

The Highland Council

Agenda Item	8d
Report No	BIER-08-24

Committee: Black Isle and Easter Ross Area Committee

Date: 22 January 2024

Report Title: Tain 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 Tain Common Good Fund Statement of Accounts and final monitoring for 2022/23. The resulting overall deficit of £4,319 on the Fund is less than the anticipated surplus of £200 as it includes repair work to the Tain Golf Cub Road of £20,000 which had originally been budgeted for in 2021/22 to be funded for 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.

2. Recommendations

Members are asked to:

- i. Consider and agree the Tain 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 Tain 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**.

3. Implications

- 3.1 **Resource** – The 2022/23 statement of accounts and final monitoring report note a small deficit of £4,319 for the year which has resulted in a slight reduction of the Usable Reserves. The Quarter Three monitoring statement for 2023/24 highlights predicted income and expenditure against the budget. Interest income is higher than predicted. Costs are expected to be on budget, but no spend is anticipated in the current year in relation to the mussel fishery. A small surplus on the Fund is therefore expected which will increase the usable reserves.
- 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 resources the fund is unable to support any community grants budget. 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:** None.
- 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 Tain Common Good Fund (TCGF) 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 Rental income for the fund was slightly higher than expected, and there was also a credit made to the accounts in respect of a historic land transaction in the Blarliath industrial estate which related to a mix of Council and Common Good land, the Common Good part of which had been incorrectly allocated.
- 4.4 Expenditure on the fund in 2022/23 was significantly less than expected. This would have resulted in a surplus, but this was offset by a £20,000 contribution to support improvement works to the Golf Club Road (originally budgeted for in 2021/22, so taken from reserves). Therefore, there was a higher than anticipated deficit on the Fund over the year of £4,319, resulting in a Usable Reserve balance of £219,757.

5. 2023/24 Quarter Three Monitoring Report

- 5.1 The Quarter Three monitoring report to 31 December 2023, attached as **Appendix 2**. This shows a slightly lower than anticipated outturn on rents but an increased income from interest and investments giving a higher than expected outturn.
- 5.2 Expenditure is currently lower than anticipated. No spend on the mussel fishery is anticipated but given the relatively low levels of property costs and grants allowed for no amendments are suggested for these budgets.
- 5.3 With the amendments noted for income and expenditure a small surplus of £5,550 is anticipated on the fund.

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 – it is proposed that the income budget from rents is reduced to £7,950 for 2024/25 as the smaller grazing has not been let in recent years. However, interest and investment income is forecast to increase due to the higher interest rates in line with 23/24 outturn and a budget of £5,600 is proposed.
- 6.3 Anticipated Expenditure – It is proposed that a modest property budget of £5,000 be retained to cover any minor insurance and property costs incurred with an additional budget of £1,000 for Central Support, £2,000 for staff costs and £2,000 for any costs associated with the mussel fishery. This will result in a small surplus of £3,550 at year end, which will be added to reserves.

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
Tain Common Good Fund
Income and Expenditure Account

Appendix 1a

	2022/23	2021/22
	£	£
<u>Expenditure</u>		
Property costs	115	698
Other Costs	21,364	3,220
Administration charges	489	990
Staff Costs	1,448	2,159
Depreciation and Amortisation	960	960
Total expenditure	24,377	8,027
<u>Income</u>		
Rents	9,430	8,005
Other income	5,058	220
Interest and investment income	5,570	712
Total income	20,058	8,937
Surplus/(deficit) for the year	(4,319)	910
Revaluation gains/(losses)	4,200	25,600
Total comprehensive income and expenditure	(119)	26,510
Balance Sheet		
	31/03/2023	31/03/2022
	£	£
<u>Non current assets</u>		
Investment properties	361,800	357,600
Heritage assets	385,779	385,779
Intangible asset	7,320	8,280
	754,899	751,659
<u>Current assets</u>		
Loans fund deposits	339,287	342,647
Total assets	1,094,186	1,094,306
Usable reserves		
Revenue funds	219,757	223,117
Capital Receipts Reserve	119,530	119,530
	339,287	342,647
Unusable reserves		
Revaluation reserve	94,434	94,434
Capital adjustment account	660,465	657,225
	754,899	751,659
Total reserves	1,094,186	1,094,306

**Tain Common Good - Quarterly Monitoring
Period to March 23**

**Appendix
1b**

	Actual £	Budget £	Variance £
INCOME			
Rents	9,650	8,600	1,050
Sales-Land/Building	4,838	-	4,838
Interest and investment income	5,570	1,600	3,970
TOTAL INCOME	<u>20,058</u>	<u>10,200</u>	<u>9,858</u>
EXPENDITURE			
Staff Costs	1,448	2,000	(552)
Property costs	567	5,000	(4,433)
Central Support Charges	489	1,000	(511)
Tain Mussel Fishery	913	2,000	(1,087)
Depreciation and Amortisation	960	-	960
TOTAL EXPENDITURE	<u>4,377</u>	<u>10,000</u>	<u>(5,623)</u>
Income less Expenditure before projects	<u>15,681</u>	<u>200</u>	<u>15,481</u>
Tain Golf Club Road works	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Income less Expenditure after projects	<u>(4,319)</u>	<u>200</u>	<u>(4,519)</u>
Revaluation gains/(losses)	<u>4,200</u>	<u>-</u>	<u>4,200</u>
Total comprehensive income and expenditure	<u><u>(119)</u></u>	<u><u>200</u></u>	<u><u>(319)</u></u>
	£		
Revenue reserves (Appendix 1)	<u><u>219,757</u></u>		

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

Appendix 2

	Actual to date £	Budget £	Estimated Outturn £	Variance £
INCOME				
Rents & Lettings	4,965	8,600	7,950	(650)
Interest and investment income	-	1,600	5,600	4,000
TOTAL INCOME	<u>4,965</u>	<u>10,200</u>	<u>13,550</u>	<u>3,350</u>
EXPENDITURE				
Staff Costs	520	2,000	2,000	-
Property costs	406	5,000	5,000	-
Central Support Charges	-	1,000	1,000	-
Tain Mussel Fishery	-	2,000	-	(2,000)
TOTAL EXPENDITURE	<u>927</u>	<u>10,000</u>	<u>8,000</u>	<u>(2,000)</u>
Income less Expenditure	<u><u>4,038</u></u>	<u><u>200</u></u>	<u><u>5,550</u></u>	<u><u>5,350</u></u>

Unaudited Usable Reserves 2022/23 (Appendix 1a)

£219,757

Estimated outturn for 23/24

5,550

Estimated Usable Reserves 2023/24

£225,307

**TAIN COMMON GOOD FUND
DRAFT BUDGET 2024/25**

Appendix 3

**Draft
Budget
2024/25
£**

Income

Rents & Lettings	7,950
Interest and investment income	5,600
Total income	13,550

Expenditure

Staff Costs	2,000
Property Costs	5,000
Central Support Charge	1,000
Mussel Fishery	2,000
Total Expenditure	10,000

Surplus/(deficit) for the year **3,550**

Estimated Usable Reserves 2023/24 (Appendix 2)	225,307
Budget surplus/(deficit) for 24/25	3,550
Forecast year end reserves 24/25	228,857