

The Highland Council

Agenda Item	8c
Report No	BIER-07-24

Committee: Black Isle and Easter Ross Area Committee

Date: 22 January 2024

Report Title: Invergordon Common Good Fund – 2022/23 Annual Accounts and Final Monitoring, 2023/24 Quarter Three Monitoring Report 2023/24 and 2024/25 Proposed Budget

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

1. Purpose/Executive Summary

- 1.1 This report presents the Invergordon Common Good Fund Statement of Accounts and final monitoring for 2022/23. An overall revenue surplus of £745 was achieved which has been added to reserves.
- 1.2 This report also presents the expenditure monitoring position for the Common Good Fund as at 31 December 2023 (Q3) and the projected year end position for 2023/24.
- 1.3 The report further sets out the proposed revenue budget for the Fund for the financial year 2024/25.
- 1.4 The report highlights main points regarding the accounts and the strategy in relation to the overall Fund value.
- 1.5 Finally, the report provides a brief update in relation to Community Asset Transfer interest in Invergordon Town Hall.

2. Recommendations

- 2.1 Members are asked to:
 - i. Consider and agree the Invergordon Common Good Fund Statement of Accounts (**Appendix 1a**) and Quarter 4 monitoring report for 2022/23 (**Appendix 1b**), subject to the approval of the 2022/23 Highland Council accounts;
 - ii. Scrutinise and note the position of the Invergordon Common Good Fund as shown in the 2023/24 Quarter Three monitoring statement at **Appendix 2**; and
 - iii. Approve the proposed budget for 2024/25 as set out in **Appendix 3**.

- iv. Note the current position in relation to Community Asset Transfer interest in Invergordon Town Hall.

3. Implications

- 3.1 **Resource** – The 2022/23 statement of accounts and final monitoring report note a small surplus for the year of £745 which is added to the Usable Revenue Reserves. The Quarter Three monitoring statement highlights predicted income and expenditure against the budget. Interest income is expected to be higher than budget due to the increase in interest rates. Costs incurred so far are lower than anticipated and in particular no property costs have yet been incurred, but it is anticipated that property costs will be in line with the budget set at year end. The proposed budget for 2024/25 maintains current budget levels.
- 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, Rural and Island)** – Due to limited income this Fund is not able to support a community grants budget. There is community interest in relation to the potential asset transfer of the Town Hall. This indicates an encouraging level of community interest and confidence albeit the proposal received is not yet ready to progress. There are no other equality, poverty or rural or island implications as a result of the report.
- 3.4 **Climate Change / Carbon Clever** – None
- 3.5 **Risk:** The Invergordon Town Hall requires significant refurbishment that cannot be accommodated within existing Common Good resources. This represents a risk to this capital asset of the Fund but as noted in the report there is community interest in taking the asset on via the Community Asset Transfer process, with an aim of sourcing funding to refurbish it and then run it for the community.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - None.
- 3.7 **Gaelic** - None.

4. 2022/23 Statement of Accounts and Final Monitoring

- 4.1 **Appendix 1a** of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Invergordon Common Good Fund (ICGF) for Financial Year 2022/23.

This statement of accounts has not been individually audited, but the total common good fund balances, comprising all of the Highland Council Common Good Funds, which appear as a note to the Highland Council accounts, have been audited as they appear in the Highland Council accounts. The auditors have found no significant issues to report. However, until signed, the Highland Council accounts remain in draft.

- 4.2 **Appendix 1b** sets out the 2022/23 final monitoring, which shows the Revenue results for the year against Budget (whereas **Appendix 1a** shows prior year comparatives).
- 4.3 Expenditure on the fund in 2022/23 was slightly less than the income received, resulting in a small surplus of £745. Costs incurred included advertising costs in relation to Common Good consultation. Overall, the Usable Reserves increased over the year from £81,305 to £82,050.

5. **2023/24 Quarter Three Monitoring Report**

- 5.1 The Quarter Three monitoring report to 31 December 2023, attached as **Appendix 2**, shows an increased anticipated income as a result of increased interest rates.
- 5.2 Expenditure incurred to date is lower than anticipated, but with staff costs slightly higher than forecast due to Common Good consultation work and with the potential for property spend still to be incurred, estimated outturn on expenses is £600 higher than Budget. Overall a surplus of £1,100 is expected against the £600 originally forecast.

6. **Proposed Budget for 2024/25**

- 6.1 The proposed budget for 2024/25 is set out in **Appendix 3** of the report for Committee to consider.
- 6.2 Anticipated Income – Income from rent remains at the same level as in 2023/24 but interest and investment income is forecast to increase due to the increase in interest rates in line with 23/24 outturn.
- 6.3 Anticipated Expenditure – It is proposed that a slightly increased staff cost budget be included, to allow for support to work around the Community Asset Transfer interest expressed in relation to the Town Hall and also work around the Bouchardon Bust consultation. Overall this will result in a surplus of £1,100 at year end, which will be added to reserves.

7. **Community Asset Transfer Interest in the Town Hall**

- 7.1 Members will recall the Invergordon Naval & Heritage Museum (The Museum) submitted a Community Asset Transfer (CAT) application in relation to the Town Hall in 2023. The application was considered to be broadly positive, and the intention was to recommend to Area Committee that it be taken forward, with appropriate conditions.

However, following a change to the Trustees of the Museum and what appeared to be a level of instability in the organisation, the CAT process was paused to allow the Museum time to resolve any internal issues. At present, the Museum have yet to clarify their arrangements and intentions and any changes to their CAT application, though the chair has confirmed their continued interest.

7.2 A further Expression of Interest was also received, in December 2023, from the Invergordon Development Trust. The Trust are seeking the transfer of the Town Hall in order to safeguard it for future community use, and intend to use it for performance arts, community events and potentially a space to exhibit information about the heritage of the town. They also intend seek to do improvements to the building itself. They hope to submit the full application in the first quarter of 2024.

The Chairs of the Museum and the Development Trust are in contact regarding their proposals. As discussions develop further updates will be provided to Members.

Designation:

Date: 10 January 2024

Authors: Helen Ross, Senior Ward Manager (CSER)
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Background Papers: None

Appendices:

STATEMENT OF ACCOUNTS 2022-23

Appendix 1a

Invergordon Common Good Fund

Income and Expenditure Account

	2022/23 £	2021/22 £
<u>Expenditure</u>		
Administration charges	367	72
Staff Costs	2,444	2,074
Other costs	1,265	-
Total expenditure	<u>4,076</u>	<u>2,146</u>
<u>Income</u>		
Rents	3,500	3,500
Interest and investment income	1,321	169
Total income	<u>4,821</u>	<u>3,669</u>
Surplus/(deficit) for the year	745	1,523
Revaluation gains/(losses)	<u>-</u>	<u>(100,000)</u>
Total comprehensive income and expenditure	<u>745</u>	<u>(98,477)</u>

Balance Sheet

	31/03/2023 £	31/03/2022 £
<u>Non current assets</u>		
Investment properties	1	1
Heritage assets	1,485,000	1,485,000
	<u>1,485,001</u>	<u>1,485,001</u>
<u>Current assets</u>		
Loans fund deposits	82,050	81,305
Total assets	<u>1,567,051</u>	<u>1,566,306</u>
Usable reserves		
Revenue funds	82,050	81,305
Unusable reserves		
Revaluation reserve	1,485,000	1,485,000
Capital adjustment account	1	1
	<u>1,485,001</u>	<u>1,485,001</u>
Total reserves	<u>1,567,051</u>	<u>1,566,306</u>

**Invergordon Common Good - Final Monitoring
Period to March 23**

Appendix 1b

	Actual £	Budget £	Variance £
Income			
Rents	3,500	3,500	-
Interest and investment income	1,321	300	1,021
Total Income	<u>4,821</u>	<u>3,800</u>	<u>1,021</u>
Expenditure			
Staff Costs	2,321	1,100	1,221
Property costs	255	2,000	(1,745)
Central Support	367	100	267
Advertising	1,133	-	1,133
Total Expenditure	<u>4,076</u>	<u>3,200</u>	<u>876</u>
Income less Expenditure	<u><u>745</u></u>	<u><u>600</u></u>	<u><u>145</u></u>
Usable reserves (Appendix 1a)	<u><u>£82,050</u></u>		

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

Appendix 2

	Actual to date £	Budget £	Estimated Outturn £	Variance £
Income				
Rents	3,500	3,500	3,500	-
Interest and investment income	-	300	1,400	1,100
Total Income	<u>3,500</u>	<u>3,800</u>	<u>4,900</u>	<u>1,100</u>
Expenditure				
Staff Costs	1,216	1,100	1,700	600
Property costs	-	2,000	2,000	-
Administration charges	-	100	100	-
Total Expenditure	<u>1,216</u>	<u>3,200</u>	<u>3,800</u>	<u>600</u>
Income less Expenditure	<u><u>2,284</u></u>	<u><u>600</u></u>	<u><u>1,100</u></u>	<u><u>500</u></u>
Unaudited Usable Reserves 2022/23 (Appendix 1b)			£82,050	
Estimated outturn for 23/24			<u>1,100</u>	
Estimated Usable Reserves 2023/24			<u><u>£83,150</u></u>	

**INVERGORDON
DRAFT BUDGET 2024/25**

Appendix 3

	Draft Budget 2024/25 £
<u>Income</u>	
Rents	3,500
Interest and investment income	1,400
Total income	<u>4,900</u>
<u>Expenditure</u>	
Staff Costs	1,700
Property Costs	2,000
Administration charges	100
Total expenditure	<u>3,800</u>
Surplus/(deficit) for the year	<u><u>1,100</u></u>
Estimated Usable Reserves 2023/24 (Appendix 2)	83,150
Budget surplus/(deficit) for 24/25	<u>1,100</u>
Forecast year end reserves 24/25	<u><u>84,250</u></u>