

The Highland Council

Agenda Item	8c
Report No	BIER/9/25

Committee: Black Isle and Easter Ross Area Committee

Date: 27 January 2025

Report Title: Invergordon 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 Community and Housing
Chief Officer Corporate Finance

1. Purpose/Executive Summary

- 1.1 This report presents the Invergordon 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 sets out the proposed revenue budget for the Fund for the financial year 2025/26.

2. Recommendations

- 2.1 Members are asked to:
 - i. Consider and agree the Invergordon Common Good Fund Statement of Accounts (**Appendix 1**) and Quarter 4 monitoring report for 2023/24 (**Appendix 2**);
 - ii. Scrutinise and note the position of the Invergordon Common Good Fund as shown in the 2024/25 Quarter Three monitoring statement at **Appendix 3**; and
 - iii. Approve the proposed budget for 2025/26 as set out in **Appendix 4**.

3. Implications

- 3.1 **Resource** – The 2023/24 statement of accounts and final monitoring report note a small surplus of £1,090 for the year. The Quarter Three monitoring statement for 2024/25 highlights predicted income and expenditure against the budget. Income is in

excess of budget and costs are expected to be on budget. A 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. **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>
Poverty, 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 Invergordon Common Good Fund for the financial year 23/24. **Appendix 2** sets out the 2023/24 final monitoring, which shows the Revenue results for the year against Budget (whereas **Appendix 1** shows prior year comparatives).

5.2 Income

- Rental income for the year was as per budget at £3,500.
- The income from interest was higher than the budget reflecting the high interest rates which applied during the period.

5.3 Expenditure

- Apart from a small Admin charge (£360), expenditure in 23/24 comprised staff costs of £5,792 against a budget of £1,100. The overspend was largely due to the additional time spent by the Common Good Officer dealing with the sale of the Bouchardon Bust.

5.4 Revaluation

The revaluation gain of £1.1m refers to the Bouchardon Bust (see section 8).

5.5 Changes to Leases in 2023/24

There were no changes to leases in 2023/24.

5.6 Disposal and Acquisitions 2023/24

There were no disposals or acquisitions in 2023/24.

6. 2024/25 Quarter Three Monitoring Report

6.1 The Quarter Three monitoring report to 31 December 2024, attached as **Appendix 3**.

6.2 Rent for the Town Hall has been received and is on budget. Income from interest is expected to be exceed budget.

6.3 There has been no expenditure in the year to date. Staff costs and admin charges have yet to be applied. There have been no property costs incurred in the year to date.

6.4 A surplus of £3,500 is anticipated on the fund at year end.

7. Proposed Budget for 2025/26

7.1 The proposed budget for 2025/26 is set out in **Appendix 4** of the report for Committee to consider.

7.2 Anticipated Income – it is proposed to retain the income budget for rents at £3,500. Investment income is an estimate based on interest rates expected to apply in 25/26.

7.3 Anticipated Expenditure – It is proposed that the budget for staff costs is raised to £2,500 reflecting recent expenditure (but discounting unusual expenditure in 2023/24). A modest property budget of £2,000 is retained to cover any minor insurance and property costs incurred; with an additional budget of £500 for admin costs.

7.4 The proposed budget for 2025/26 will yield a surplus of £2,300.

8 Common Good Update

8.1 Bouchardon Bust

On 7 November 2024, the Sheriff Court, on the unopposed motion, approved the application to dispose of, by way of sale, the Bust of Sir John Gordon belonging to the Invergordon Common Good Fund. The Private Sale Treaty has now been signed. This allows Sotheby's to proceed on behalf of the Council. On 3 December 2024 the bust was collected by Sotheby's and transported to London for them to complete their necessary diligence and cataloguing work and to allow the process to produce the replica to commence. It is being held in a secure room at Sotheby's and covered by their insurance.

The next stage is to apply for an export licence with the aim of submitting this in January. Sotheby's will do this on behalf of the Council. This application is expected to trigger the Waverley Criteria process which was fully detailed in the report before Area Committee on 30 October 2023 at paragraph 10. This process comes with timescales set by the reviewing committee and could take in the region of 8 months, and potentially longer if a UK institution is granted time to raise funds to purchase the bust. Sotheby's will be advising the Council throughout this process and Members will be updated in due course.

Designation: Chief Officer Community and Housing
Chief Officer Corporate Finance

Date: 14 January 2025

Authors: Phil Tomalin, Community Development Manager
Jennifer Johnston, Accountant (Group Orgs)

Background Papers: None

Appendices:

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

Appendix 1

STATEMENT OF ACCOUNTS 2023-24 Invergordon Common Good Fund Income and Expenditure Account

	2023/24 £	2022/23 £
<u>Expenditure</u>		
Administration charges	360	367
Staff Costs	5,792	2,444
Other costs	-	1,265
Total expenditure	<u>6,152</u>	<u>4,076</u>
<u>Income</u>		
Rents	3,500	3,500
Interest and investment income	3,742	1,322
Total income	<u>7,242</u>	<u>4,822</u>
Surplus/(deficit) for the year	1,090	746
Revaluation gains/(losses)	1,100,000	-
Total comprehensive income and expenditure	<u>1,101,090</u>	<u>746</u>

Balance Sheet	31/03/2024 £	31/03/2023 £
<u>Non current assets</u>		
Investment properties	1	1
Heritage assets	2,585,000	1,485,000
	<u>2,585,001</u>	<u>1,485,001</u>
<u>Current assets</u>		
Loans fund deposits	83,140	82,050
Total assets	<u>2,668,141</u>	<u>1,567,051</u>
Revenue funds	83,140	82,050
Capital funds	1	1
Revaluation reserve	2,585,000	1,485,000
Total reserves	<u>2,668,141</u>	<u>1,567,051</u>

Appendix 2

Invergordon Common Good - Quarterly Monitoring Period to Mar 24

	Actual £	Budget £	Variance £
Income			
Rents	3,500	3,500	-
Interest and investment income	<u>3,742</u>	<u>300</u>	<u>3,442</u>
Total Income	<u>7,242</u>	<u>3,800</u>	<u>3,442</u>
Expenditure			
Staff Costs	5,792	1,100	4,692
Property costs	-	2,000	(2,000)
Administration charges	<u>360</u>	<u>100</u>	<u>260</u>
Total Expenditure	<u>6,152</u>	<u>3,200</u>	<u>2,952</u>
Income less Expenditure	<u><u>1,090</u></u>	<u><u>600</u></u>	<u><u>490</u></u>
Audited Reserves			
As at 31.3.23	82,050		
Surplus/(deficit) for year	<u>1,090</u>		
As at 31.3.24	<u>83,140</u>		

Appendix 3
Invergordon Common Good - Quarterly Monitoring
Period to Dec 24

	Actual to date	Budget	Estimated Outturn	Variance
	£	£	£	£
Income				
Rents	3,500	3,500	3,500	0
Interest and investment income	0	1,400	3,800	2,400
Total Income	<u>3,500</u>	<u>4,900</u>	<u>7,300</u>	<u>2,400</u>
Expenditure				
Staff Costs	0	1,700	1,700	0
Property costs	0	2,000	2,000	0
Administration charges	0	100	100	0
Total Expenditure	<u>0</u>	<u>3,800</u>	<u>3,800</u>	<u>0</u>
Income less Expenditure	<u><u>3,500</u></u>	<u><u>1,100</u></u>	<u><u>3,500</u></u>	<u><u>2,400</u></u>

Audited Reserves 2023/24 (Appendix 1a)	83,140
Estimated outturn for 24/54	3,500
Estimated Usable Reserves 2024/25	<u><u>86,640</u></u>

Appendix 4

INVERGORDON COMMON GOOD FUND BUDGET 2025/26

	Draft Budget 2025/26 £
<u>Income</u>	
Rents	3,500
Interest and investment income	3,800
Total income	<u>7,300</u>
<u>Expenditure</u>	
Staff Costs	2,500
Property Costs	2,000
Administration charges	500
Full cost recovery	-
Total expenditure	<u>5,000</u>
Surplus/(deficit) for the year	<u><u>2,300</u></u>
Estimated Revenue Reserves 2024/25	86,640
Budget surplus/(deficit) for 25/26	<u>2,300</u>
Forecast year end reserves 2025/26	<u><u>88,940</u></u>