end position, is attached at **Appendix 3**.
- 5.2 Income:

As previously reported to Committee, the sale proceeds from Unit 2b at Blarliath in 2018 should have been divided between the General Fund and TCGF. Unfortunately, the agreement to divide the proceeds of sale was overlooked. The total amount received for the purchase was £9,675.86. This has now been divided 50:50 and £4,837.93 has been transferred to TCGF. Income is therefore predicted to be above budget for 2022/23.

### 5.3 Expenditure:

Property costs remain low with estimated out turns for property costs and the mussel fishery being reduced to £2,500 and £0 respectively. Expenditure is therefore estimated to be below budget for 2022/23. However, as previously reported a budget of £20,000 was set aside from reserves in order to carry out much needed repairs to the Tain Golf Club Road. This work has been completed and a recharge will be made to cover this contribution. The increased income and reduced expenditure during 2022/23 will assist in off-setting this cost.

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

6.1 There are no consultations currently ongoing

## 7. **2023/24 Budget**

### 7.1 Income

A proposed budget for 2023/24 is set out in **Appendix 4**. 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 could 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 2022/23 level of £1,000 and £2,000 respectively.

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

Designation: Executive Chief Officer, Communities & Place

Date: 12 January 2023

Authors: Helen Ross, Senior Ward Manager, CSER  
Lara Harrison, Accountant



## STATEMENT OF ACCOUNTS 2021-22

## Appendix 1

## Tain Common Good Fund

Income and Expenditure Account	2021/22 £	2020/21 £
<u>Expenditure</u>		
Property costs	698	373
Other Costs	3,220	10,687
Administration charges	990	971
Staff Costs	2,159	3,336
Depreciation and Amortisation	960	960
Total expenditure	<u>8,027</u>	<u>16,327</u>
<u>Income</u>		
Rents	8,005	10,569
Other income	220	255
Interest and investment income	712	2,351
Total income	<u>8,937</u>	<u>13,175</u>
<b>Surplus/(deficit) for the year</b>	<b>910</b>	<b>(3,152)</b>
Revaluation gains/(losses)	<u>25,600</u>	<u>7,000</u>
<b>Total comprehensive income and expenditure</b>	<b><u>26,510</u></b>	<b><u>3,848</u></b>
<b>Balance Sheet</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
	<b>£</b>	<b>£</b>
<u>Non current assets</u>		
Investment properties	357,600	332,000
Heritage assets	385,779	385,779
Intangible asset	8,280	9,240
	<u>751,659</u>	<u>727,019</u>
<u>Current assets</u>		
Loans fund deposits	<u>342,647</u>	<u>340,777</u>
<b>Total assets</b>	<b><u>1,094,306</u></b>	<b><u>1,067,796</u></b>
<b>Usable reserves</b>		
Revenue funds	223,117	221,247
Capital Receipts Reserve	119,530	119,530
	<u>342,647</u>	<u>340,777</u>
<b>Unusable reserves</b>		
Revaluation reserve	94,434	94,434
Capital adjustment account	657,225	632,585
	<u>751,659</u>	<u>727,019</u>
<b>Total reserves</b>	<b><u>1,094,306</u></b>	<b><u>1,067,796</u></b>

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

**Appendix 2**

	<b>Actual 21/22 £</b>	<b>Budget £</b>	<b>Variance £</b>
<b>INCOME</b>			
Rents	8,225	8,600	(375)
Interest and investment income	711	1,600	(889)
<b>TOTAL INCOME</b>	<u>8,937</u>	<u>10,200</u>	<u>(1,263)</u>
<b>EXPENDITURE</b>			
Staff Costs	2,159	2,000	159
Property costs	698	5,000	(4,302)
Central Support Charges	990	1,000	(10)
Tain Mussel Fishery	3,220	10,000	(6,780)
Depreciation and Amortisation	960	-	960
<b>TOTAL EXPENDITURE</b>	<u>8,027</u>	<u>18,000</u>	<u>(9,973)</u>
<b>Surplus/deficit) for the year before projects</b>	<b>910</b>	<b>(7,800)</b>	<b>8,710</b>
<b>Project</b>			
Golf Club Road Repairs	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>
<b>Surplus/deficit) for the year after projects</b>	<b>910</b>	<b>(27,800)</b>	<b>28,710</b>
Revaluation gains/(losses)	25,600	-	25,600
<b>Total comprehensive income and expenditure</b>	<u><u>26,510</u></u>	<u><u>(27,800)</u></u>	<u><u>54,310</u></u>
<b>Usable reserves (Appendix 1)</b>	<u><u>223,117</u></u>		

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

**Appendix 3**

	<b>Actual to date £</b>	<b>Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>
<b>INCOME</b>				
Rents	6,345	8,600	8,600	-
Sales-Land/Building	4,838	-	4,838	4,838
Interest and investment income	-	1,600	1,600	-
<b>TOTAL INCOME</b>	<b>11,183</b>	<b>10,200</b>	<b>15,038</b>	<b>4,838</b>
<b>EXPENDITURE</b>				
Staff Costs	1,434	2,000	2,000	-
Property costs	1,105	5,000	2,500	(2,500)
Central Support Charges	-	1,000	1,000	-
Tain Mussel Fishery	-	2,000	-	(2,000)
<b>TOTAL EXPENDITURE</b>	<b>2,539</b>	<b>10,000</b>	<b>5,500</b>	<b>(4,500)</b>
<b>Income less Expenditure</b>	<b>8,644</b>	<b>200</b>	<b>9,538</b>	<b>9,338</b>
Tain Golf Club Road works	-	-	20,000	20,000
To be funded from Reserves	-	-	(20,000)	(20,000)
	-	-	-	-
<b>Audited Usable Reserves 2021/22 (Appendix 2)</b>		<b>£223,117</b>		
Estimated outturn for 22/23		9,538		
Use of reserves for Tain Golf Club Road works		(20,000)		
<b>Estimated Usable Reserves 2022/23</b>		<b>£212,654</b>		

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

	<b>Draft Budget 2023/24 £</b>
<u>Income</u>	
Rents & Lettings	8,600
Interest and investment income	1,600
Total income	<u><b>10,200</b></u>
<u>Expenditure</u>	
Staff Costs	2,000
Property Costs	5,000
Central Support Charge	1,000
Mussel Fishery	2,000
Total Expenditure	<u><b>10,000</b></u>
<b>Surplus/(deficit) for the year</b>	<u><u><b>200</b></u></u>
<b>Estimated Usable Reserves 2022/23 (Appendix 3)</b>	<b>212,654</b>
Budget surplus/(deficit) for 23/24	<u>200</u>
<b>Forecast year end reserves 23/24</b>	<u><u><b>212,854</b></u></u>