

Agenda Item	6
Report No	NC/22/21

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 1 December 2021

Report Title: Nairn Common Good Fund

Report By: Executive Chief Officer Communities and Place and
Executive Chief Officer Resources and Finance

1. Purpose/Executive Summary

1.1 This report provides information on income and expenditure in relation to the Nairn Common Good Fund (NCGF) as at 31 October 2021 and also provides an update on current NCGF issues. It also asks Members to scrutinise and note the position of the NCGF as shown in the Quarter 2 Monitoring Statement found at **Appendix 1**.

2. Recommendations

2.1 Members are asked to:

- i. Scrutinise and note the position of the NCGF as shown in the Quarter 2 Revenue Monitoring Statement against Budget for 2021/22.
- ii. Homologate spend within Quarter 2 undertaken in respect of
 - a. Urgent necessary repairs and interventions due to health and safety concerns and/or to prevent further degradation to Nairn Common Good Fund property.

3. Implications

3.1 Resource implications

Financial implications are as outlined in this report and as previously reported to this Committee, expenditure continues to be kept to a minimum to give the NCGF the best opportunity to build reserves for future projects for protection or development of NCGF Assets. As noted previously to this committee, work is required to develop an approach to income generation to ensure a source of revenue for development and replacement of new assets such as the Splash Pad.

3.2 **Legal implications**

The application of funds will fall within the competency guidelines set out both in statute and common law in relation to Common Good funds. The application of funds will remain compliant with all financial regulations.

3.3 **Community (Equality, Poverty, Rural and Island) impacts**

There are no community implications associated with this report.

3.4 **Climate Change / Carbon Clever implications**

None. Any future project for the protection or improvement of assets would seek to protect the environment and increase energy efficiency where possible.

3.5 **Risk implications**

To mitigate the risk to the Common Good Fund, consideration must be given as to the potential for income generation from Nairn Common Good assets to support ongoing maintenance and sustainability of other projects coming forward.

3.6 **Gaelic implications**

None

4. **Quarter 2 Revenue Monitoring Report**

4.1 A monitoring statement showing transactions against budget for the period to 31 October 2021 and the estimated year end position is attached at **Appendix 1**.

4.2 Members will note the (unaudited) balance of usable reserves at 31 March 2021 was £681,861.

4.3 **Income** – The income received to date relates principally to property rentals, which are anticipated to be on target. However, lettings are currently showing only a small income to date. The overall expected year end position on the income budget is an anticipated deficit of £12,100. This is as a result of planned events being unable to proceed due to covid restrictions. This deficit has reduced since the previously reported Monitoring Report as a result of additional income in the miscellaneous income heading from car parking. Income received to 31 October 2021 from the invitation to pay is £9,113.5

4.4 **Expenditure** – Limited expenditure has been incurred in the year to date. Under property maintenance, the approved budget is for grass cutting and grounds maintenance, the Highlife Highland management fee for the Leisure Park and Paddling Pool/Splash Pad, replacement equipment and for maintenance works carried out across the Links to benches, shelters and noticeboards. Central Support expenditure listed relates to Q1 and Q2 Common Good fund Officer's costs.

4.5 The Committee are invited to homologate the following expenditure accordingly:

- Nairn Links electricity box repairs to make secure £56.00
- Nairn Links electricity box electrical check £60.64
- Emergency repairs to Nairn Links sewage pump £4,714.87
- Nairn Links Flagpole repair £194
- Replace storage doors at Nairn Cricket Pavilion £750 (final cost tbc)
- Cricket Pavilion guttering clean £75.00

4.6 Annual Surplus – The approved budget for the year expected a surplus of £47,375 to be generated this year, with that sum being added to reserves or available to fund project spend. As a result of the income shortfall as referenced to in 4.3, a reduced surplus of £44,150 is now forecast. From this surplus, £15,000 has been allocated towards project expenditure, in respect of the splashpad. resulting in the overall expected surplus at the year end being £29,150.

6. Nairn Common Good Fund Investments

6.1 The Council has delegated power to manage cash Investments by NCGF to the Investment advisory sub-committee, which reports to the pensions committee. The Nairn Area Committee has power to administer the Revenue income of the NCGF and Projects. In this context officers are able to confirm that the value of the fund increased by 1.1% over the quarter ending 30.09.21, in comparison to a benchmark return of 1.2%. Over the past 12 months, the portfolio has risen by 18.4% in contrast to the benchmark figure of 18.2%. The value of the investments at end of September 2021 was £0.617m. The value of the investments is subject to constant change based on the market conditions (see **APPENDIX 2**).

Designation: Executive Chief Officer Communities and Place
Executive Chief Officer Resources and Finance

Date:

Author:

Nairn Common Good - Quarterly Monitoring
Period to Oct 2021

APPENDIX 1

	Actual to date £	Annual Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	75,050	121,800	121,800	-
Lettings	305	12,500	400	12,100
Miscellaneous Income	9,766	125	9,000	(8,875)
TOTAL INCOME	<u>85,120</u>	<u>134,425</u>	<u>131,200</u>	<u>3,225</u>
EXPENDITURE				
Property Costs	6,282	69,000	69,000	-
Electricity	663	2,000	2,000	-
Water charges	217	700	700	-
Rents, Rates and Insurance	38	3,600	3,600	-
Central support	7,428	10,500	10,500	-
Advertising	-	250	250	-
Legal Expenses	-	1,000	1,000	-
TOTAL EXPENDITURE	<u>14,628</u>	<u>87,050</u>	<u>87,050</u>	<u>-</u>
Income less Expenditure	<u><u>70,493</u></u>	<u><u>47,375</u></u>	<u><u>44,150</u></u>	<u><u>3,225</u></u>
PROJECTS				
EXPENDITURE				
Project Costs NCGF	6,423	15,000	15,000	-
	<u>6,423</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Anticipated contribution to reserves for 2021/22	<u>64,070</u>	<u>32,375</u>	<u>29,150</u>	
Unaudited Usable Reserves for 2020/21	681,861			

**APPENDIX 2
MONITORING STATEMENT 2021/22
NAIRN COMMON GOOD FUND PROJECT SPEND
FOR PERIOD ENDING OCT 2122**

	£000
Value of investment portfolio at 30.06.2021	610
Change in value of investment portfolio over 2021/22 Q2	<u>7</u>
Value of investment portfolio at 30.09.2021	617
 * Loans Fund balance (cash reserves) as at 31.03.2021	 109
 Total reserves balance as at 30.09.21	 <u>726</u>
 Anticipated use of reserves during 2021/22:	
To fund core budget spend (from Appendix 1)	-
To fund project spend (from Appendix 2)	-
 Anticipated reserves as at 31.3.2022**	 <u>726</u>
 ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	 726
Anticipated contribution to reserves during 2021/22	29
 ANTICIPATED USABLE RESERVES AT 31 MARCH 2022	 <u>755</u>

* unaudited

** does not take into account any potential movement in value of investments over remainder of the year