

The Highland Council

Agenda Item	11
Report No	PLN/10/25

Committee: Caithness Committee

Date: 20 January 2025

Report Title: Wick Common Good Fund – 2023/24 Annual Accounts and Final Monitoring, 2024/25 Quarter Three Monitoring Report and 2025/26 Proposed Budget

Report By: Chief Officer Housing and Communities
Chief Officer Corporate Finance

1. Purpose/Executive Summary

- 1.1 This report presents the Wick Common Good Fund Statement of Accounts and final monitoring for 2023/24.
- 1.2 This report also presents the income and expenditure monitoring position for the Common Good Fund as at 31 December 2024 (Q3) and the projected year end position for 2024/25.
- 1.3 The report further seeks approval for the budget for Wick Common Good Fund for Financial Year 2025/26.

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 2023/24 (**Appendix 2**),
 - ii. Consider and note the position of the Wick Common Good Fund, as shown in the Q3 monitoring statement (**Appendix 3**) against budget for 2024/25.
 - iii. Approve the Wick Common Good Fund Annual Budget for 2025/26 (**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 £9,389 in 2023/24, although Members will note that the Town Hall running costs were not charged against the provision in the Budget. The projected outturn for the current year 2024/25 is a surplus of £1,750

following the letting of an office in the Town Hall. Any outstanding Town Hall costs beyond those in the 2024/25 budget, will continue to be met on a temporary basis from the General Fund. However, Wick Common Good should cover its liabilities without recourse to the General Fund, and efforts continue to achieve that. Only when Wick Common Good Fund covers its liabilities can consideration be given to introducing a community grant funding stream or contribution to wider community projects.

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.

3.5 Risk

Based on current income levels, Wick Common Good generates a surplus before Wick Town Hall property costs are deducted. However, if those costs are factored in, the long-term position is an ongoing deficit which is not sustainable, particularly with usable reserves expected to be £38,320 at the end of the current Financial Year. Where possible, Common Good funds should cover their own liabilities without drawing on the General Fund.

3.6 Health and Safety (risks arising from changes to plant, equipment, process, or people) – None.

3.7 Gaelic – None.

4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 **Integrated Impact Assessment - Summary**

4.3.1 An Integrated Impact Assessment screening has been undertaken on the proposed budget and the conclusions have been subject to the relevant Manager Review and Approval.

4.3.2 The Screening process has concluded that there are no impacts identified in relation to the proposed budget.

4.3.3

Impact Assessment Area	Conclusion of Screening/Full Assessment
Equality	<i>No impact</i>
Socio-economic	<i>No impact</i>
Human rights	<i>No impact</i>
Children’s rights & well-being	<i>No impact</i>
Island and mainland rural	<i>No impact</i>

Climate change	<i>No impact</i>
Data rights	<i>No impact</i>

5. 2023/24 Statement of Accounts and Final Monitoring

5.1 **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 2023/24.

Appendix 2 shows the actual income and expenditure against budget for Financial Year 2023/24.

5.2 Income

- Overall, income was £18,357, representing a deficit of £2,043 against the budget.
- Rental income for the year is that received for occupied offices in Wick Town Hall and is as per budget.
- No income for lettings was received in 2023/24.
- The Invitation-to-Pay income was lower than the forecast, which was based on previous year's income.
- The budget did not include interest and investment income which earned £1,727 for the fund.

5.3 Expenditure

- Expenditure in 2023/24 totalled £8,968
- No Town Hall property costs were applied to the fund in 2023/24
- Staff costs, which comprise the Common Good Officer costs, are more than budgeted due to additional work on the consultation relating to the oversail proposal, as discussed at Caithness Committee on 20 May 2024.
- The car parking costs include the costs for 22/23 as well as 23/24, hence the additional costs incurred.

5.4 Variances

- Members will note that the fund has delivered a surplus at year-end as opposed to the budgeted deficit. This is due to the underspend against utilities charges. Nonetheless, the fund continues to face significant liabilities mostly associated with the Town Hall, and as previously noted to Members, any surplus is required to build up reserves until the fund can sustainably cover its costs.

5.5 Revaluation gains/(losses)

The Income and Expenditure Account in **Appendix 1** reports that there were no revaluation gains in 2023/24.

5.6 Balances

Members are requested to note that the Fund shows a surplus for 2023/24 of £9,389. On 31 March 2024 the total assets of Wick Common Good were £513,585, including usable reserves (Revenue Funds) of £36,570 and unusable reserves of £477,015.

5.7 Changes to Leases in 2023/24

There were no changes to leases in 2023/24. 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. Given this, there is a need to explore the future use of Bignold House.

5.8 Disposal and Acquisitions 2023/24
There were no disposals or acquisitions in 2023/24.

6. **2024/25 Third Quarter Monitoring Report**

6.1 **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 (2024/25), reported against the 2024/25 budget agreed by Caithness Committee in January 2024. Overall, a surplus of £1,750 is forecast for Financial Year 2024/25.

6.2 Income

- Rental income (£1,350) is for the Valuation Board offices, and the remainder will be paid in Q4. Following the lease of an office in the Town Hall to a third sector organisation, additional rental income of £1,750 is expected in Q4. The expected outturn at year end for rental income is £9,450.
- No letting income was received, although it is anticipated that the income from lets at Riverside Park will be transferred by Highlife Highland in Q4, as agreed.
- On a pro rata basis, Invitation-to-Pay income appears to be on track to achieve budget, although income may reduce through the winter.

Expenditure

- The only costs incurred in the year to date were for urgent repairs to the riverside footpath.

7. **Budget 2025/26**

7.1 The proposed budget for 2025/26 is outlined in Appendix 4.

7.2 Rental Income

Rental income comprises income from the Valuation Joint Board for its office in Wick Town Hall and a third sector tenant renting a single office in the Town Hall.

7.3 Lettings

This comprises income from events held on Riverside Park (including circuses and fairs) and income from lets/ events held in Wick Town Hall.

7.4 Invitation to Pay Income

The estimated income to Wick Common Good is £8,500 based on the most recent full year income figures (23/24)

7.5 Interest On Revenue Balances

It is anticipated that interest receivable on projected surplus balances will be approx. £1,200 in 2025/26, based on the most recent full year income figures (23/24) and the current outlook for interest rates.

7.6 Property Costs

The budget includes £12,200 to cover part of the Wick Town Hall property costs, while not putting the Fund in deficit. The remainder will be covered by the Council's General Fund.

7.7 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. £2,500 budget is the expected expenditure based on previous contributions less the additional expenditure on the oversail consultation.

7.8 Car Parking costs

£2,500 is budgeted for operating the Wick Common Good invitation to pay car parks and is based on previous expenditure. 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.

7.9 Miscellaneous Costs

The budget of £4,400 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.

7.10 Fund Balance

Members are asked to note that the proposed budget will lead to a balanced budget. Usable Reserves will be maintained at £38,320 at 31 March 2026.

8 Common Good Update

8.1 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. A proposal for how to progress this, will come forward to a future committee.

8.2 Wick Town Hall

The Council has continued to market offices in the Town Hall and secured a tenant for one office in autumn 2024. The remaining two offices are still vacant and are being marketed.

8.3 Royal Burgh of Wick Community Council

Following a workshop held with Members in October, discussions have been held with Royal Burgh of Wick Community Council (RBWCC) regarding developing a collaborative approach to Wick Common Good, while recognising that decision making is reserved to Caithness Committee and Highland Council. The proposal to establish a subgroup of the Community Council to work with Highland Council was well received at the RBWCC meeting on 2 December 2024 and will be investigated further. Members will be updated as discussions progress.

8.4 Oversail of Wick Common Good land at Station Road, Wick,

The Council has been in negotiations with two separate windfarm developers regarding the oversail of Common Good land required for the transport of windfarm components. Members will recall that on 27 June 2024 Highland Council agreed the lease of ribbons of land for oversail at Wick Riverside Park, following public consultation and a recommendation from Caithness Committee (20 May 2024). One

lease is near completion, and lawyers have been instructed for the second. Members will be updated in due course.

8.5 Common Good Working Group

The Common Good Officer continues to work 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: Chief Officer Community and Housing
Chief Officer Corporate Finance

Date: 6 January 2025

Authors: Phil Tomalin, Ward Manager, Sutherland
Jennifer Johnston, Accountant

Background Papers:

Appendices:

1. Wick Common Good Fund – Statement of Account 2023/24
2. Wick Common Good Fund – Final Monitoring 2023/24
3. Wick Common Good Fund – Quarterly Monitoring Period to Dec 24 (24/25 Q3)
4. Wick Common Good Fund – Proposed Budget 2025/26

APPENDIX 1

STATEMENT OF ACCOUNTS 2023-24

Wick Common Good Fund

Income and Expenditure Account

	2023/24	2022/23
	£	£
<u>Expenditure</u>		
Other costs	4,550	-
Administration charges	300	306
Staff Costs	4,118	1,284
Total expenditure	<u>8,968</u>	<u>1,590</u>
<u>Income</u>		
Rents	7,700	8,034
Miscellaneous income	8,930	12,774
Interest and investment income	1,727	363
Total income	<u>18,357</u>	<u>21,171</u>
Surplus/(deficit) for the year	9,389	19,581
Total comprehensive income and expenditure	<u>9,389</u>	<u>19,581</u>
Balance Sheet	31/03/2024	31/03/2023
	£	£
<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	37,920	28,531
<u>Current Liability</u>		
Other Creditors	(1,350)	(1,350)
Total assets	<u>513,585</u>	<u>504,196</u>
Revenue funds	36,570	27,181
Capital funds	425,350	425,350
Revaluation reserve	51,665	51,665
Total reserves	<u>513,585</u>	<u>504,196</u>

APPENDIX 2

Wick Common Good Fund Monitoring Statement Period to 31 March 2024

	Actual £	Revised Budget £	Variance £
INCOME			
Rents	7,700	7,700	-
Lettings	-	700	(700)
Miscellaneous income Car Parking	8,930	12,000	(3,070)
Interest and investment income	1,727	-	1,727
TOTAL INCOME	<u>18,357</u>	<u>20,400</u>	<u>(2,043)</u>
EXPENDITURE			
Property costs	-	20,000	(20,000)
Staff Costs	4,118	2,000	2,118
Car parking costs	4,550	2,200	2,351
Central support charges	300	-	300
Miscellaneous Costs	-	1,400	(1,400)
TOTAL EXPENDITURE	<u>8,968</u>	<u>25,600</u>	<u>(16,631)</u>
Income less Expenditure	<u>9,389</u>	<u>(5,200)</u>	<u>14,589</u>
Usable Reserves			
As at 31.3.23	27,181		
Surplus/(deficit) for year	<u>9,389</u>		
As at 31.3.24	<u>36,570</u>		

APPENDIX 3

Wick Common Good Fund Quarterly Monitoring Period to Dec 24 (24/25 Q3)

	Actual £	Budget £	Year End Estimate £	Variance £
INCOME				
Rents	1,350	7,700	9,450	(1,750)
Lettings	-	700	700	-
Miscellaneous income Car Parking	7,483	10,000	10,000	-
Interest and investment income	-	850	850	-
TOTAL INCOME	<u>8,833</u>	<u>19,250</u>	<u>21,000</u>	<u>(1,750)</u>
EXPENDITURE				
Property costs	-	13,350	13,350	-
Staff Costs	-	2,000	2,000	-
Car parking costs	-	2,500	2,500	-
Miscellaneous Costs	1,189	1,400	1,400	-
TOTAL EXPENDITURE	<u>1,189</u>	<u>19,250</u>	<u>19,250</u>	<u>-</u>
Income less Expenditure	<u>7,644</u>	<u>0</u>	<u>1,750</u>	<u>(1,750)</u>
Unaudited Usable Reserves 2023/24		36,570		
Estimated outturn for 24/25		<u>1,750</u>		
Estimated Usable Reserves 2024/25		<u>38,320</u>		

**Appendix 4
Wick Common Good Fund
Budget 2025/26**

	2025/26
INCOME	
Rents	11,200
Lettings	700
Invitation to Pay	8,500
Interest and investment income	1,200
TOTAL INCOME	<u>21,600</u>
EXPENDITURE	
Property costs	12,200
Staff Costs	2,500
Grants & contributions	-
Car parking costs	2,500
Miscellaneous Costs	4,400
TOTAL EXPENDITURE	<u>21,600</u>
Income less Expenditure	<u><u>-</u></u>
Estimated Usable Reserves 2024/25 (Appendix 3)	£38,320
Budget surplus/(deficit) for 25/26	-
Forecast year end reserves 25/25	<u><u>£38,320</u></u>