

Agenda Item	5
Report No	N/02/18

HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 14 March 2018

Report Title: Nairn Common Good Fund Budget Setting for 2018/19 and Quarter 3 Monitoring Report

Report By: Director of Corporate Resources and Inverness City Area Manager

1 Purpose/Executive Summary

- 1.1 This report invites Members to set the revenue budget for the Nairn Common Good Fund (NCGF) for the financial year 2018/19. It also asks Members to note the position of the NCGF as shown in the Quarter 3 Monitoring Statement.

2 Recommendations

- 2.1 Members are asked to:
- i. Agree the Nairn Common Good Fund budget for 2018/19 detailed within the report;
 - ii. Note the reference to a potential 'Grant Funding Scheme' and that a report on the application process and criteria will be presented to Committee when this proposal becomes viable and;
 - iii. Note the position of the Nairn Common Good Fund as shown in the Quarter 3 Revenue Monitoring Statement against Budget

3 Proposed Budget for 2018 / 19

- 3.1 2018/19 Budget – The draft budget for 2018/19 is set out in **Appendix 1**. In accordance with Council policy, wherever practicable, no inflationary increase has been applied to budget heads.
- 3.2 Available funds - This budget plans for the expenditure of revenue which will be received in 2018/19. If income and expenditure are set at levels proposed in **Appendix 1**, and if no unforeseen spend is encountered as has happened previously, with for example the Links Paddling Pool, the NCGF should generate a revenue surplus of £29,300 in 18/19.
- 3.3 It should be noted that capital projects for the development and / or protection of NCGF assets would require separate consideration and an appropriate funding package which would be brought to Committee for consideration.

4 Anticipated Revenue

- 4.1 Rental Income - The total income from rentals expected to be available from Common Good Assets in 2018/19 is projected to be £106,000.
- 4.2 Lettings Income - Income is largely related to the Nairn Games and is dependent on the income from stalls and the hospitality tent, and the annual let of the Links by the Showmen's Guild. This income has varied in the past so has been set at a lower level to allow for a contingency position. A small level of income is derived from the letting of the Bandstand, and from areas of the Links let largely for sporting events. Income of £10,000 is therefore projected for 2018/19.

5 Expenditure Budget

- 5.1 Property Costs – a budget of £55,000 is proposed. This includes the annual charge from the Council of £38,500 for grounds maintenance for Common Good areas, a management fee of £6000 from Highlife Highland for the seasonal management of the paddling pool and year round overseeing of the Links and Leisure Park, and also makes provision and builds in contingency for repairs and remedial work to Common Good assets, including the Links and Riverside areas.
- 5.2 Electricity and Water Charges - A budget of £1,000 is proposed for each budget head in line with current charges on NCGF properties.
- 5.3 Rent, Rates and Insurance - A budget of £3,500 is proposed for the River Fishing Licence Fee and for necessary insurance cover. This is a reduction due to revaluations carried out by the Assessor. All of the investment properties are expected to remain tenanted in 18/19 which means that the NCGF will not be liable for Non Domestic Rates.
- 5.4 Central Support Charges - A budget of £10,000 is proposed in respect of officer support for Finance, Administration and Property services and includes a proportion of the costs of the Common Good Funds Officer. It should be noted that this could vary to reflect the actual levels of Highland Council officer support provided to the fund in the year ahead. Any variations will be reported through the Quarterly Monitoring Report
- 5.5 Legal Expenses – A budget of £1000 is proposed for legal costs associated with work ongoing on the NCGF assets.

- 5.6 Project Costs – a budget of £15,000 is proposed to progress the Development Plan for the Links and to initiate projects.

6 Investment Strategy

- 6.1 The Committee has previously approved an investment strategy whereby £400,000 of the reserves currently held in cash will be invested in a share portfolio.
- 6.2 Any income generated by those investments will be reinvested in the portfolio with the aim of maximising the capital sum over the next five year period. In time it is anticipated that the funds will grow to a level sufficient to provide for an annual CGF grant funding scheme paid for from the income generated by the portfolio.
- 6.3 It is intended that any annual surplus made by other CGF assets will be invested in the portfolio, subject to a minimum level of cash balances to address unbudgeted expenditure being maintained.
- 6.4 Of the surplus forecast for 2017/18 £80,000 will be added to the investment portfolio with further additions made annually after each financial year end.

7 Quarter 3 Revenue Monitoring Report

- 7.1 A monitoring statement showing transactions against budget to the end of December 2017 is attached as **Appendix 2**.
- 7.2 Expenditure - expenditure to date relates mainly to property costs for Common Good areas and assets, and electricity and water charges for the Cricket Pavilion and Links areas.

There is a reduction in Rent, Rates and Insurance charges due to the revaluation of the River Fishings.

Due to the post commencing after the 2017/18 budget setting process, the cost to date of the NCGF proportion of the Common Good Funds Officer is shown as unbudgeted expenditure, however this will be budgeted for in 2018 /19.

The contribution to the Nairn Games is still to be determined.

- 7.3 Income - the income received to date relates to property and lettings. The surplus projected is due to a one off negotiated premium payment in respect of the caravan site at Lochloy.
- 7.4 The estimated net outturn position is a surplus of £118,614 which represents a variance against budget of £86,514.

8 Implications

- 8.1 Resource – Financial implications are as outlined in this report
- 8.2 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. Additionally, through the governance being applied by the Finance Service, funds remain compliant with all financial regulations.

- 8.3 Community (Equality, Poverty and Rural) – None.
- 8.4 Climate Change/Carbon Clever – None. Any future project for the protection or improvement of assets would seek to protect the environment and increase energy efficiency where possible.
- 8.5 Risk – None.
- 8.6 Gaelic – None.

Designation: Derek Yule, Depute Chief Executive/Director of Corporate Resources
David Haas, Inverness City and Area Manager

Date: 28 February 2018

Author: Liz Cowie, Ward Manager, Nairn and Badenoch & Strathspey
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DRAFT - 2018/19

Nairn Common Good Fund 2018/19
Budget 2018/19

Budget

INCOME

£

Rents	106000
Lettings	10000
Miscellaneous Income	<u>50</u>
TOTAL INCOME	<u>116050</u>

EXPENDITURE

Property maintenance	55000
Electricity	1000
Water charges	1000
Rents, Rates and Insurance	3500
Central support	10000
Advertising	250
Legal Expenses	1000
Project Costs	<u>15000</u>
TOTAL EXPENDITURE	<u>86750</u>

Income less Expenditure 29300

**Nairn Common Good - Quarterly Monitoring
Period to 31 December 2017**

APPENDIX 2

	Actual to date £	Annual Budget £	Year End Estimate £	Variance £
INCOME				
Rents	171,782	85,000	171,782	86,782
Lettings	14,368	15,000	15,000	0
Interest and investment income	0	500	500	0
Miscellaneous Income	27	100	100	0
	<u>186,177</u>	<u>100,600</u>	<u>187,382</u>	<u>86,782</u>
TOTAL INCOME	<u><u>186,177</u></u>	<u><u>100,600</u></u>	<u><u>187,382</u></u>	<u><u>86,782</u></u>
EXPENDITURE				
Common Good Fund Officer	3,353	0	6,706	6,706
Property Costs	46,855	50,000	50,000	0
Electricity	488	1,000	1,000	0
Water charges	153	1,000	1,000	0
Rents, Rates and Insurance	3,561	10,000	3,561	(6,439)
Central support	0	2,000	2,000	0
Advertising	145	500	500	0
Contribution to Nairn Games	0	3,000	3,000	0
Legal Expenses	877	1,000	1,000	0
TOTAL EXPENDITURE	<u>55,432</u>	<u>68,500</u>	<u>68,768</u>	<u>268</u>
Income less Expenditure	<u><u>130,745</u></u>	<u><u>32,100</u></u>	<u><u>118,614</u></u>	<u><u>86,514</u></u>
	0	0		