

## The Highland Council

City of Inverness Area Committee – 12 August 2013

Agenda Item	14b
Report No	CIA/48/13

### City of Inverness Common Good Fund - Budget Out-turn Report and Balance Sheet for financial year 2012/13

#### Report by Inverness City Manager

#### Summary

This report presents the Budget Out-turn Report and Balance Sheet for the City of Inverness Common Good Fund for financial year 2012/13.

#### 1. Introduction

- 1.1 This report sets out the unaudited financial position for the Inverness Common Good for financial year 2012/13. **Annex 1** presents the out-turn position against the agreed budget and the unaudited Balance Sheet.
- 1.2 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 Committee in February 2012.

#### 3. Overview

- 3.1 The actual column on the out-turn statement shows that the Inverness Common Good Fund returned an overall surplus of £0.273m, thus increasing the net assets on the Balance Sheet from £32.703m to £32.976m.
- 3.2 The operating budget returned an adverse variance of £0.391m (see detail in section 4). However expenditure on the Town Clock and Steeple was less than anticipated and when added to investment gains and losses the Inverness Common Good Fund has increased by £1.046m more than anticipated when the budget was set.
- 3.3 Total Reserves in the Balance Sheet have increased by £0.273m.
- 3.4 Revenue Funds have decreased by £0.526m due to the loss of £0.314m on operations, £0.043m investment management fees and the £0.398m of expenditure on the Town Clock and Steeple, however this expenditure is offset by investment income of £0.221m and a small gain on disposal of assets of £0.008m.
- 3.5 Capital Funds have increased by £1.310m due to increased investment values.

- 3.6 Revaluation Reserves have decreased by £0.511m due to lower market values being attributed to properties in Church Street.
- 3.7 The Assets of the Common Good at 31<sup>st</sup> March 2013 are as follows:
- |  |          |
|--|----------|
| Heritage Assets (Pictures and Artefacts)             | £1.638m  |
| Investment Properties (Town House, Longman etc.)     | £20.719m |
| Investments (Managed Portfolio – Messrs Adam and Co) | £10.342m |
| Cash and cash equivalents (Loans Fund Deposit)       | £0.376m  |

#### 4. Major Variances

- 4.1 Industrial Estates: As a result of HQC financial difficulties, arrears on the lease of £0.023m were written off in this financial year however as a result of the recent Assignment of the Lease this income will be received in 2013/14. Also £0.090m income was attributed to financial year 2011/12 which should have been accrued into 2012/13. The equivalent income received in 2012/13 has been correctly accounted for in the current financial year.
- 4.2 Victorian Market: The £0.064m overspend is due to work undertaken throughout the year over and above day-to-day maintenance requirements. This includes £0.061m of expenditure on agency staff (£0.046m on security and £0.015m on cleaning). Planned changes to the operation of the Town House Car Park have taken longer to implement. Once made, they will release the Car Park Attendant for other duties which would allow for a significant reduction in spend on agency staff that currently undertake certain duties within the Victorian Market. This includes general duties, market security and cleaning. The remaining £0.012m of overspend relates to repairs work undertaken to improve access to the Market, the windows and the roof. In the current financial year a different approach has been taken and a separate funding stream has been agreed for the next phase of the windows replacement project. Regular monitoring of expenditure is now providing greater clarity on the operating costs of the Market and will inform the development of a planned maintenance programme for future years.
- 4.3 Grants Budget: The overspend is due to project timing differences and changes to anticipated expenditure patterns. The Committee have agreed an additional budget feed in 2013/14 to allow the position to be regularised. In future the Sub-committee will only make awards up to the value of the budget and virements between years will match expenditure to the correct period.
- 4.4 City Events and Promotions: The overspend is largely due to pressures arising from the Olympic Torch Event (£0.022m) and Queen's Jubilee Celebrations (£0.015m) in addition to the regular annual portfolio of events and associated marketing (£0.035m in 12/13).
- 4.5 City Arts Project (ICArts): The overspend on this cost centre relates to £0.020m of delayed billing for Sub-Contractors for work done in the previous financial year 2011/12. The remainder of the overspend was a result of additional work undertaken by the contractors in connection with the preparation work for the

public art works being commissioned for the SHIFT/SEOL Project Programme. ICArts is not running an overspend as the balance of the sums due will be set against the overall budget for the SHIFT/SEOL Public Art Programme.

- 4.6 Central Support Charges: These show an £0.008m overspend due to additional officer time being spent on the Inverness Common Good Fund in producing monitoring reports, working on budget setting and reviewing grants procedures.
- 4.7 Events and Festivals: This budget heading was managed throughout the year with the aim of maximising the actual expenditure. However two late amendments to the cost centre, being the unexpected receipt of an invoice for the fireworks display and the correction of a miscoding of the Highland Games cash float moved the budget into an over spend position at a stage in the year when corrective action was not possible. Financial procedures are being reviewed to avoid this reoccurring.
- 4.8 Town Clock and Steeple: The full budget of £0.850m for the project is shown in this financial year although expenditure will be incurred across several financial years. There is an underspend of £0.358m for the project in total and an underspend of £0.452m in this financial year

#### **Recommendation**

The Committee is invited to consider and note the Inverness Common Good Outturn Report and Balance Sheet for financial year 2012/13.

Designation: Inverness City Manager

Date: 30 July 2013

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**MONITORING STATEMENT  
INVERNESS COMMON GOOD FUND  
FOR YEAR ENDING 31 MARCH 2013**

	<b>Annual Budget 2012/13 £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
<b>INCOME</b>			
Rents			
Industrial Estates	1,369	1,256	(113)
Victorian Market	270	280	10
Town House	253	253	0
Other Properties	77	57	(20)
	<hr/> 1,969	<hr/> 1,846	<hr/> (123)
Interest Receivable	5	2	(3)
<b>TOTAL INCOME</b>	<hr/> <b>1,974</b>	<hr/> <b>1,848</b>	<hr/> <b>(126)</b>
<b>EXPENDITURE</b>			
Industrial Estates	5	6	(1)
Victorian Market	215	279	(64)
Town House Maintenance	115	131	(16)
Other Properties	152	142	10
Civic and Conference Hospitality	89	114	(25)
Ness Islands & Bank Maintenance	27	27	0
Festive lights	65	67	(2)
Town Twinning	10	3	7
Winter Payments	42	23	19
Inverness Common Good Fund Grants	400	582	(182)
City Events and Promotions	58	132	(74)
CCTV	97	81	16
Whin Park	80	0	80
Property Management Fees	118	118	0
Central Support Charge	47	55	(8)
Other Charges	15	3	12
Town House Other Costs	11	3	8
3 Statues	5	1	4
Events and Festivals	315	328	(13)
Northern Meeting Park	0	1	(1)
City Arts Project	31	66	(35)
<b>TOTAL EXPENDITURE</b>	<hr/> <b>1,897</b>	<hr/> <b>2,162</b>	<hr/> <b>(265)</b>
<b>Operating Surplus/(Deficit)</b>	<b>77</b>	<b>(314)</b>	<b>(391)</b>
<b>Projects (Expenditure)</b>			
Town Clock and Steeple	(850)	(398)	452
Income and Expenditure before Investments	(773)	(712)	61
<b>Investment Income and Expenditure</b>			
Unrealised gains on investments		1,310	1,310
Investment Income		221	221
Investment Management Fees		(43)	(43)
Unrealised losses on revaluation of investment properties		(511)	(511)
Gains on Disposal of non current assets		8	8
<b>Total Income and Expenditure for the year</b>	<hr/> <b>(773)</b>	<hr/> <b>273</b>	<hr/> <b>1,046</b>

# INVERNESS COMMON GOOD FUND

## BALANCE SHEET AS AT 31 MARCH 2013

31/03/12 £000		31/03/13 £000
	<b>Non current assets</b>	
1,638	Heritage assets	1,638
21,472	Investment properties	20,719
8,852	Investments	10,342
<u>31,962</u>	<b>Total long term assets</b>	<u>32,699</u>
	<b>Current assets</b>	
1,000	Short term investments	-
(112)	Cash and cash equivalents	376
92	Sundry debtors	97
<u>980</u>		<u>473</u>
	<b>Current liabilities</b>	
(239)	Sundry creditors	(196)
<u>741</u>	<b>Net current assets</b>	<u>277</u>
<u>32,703</u>	<b>Net assets</b>	<u>32,976</u>
	<b>Reserves</b>	
	<b>Usable reserves</b>	
(6,168)	Revenue funds	(5,642)
(2,726)	Capital funds	(4,036)
<u>(8,894)</u>		<u>(9,678)</u>
	<b>Unusable reserves</b>	
(23,779)	Revaluation reserve	(23,268)
(30)	Capital adjustment account	(30)
<u>(23,809)</u>		<u>(23,298)</u>
<u>(32,703)</u>	<b>Total reserves</b>	<u>(32,976)</u>