

<b>Agenda Item</b>	<b>8.</b>
<b>Report No</b>	<b>CC/16/23</b>

## HIGHLAND COUNCIL

**Committee:** Caithness Area Committee

**Date:** 21<sup>st</sup> August 2023

**Report Title:** Wick Common Good Quarter 1 Monitoring Report

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

### 1. Purpose/Executive Summary

- 1.1 This report provides a financial monitoring report for the Wick Common Good Fund for the first quarter of Financial Year 2023/24. It also provides an update on the status of the Wick Common Good Fund, noting it was only established in 2021/22

### 2. Recommendations

- 2.1 Members are asked to:
- i. note the position of Wick Common Good Fund at the end of the first quarter for 23/24;
  - ii. approve the proposed property budget of £20,000 in respect of Wick Town Hall utility costs;
  - iii. note that a strategy for the Fund will be prepared with a report taken to a future meeting of this Committee.

### 3. Implications

#### 3.1 Resource implications

The quarter one monitoring statement highlights predicted income and expenditure against the budget. As detailed in Section 4.3, expenditure is now expected to exceed the budget presented to and approved by the Caithness Committee on 6<sup>th</sup> February 2023. As predicted in previous reports this is as a result of costs associated with assets of the Common Good being identified and is unsustainable given current levels of reserves and income.

### 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. The overall governance of Common Good funds rests with all elected Members of Highland Council with a delegation to Area Committees to oversee the management of the Common Good assets in their locality.

### 3.3 Community (Equality, Poverty and Rural)

All future potential disposals or other relevant dealings involving Common Good land will be carried out in line with Community Empowerment (Scotland) Act 2015, including appropriate community consultation.

### 3.4 Climate Change / Carbon Clever

None

### 3.5 Risk

The estimated outturns for expenditure (see Section 4.3) indicate that £5,200 will be drawn from reserves, reducing the estimated reserves for FY 23/24 to £21,982. While this is affordable in the current year, this will be unsustainable on an ongoing basis. Additionally, should any significant liabilities arise, including patching / resurfacing of Common Good Car Parks and possible repairs to Common Good property there is unlikely to be sufficient reserves to cover these expenses.

### 3.6 Gaelic

No implications

## 4. **Monitoring Report Quarter 1 2023/24**

4.1 A monitoring statement showing transactions to the end of June 2023 against budget and estimated year end position is attached at Appendix One.

### 4.2 Income

- Rental income - £1,350 was received in Q1 from The Valuation Joint Board with a projected year end of £7,700.
- Invitation to pay car parking income - £990 was accrued in Q1 from fees with a projected year end income of £12,000.
- Income is expected to be on target for the year.

### 4.3 Previously known expenditure

- Miscellaneous costs - £449 (Legal, Property, Marketing, Rent Reviews etc) with a projected year end £1,400.
- Invitation to pay car parking costs – none in Q1 with a projected year end of £2,200.
- Staff costs – none in Q1 with a projected year end of £2,000

#### 4.4 Previously unknown expenditure

Members will recall that when the budget was set for 2023/24 there was insufficient information to inform the setting of a property expenditure budget. It was noted that work would be required during 2023/24 to fully understand the running costs in relation to the Town Hall and therefore the level of budget required. The projected overspend on property costs now shown, reflects the addition of utility bills for the Wick Town Hall. The projected outturn is based on spend in 2022/23 which has now been established, projected forward for 2023/24 as shown below:

#### 4.5 Projected Town Hall Utility Costs:

<b>Utility</b>	<b>Projected Year end cost</b>
Gas	£5,185
Electric	£2,145
Water	£1,294
Rates	£11,000
<b>Total</b>	<b>£19,624</b>

Members will note that the anticipated Property Expenditure has been updated to reflect these utility costs. Members are also asked to agree that a Property Budget of £20,000 also be set to reflect these additional costs.

#### 4.6 Balances

On 31 March 2022 the total assets of the WCGF were £484,615 including Usable Reserves (Revenue Funds) of £27,182 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, £25,600 expenditure is projected to be attributed to the fund during FY23/24. This will reduce the estimated usable reserves by £5,200 at year end. Appendix 1 details WCGF balances and the 23/24 budget.

4.7 As the WCGF 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. The Annual report provided to Members on 6<sup>th</sup> Feb 2023, set out the income and value of the assets of the WCGF as understood at that time. This report also details relevant costs to be charged against the WCGF for 2023/24, these costs are likely to be repeated in subsequent years.

4.8 As Members will be aware, Common Good assets are essentially assets owned by the Council but where, as Common Good assets, statute requires them to be separately managed. All Common Good Funds are required to cover their costs, however there is currently a gap between income and expenditure of the WCGF. This is not uncommon with new common good funds or where new assets are identified or transferred. Further Officer review will take place to identify actions and recommendations to ensure property costs can be managed on a sustainable basis. This will include recommendations in relation to respective landlord/tenant responsibilities.

#### 4.9

Over the coming months, as the income and expenditure of the WCGF is better understood, an overall strategy for the future of Wick common good fund will be developed with a focus on income generation and sustainability. Members will be involved in developing this strategy along with key local stakeholders.

Designation: Executive Chief Officer, Communities and Place

Head of Corporate Finance

Date: August 2023

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## Appendix 1

### Wick Common Good - Quarterly Monitoring Period to June 23

	Actual to date £	Budget £	Year End Estimate £	Variance £
<b>INCOME</b>				
Rents	1,350	7,700	7,700	-
Lettings	-	700	700	-
Miscellaneous income Car Parking	990	12,000	12,000	-
Legal Fees Recovery	-	-	-	-
Interest and investment income	-	-	-	-
<b>TOTAL INCOME</b>	<u>2,341</u>	<u>20,400</u>	<u>20,400</u>	<u>-</u>
<b>EXPENDITURE</b>				
Staff Costs	-	2,000	2,000	-
Property Costs	-	-	20,000	(20,000)
Grants & contributions	-	-	-	-
Car parking costs	-	2,200	2,200	-
Central support charges	-	-	-	-
Miscellaneous Costs	449	1,400	1,400	-
<b>TOTAL EXPENDITURE</b>	<u>449</u>	<u>5,600</u>	<u>25,600</u>	<u>(20,000)</u>
<b>Income less Expenditure</b>	<u><u>1,891</u></u>	<u><u>14,800</u></u>	<u><u>(5,200)</u></u>	<u><u>20,000</u></u>
<b>Unaudited Usable Reserves 2022/23</b>		£27,182		
Estimated outturn for 23/24		<u>(5,200)</u>		
<b>Estimated Usable Reserves 2023/24</b>		<u><u>£21,982</u></u>		