

Agenda Item	10
Report No	SCC/11/25

The Highland Council

Committee: Sutherland County Committee

Date: 17 February 2025

Report Title: Dornoch 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 Dornoch Common Good Fund Statement of Accounts and final monitoring for 2023/24. The accounts show an overall revenue deficit of £51,456 which has been covered by reserves.
- 1.2 This report also presents the 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 Dornoch Common Good Fund for Financial Year 2025/26.
- 1.4 The report seeks approval for delegated authority for the Community Development Manager to approve Dornoch Common Good grants up to £10,000 within the annually set budget and following consultation with Ward 4 Members.

2. Recommendations

- 2.1 Members are asked to:
 - i. Consider and agree the Dornoch Good Fund Statement of Accounts (**Appendix 1**) and Quarter 4 monitoring report for 2023/24 (**Appendix 2**),
 - ii. Consider the position of the Dornoch Common Good Fund, as shown in the Q3 monitoring statement (**Appendix 3**) against budget for 2024/25.
 - iii. Agree the Dornoch Common Good Fund Annual Budget for 2025/26 (**Appendix 4**).
 - iv. Delegate authority to the Community Development Manager to approve Dornoch Common Good grants up to £10,000, within the annually set budget and following consultation with Ward 4 Members.

3. Implications

3.1 Resources

The statement of accounts and final monitoring report show Dornoch Common Good Fund returned a revenue deficit of £51,456 in 2023/24. The projected outturn for the current year 2024/25 shows a surplus of £69,811. The proposed increase of the Grants and Contributions budget in 2025/26 from £25,000 to £35,000 is affordable given the increased income received by the fund.

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.

The Common Good Fund figures appear in the Highland Council accounts and have been audited with no significant issues to report

3.3 Community (Equality, Poverty and Rural)

Dornoch Area Community Council was consulted on the proposed 2025/26 budget in December 2024. Following that consultation, it is proposed to increase the budget for grants by £10,000 to £35,000 to support community projects.

3.4 Climate Change / Carbon Clever – None.

3.5 Risk

As agreed by Sutherland County Committee on 31 October 2023, the 2023/24 budget drew on reserves to support two significant community led projects (DACIC's Curlew project and Dornoch Heritage Society's Historylinks Museum extension). It is important to protect reserves to cover liabilities falling to the fund and the proposed budget for 2025/26 provides a surplus to help restore usable reserve levels.

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 Dornoch Common Good Fund for Financial Year 2023/24. **Appendix 2** shows actual income and expenditure against budget for Financial Year 2023/24.

5.2 Income

- All rent was paid in full. The surplus comprises additional backdated rent following rent reviews and the payment of rent by Highland Larder which, in error, had been omitted from the budgeted income figure.
- The Invitation to Pay income, which had been based on previous year's income, was lower than the forecast.
- Investment income exceeded budget, reflecting interest rates.

5.3 Expenditure

- Staff costs comprised the Dornoch Common Good fund contribution to the Common Good Officer costs & Central Support Service recharges. There were no additional costs incurred for consultations etc in 23/24.
- Grant and contributions totalled £120,236, £9,763 less than budgeted for in the amended budget agreed by Committee on 31 October 2023. This is largely due to £8,305 awarded to Dornoch Allsorts remaining unclaimed in the reporting period.
- Miscellaneous costs included £13,163 for repairs to Dornoch beach car parks, insurance and professional fees.

5.4 Balances

Members are requested to note that the Fund shows a deficit of £51,456 for 23/24, resulting from grants paid to DACIC and Dornoch Heritage Society as agreed Committee on 31 October 2023. There are sufficient reserves to cover the deficit.

5.5 Changes to Leases in 2023/24

There were no changes to leases 2023/24

5.6 Disposal and Acquisitions 2022/23

There were no disposals or acquisitions in 2023/24

6. 2023/24 Third Quarter Monitoring Report

6.1 **Appendix 3** of this report shows the position of the Dornoch 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 Sutherland County Committee on 23 January 2024.

Overall, a surplus of £69,811 is forecast for Financial Year 2024/25. Members are asked to note that this is an improvement on the budgeted position.

6.2 Explanation of Variances

- Rent – Royal Dornoch Golf Club rent is payable in Q4, so does not appear in the Q3 monitoring report. The variance comprises additional backdated rent following rent reviews.
- Grants and contributions – In addition to the awards listed in Appendix 3, a grant for £3,250 for Dornoch Heritage Society was agreed in consultation with Members and is due to be paid in Q4. This will lead to an expected overspend of £5,428, which, combined with £8,305 awarded to Dornoch Allsorts after-school club in 2023/24 which has not yet been claimed, gives a total variance of £13,733. The overspend is affordable given underspend against other budget lines and the fund is still expected to deliver a surplus for 2024/25.
- There were no miscellaneous property costs in the year to date. Allowing £2,500 for any costs in Q4 this gives a variance of £12,500.
- There were no costs incurred on Dornoch Beach Car Park repairs, but these are expected in 2025/26.
- No costs were incurred on the Dornoch Burn project following the decision not to proceed with any works, as reported to Sutherland County Committee on 12 November 2025.

6. Budget 2025/26

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

6.2 Rental Income

Rental income is received for the following properties:

- Dornoch Caravan and Camping Park,
- Dornoch Pumping Station/ Water Treatment Works,
- Dornoch Firth Salmon Netting Rights,
- Dornoch Golf Courses (part),
- Hangar at Dornoch Airfield,
- Sutherland Agricultural Society Shed,
- Coastguard Station,
- Highland Larder, Dornoch Beach,
- Land at Well St.

6.3 Invitation to Pay Income

The estimated income to Dornoch Common Good is £3,500, 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. £4,800 in 2024/25, based on the anticipated interest to be paid in 2024/25 (see **Appendix 3**) and the current outlook for interest rates.

- 6.5 Staff costs
Staff costs comprise the Dornoch Common Good Fund contribution towards the costs of the Council's Common Good Officer. All Common Good funds contribute to these costs. Staff costs also include 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. £3,000 budget is the expected expenditure in 2024/25 based on actual and projected expenditure for 2022/23 and 2023/24.
- 6.6 Grants and Contributions
The £35,000 allocated for Grants and Contributions represents an increase of £10,000 on the 24/25 budget reflecting pressure on the budget in 24/25. The increase is affordable within the total budget for 2025/26.
- 6.7 Miscellaneous Property Costs
This relates principally to property costs (usually relating to repair and maintenance of footpaths, benches, fences etc. around the beach car park, on the links and Dornoch Burn).
- 6.8 Invitation to Pay costs
Based on the cost in 2023/24 as reported to Sutherland County Committee on 27 August 2024, the budget allocates £1,000 to cover the costs associated with Invitation to Pay car park at Dornoch Beach.
- 6.9 Dornoch Beach Car Parks
Work was carried out in 2023/24 on the two lower carparks to provide a rolled sub-base surface in areas of high use following damage to the turf, at a cost of £13,163. The surface will need to be inspected for wear in spring 2025 and further repairs may be required. Additionally, the tarred surface in the top car park is starting to deteriorate and repairs are likely to be required in 2025/26. It is proposed to include £25,000 in the budget for car park repairs.
- 6.10 Fund Balance
Members are asked to note that the proposed budget will lead to a surplus of £30,535 which will increase usable reserves to £335,976 at 31 March 2026.

6 Approvals for Common Good Fund Expenditure

- 6.1 Members will note that different Common Good Funds in Highland have developed slightly different arrangements for the approval of grants and other expenditure. In the case of Dornoch Common Good Fund, in recent years an annual grants budget has been agreed and the practice has been to follow a similar methodology to that for Ward Discretionary Budget expenditure, that is: officers approve common good grants and expenditure up to £10,000 against the annual budget (agreed at Committee) and in consultation with Ward Members. Dornoch Area Community Council is also invited to comment on grant applications, and feedback is reported to Members. The arrangements require to be reviewed as part of the annual budget setting process.
- 6.2 It is recommended that Sutherland County Committee agrees to delegate to the Community Development Manager power to approve expenditure up to £10,000 in relation to Dornoch Common Good within the annually set budget and following consultation with relevant Ward Members. This will be in relation to the grants budget

and the Miscellaneous Costs budget (which includes costs such as repairs and maintenance). This delegated power will be reviewed annually as part of the budget setting process.

7 Common Good Issues

7.1 Reserves

As reported previously, the increase in income following the signing of the lease with Royal Dornoch Golf Club provides an opportunity to consider the future management the fund's reserves. Strategies might include continuing with the longstanding policy of building reserves for a significant community project; or reserves could be kept to a minimum, sufficient to cover any immediate liabilities, with funds otherwise being invested in community initiatives and projects. Initial discussions have taken place with Members but further work is required to establish the favoured strategy for managing the reserves. This work will include consultation with Dornoch Area Community Council.

Designation: Chief Officer Community and Housing
Chief Officer Corporate Finance

Date: 30 January 2025

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

Background Papers:

Appendices:

1. Dornoch Common Good Fund – Statement of Account 2023/24
2. Dornoch Common Good Fund – Final Monitoring 2023/24
3. Dornoch Common Good Fund – Quarterly Monitoring Period to Dec 23 (24/25 Q3)
4. Dornoch Common Good Fund – Proposed Budget 2025/26

APPENDIX 1

STATEMENT OF ACCOUNTS 2023-24

Dornoch Common Good Fund

Income and Expenditure Account

	2023/24	2022/23
	£	£
<u>Expenditure</u>		
Grants and contributions	120,236	20,709
Property repairs and maintenance	23,426	1,612
Administration charges	600	611
Staff Costs	1,241	2,101
Total expenditure	145,503	<u>25,033</u>
<u>Income</u>		
Rents	79,560	46,023
Miscellaneous income	3,207	5,889
Interest and investment income	11,280	4,799
Total income	<u>94,047</u>	<u>56,712</u>
Surplus/(deficit) for the year	(51,456)	31,679
Revaluation gains/(losses)	<u>-</u>	<u>478,662</u>
Total comprehensive income and expenditure	<u>(51,456)</u>	<u>510,341</u>

Balance Sheet

	31/03/2024	31/03/2023
	£	£
<u>Non current assets</u>		
Investment Properties	1,087,558	1,087,558
Heritage assets	22,250	22,250
	<u>1,109,808</u>	<u>1,109,808</u>
<u>Current assets</u>		
Loans fund deposits	235,630	287,086
	<u>235,630</u>	<u>287,086</u>
Total assets	<u>1,345,439</u>	<u>1,396,894</u>
Revenue funds	235,630	287,086
Capital funds	1,087,558	1,087,558
Revaluation reserve	22,250	22,250
	<u>235,630</u>	<u>287,086</u>
Total reserves	<u>1,345,439</u>	<u>1,396,894</u>

APPENDIX 2

Dornoch Common Good Fund - Quarterly Monitoring Period to Mar 24 (23/24 Q4)

	Actual £	Budget £	Variance £
INCOME			
Rents	79,560	70,740	8,820
Invitation to pay income	3,207	4,500	(1,293)
Interest and investment income	11,280	2,500	8,780
TOTAL INCOME	<u>94,047</u>	<u>77,740</u>	<u>16,307</u>
EXPENDITURE			
Staff Costs	1,241	3,000	(1,759)
Grants & contributions	120,236	129,999	(9,763)
Miscellaneous Costs	24,026	26,663	(2,637)
TOTAL EXPENDITURE	<u>145,503</u>	<u>159,662</u>	<u>(14,159)</u>
Income less Expenditure	<u>(51,456)</u>	<u>(81,922)</u>	<u>30,466</u>
Usable Reserves			
As at 31.3.23	287,086		
Surplus/(deficit) for year	<u>(51,456)</u>		
As at 31.3.24	<u>235,630</u>		

Grants and Contributions to end Q4 2023/24

Organisation	Project	Amount
Dornoch Trust	Beach Toilets	1,995
Dornoch Bowling Club	Upgrade of Green and Erection of Wall	4,000
Dornoch Area Community Council	Asset Maintenance Projects (6)	861
East Sutherland Camera Club	Highland Challenge 2023	500
Dornoch Area Community Interest Co	Project Curlew Masterplan Phase 2	50,000
Dornoch Beach Wheelchairs	Improvement to playpark	2,472
Dornoch Area Community Council	Maintenance & Improvement Projects (7)	2,025
Dornoch Heritage (Historylinks Museum)	The Nancy Commemoration Project	483
Dornoch Heritage (Historylinks Museum)	Historylinks Museum Extension Project	7,000
Dornoch Area Community Interest Co	Dornoch BID	4,999
Creich, Croick, Kincardine Day Care Assn	Transport for Dornoch Residents	900
Dornoch Cricket Club	Development of cricket ground	2,000
Dornoch Heritage (Historylinks Museum)	Historylinks Heritage Hub	43,000
Total		120,236

APPENDIX 3

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

	Actual to date 2024/25 £	Budget 2024/25 £	Estimated Outturn £	Variance £
INCOME				
Rents	55,000	100,757	105,197	4,440
Invitation to pay income	2,940	4,500	4,500	0
Interest and investment income	0	4,800	4,800	0
TOTAL INCOME	<u>57,940</u>	<u>110,057</u>	<u>114,497</u>	<u>4,440</u>
EXPENDITURE				
Staff Costs	1,109	3,000	3,000	0
Grants & contributions	27,178	25,000	38,733	13,733
Miscellaneous Property costs	0	15,000	2,500	(12,500)
Miscellaneous Other costs	453	0	453	453
Dornoch Beach Car Parks	0	25,000	0	(25,000)
Contribution to works at Dornoch Burn	0	10,000	0	(10,000)
TOTAL EXPENDITURE	<u>28,740</u>	<u>78,000</u>	<u>44,686</u>	<u>(32,964)</u>
Income less Expenditure	<u>29,200</u>	<u>32,057</u>	<u>69,811</u>	<u>37,404</u>

Estimated Usable Reserves 2023/24 (Appendix 3)	235,630
Budget surplus/(deficit) for 24/25	69,811
Forecast year end reserves 24/25	<u>305,441</u>

Grants and Contributions to end Q3 2024/25

Organisation	Project	Amount
Dornoch Trust	Beach Toilets	2,488.00
Dornoch Cathedral	Cathedral Tower Project	5,201.12
Dornoch Cricket Club	Cricket Wicket	4,500.00
Dornoch Bowling Club	Bowling Green	1,190.00
Dornoch Trust	Essential Woodland Maintenance	3,150.00
Dornoch Bid Ltd	Website Development	7,074.00
Dornoch & District Community Assn.	Dornoch Hogmanay Street Party 2024	3,575.00
Total		27,178.12

APPENDIX 4

Dornoch Common Good Fund Budget 2025/26

	Draft Budget 2025/26 £
INCOME	
Rents	101,235
Invitation to pay income	3,500
Interest and investment income	4,800
TOTAL INCOME	<u>109,535</u>
EXPENDITURE	
Staff Costs/Central Support	3,000
Grants & contributions	35,000
Miscellaneous Property costs	15,000
Invitation to pay costs (Miscellaneous)	1,000
Dornoch Beach Car Parks	25,000
TOTAL EXPENDITURE	<u>79,000</u>
Income less Expenditure	<u><u>30,535</u></u>
Estimated Revenue Reserves 2024/25	305,441
Budget surplus/(deficit) for 25/26	30,535
Forecast year end reserves 2025/26	<u><u>335,976</u></u>