

The Highland Council

Agenda Item	10.
Report No	CC/07/24

Committee: Caithness Committee

Date: 29 January 2024

Report Title: Wick 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: ECO Communities and Place
Head of Corporate Finance

1. Purpose/Executive Summary

- 1.1 This report presents the Wick Common Good Fund Statement of Accounts and final monitoring for 2022/23. An overall revenue surplus of £19,581 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 seeks approval for the budget for Wick Common Good Fund for Financial Year 2024/25.

2. Recommendations

- 2.1 Members are asked to:
 - i. Consider and agree the Wick Common Good Fund Statement of Accounts (**Appendix 1**) and Quarter 4 monitoring report for 2022/23 (**Appendix 2**),
 - ii. Consider the position of the Wick Common Good Fund, as shown in the Q3 monitoring statement (**Appendix 3**) against budget for 2023/24.
 - iii. Agree the Wick Common Good Fund Annual Budget for 2024/25 (**Appendix 4**).

3. Implications

- 3.1 Resources

The statement of accounts and final monitoring report show Wick Common Good Fund returned a revenue surplus of £19,581 in 2022/23. The projected outturn for the current year 2023/24 is a deficit of £6,650. The principal change is the inclusion of Wick Town Hall utilities costs in the budget in 2023/24. An ongoing deficit is not

sustainable given the level of reserves, so it is proposed that the 2024/25 budget is balanced, covering as much of the Wick Town Hall utilities costs as possible without putting the Fund in deficit. Any outstanding Town Hall costs in 2024/25 will be met from the General Fund.

Wick Common Good should cover its liabilities without recourse to the General Fund, and efforts will be made to achieve that for FY 2025/26. Only when Wick Common Good Fund covers its liabilities can consideration be given to introducing a community grant funding stream.

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)

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

Based on current income levels, Wick Common Good appears to generate a surplus of approximately £13,000 before Wick Town Hall utilities costs are deducted. If those utilities costs are factored in, the long-term position is an ongoing £7,000 deficit, which is not sustainable, particularly with usable reserves expected to be £20,531 at the end of the current Financial Year. Where possible, Common Good funds should cover their own liabilities without drawing on the General Fund.

The withdrawal of Wick Academy FC from negotiations over the lease for Bignold House reduces Common Good income. Furthermore, Bignold House presents a risk of becoming a liability should the building deteriorate and require repairs.

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 1** of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Wick Common Good Fund for Financial Year 2022/23.

These statements of account have 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.

Appendix 2 shows actual income and expenditure against budget for Financial Year 2022/23.

4.2 Expenditure

4.2.1 Expenditure 22/23 totalled £1,590 comprising central support charges and the Wick Common Good contribution to the costs of the Common Good Officer, which all Common Good Funds contribute to.

4.3 Income

Overall, income was £21,171, representing an excess of £10,771 over the budget.

- Rental income was more or less on budget for the Financial Year.
- 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. The Bignold House lease was not finalised, so no income was earned in 2022/23.
- Miscellaneous Income, comprising Invitation to Pay car parking income was £12,099, well in excess the budget of £1,000 and the main source of the surplus.

4.4 Revaluation gains/(losses)

The Income and Expenditure Account in **Appendix 1** reports that there were no revaluation gains in 2022/23

4.5 Balances

Members are requested to note that the Fund shows a surplus for 2022/23 of £19,581. On 31 March 2023 the total assets of Wick Common Good were £504,196, including usable reserves (Revenue Funds) of £27,181 and unusable reserves of £477,015.

4.6 Changes to Leases in 2022/23

There were no changes to leases in 2022/23.

4.7 Disposal and Acquisitions 2022/23

There were no disposals or acquisitions in 2022/23

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

5.1 **Appendix 3** of this report shows the position of the Wick Common Good Fund at the end of the Third Quarter of the current Financial Year (2023/24), reported against the 2023/24 budget agreed by Caithness Committee in February 2023. Overall, a deficit of £6,650 is forecast for Financial Year 2023/24.

5.2 Explanation of Variances

- Rents are expected to be on budget, the income figure includes £1,350 paid in advance for the period Apr to June 2024, hence the zero variance in outturn.
- Invitation to pay income – based on income to date, it is estimated the final out-turn will be £10,000; £2,000 under budget.
- The budget did not include interest and investment income. £850 is the estimated out-turn.
- Car parking expenditure is estimated to be £300 over budget based on the current expenditure reported by the service.

6. **Budget 2024/25**

6.1 The proposed budget for 2024/25 is outlined in Appendix 4.

- 6.2 Rental Income
Rental income comprises £7,700 from the Valuation Joint Board for its office in Wick Town Hall.
- 6.3 Invitation to Pay Income
The estimated income to Wick Common Good is £10,000 based on income earned in the current year.
- 6.4 Interest On Revenue Balances
It is anticipated that interest receivable on projected surplus balances will be approx. £850 in 2024/25, based on the anticipated interest to be paid in 2023/24 (see **Appendix 3**) and the current outlook for interest rates.
- 6.5 Property Costs
The budget includes £13,350 to cover the major part of the Wick Town Hall utilities costs, while not putting the Fund in deficit. The remainder will be covered by the Council's General Fund.
- 6.6 Staff costs
Staff costs comprise the Wick Common Good Fund contribution towards the costs of the Council's Common Good Officer. All Common Good funds contribute to these costs. £2,000 budget is the expected expenditure in 2024/25 based on actual and projected expenditure for 2022/23 and 2023/24.
- 6.7 Car Parking costs
£2,500 is budgeted for operating the Wick Common Good invitation to pay car park. The budget covers financial transaction, staffing and maintenance costs. Where invitation to pay schemes are on common good car parks, all the income is received by the relevant common good fund, which is then charged for the associated costs.
- 6.8 Miscellaneous Costs
The budget of £1,400, relates principally to property maintenance costs but also includes legal and other professional costs when these are required, for example relating to rent reviews. Since April 2020 the Council's Estates Team has charged for staff time spent on Common Good issues. This is to reflect the additional time staff spend on the renegotiation of leases, rent reviews and community consultations.
- 6.10 Fund Balance
Members are asked to note that the proposed amended budget will lead to a balanced budget. Usable Reserves will be maintained at £20,531 at 31 March 2025.

7 Common Good Update

- 7.1 Oversail of Wick Common Good land at Station Road, Wick,
A report will be submitted to May Caithness Committee outlining the outcome of the recent Common Good consultation regarding the oversail of Wick Common Good land during the delivery of windfarm components.
- 7.2 Bignold House
Members agreed to lease Bignold House to Wick Academy FC at Caithness Committee on 22 August 2022. Negotiations with the football club stalled and in late November 2023 the club withdrew its offer. The club has paid fees relating to the Common Good consultation.

7.3 Future Strategy for Common Good Reserves

It had 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 ante-rooms. In principle, any strategy should include building reserves to allow the fund to maintain its own assets, without drawing on the General Fund. Once reserves had reached acceptable levels, if there was additional income, there could be scope for Members to consider the provision of a community grant stream.

In the meantime, and following benchmarking against other Local Authorities, the Common Good Officer has been working with a cross-service group to develop a new Highland Council Common Good Policy to inform and guide the management of all Highland Common Good Funds, including the management of reserves. The policy will also address the particular challenges faced by newly identified Common Good Funds (such as Wick Common Good Fund) which have not had the opportunity to build reserves to an appropriate level to cover in-year costs and ongoing liabilities.

This policy, being Highland wide will require approval at full Council or strategic committee and once agreed, will inform the Wick Common Good Reserve Strategy. Members will be updated in due course.

Designation: ECO Communities and Place
Head of Corporate Finance

Date: 18 January 2024

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Lara Harrison, Accountant

Background Papers:

Appendices:

1. Wick Common Good Fund – Statement of Account 2022/23
2. Wick Common Good Fund – Final Monitoring 2022/23
3. Wick Common Good Fund – Quarterly Monitoring Period to Dec 23 (23/24 Q3)
4. Wick Common Good Fund – Proposed Budget 2024/25

APPENDIX 1

STATEMENT OF ACCOUNTS 2022-23

Wick Common Good Fund

Income and Expenditure Account

	2022/23	2021/22
	£	£
<u>Expenditure</u>		
Grants and contributions	-	-
Property repairs and maintenance	-	-
Administration Charges	306	-
Staff Costs	1,284	-
Total Expenditure	<u>1,590</u>	<u>-</u>
<u>Income</u>		
Rents	8,034	7,599
Invitation to Pay Car Parking Income	12,099	-
Miscellaneous Income	675	-
Interest and investment income	363	1
Total Income	<u>21,171</u>	<u>7,600</u>
Surplus for the year	19,581	7,600
Revaluation Gains	-	477,015
Total Comprehensive Income and Expenditure	<u>19,581</u>	<u>484,615</u>
Balance Sheet	31/03/2023	31/03/2022
	£	£
<u>Non Current Assets</u>		
Investment Properties	425,350	425,350
Heritage Assets	51,665	51,665
	<u>477,015</u>	<u>477,015</u>
<u>Current Assets</u>		
Loans Fund Deposits	28,531	9,285
<u>Current Liabilities</u>		
Other Creditors	(1,350)	(1,684)
Net Assets	<u>504,196</u>	<u>484,615</u>
Usable Reserves		
Revenue Funds	27,181	7,600
Unusable reserves		
Revaluation Reserve	51,665	51,665
Capital Adjustment Account	425,350	425,350
	<u>477,015</u>	<u>477,015</u>
Total	<u>504,196</u>	<u>484,615</u>

APPENDIX 2

Wick Common Good Fund Monitoring Statement Period to March 23

	Actual £	Budget £	Variance £
INCOME			
Rents	8,034	7,700	334
Lettings	-	1,700	(1,700)
Miscellaneous income Car Parking	12,099	1,000	11,099
Legal Fees Recovery	675	-	675
Interest and investment income	363	-	363
TOTAL INCOME	21,171	10,400	10,771
EXPENDITURE			
Staff Costs	1,284	-	1,284
Central support charges	306	-	306
Miscellaneous Costs	-	1,400	(1,400)
TOTAL EXPENDITURE	1,590	1,400	190
Income less Expenditure	19,581	9,000	10,581
Audited Usable Reserves 2022/23 (Appendix 1)	£27,181		

APPENDIX 3

Wick Common Good Fund - Quarterly Monitoring Period to Dec 23 (23/24 Q3)

	Actual to date £	Budget £	Year End Estimate £	Variance £
INCOME				
Rents	9,050	7,700	7,700	-
Lettings	-	700	700	-
Miscellaneous income Car Parking	8,354	12,000	10,000	2,000
Interest and investment income	-	-	850	(850)
TOTAL INCOME	<u>17,404</u>	<u>20,400</u>	<u>19,250</u>	<u>1,150</u>
EXPENDITURE				
Property costs	-	20,000	20,000	-
Staff Costs	1,217	2,000	2,000	-
Grants & contributions	-	-	-	-
Car parking costs	-	2,200	2,500	(300)
Central support charges	-	-	-	-
Miscellaneous Costs	-	1,400	1,400	-
TOTAL EXPENDITURE	<u>1,217</u>	<u>25,600</u>	<u>25,900</u>	<u>(300)</u>
Income less Expenditure	<u><u>16,188</u></u>	<u><u>(5,200)</u></u>	<u><u>(6,650)</u></u>	<u><u>1,450</u></u>
Unaudited Usable Reserves 2022/23		£27,181		
Estimated outturn for 23/24		<u>(6,650)</u>		
Estimated Usable Reserves 2023/24		<u><u>£20,531</u></u>		

**Appendix 4
Wick Common Good Fund
Budget 2024/25**

INCOME

Rents	7,700
Lettings	700
Invitation to Pay	10,000
Interest and investment income	850
TOTAL INCOME	<u>19,250</u>

EXPENDITURE

Property costs	13,350
Staff Costs	2,000
Grants & contributions	-
Car parking costs	2,500
Miscellaneous Costs	1,400
TOTAL EXPENDITURE	<u>19,250</u>

Income less Expenditure	<u>-</u>
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Estimated Usable Reserves 2023/24 (Appendix 3)	£20,531
Budget surplus/(deficit) for 24/25	-
Forecast year end reserves 24/25	<u>£20,531</u>