

The Highland Council

Nairn and Badenoch and Strathspey Area Committee -
4 December 2014

Agenda Item	7.
Report No	NBS 37/14

Nairn Common Good Fund – Annual Report 2013/14 and Quarter 2 Monitoring Report
Report by the Director of Finance and the Inverness City Manager

Summary

This report asks Members to note the Nairn Common Good Fund (NCGF) Annual Report 2013/14 and the position of the NCGF as shown in the Quarter 2 Monitoring Statement. This report also seeks to update on the ongoing review of the NCGF.

1. Annual Report

- 1.1 **Appendix 1** of this report shows the Income and Expenditure Account and Balance Sheet in respect of the NCGF for Financial Year 2013/14.
- 1.2 Members are requested to note changes to the reserves position reported in the audited accounts. This is as a result of adjustments recommended by Audit Scotland to the Common Good accounts.
- 1.3 The underlying concept is that each category of asset in the top half of the balance sheet has an equivalent reserve in the bottom half of the balance sheet.
- 1.4 In previous years some items shown in the ‘capital fund’ should have been re-classified as capital adjustments account entries when we moved to better comply with International Financial Reporting Standards as the equivalent asset related to investment property and not a revenue income stream.
- 1.5 The effect of the amendments on reserves was as follows:

Nairn Common Good

31/03/2014	£	£	£
Reserves	Usable Reserves	Unusable Reserves	Total Reserves
Prior year audited	-170,258	9,580,989	9,410,731
Audit adjustments	-134,600	134,600	0
Prior year restated	-304,858	9,715,589	9,410,731
Surplus/deficit for 2013/14	379,285	-3,182,500	-2,803,215
Audited 2013/14	74,427	6,533,089	6,607,516

- 1.6 Members are asked to note that this is a one off retrospective adjusting entry required to make the Common Good accounts comply with accounting regulations.

2. Revenue Monitoring Report

- 2.1 A monitoring statement showing transactions against budget to the end of September 2014 is attached as **appendix 2**.

- 2.2 Expenditure:

Expenditure to date relates to property maintenance, electricity charges and under Rent, Rates and Insurance, Nairn River Fishing fees, which due to receipt of a late invoice, includes 2013/14 charges.

- 2.3 Income:

Income relates principally to property and rentals. The projected surplus of £0.40m is due to rentals concluded for the former Links Shelter, the Sandown Fields and also includes £0.020m relating to the balance of the 2013-14 rent due on Lochloy Caravan Park which was received in June 2014.

Miscellaneous income shows a variance which relates to increased revenue for Nairn Highland Games.

3. Review and Governance

- 3.1 The ongoing lease review process for the caravan site at Lochloy has now been concluded. As a result, revenue reserves will increase in 2014/15 due to restitution rental income of £0.187m agreed at Highland Council. The budget outturn has been adjusted to reflect this and is shown under 'rent refund for prior years'.

4. Ongoing and Future Actions

- 4.1 With management and governance arrangements now in place and operational, a key area of focus will be the Asset Register for the NCGF. As previously reported, this will be presented to Area Committee for its consideration with recommendations.
- 4.2 Work continues on development of an Investment Strategy for the NCGF. A range of options have been discussed with the Nairn Members and as a result a draft strategy will be brought before the next meeting of the Nairn and Badenoch and Strathspey Area Committee in March for formal consideration.

5. Implications

- 5.1 There are no known implications for Equalities; Resource; Legal; Climate Change/Carbon Clever; Risk, Gaelic or Rural arising from this report.
- 5.2 All legal responsibilities for the management of the NCGF are being applied by the Council. In considering the strategy for the NCGF, full account will be taken of

the need to adhere to the Council's Policies detailed above.

5.3 There are no other implications to be highlighted in the report.

Recommendation

The Committee is invited to:

- i. Note the Nairn Common Good Fund Annual Report for 2013/14
- ii. Note the position of the Nairn Common Good Fund and amended outturn as shown in the Quarter 2 Monitoring Statement against budget
- iii. Note that a draft Investment Strategy for the Nairn Common Good Fund will be brought before the March Committee and
- iv. Agree that update reports continue to be brought before Area Committee

Designation: Director of Finance and Inverness City Manager

Date: 20 November 2014

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STATEMENT OF AUDITED ACCOUNTS 2013-14

Appendix 1

Nairn Common Good Fund

Income and Expenditure Account

	2013/14 £	2012/13 £
<u>Expenditure</u>		
Property maintenance	49,686	48,104
Rent, rates and insurance	4,278	9,100
Legal expenses	(4,019)	4,019
Special grants	2,543	-
Sandown costs	0	-
Interest paid	0	(77,803)
Administration charges	856	1,011
Total expenditure	<u>53,344</u>	<u>(15,569)</u>
<u>Income</u>		
Rents	28,796	38,130
Loan with Highland Council written off	390,000	-
Miscellaneous income	12,638	33,192
Interest and investment income	1,196	6,555
Total income	<u>432,629</u>	<u>77,877</u>
Surplus/(deficit) for the year	<u>379,285</u>	<u>93,446</u>
Revaluation losses on investment property	(3,182,500)	(306,303)
Unrealised gains on investments		
Total comprehensive income and expenditure	<u><u>(2,803,215)</u></u>	<u><u>(212,857)</u></u>

Balance Sheet

	31/03/14 £	31/03/13 £
<u>Non current assets</u>		
Investment properties	6,473,089	10,000,000
Investments	6,004	6,004
Heritage	60,000	60,000
	<u>6,539,093</u>	<u>10,066,004</u>
<u>Current assets</u>		
Loans fund deposits	69,315	79,138
Sundry debtors	-	-
	<u>69,315</u>	<u>79,138</u>
<u>Long term liabilities</u>		
Sundry creditors	(892)	(734,411)
Total assets	<u><u>6,607,516</u></u>	<u><u>9,410,731</u></u>
Usable reserves		
Revenue funds	74,427	(304,858)
Unusable reserves		
Revaluation reserve	60,000	60,000
Capital adjustment account	6,473,089	9,655,589
	<u>6,533,089</u>	<u>9,715,589</u>
Total reserves	<u><u>6,607,516</u></u>	<u><u>9,410,731</u></u>

BUDGET 14-15**Nairn Common Good Fund**

	Actual to Date	Annual Budget 2014/15	Expected Outturn	Variance
	£000	£000	£000	£000
Income				
Rents	91	51	91	40
Rent refund for prior years	-	-	187	187
Miscellaneous income	16	5	16	11
Interest and investment income	-	7	7	-
Total income	<u>106</u>	<u>63</u>	<u>301</u>	<u>238</u>
Expenditure				
Property maintenance	4	46	46	-
Electricity	2	1	1	-
Water charges	0	1	1	-
Rent, rates and insurance	18	9	18	9
Central Support Charges	0	1	1	-
Total expenditure	<u>25</u>	<u>58</u>	<u>67</u>	<u>-</u>
Surplus/(deficit) for the year	<u><u>82</u></u>	<u><u>5</u></u>	<u><u>234</u></u>	<u><u>229</u></u>