

Agenda Item	11
Report No	CC/07/23

HIGHLAND COUNCIL

Committee: Caithness Area Committee

Date: 6 February 2023

Report Title: Wick Common Good Fund: Annual Report 2021/22, Quarter 3 Monitoring Statement 2022/23 and Proposed Budget 2023/24

Report By: Executive Chief Officer Communities and Place
Head of Corporate Finance

1. Purpose/Executive Summary

1.1 This report presents the Annual Report and Accounts of Wick Common Good Fund for Financial year 2021/22. Secondly, the report provides information on income and expenditure in relation to the Wick Common Good Fund for the first three quarters of 2022/23. Finally, the report presents a budget for Wick Common Good Fund for Financial Year 2023/24.

2. Recommendations

2.1 Members are asked to:

- i. Consider the Wick Common Good Fund Annual Report and Accounts for 2021/22.
- ii. Consider the position of the Wick Common Good Fund, as shown in the Q3 2022/23 monitoring statement against budget
- iii. Agree the Wick Common Good Fund Annual Budget for 2023/24.

3. Implications

3.1 Resources

The projected outturn for the current year (2022/23) is a surplus of £15,034.

The proposed budget for 2023/24 forecasts a surplus for the year of £14,800 at this time due to the lack of available data on expenditure for 2023/24.

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)
Royal Burgh of Wick Community Councillors and the wider community were consulted on the creation of the Common Good Fund, and the subsequent asset register, throughout 2021/22.

3.4 Climate Change / Carbon Clever
None

3.5 Risk
Not all running costs/liabilities associated with this relatively new Wick Common Good fund are identified/fully assessed which may affect future reporting and budgets.

It is also important over time to build up and protect reserves to cover future liabilities falling to the fund and maintain sufficient levels of reserves to manage that risk.

3.6 Gaelic
None

4. **Annual Report 2021/22**

4.1 **Appendix 1** of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Wick Common Good Fund for Financial Year 2021/22.

As the Common Good fund was only established in 2021/22, no Budget was agreed for that year and no charges relating to the creation and administration of the fund were levied. Therefore the Annual report simply sets out the income and value of the assets of the fund. As covered later in this report, all relevant costs will be charged to the Fund for 2022/23 and subsequent years.

4.2 Income
Income in 21/22 totalled £7,599, which represented the rent received for Wick Town Hall.

Rents received are itemised in the table below.

Organisation	Project/use	Amount (£)
Joint Valuation Board (JVB)	Assessor's Office	£6,933
BBC	Local Office	£666
Total		£7,599

4.3 Expenditure
There was no expenditure attributed to the Common Good fund during 2021/22, although it should be noted that Highland Council will have paid expenses relating to the administration of the fund and its assets.

4.4 Balances

On 31 March 2022 the net assets of Wick Common Good were £484,615 including Usable Reserves (Revenue Funds) of £7,600 and, following revaluation, unusable reserves of £477,015 represented by the investment properties and heritage assets of the fund. As noted at 4.3 above, no expenditure was attributed to the fund during this financial year.

5. **2022/23 Third Quarter Monitoring Report**

5.1 **Appendix 2** of this report shows the position of the Wick Common Good Fund at the end of the Third Quarter of the current Financial Year (2022/23).

5.2 Income

5.2.1 Rents

Members will note that the estimated outturn in **Appendix 2** is showing as £8,034. This is made up from £7,700 from the Valuation Joint Board and £334 from BBC. Members should note that the BBC lease ended in Aug-22. This outturn is lower than the actual income to date of £9,384 as that sum includes rent for 1 April to 3 June 2023 (post year-end), which will be adjusted through year end accruals.

5.2.2 Letting

Letting income was anticipated from the funfair and Bignold House. In 2022/23, the funfair was run as a Highlife Highland event as they were still managing the park. Bignold House lease has not been finalised, so no income is expected this year. Therefore, estimated outturn from lettings is nil.

5.2.3 Miscellaneous Income

Miscellaneous income consists of income from the invitation to pay parking scheme. Members will note that invitation to pay carparking has raised £11,179 with an estimated £12,000 year end projection. The scheme has been more successful than anticipated.

5.3 Expenditure

5.3.1 Staff Costs

In line with the approach taken for the other Highland Common Good Funds, the Wick Common Good Fund will be charged for a portion of the Common Good Officer's time relating to work done on behalf of the Wick Common Good Fund from financial year 2022/23 onwards. Staff costs for the Common Good Officer are expected to amount to £1,250 for the three quarters to 31 March 2022 (there were no charges in the first quarter to 30 June 2022). A further £150 has been included for other Corporate Resources officer time.

5.3.2 Grants and Contributions

No budget was set as this would have been inappropriate for a new fund until income and essential expenditure was fully understood.

5.3.3 Car Parking

Related to car parking income are unbudgeted costs of £2,200 for operating the car park. These are for financial transactions, staffing and maintenance costs.

5.3.4 Miscellaneous Costs

This charge relates to lettings activity for office space in Wick Town Hall - legal fees, advertising, rates etc.

5.4 As a result of the above, the fund is expected to generate a surplus of £15,034 in 2022/23, which will be added to usable reserves.

5.5 However, Members should note that the running costs associated with the Wick Common Good Fund properties as a landlord have yet to be accounted for and attributed to the fund. Therefore, funds will need to be set aside in future budgets to cover these costs, any unanticipated property issues and any appropriate recharges to the fund for officers' time.

6. **Budget 2023/24**

6.1 **Appendix 3** of this report shows the proposed budget for the Wick Common Good Fund (2023/24). Members will note that both anticipated income and expenditure for budget 2023/24 closely mirrors the projected outturns for 2022/23.

6.2 **Anticipated Income**

6.2.1 Rents

Rental income is from the Valuation Joint Board for renting space in Wick Town Hall. The total anticipated income for this for 2023/24 is £7,700.

6.2.2 Lettings

Approval for the disposal by lease of Bignold House was granted by Wick Sheriff Court on 2 December 2022. Instructions have been sent to the Council's conveyancing legal team to process the lease transaction. Annual income from Bignold House is expected to be £1,000. However, the community group has a one year (first year) break from paying rent. Therefore, nil rent is showing for 2023/24.

Income of £700 is expected from the Funfair for the summer of 2023.

6.2.3 Invitation to pay Car parking

A budget of £12,000 is proposed for income from the invitation to pay car parking scheme which is based in the current year's anticipated income.

6.3 **Anticipated Expenditure**

6.3.1 Staff Costs

Expenditure in this regard relates to support from Corporate Resources and a proportion of the costs of the Common Good Fund Officer. It is proposed that a sum of £2,000 is budgeted to cover these costs.

6.3.2 Car Parking

Related to this car parking income are anticipated costs of £2,200 for operating the car park. These are for financial transactions, staffing and maintenance costs.

6.3.3 Miscellaneous Costs

This relates principally to property costs (usually relating to repair and maintenance of Common Good property etc) but also includes legal and other expert costs when these are required, for example relating to rent reviews.

6.3.4 Potential Property Costs

As noted at section 5.5, whilst the income related to the Wick Town Hall has been attributed to the fund, the costs of running the Town Hall as a landlord have yet to be. Work is required during 2023/34 to fully understand the costs of running the building. These will be reported to Members and would be anticipated to be charged to the Fund.

7. Future Strategy for Common Good Reserves

7.1 It has been previously agreed that a strategy be developed to maximise income and reserves for Wick Common Good Fund. This could include, for example, future uses of the Town Hall as an events destination for social gatherings (weddings etc.) and encouraging letting use of the office space and anti-rooms.

7.2 Any future strategy should include building reserves to allow the fund to maintain its own assets. Once this is done, if there is additional income, Members could consider the provision of a community grant stream in future years.

7.3 Development of the strategy will take place during the first half of 2023/24, which will include discussions with Members and engagement with the Royal Burgh or Wick Community Council.

Designation: Executive Chief Officer, Communities and Place

Head of Corporate Finance

Date: 18 January 2023

Author: Mackenzie Sutherland, Ward Manager
Lara Harrison, Accountant

Appendix 1

STATEMENT OF ACCOUNTS 2021-22

Wick Common Good Fund

Income and Expenditure Account

	2021/22 £
Total expenditure	-
<u>Income</u>	
Rents	7,599
Interest and investment income	1
Total income	<u>7,600</u>
Surplus/(deficit) for the year	<u>7,600</u>
Revaluation gains/(losses)	477,015
Total comprehensive income and expenditure	<u><u>484,615</u></u>

Balance Sheet

	31/03/2022 £
<u>Non current assets</u>	
Investment Properties	425,350
Heritage assets	51,665
	<u>477,015</u>
<u>Current assets</u>	
Loans fund deposits	9,285
<u>Current Liability</u>	
Other Creditors	(1,684)
Total assets	<u><u>484,615</u></u>
Usable reserves	
Revenue funds	7,600
Unusable reserves	
Revaluation reserve	51,665
Capital adjustment account	425,350
	<u>477,015</u>
Total reserves	<u><u>484,615</u></u>

**Wick Common Good - Quarterly Monitoring
Period to December 22**

Appendix 2

	Actual to date £	Budget £	Year End Estimate £	Variance £
INCOME				
Rents	9,384	7,700	8,034	(334)
Lettings	-	1,700	-	1,700
Miscellaneous income	11,179	1,000	12,000	(11,000)
TOTAL INCOME	<u>20,563</u>	<u>10,400</u>	<u>20,034</u>	<u>(9,634)</u>
EXPENDITURE				
Staff Costs	-	-	1,400	(1,400)
Grants & contributions	-	-	-	-
Car parking costs	-	-	2,200	(2,200)
Central support charges	-	-	-	-
Miscellaneous Costs	-	1,400	1,400	-
TOTAL EXPENDITURE	<u>-</u>	<u>1,400</u>	<u>5,000</u>	<u>(3,600)</u>
Income less Expenditure	<u><u>20,563</u></u>	<u><u>9,000</u></u>	<u><u>15,034</u></u>	<u><u>(6,034)</u></u>
Audited Usable Reserves 2021/22 (Appendix 1)		£7,600		
Estimated outturn for 22/23		<u>15,034</u>		
Estimated Usable Reserves 2022/23		<u><u>£22,634</u></u>		

**Wick Common Good Fund
Budget 2023/24**

Appendix 3

**Draft
Budget
2023/24
£**

INCOME

Rents	7,700
Lettings	700
Invitation to Pay	12,000
TOTAL INCOME	<u>20,400</u>

EXPENDITURE

Property costs	-
Staff Costs	2,000
Car parking costs	2,200
Miscellaneous Costs	1,400
TOTAL EXPENDITURE	<u>5,600</u>

Income less Expenditure	<u>14,800</u>
--------------------------------	---------------

Estimated Usable Reserves 2022/23 (Appendix 2)	£22,634
Budget surplus/(deficit) for 23/24	14,800
Forecast year end reserves 23/24	<u><u>£37,435</u></u>