

Agenda Item	13a.
Report No	CIA/10/22

## THE HIGHLAND COUNCIL

**Committee:** City of Inverness Area Committee

**Date:** 17 February 2022

**Report Title:** Inverness Common Good Fund  
Financial Monitoring Report

**Report By:** Executive Chief Officer, Finance and Resources and  
Interim Executive Chief Officer, Communities and Place

### 1. Purpose/Executive Summary

- 1.1 This report presents the expenditure monitoring position for the Inverness Common Good Fund as at 31 December 2021 and the projected year end position.

### 2. Recommendations

2.1 Members are asked to:

- i. Consider the financial monitoring report to 31 December 2021; and note that overall expenditure is within agreed budgets.

### 3. Implications

- 3.1 **Resource implications** - The report details the financial resource implications. There are no other resource implications. The general implications for income and expenditure are also shown and it is to be noted that although project spend is showing an underspend, this is due to the delay in delivering the projects and the spend will be incurred later in the year, or potentially be required to carry forward to 2022/23. The underspend of £0.914m reflects significant underspends on expenditure of £0.725m with £0.400m allocated to grants, £0.105m for Civic Hospitality, £0.100m on Events and Festivals. Income is also higher than budget with an additional £0.194m from the Town Centre Fund contributing directly to the investment in the Victorian Market.
- 3.2 **Legal implications** - 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.
- 3.3 **Community (Equality, Poverty, Rural and Island) impacts** – None

3.4 **Climate Change / Carbon Clever** implications– None

3.5 **Risk implications** - The financial appendices highlight the impact of covid-19 on the Common Good Budgets. As highlighted in section 5 of the report, there are risk with rental income where tenants have sought to defer payments. It is the expectation that these are all received in full.

3.6 **Gaelic implications** – None

#### 4. **Introduction**

4.1 This report is produced in support of the Council's corporate governance process. The purpose of the report is to advise members of the anticipated financial position against the agreed budget at the end of financial year 2021/22. **Appendices 1 and 2** show both core and project income and expenditure to 31 December 2021, the predicted year end outturn and the predicted variance.

4.2 The current status of Capital Projects will be presented under a separate report later on in this agenda.

#### 5. **Overview**

5.1 **Appendix 1** shows core revenue budget expenditure for the year of £2.667m, to be met by budgeted revenue income of £2.190m (plus a transfer from Reserves of £0.477m (£0.426m from previous year underspend in grants budget). Core spend, and income received is currently anticipated to overall come in £0.914m under budget due to the ongoing impact of COVID-19. The following variances are expected:

- **Other Properties** – the allocation to the Merkinch Local Nature Reserve Boardwalk is now set for Drawdown in 2022/23 due to a delay in project delivery.
- **Civic Hospitality** – whilst applications are starting to be received, noting the current uncertainties, the number of Civic Events remains minimal. It is expected that applications will increase so some commitment to additional expenditure is expected before the year end.
- **Grants** – significant sums remain committed but are unclaimed. This will result in sums being carried forward to meet these commitments into 2022/23. The current expectation is an underspend of £0.400m.
- **Conference Support** – noting sums committed from previous years and the likelihood of an increase in applications, the estimated underspend is restricted to £0.040m.
- **Events and Festivals** - COVID-19 has resulted in the Winter Festival Events Programme being redesigned and three events were delivered.

5.2 **Appendix 2** shows costs for both the Town House phase 3 and the Victorian Market project have been impacted by Covid-19, with both projects seeing increased costs as a result of the application of Covid-19 guidelines to protect the public and the workforce.

- **Victorian Market** - Due to the impact of project delays, the Victorian Market Project will not draw down allocated sums in full within 2021/22. This is why

the project is currently showing an underspend. Further detail is provided within the ICGF Capital Project Report.

- **Town House Phase 3** - There are sufficient sums within the contingency budget to meet expected additional costs for Town House phase 3.

5.3 **Appendix 3** shows the reserves position for the fund to date and projected value reflecting decisions taken to use reserves for projects. Any further requests for additional funding, or new initiatives requiring funding will also impact on the future level of the Fund's reserve. Such requests will be brought to subsequent meetings of this committee for approval and if approved, this statement will be updated to show the financial impact on reserves.

## **6. Investments**

6.1 The Council has delegated power to manage cash Investments by ICGF to the Investment advisory sub-committee, which reports to the pensions committee. The City Area Committee has power to administer the Revenue income of the ICGF and Projects. In this context officers are able to confirm that the value of the fund rose by 2.4% over the quarter ending 31.12.21, in contrast to a benchmark rise of 2.9%. Over the past 12 months, the portfolio gained 10.3% in contrast to the benchmark return of 11.2%. The value of the investments at end of Dec 2021 was £5.955m. The value of the investments is subject to constant change based on the market conditions.

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

Date: 31 January 2022

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Background Papers:

**APPENDIX 1  
MONITORING STATEMENT 2021/22  
INVERNESS COMMON GOOD FUND CORE SPEND  
FOR PERIOD ENDING DEC 2122**

	<b>ACTUAL YEAR TO DATE</b>	<b>ANNUAL BUDGET</b>	<b>ESTIMATED OUTTURN</b>	<b>ESTIMATED VARIANCE</b>
<b>EXPENDITURE</b>				
Victorian Market Maintenance	24	48	48	0
Victorian Market Operations	182	235	235	0
Victorian Market Management	40	53	53	0
Town House Maintenance	93	100	100	0
1-5 Church Street Maintenance	1	5	1	(4)
Other Properties	42	128	68	(60)
Civic and Conference Hospitality	14	125	20	(105)
Ness Islands & Bank Maintenance	0	35	35	0
ICGF Bowling Clubs	18	50	45	(5)
River Ness Fishings	0	20	16	(4)
Festive Lights	0	73	73	0
Town Twinning	2	9	4	(5)
Winter Payments	128	200	200	0
Inverness Common Good Fund Grants	175	623	223	(400)
Conference Support	15	62	22	(40)
City Promotions	15	42	42	0
Castle Wynd Conveniences	26	22	26	4
Partnership Working BIDS	55	183	183	0
Events & Festivals	103	303	203	(100)
CCTV	0	90	90	0
Property Management Fees	135	140	135	(5)
Central Support Charge	9	85	85	0
Inverness Steeple	0	5	4	(1)
Commemorative Bedding	7	11	11	0
Investment Advisor Fees	0	10	10	0
Press & Public Relations	9	10	10	0
<b>TOTAL EXPENDITURE</b>	<b>1093</b>	<b>2,667</b>	<b>1,942</b>	<b>(725)</b>
<b>FUNDED BY:</b>				
<b>Rents &amp; Lettings</b>				
Industrial Estates	1424	1667	1667	0
Victorian Market	106	128	128	0
Town House	229	234	229	5
1-5 Church Street	86	96	96	0
River Ness Fishing Rights	6	10	10	0
Other Properties	37	34	38	(4)
<b>Other Income</b>				
Fishing Assessment Dues	0	20	16	4
Investment Income	0	0	0	0
Contribution from Town Centre Fund	194	0	194	(194)
VAT on Management Fees	2	0	0	0
Interest on Revenue Balances	0	1	1	0
<b>TOTAL FUNDING</b>	<b>2083</b>	<b>2190</b>	<b>2379</b>	<b>(189)</b>
<b>TOTAL (FUNDED FROM)/CONTRIBUTING TO RESERVES</b>	<b>991</b>	<b>(477)</b>	<b>437</b>	<b>(914)</b>

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

	<b>ACTUAL YEAR TO DATE</b>	<b>ANNUAL BUDGET</b>	<b>ESTIMATED OUTTURN</b>	<b>ESTIMATED VARIANCE</b>
	<b>£000</b>	<b>£000</b>	<b>£001</b>	<b>£000</b>
<b>PROJECT SPEND</b>				
Town House Refurbishment - Phase 3	208	400	250	(150)
Bowling Clubs	44	42	44	2
Town House - Civic Floor	39	40	40	0
Whin Park Improvement Works	13	13	13	0
Victorian Market - Market Hall Improvements	718	1435	1220	(215)
Compensation Payments - Victorian Market	0	34	0	(34)
<b>TOTAL TO BE FUNDED FROM RESERVES</b>	<b>1021</b>	<b>1964</b>	<b>1567</b>	<b>(397)</b>

**APPENDIX 3  
MONITORING STATEMENT 2021/22  
INVERNESS COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING DEC 2122**

	<b>£000</b>
Value of investment portfolio at 30.09.2021	5,816
Change in value of investment portfolio over 2021/22 Q3	139
Value of investment portfolio at 31.12.2021	<u>5,955</u>
Loans Fund balance (cash reserves) as at 31.03.2021	1,179
Net Other Debtors/Creditors at 31.03.21	(96)
Total reserves balance as at 31.12.21	<u><u>7,038</u></u>
Estimated outturn of reserves during 2021/22:	
To fund core budget spend (from Appendix 1)	437
To fund project spend (from Appendix 2)	(1,567)
Anticipated reserves as at 31.3.2022*	<u><u>5,908</u></u>

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