

Agenda Item	<b>10a</b>
Report No	<b>CIA/21/22</b>

## THE HIGHLAND COUNCIL

**Committee:** City of Inverness Area Committee

**Date:** 14 September 2022

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

**Report By:** 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 (ICGF) as at 30 June 2022 and the projected year end position.

### 2. Recommendations

2.1 Members are asked to:

- i. Consider the financial monitoring report to 30 June 2022; and note that overall expenditure is within agreed budgets excepting the estimated outturns detailed in Appendices 1 and 2.
- ii. Homologate expenditure of £0.045m incurred in respect fly tipping at the Longman Landfill Site. to date as outlined and note that additional works referred to will be undertaken and reported to committee in due course.

### 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. A one-off payment of £0.215m for a lease extension in the Industrial Estates and an overspend in Victorian Market Maintenance for roof repairs and additional fit-out costs of £0.150m, along with additional costs on Longman Landfill of £0.045m. Has resulted in a projected overall underspend of £0.015m.
- 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 current tenancy lettings market is very challenging, with escalating staff and energy costs undermining confidence in small businesses taking on new leases. This has resulted in delays in being able to fully let the refurbished areas of the Victorian Market. The ICGF will need to continue to carry a number of tenancy voids for the Victorian Market, including service charge which cannot be recovered from other tenants. The annual report on the Victorian Market will be presented to Committee later in the year.

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 2022/23. **Appendices 1 and 2** show both core and project income and expenditure to 30 June 2022, 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 this agenda.

#### 5. **Overview**

5.1 **Appendix 1** shows core revenue budget expenditure for the year of £2.695m, to be met by budgeted revenue income of £2.230m (plus a transfer from Reserves of £0.465m (£0.444m of this reserves sum is from the 2021/22 grant budget underspend). Core spend, and income received, is currently anticipated to show an overall £0.015m underspend. This is as a result of a premium of £0.215m for a lease extension in the Industrial Estates reducing the impact of an overspend in Victorian Market Maintenance for roof repairs and additional fit-out costs of £0.150m. Along with additional costs on Longman Landfill of £0.045m. The following should be noted:

- **Other Properties - Longman Landfill**

As part of our monitoring process, significant fly tipping was identified consisting of tyres, oil drums and gas canisters at the Inverness Common Good Land at the Longman to the Northeast of the Kessock Bridge roundabout. A multi-agency response was initiated to clean up the site, investigate the incident jointly with statutory partners and install preventative measures to prevent any future instances of fly tipping at that location. An investigation by SEPA is ongoing to determine the source of the fly tipped material and the individual/s responsible, positive lines of enquiry are being pursued.

In order to comply with the Council's statutory duties in relation to the land and this incident, remedial works at the fly tipping site were carried out by an external contractor to remove and safely dispose of all contaminated waste materials and improve the site area. Expenditure of £44,288 has been incurred

in respect of these works, which has been reflected in the estimated outturn. Members are also asked to note that efforts to prevent reoccurrences of fly tipping are ongoing. CCTV cameras have been installed to capture evidence in respect of further instances and bunding works are being instructed to prevent unauthorised vehicular access.

The Committee is asked to note the work carried out to date and homologate expenditure to date as outlined and note that the above additional works will be undertaken and reported to committee in due course.

Members are asked to note that the full costs will only be shown in the Revenue Monitoring Statement to be presented to the next Committee.

- **Civic Hospitality** – Costs have escalated which has resulted in the ICGF Sub-Committee reducing the number of civic functions on the approved list and adjusting the level of hospitality offered to suit the budget.
- **Grants** – significant sums remain committed but are unclaimed. This will result in sums being carried forward to meet these commitments into 2023/24. At this stage the current expectation is an underspend however this will be assessed as the year progresses.
- **Conference Support** – noting sums committed from previous years and despite the likelihood of an increase in applications, on balance the current expectation is an underspend. However, we will only be able to properly assess this later in the year.
- **Events and Festivals** – The programme is underway with the Highland Games having been delivered. **Appendix 3** provides the current detail.
- **Victorian Market** – Revenue expected income from rents has been adjusted to take account of the exceptionally challenging properties letting market. Noting current tenancy levels, there will be an impact on rental income as we are carrying an additional 10 voids beyond those which we expected. This will reduce income despite the efforts being made to market the units and an estimated outturn will be provided at the next meeting.

5.2 **Appendix 2** shows that both the Town House Phase 3 and the Victorian Market project are in their final stages, and both are set to come in on budget. **Victorian Market** – Additional works have been undertaken utilising the maintenance budget to ensure that units have been fitted out with landlord's fixtures and fittings to accommodate specific tenant requirements.

5.3 **Appendix 4** 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 fell by 6% during the quarter, in contrast to a benchmark decline of 5.3%. Over the past 12 months, the portfolio has fallen by 11.1% in contrast to the benchmark return of 6.7%. The value of the investments at end of June 2022 was £5.291m. The value of the investments is subject to constant change based on the market conditions.

Designation: Executive Chief Officer, Communities and Place

Date: 25<sup>th</sup> August 2022

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Background Papers:

**APPENDIX 1**  
**MONITORING STATEMENT 2022/23**  
**INVERNESS COMMON GOOD FUND CORE SPEND**  
**FOR PERIOD ENDING JUNE 22**

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
<b>EXPENDITURE</b>				
Victorian Market Maintenance	11	67	217	150
Victorian Market Operations	45	145	150	5
Victorian Market Management	13	55	55	0
Town House Maintenance	29	100	100	0
Other Properties	11	155	200	45
Civic and Conference Hospitality	16	125	125	0
Ness Islands & Bank Maintenance	0	36	36	0
ICGF Bowling Clubs	0	50	50	0
River Ness Fishings	0	20	20	0
Festive Lights	0	73	73	0
City Centre - Festive Lights	0	100	100	0
Town Twinning	0	9	9	0
Winter Payments	0	200	200	0
Inverness Common Good Fund Grants	12	582	582	0
Conference Support	9	83	83	0
City Promotions	0	64	64	0
Partnership Working BIDS	59	177	177	0
Events & Festivals	0	303	303	0
CCTV	0	90	90	0
Property Management Fees	0	143	143	0
Central Support Charge	0	87	87	0
Commemorative Bedding	0	11	11	0
Investment Advisor Fees	0	10	10	0
Press & Public Relations	0	10	10	0
<b>TOTAL EXPENDITURE</b>	<b>206</b>	<b>2695</b>	<b>2895</b>	<b>200</b>
<b>FUNDED BY:</b>				
<b>Rents &amp; Lettings</b>				
Industrial Estates	575	1740	1955	(215)
Victorian Market	35	90	90	0
Town House	5	234	234	0
1-5 Church Street	24	96	96	0
River Ness Fishing Rights	2	10	10	0
Other Properties	9	35	35	0
<b>Other Income</b>				
Fishing Assessment Dues	0	20	20	0
Refund VAT Invest Mngt Fees	0	4	4	0
Interest on Revenue Balances	0	1	1	0
<b>TOTAL FUNDING</b>	<b>650</b>	<b>2230</b>	<b>2445</b>	<b>(215)</b>
<b>TOTAL (FUNDED FROM)/CONTRIBUTING TO RESERVES</b>	<b>444</b>	<b>(465)</b>	<b>(450)</b>	<b>(15)</b>

**APPENDIX 2  
MONITORING STATEMENT 2022/23  
INVERNESS COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING JUNE 22**

	<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	74	80	80	0
Victorian Market - Market Hall Improvements	114	410	410	0
Compensation Payments - Victorian Market	0	8	8	0
<b>TOTAL TO BE FUNDED FROM RESERVES</b>	<b>188</b>	<b>498</b>	<b>498</b>	<b>0</b>

**APPENDIX 3**  
**Events and Festivals Budget Monitoring**  
**For Period Ending July 2022**

	<b>ACTUAL</b>
	<b>YEAR TO DATE</b>
	<b>£</b>
<b>Income</b>	
Grants	0
Merchandise Income	0
Income	(13,469)
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	(13,469)
<b>Expenditure</b>	
Entertainers	-
Equipment	-
Event Office	-
Council Staff	-
Marketing	9,998
Licences	-
Security and First Aid	-
Events Merchandise	-
	<hr/>
	9,998
<b>Net Total</b>	<hr/>
	<b>(3,471)</b> <hr/> <hr/>

**APPENDIX 4  
MONITORING STATEMENT 2022/23  
INVERNESS COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING JUNE 22**

	<b>£000</b>
Value of investment portfolio at 31.03.2022	5,630
Change in value of investment portfolio over 2022/23 Q1	-339
Value of investment portfolio at 30.06.2022	<u>5,291</u>
* Loans Fund balance (cash reserves) as at 31.03.2022	539
Net Other Debtors/Creditors at 31.03.22	-263
Total reserves balance as at 30.06.22	<u>5,567</u>
Anticipated use of reserves during 2022/23:	
To fund core budget spend (from Appendix 1)	-450
To fund project spend (from Appendix 2)	-498
Anticipated Reserves as at 31.03.2023**	<u>4,619</u>
<b>ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS</b>	<b><u>4,619</u></b>

\* Unaudited

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