

Agenda Item	12d
Report No	RC/047/19

HIGHLAND COUNCIL

Committee: Ross and Cromarty Committee

Date: 6 November 2019

Report Title: Invergordon Common Good – Annual Accounts and Quarter 2 Monitoring Report

Report By: Executive Chief Officer – Resources and
Executive Chief Officer – Communities and People

1. Purpose/Executive Summary

- 1.1 This report presents the Invergordon Common Good Fund audited accounts for 2018/19 and the 2nd Quarter monitoring for 2019/20. The report highlights main issues regarding the accounts and the strategy in relation to the overall Fund value.

2. Recommendations

2.2 Members are asked to:

- Consider the Invergordon Common Good Fund Annual Report for 2018/19;
- Consider the position of the Invergordon Common Good Fund, as shown in the 2019/20 Quarter 2 monitoring statement
- Note the position in relation to the Town Hall and
- Note the position in relation to the ownership of the Bouchardon Bust of Sir John Gordon

3. Implications

- 3.1 The Useable Reserves stood at £74,420 as at 31 March 2019. Members will be aware that the repair and refurbishment work which the Town Hall needs cannot be accommodated within these resources and it has not been possible for the Council to draw in grant funding for refurbishment. This is why the decision has been made to explore all options for disposal by sale or long lease within the framework of the Community Empowerment legalisation.
- 3.2 Resource – Members will note a surplus of £1,950 is anticipated at the end of 2019/20

- 3.3 Legal – Any disposal would be carried out within the framework of the Community Empowerment (Scotland) Act 2015 and, as it raises a question about the alienability, the correct Court authority also obtained. An 8 week consultation on potential disposal ran, as required under the Community Empowerment (Scotland) Act 2015 up to 22nd March 2019. This consultation indicated a community group would be interested in purchasing the site for ongoing community use.
- 3.4 Community (Equality, Poverty and Rural) - No implications at present but further consultation will be carried out and considered before a course of action is agreed. It had previously been agreed to allow time for the community group to develop their proposals. It is anticipated that community ownership would increase community involvement and would also attract additional funds that would help to make the building more accessible and also more energy efficient.
- 3.5 Risk – None
- 3.6 Gaelic – None
- 3.7 Climate Change/Carbon Clever – None

4. Annual Report

- 4.1 Appendix 1 of this report shows the Income and Expenditure Account and Balance Sheet in respect of the Invergordon Common Good Fund (ICGF) for Financial Year 2018/19.
- 4.2 There was very little financial activity in relation to the Invergordon Common Good. Overall there was a surplus on the account of £2,852 which has increased the usable reserves at 31 March 2019 to £74,420.
- 4.3 Following the year-end valuation process a revaluation loss of £1,000 was recognised in respect of Invergordon Town Hall, which is held as an investment property in the balance sheet. This is matched with a corresponding movement in the Capital Adjustment Account which is shown under unusable reserves. This will be amended further in 2019/20 due to an independent valuation report carried out by the District Valuer Services in September 2019.

5. Quarter 2 Monitoring Statement

- 5.1 A monitoring statement showing transactions to the end of September 2019 against budget and estimated year end position is attached at Appendix Two.
- 5.2 No income has yet been received. When the budget was set the rent for the Town Hall was £3,300 based on the last 5 yearly rent evaluation. This has been reviewed and from April 2019 the rent has been set at £3,500. There will therefore be an additional £200 of income once this is paid by HLH which leases the building.

- 5.3 There has been a small charge for the Invergordon Common Good Fund's proportion of the costs of the Common Good Fund Officer, but overall very little expenditure has been incurred so far, this financial year. As noted in 4.3 above a property valuation has been carried out and the estimated-out turn has been amended to reflect the cost of this.

6. Invergordon Town Hall

6. A previous report to this committee following an initial consultation of the potential disposal of the Town Hall, identified that a community group were interested in purchasing the site for future use. Members agreed to allow the group time to develop their proposals. Members will recall from the August 2019 monitoring report that the Invergordon Development Trust (IDT) has made a Stage 1 application to the Scottish Land Fund (SLF). This was successful, and they are now receiving support from a SLF advisor and Impact Hub, though the post of Development Officer is currently vacant. They are currently seeking community views regarding the preferred use for the building which will feed into their business plan and inform any funding applications for grant assistance which they will require to make.
- 6.2 Members are also advised that the DVS valuation received has valued the Town Hall at £1. In view of the condition a relatively low valuation was, of course expected but in order to ensure that best value is obtained for the Common Good a review of this valuation will be requested, and Members will be kept up to date.
- 6.3 Clearly it will take some time for the IDT to conclude this consultation and form a business plan, but Members will be kept up to date via monitoring reports. Once a business case is available this will be evaluated and again brought to Members for consideration. If sale was agreed a second public consultation would be also required under the terms of the Community Empowerment Act. Sale would also raise the question of alienability and, therefore, the Council would require to obtain permission from the Sheriff Court to sell the building.

7. The Bouchardon Bust of Sir John Gordon

The Bouchardon Bust of Sir John Gordon is an important artefact of significant value which is currently held in The Inverness Museum. The Common Good Officer has been looking into the provenance of all assets that are, or have at some point been, regarded as potential Common Good assets. She has found, in the Archive Centre, Town Council minutes noting the purchase of the Bust which was to be put into the Town Hall for £5 as well as confirmation of this payment in the Town Council Treasurer's Ledger. An assessment has been made by the Common Good Officer and Legal Manager as to whether the Bust should be regarded as a Common Good asset. In order to be Common Good, an asset must have been a) owned by a Burgh Council or a town council with responsibility for a Burgh, b) must not have been bought for a statutory purpose and c) must not form part of a trust. Applying this to the Bust the answers are as follows:

1) Was it owned by a Burgh Council or a town council with responsibility for a Burgh?

Yes – Invergordon Town Council bought in 1930.

2) Was it bought for a statutory purpose?

No - the reason for the purchase was because Sir John Gordon was said to be “the founder of Invergordon” therefore this was not bought for a statutory purpose.

3) Does it form part of a trust?

No – it was a simple purchase; there is not trust deed or other essential requirements creating a trust.

Therefore, based on this reasoning, the bust is a Common Good asset and will be included in the asset register. This will significantly increase the value of the heritage assets in the next year’s accounts.

Designations: Executive Chief Officer – Resources and
Executive Chief Officer – Communities and People

Date: 16 October 2019

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Appendix 1

STATEMENT OF ACCOUNTS 2018-19

Invergordon Common Good Fund

Income and Expenditure Account	2018/19 £	2017/18 £
Expenditure		
Administration charges	69	84
Staff Costs	939	1,458
Total expenditure	<u>1,008</u>	<u>1,542</u>
Income		
Rents	3,300	3,300
Interest and investment income	560	287
Total income	<u>3,860</u>	<u>3,587</u>
Surplus/(deficit) for the year	<u>2,852</u>	<u>2,045</u>
Revaluation gains/(losses)	(1,000)	(41,000)
Total comprehensive income and expenditure	<u><u>1,852</u></u>	<u><u>(38,955)</u></u>
Balance Sheet	31/03/2018 £	31/03/2018 £
<u>Non current assets</u>		
Investment properties	54,000	55,000
Heritage assets	85,000	85,000
	<u>139,000</u>	<u>140,000</u>
<u>Current assets</u>		
Loans fund deposits	74,420	71,568
	<u>74,420</u>	<u>71,568</u>
Total assets	<u><u>213,420</u></u>	<u><u>211,568</u></u>
Usable reserves		
Revenue funds	74,420	71,568
Unusable reserves		
Revaluation reserve	85,000	85,000
Capital adjustment account	54,000	55,000
	<u>139,000</u>	<u>140,000</u>
Total reserves	<u><u>213,420</u></u>	<u><u>211,568</u></u>

Appendix 2

Invergordon Common Good - Quarterly Monitoring Period to 30 September 2019

	Actual to date £	Budge t £	Estimate d Outturn £	Varianc e £
Income				
Rents	0	3,300	3,500	200
Interest and investment income	0	300	300	0
Total Income	<u>0</u>	<u>3,600</u>	<u>3,800</u>	<u>200</u>
Expenditure				
Staff Costs	285	1,000	1,000	0
Property costs	55	1,000	750	250
Admin charges	0	100	100	0
Total Expenditure	<u>340</u>	<u>2,100</u>	<u>1,850</u>	<u>0</u>
Income less Expenditure	<u><u>(340)</u></u>	<u><u>1,500</u></u>	<u><u>1,950</u></u>	<u><u>450</u></u>