

The Highland Council

City of Inverness Area Committee – 12 August 2013

Agenda Item	14a
Report No	CIA/47/13

City of Inverness Common Good Fund Financial Monitoring Report to 30th June 2013

Report by Inverness City Manager

Summary

This report presents the expenditure monitoring position for the City of Inverness Common Good Fund at the 30th June 2013 and the projected year-end position.

1. Introduction

- 1.1 This report sets out the financial activity on the City of Inverness Common Good Fund at 30th June 2013. **Annex 1** shows expenditure to date, the annual agreed budget, the predicted year end outturn and the predicted variance.
- 1.2 The purpose of the report is to advise Members of the anticipated financial position against the agreed budget at the end of financial year 2013/14. Where there are variances over £0.005m the report includes commentary from the City Manager.
- 1.3 The report is produced in support of the Council's corporate governance process.

2. Background

- 2.1 The budget presented at **Annex 1** was agreed by the City of Inverness Area Committee at its meeting held on 11 February 2013. It was also agreed at that meeting to meet £0.356m of previous years grant commitments from reserves. The budget in 2013/14 is therefore stated at £0.706m representing funds of £0.350m available to the Gants Sub-Committee and the £0.356m commitment from previous years.

3. Overview

- 3.1 The report shows total budgeted expenditure for the year of £2.038m to be met by income of £2.322m (including a transfer from Reserves of £0.356m). Projects totalling £1.546m are to be met from Reserves in 2013/14. At June an overspend of £0.048m is predicted on Operations with Project expenditure expected to match the budget.

4. Variances

- 4.1 Civic and Conference Hospitality: An adverse variance of £0.035m is

anticipated on the budget. In recent years the budget target has not been achieved (2011/12 £0.102m and 2012/13 £0.114m) therefore it is proposed that the budget be increased by £0.035m to £0.120m in 2013/14 with a corresponding reduction being applied to the budgeted surplus on operations. The budgeted surplus would thus reduce from £0.284m to £0.249m. This includes expected expenditure on civic events supporting conferences.

- 4.2 Winter Payments: There is an adverse variance of £0.013m due to late receipt and subsequent payment processing of claims relating to the previous financial year.
- 4.3 Town Clock and Steeple: Expenditure is currently higher than the Annual Budget as it is anticipated that grant income will be received later in the financial year which will bring the project spend back to target.
- 4.4 City Events and Promotions: This will be renamed 'City Promotions'. There is a requirement to make provision for committed and anticipated expenditure on subvention and the Scottish Open Golf Tournament. Members agreed in February 2012 that £0.040m should be allocated towards subvention during the next financial year. During financial year 2014/15 it is proposed that separate budgetary provision is made for subvention. Members also previously agreed a contribution of £0.023m towards arrangements relating to the Scottish Open. It is proposed that the budget be increased by £0.063m to £0.113m in 2013/14 with a corresponding reduction being applied to the budgeted surplus on operations. The budgeted surplus would thus further reduce from £0.249m to £0.186m
- 4.5 ICGF Grants Sub-Committee – Expenditure is being managed so that any commitments from previous financial years are shown and the 2013/14 budget adjusted accordingly to accommodate the projected spend from those commitments. There is scope for the Committee to agree a one-off additional allocation of £0.070m to the 2013/14 ICGF Grants Sub-Committee budget. This would give the Sub-Committee more flexibility noting the reassessment of previous year's commitments. This sum would further reduce the budgeted surplus to £0.116m.
- 4.6 Events and Festivals Working Group – The programme is proving successful with the Inverness Bunkers Festival and Highland Games giving the City excellent national and international profile. However the economic climate has impacted income generation from sponsorship and ticket sales for the Inverness Highland Games. Therefore it is prudent to recommend that this income gap be filled by allocating £0.015m to the Events and Festivals budget for 2013/14. This will allow the high profile events planned as part of the 2013/14 programme to be delivered successfully. The allocation would reduce the surplus to £0.101M.

5. Governance

- 5.1 The amount of business being considered by the Civic Hospitality Working Group has increased consistently in the last two financial years. The

establishment of the ICGF Grants Sub-Committee gives the opportunity to streamline business by allowing the Grants Sub-Committee to absorb the Business of the ICGF Civic Hospitality Working Group (CHWG). The CHWG was established in 2007 and has acted to scrutinise applications for Civic Hospitality made to the ICGF. This is an important task and the transfer of the work to the ICGF Grants Sub-Committee would justify the inclusion of the former Chair of The CHWG within the Grants Sub-Committee. In consequence, it is recommended that Provost Alex Graham becomes a member of the ICGF Grants Sub-Committee. This would increase the number of Members of the Grants Sub-Committee to 9. This would have the benefit of reducing the number of Member meetings by up to 10 in each year and have a consequential beneficial impact on use of officer time as well.

Recommendation

It is recommended that the City of Inverness Area Committee:-

- i) Approve the 2013/14 financial monitoring report for the Inverness Common Good Fund at the 30 June 2013;
- ii) Approve an increase in the Civic and Conference Hospitality budget of £0.035m with a corresponding reduction in the anticipated surplus on operating activities;
- iii) Approve an increase in the City (Events and) Promotions budget of £0.063m with a corresponding reduction in the anticipated surplus on operating activities;
- iv) Approve an increase in the Grants Sub-Committee budget of £0.070m with a corresponding reduction in the anticipated surplus on operating activities;
- v) Agree that the remit of the Inverness Common Good Fund (ICGF) Grants Sub-Committee be extended to include the consideration and disposal of all applications for funding or other consents relating to the disbursement of Funds or resources previously administered by the ICGF Civic Hospitality Working Group with Immediate effect;
- vi) Agree to extend the membership of the ICGF Grants Sub-Committee by 1 by appointing the Provost of the City of Inverness as a member;
- vii) In the event that recommendation (v) above is approved, that the ICGF Civic Hospitality Working Group be dissolved with immediate effect with thanks to all the Members who have served on this Working Group to date; and
- viii) Approve an increase in the Events and Festivals budget of £15K.

Designation: Inverness City Manager

Date: 30 July 2013

Authors: David Haas, City Manager and
David Robertson Head of Accounting and Budgeting

**MONITORING STATEMENT 2013/14
INVERNESS COMMON GOOD FUND
FOR PERIOD ENDING 30 JUNE 2013**

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
	£000	£000	£000	£000
INCOME				
Rents				
Industrial Estates	455	1,392	1,392	0
Victorian Market	72	282	282	0
Town House	0	253	253	0
Other Properties	8	34	34	0
	<u>535</u>	<u>1,961</u>	<u>1,961</u>	
Other Income				
Contribution to Grants from Reserves	0	356	356	0
Interest on Revenue Balances	0	5	5	0
TOTAL INCOME	<u>535</u>	<u>2,322</u>	<u>2,322</u>	
EXPENDITURE				
Industrial Estates	1	5	5	0
Victorian Market	35	194	194	0
Town House Maintenance	11	100	100	0
Other Properties	5	138	138	0
Civic and Conference Hospitality	47	85	120	35
Ness Islands & Bank Maintenance	0	27	27	0
Festive Lights	0	65	65	0
Town Twinning	0	9	9	0
Winter Payments	13	42	55	13
Inverness Common Good Fund Grants	65	706	706	0
City Events & Promotions	6	50	50	0
Events & Festivals	21	305	305	0
CCTV	0	90	90	0
Property Management Fees	0	118	118	0
Central Support Charge	0	47	47	0
Other Charges	0	15	15	0
Town House Other Costs	3	11	11	0
City Arts Project	15	31	46	15
TOTAL EXPENDITURE	<u>222</u>	<u>2,038</u>	<u>2,101</u>	<u>63</u>
Income Less Expenditure	<u>313</u>	<u>284</u>	<u>221</u>	<u>63</u>
PROJECTS				
Town House Boiler Replacement Works	0	172	172	0
Town House Refurbishment	0	200	200	0
CGF contribution to re-wiring of Town House	0	51	51	0
Longman Roads Adoption	0	3	3	0
Ness Islands Lighting Project	0	115	115	0
Refurbishment 1-3 Church Street	0	600	600	0
Streetscape Riverside Flood Prevention Project	0	200	200	0
Victorian Market Windows Replacement	0	70	70	0
Town Clock and Steeple	27	10	10	0
Inverness City Arts Project	0	125	125	0
TOTAL PROJECTS	<u>27</u>	<u>1,546</u>	<u>1,546</u>	<u>0</u>