

Agenda Item	8e
Report No	CIA/10/23

THE HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 13 February 2023

Report Title: Inverness Common Good Fund
Budget Setting for 2023/2024

Report By: Executive Chief Officer – Communities and Place
Head of Corporate Finance

1. Purpose/Executive Summary

1.1 This report invites Members to set the revenue budget for the Inverness Common Good Fund (ICGF/the Fund) for the financial year 2023/2024. It clarifies: -

- governance arrangements;
- anticipated income (primarily from tenancy rentals);
- the proposed expenditure split into essentials (for the maintenance of buildings and the provision of basic services) and discretionary spend;
- proposed action on the future investment of any projected surplus funds.

1.2 The proposed budget is as a result of three Member workshops which have informed the options detailed below, involving reprofiling proposed expenditure, in line with priorities identified during discussion, noting the adjusted levels of income available for distribution. To support Members in their decision making, this report is presented in the following format:

- background and context;
- a summary of the discussions that took place within the workshops;
- themes that followed from these discussions, identified priorities and principles used to develop options; and
- a budget summary classifying heads of expenditure into essential, discretionary and cost recovery.

2. Recommendations

2.1 Members are invited to agree:

- The Common Good Fund budget for 2023/2024 as detailed within the report and Appendices.

3. Implications

- 3.1 **Resource implications** – Presented is a balanced budget. If the expenditure set out in the proposed budget is spent, it would total £2.202m. It is expected that overall usable reserves may be in the region of £4.8m at 2023/24 financial year end (does not take into account any movement in the value of investments from 31 December 2022).
- 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. Additionally, through the governance, funds will remain compliant with all financial regulations. In the event of any unexpected costs, it may prove necessary to sell equity investments.
- 3.3 **Community (Equality, Poverty, Rural and Island) impacts** -
The proposed budget for 2023/24 prioritises discretionary support for projects supporting people experiencing socio-economic disadvantage along with encouraging vibrancy and investments that bring long term benefit to the Residents of the Burgh. Based on Member workshop feedback, the winter payment level is maintained at £97 per claim. The budget also proposes ringfencing a proportion of the grants budget for activities which address poverty and inequality.
- 3.4 **Climate Change / Carbon Clever implications** - In the application of funds, in particular relating to the improvement/refurbishment of buildings, attention is given to the need to reduce energy consumption. A balance has to be achieved between the costs of providing additional materials for doing so set against the benefit.
- 3.5 **Risk implications** - There is a risk to the long-term sustainability of the Fund if over reliance is placed on reserves for the financing of revenue and any capital projects. The proposed 2023/24 budget takes into account the loss of income from the Council occupancy of the Town House and through adjusting discretionary elements, presents a balanced budget. Included within the budget is a proposed sum for taking forward a feasibility study to explore alternative uses for the Town House that would generate income for the Common Good.
- 3.6 **Gaelic implications** – there are no Gaelic implications for this report.

4. Governance Arrangements

- 4.1 The total value of the ICGF (£32.269m at 31 March 2022) is under the governance of the Council and, through the Scheme of Delegation, devolved to the City of Inverness Area Committee. This is not controlled by a Trust Deed, but by the principles laid down in legislation and case law and covers investments, grants and general expenditure. This results in:
- (i) the principles of Best Value being applied;
 - (ii) the principal benefit of resources going to the residents of the former Burgh of Inverness; and
 - (iii) funds being allocated against essential expenditure first. Available surplus funds being invested in shares and property so as to consolidate and grow the ICGF for future generations.

4.2 The Common Good Fund Balance Sheet at 31 March 2022 attached at **Appendix 1** details the assets of the ICGF, which can be summarised as follows:

Asset/(liability)	Value £000	Note
Investments (equity portfolio)	5,634	(valuation £5.358m at 31 December 2022; a decrease of £0.276m (4.8%) due to market volatility)
Sundry debtors	98	
Loan fund deposits	539	
Sundry creditors – value	(360)	
Usable reserves	5,911	
Heritage assets (pictures and artefacts) ¹	1,785	
Revaluation reserve (unusable reserve)	1,785	
Plant & Equipment	17	
Land and property (including Town House)	24,556	
Capital adjustment account (unusable reserve)	24,573	
	32,269	

4.3 The estimated 2022/23 outturn, including project spend, to be funded from usable reserves per the Q3 22/23 Revenue Monitoring Report is £0.841m. This is detailed within the regular Revenue Monitoring Report also on the Committee Agenda.

4.4 City of Inverness Area Committee. The City of Inverness Area Committee (CIAC) has the power to administer the assets of the Fund, where the individual sum involved does not exceed 10% of the total value of the Fund. The following provisions also apply:

- (i) Land and buildings – management of these is delivered by the Housing and Property and the Development & Infrastructure, Environment and Economy Services who advise on investment opportunities in property and manage current property assets.
- (ii) Revenue from investment properties and equity investments – Equity investments are managed by Messrs Adam & Co, through the Council's Investment Sub-Committee. The equity investments made on behalf of the Fund by the Council's agents, Adam & Co, produced income of £0.129m in the financial year to 31 March 2022 (£0.089m in the current financial year per statements for nine months to 31 December 2022). These sums are reinvested by Adam & Co.

4.5 Statutory requirements. There are certain specific statutory requirements that apply that need to be taken into consideration when property transactions are concerned:

- (i) Section 104 Community Empowerment (Scotland) Act 2015 – requirement to conduct community consultation before a decision to dispose (sale, lease of 10 years or more or provision of beneficial entitlement of 10 years or more) or change the use of an asset is made.
- (ii) Section 75 Local Government (Scotland) Act 1973 – requirement to obtain Court authority when seeking to dispose of or appropriate Common Good land where a question of alienability arises.

¹ A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

4.6 As with all Council budgets, there is a requirement to set a balanced budget for the Common Good Fund for 2023/24.

5. Budget Setting Process

5.1 To support the budget setting process for 2023/24, three workshops were held with CIAC members to explore the priorities for the budget for the forthcoming year.

5.2 Workshop 1 focused on the background to the Common Good and the existing budget make-up including essential and discretionary spend. The workshop also explored the impact of the Council's withdrawal from the office space in the Town House on the ICGF budget.

5.3 Workshop 2 explored in more detail the existing discretionary elements of the budget; where there were key priorities and where Members felt it was important to continue with areas of support.

5.4 Workshop 3 presented proposed thematic areas for spend, along with key principles for the budget make-up based on the previous discussions. This included:

- The importance of addressing poverty and inequality but balancing this with encouraging and attracting investment in the City to support economic development and vibrancy.
- Flexible thematic areas of spend that would allow the ICGF Sub Committee greater flexibility in allocating budget for City promotion and development work.
- That the Winter Payments Budget should be maintained at 2022/23 levels, protecting support to the most vulnerable.
- That a proportion (70%) of the ICGF grants budget should be ringfenced for activities that address poverty and inequality. This reflects the current spend on these areas of work but clearly sets out the purpose and intention of the fund for Inverness residents.
- That other discretionary budget lines would be reduced pro-rata to reflect the reduced sums available as a result of loss of rental income and the increased costs of maintaining the Town House.

5.5 The focus provided by the workshops on the points outlined above supported the development of the proposed budget set out in **Appendix 2** and detailed below in sections 6 and 7 for consideration.

6. Anticipated Revenue

6.1 **Appendix 2 (Budget for 2023/2024)** shows core revenue expenditure for the year of £2.202m to be met by revenue income of £2.202m.

6.2 Rents & Lettings Income – The total income expected to be available in 2022/23 from rents, mostly from industrial estates and the Victorian Market, is expected to be £2.118m.

Rents for the industrial estates are expected to increase modestly. 1-5 Church Street will maintain the current income levels. As noted above, The Highland Council will be vacating the Town House so the income for the rent of the Town House will be nil.

The Council's use and occupation of the ground floor for the Inverness Service Point, will continue after 1st April 2023. A sum will be payable by the Council to the ICGF, to include Rent, Rates, Utilities and associated costs. This sum is yet to be agreed and is subject to independent valuation. The arrangement falls in line with the report agreed at Council on 8th December, to continue the occupation of the Town House by the Inverness Service Point.

The rental income from the industrial estates performed robustly during 2022 and both demand and rental levels continue to increase. It is widely reported that the retail sector has struggled in recent times. However, the tenants in the Victorian Market and Grant Street have remained and there are no vacant units other than within the newly refurbished Market Hall, which are being marketed. The office sector is also facing some uncertainty but the leases at Church Street give some certainty for income in 2023 and 2024.

6.3 Town House Car Park Income

A new area of income proposed for 2023/34 is the income taken from the Town House Car Park. With the Council vacating the office site, the car park also returns to the management of the Common Good. Previously the Council paid a set sum for the use of the car park and retained the income generated.

There are two potential options for use of the site going forward. These are summarised in Table 1. On balance, it is proposed it would be in the wider public interest to agree to operate the site as a permanent public car park. An indicative figure of £0.032m has been included within the draft budget as net income. This has been calculated on the basis of the Council managing the site on behalf of the Common Good, as it does on behalf of other organisations.

6.4 *Table 1*

Option	Potential Site income	Common Good income	Estimated Costs of Operating	Potential Benefits	Potential disadvantages
Public Car Park	£40,000 p.a.	80% of Net Income £32,000 p.a.	20% of Net income. £8,000 p.a.	Improved customer access to retail and services in the area.	
Contract Parking	£21,000 p.a.	£18,000 p.a.	£3,000 p.a.	Would benefit employers by providing staff parking. Would require upgraded barrier entry and exit facility. Capital Circa £5k	No access for the general public disadvantaging local retail activity. Would only achieve income if high uptake (£50 per month x 40 spaces)

6.5 Other Income – This income will remain at a level consistent with prior years with the exception of the contribution from Benevolent Funds for Landward Winter Payments of £0.059m (2022/23 - £Nil). This contribution is discussed in further detail below.

7. Proposed Expenditure

7.1 The draft budget for 2023/24 is set out in **Appendix 2**, which also shows the 2022/23 budget. In accordance with Council policy, wherever practicable, no inflationary increase has been applied to budget heads.

7.2 Competency – principal regard must be given to the interests of the residents of the City who reside within the boundaries of the former Burgh and to the need to maintain property assets. Expenditure has been broken down into: -

- essential;
- cost recovery and
- discretionary

7.3 Essential – this is competent as it is for the upkeep of property either in the ownership or the control of the Fund (Council).

7.4 Cost Recovery – the Council requires to recover costs properly incurred and the management of the ICGF under its own financial regulations. The law on the management of common good funds provides for this.

7.5 Discretionary – this falls into two classes being: -

- expenditure that is planned but not absolutely essential for the upkeep of the Fund owned/managed properties; and
- grants – here the test falls back on whether or not that expense brings sufficient benefit to the residents of the former Burgh.

- 7.6 Further detail on what is included in the various expense items is included in **Appendix 3**.
- 7.7 The budgeted expenditure proposed within this report meets the test of competency as detailed, benefiting a broad cross-section of the residents of the City, including residents of the former Burgh.
- 7.8 **Cost Recovery:**
For the most part, the budget for expenses classified as Cost Recovery have not changed from the levels budgeted for 2022/23. The implementation of the Service Charge within the Victorian Market will allow both the tenants and the ICGF to clearly see a split between the running costs and the rental income. The only exception to this is an anticipated £0.040m of additional costs for operating the Victorian Market which is as a result of a temporary change to the operating model. The current approach is due for review during 2023/24 and will be the subject of a future paper to CIAC.
- 7.9 **Essential Spend:**
The budget for expenses classified as Essential show a total anticipated increase of £0.427m from the levels budgeted for 2022/23. The breakdown of this variance is discussed in 7.10 to 7.11 below.

7.10 Essential spend variances:

Table 2

Area of Spend	Variance	Reason
Victorian Market Maintenance	+ £0.053m	This has increased by £0.053m to provide for the final fitting out of new Units within the New Market Halls. Savings of £0.143m made on the main project mitigates this.
Victorian Market Service Charges	+£0.145m	Service charges cover cost such as cleaning, utilities, general repairs and maintenance. A Service Charge in the Victorian Market was introduced towards the end of 2022/23. This will result in the running costs to be met by the ICGF to reduce, however, due to the level of market hall units yet to be occupied, this cost saving will not be fully realised in 2023/24.
Victorian Market Marketing	+ £0.050m	A new charge for 2023/24. This is for marketing the new attractions within the refurbished Halls. The Market is developing a new niche as a food destination and place to meet however this needs to be promoted. A co-ordinated campaign is being developed to ensure that this new attribute is marketed along with the pre-existing business. It also reflects the amount expected to be spent on advertising the spaces available for rent in the new Market Hall. This is expected to be around £0.050m.
Town House Utilities and Cleaning	+ £0.150m	Given the Council's decision to relocate services currently based in the Town House to other Highland Council offices, expenses such as rates and water, electricity and gas charges will need to be met by the ICGF. It is anticipated that these costs will be £0.150m per annum.
Town House Future Planning	+ £0.030m	See 7.11 below

7.11 Town House Future Planning

It is proposed to include a sum of £0.030m within the essential spend lines to support the future development of the Town House. The report presented to the Redesign Board on 28 November 2022, and subsequently approved by Council on 8 December 2022, regarding the withdrawal of Council services from the Town House, recommended the need for a feasibility study to explore and provide for the future use of the Town House.

Steps are being taken to obtain advice on making best use of the Civic space which is of a very high standard, and which lends itself to appropriate commercial use for functions, without detriment to the programme of Civic events. The administrative space vacated by the Council is more challenging, noting the current low demand for office space within the city centre. This Budget will allow for initial steps to be taken to make best use of any immediate opportunities to introduce new income streams and will include a Feasibility Study to be undertaken. Further reports will be taken to CIAC in due course.

This is being included within the essential lines of spend as it is regarded as essential to the future development and use of the Town House.

7.12 Discretionary spend – General Approach for 2023/24 budget

As outlined in section 5.4, all discretionary spend items were initially budgeted as per the 2022/23 budget, but then decreased for the anticipated overall deficit that the initial budget produced (£0.477m), in order to present a balanced budget. This was done on a pro-rata basis.

The exception to this was the Winter Payments Budget. Feedback from the Member Workshops was clear that this area of spend should be protected and therefore, this budget line has been excluded from any reduction and maintained at the 2022/23 level agreed in February 2022 being £97 per payment.

The resultant total amount which is available for discretionary spend, including Winter Payments, in 2023/24 is £0.782m (excluding unspent commitments from 2022/23).

As outlined at section 5.4, the thematic areas for spend have been amended to reflect Member feedback and produce a more flexible budget for 2023/24 that can be targeted where spend is needed the most. The following summarises the proposed areas for discretionary spend:

7.13 Table 3

Area of Discretionary Spend	Total Budget	Description
Winter Payments Scheme	<u>£0.217m</u>	<p>A payment of £97 per person has been budgeted for 2023/24, being the initial level agreed for 2022/23. It is expected that there will be over 2,000² applicants in 2023/24. The total costs of the scheme as set out above are £0.217m</p> <p>It is expected that the Landward Winter Payments for 2023/24, which are estimated to be £0.059m, will be funded from contributions from the Benevolent Funds. This £0.059m is included in the total budget for Winter Payments of £0.217m.</p>
Common Good Fund Grants	<u>£0.161m</u> Of which: £0.121m Poverty and Inequality £0.040m other	<p>The total budget for common good funds grants for 2023/24 is £0.161m (£0.275m in 2022/23).</p> <p>At present around 70-75% of all grants awarded relate to addressing poverty/ inequality. It is proposed to formalise this, with £0.121m ringfenced for activities targeted at addressing poverty and inequality.</p>
City Vibrancy	<u>£0.216m</u> (plus £0.105m carried forward from 2022/23)	<p>This budget line encompasses a number of previous priorities which together support attracting investment and development of the City. This supports a wide range of activities including conferences, events and other projects which support improving the attractiveness of the city both as a place to visit and invest in. See Appendix 3 for detail as to what this discretionary spend covers. The total budget for 2023/24 is showing as £0.151m lower than for 2022/23 due to the presentation of a balanced budget.</p>
Community Events	<u>£0.177m</u>	<p>The budget for community events in 2023/24 is £0.177m; a reduction from the £0.303m budgeted for events and festivals in 2022/23. Again, this is as a result of the fund presenting a balanced budget. As in previous years, it would be for the Member Working Group to determine which events are prioritised for 2023/24, based upon the budget agreed.³</p>

² 1,844 grants were awarded in 2021/22; at the start of January 2023, there had been 1,454 applicants for the 2022/23 scheme, which is open until 28 February 2023.

³ The 2022/23 Events and Festivals Budget supported the following events with the associated budgets: Inverness Highland Games (£0.020m), Bootantics (£0.047m), Bonfire Night (£0.036m), Red Hot Highland Fling (£0.150m)

Area of Discretionary Spend	Total Budget	Description
CCTV	<u>£0.050</u>	<p>The funds available for CCTV have reduced from £0.090m in 2022/23 to £0.050m for 2023/24 due to adjustments made to present a balanced budget. CCTV is an important tool in the hands of multi-agency partners, particularly Police Scotland, in fighting crime. Early detection of an offence being committed is significantly enhanced by the operation of the CCTV Control Room currently located at Burnett Road Police Station. This funding plays a key role and Members may wish to prioritise additional sums, noting that the previous contribution was £0.090m.</p> <p>The current budget and costs to Enigma are £0.226m for monitoring with the contribution from the ICGF going towards that cost.</p> <p>They currently deliver monitoring in Inverness control room for 16 hours a day 7 days a week and the control room is single manned so any reduction in funding would reduce the time that the room could be manned.</p>

8. Consequences for Revenue Balances

- 8.1 As at 31 March 2022, the ICGF had investments with a market value of £5.634m, (valuation as at 31 December 2022 - £5.358m). The investments are managed externally by Adam & Co.

The total Reserves balance at 31 March 2022, as per the Audited Accounts was £32.269m (Appendix 1). This reflects Local Authority Accounting Practice where revaluations of assets are treated as “Unusable Reserves”. In reality, the Fund’s assets are all potentially realisable, although this would neither be prudent or practical to do so.

- 8.2 Close expenditure monitoring takes place through regular meetings led by the Inverness City Area Manager and appropriate officers in support of Common Good Fund Budgets. The governance is also assisted by regular project monitoring reports being made to this Committee.
- 8.3 Unlike in previous years, there are no planned major capital projects and so whilst always remaining a possibility should unexpected expenditure be necessarily incurred, there are no plans to drawdown from cash held within investments.
- 8.4 Now that the programme of major projects is complete, care should be taken to allow investments to consolidate and recover. The proposed revenue budget allocations have been prepared with this in mind.
- 8.5 The market value quoted is sensitive to market conditions, and while past performance has been positive and allowed for substantial improvements to be made to assets of the Fund, it should not be assumed on as an indicator of future results. The impact of the War in Ukraine is an example of how unpredictable income and the value of investments can be.

- 8.6 The budget proposed for 2023/24 presents a balanced position. In order to safeguard the assets of the Fund, and to create some capacity to invest for Fund recovery, expenditure in the discretionary areas continues to be closely monitored and, wherever practical, reduced with the intention of increasing the in-year surplus.
- 8.7 Noting that Discretionary spend profiles could be subject to change, as with the 2022/23 budget year, a review of the budget may be required later in the year and will be subject to review regularly through the presentation of Revenue Monitoring Reports to the Committee.

Designation: Executive Chief Officer, Communities and Place

Date: 1 February 2023

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Lara Harrison - Accountant

Background Papers: N/A

Appendix 1 – 2021/22 Audited Balance Sheet

Appendix 2 – Budget 2023/24

Appendix 3 – Expense Head Descriptions

31/03/2021	STATEMENT OF ACCOUNTS	31/03/2022
£000	Inverness Common Good Fund	£000
	Balance Sheet	
	<u>Non current assets</u>	
24,257	Investment properties	24,556
5,480	Investments at valuation	5,634
2,063	Heritage Assets	1,785
-	Plant and Equipment	17
<u>31,800</u>		<u>31,992</u>
	<u>Current assets</u>	
-	Sundry debtors	98
1,180	Loans fund deposits	539
<u>1,180</u>		<u>637</u>
	<u>Current liabilities</u>	
<u>(96)</u>	Sundry creditors	<u>(360)</u>
<u>(96)</u>		<u>(360)</u>
<u>32,884</u>	Total assets	<u>32,269</u>
	Usable reserves	
6,564	Revenue funds	5,911
	Unusable reserves	
2,063	Revaluation reserve	1,785
24,257	Capital adjustment account	24,573
<u>26,320</u>		<u>26,358</u>
<u>32,884</u>	Total reserves	<u>32,269</u>

**INVERNESS COMMON GOOD FUND
BUDGET 2023-24**

	Classification	DRAFT	CIAC Approved
		ANNUAL BUDGET 2023/24 £000	Annual Budget 2022/23 £000
Victorian Market Operations	Cost Recovery	145	145
Victorian Market Management	Cost Recovery	95	55
Victorian Market Maintenance	Essential	120	67
Victorian Market Service Charge	Essential	145	-
Victorian Market Marketing	Essential	50	-
Town House Maintenance	Essential	100	100
Town House Utilities and Cleaning	Essential	150	-
Town House Future Planning	Essential	30	-
Other Properties	Essential	109	109
Other Properties (c/f) **	Essential	-	46
Ness Islands & Bank Maintenance	Essential	36	36
River Ness Fishings	Essential	20	20
ICGF Bowling Clubs	Essential	51	52
City Centre - Festive Lights	Discretionary	-	100
Winter Payments (incl contribution from Benevolent Funds)	Discretionary	217	200
ICGF Grants - Poverty and inequality	Discretionary	121	275
ICGF Grants - other	Discretionary	40	-
ICGF Grants (c/f) **	Discretionary	-	307
City Vibrancy	Discretionary	216	367
City Vibrancy (c/f) **	Discretionary	-	89
Community Events	Discretionary	177	303
Commemorative Bedding	Discretionary	7	11
CCTV	Discretionary	50	90
Festive Lights	Cost Recovery	73	73
Property Management Fees	Cost Recovery	143	143
Central Support Charge	Cost Recovery	87	87
Investment Advisor Fees	Cost Recovery	10	10
Press & Public Relations	Cost Recovery	10	10
TOTAL EXPENDITURE		2,202	2,695
FUNDED BY:			
Rents & Lettings			
Industrial Estates		1,813	1,740
Victorian Market		150	90
Town House		-	234
Town House car park		24	-
1-5 Church Street		95	96
River Ness Fishing Rights Income		8	10
Other Properties Rents		28	35
		2,118	2,205
Other Income			
Fishing Assessment Dues		20	20
Refund VAT Invest Mngt Fees22		4	4
Contribution from Benevolent Funds for Landward Winter Payments		59	-
Interest on Revenue Balances		1	1
TOTAL INCOME		2,202	2,230
IN YEAR SURPLUS/(DEFICIT)		-	(465)

**INVERNESS COMMON GOOD FUND
BUDGET 2023-24**

Classification	DRAFT	CIAC Approved
	ANNUAL BUDGET	Annual Budget
	2023/24	2022/23
	£000	£000
INVERNESS COMMON GOOD FUND PROJECT SPEND		
Town House Refurbishment - Phase 3	-	80
Whin Park Improvement Works	-	-
Victorian Market - Market Hall Improvements	-	410
Compensation Payments - Victorian Market	-	8
TOTAL	<u>-</u>	<u>498</u>
IN YEAR SURPLUS AVAILABLE FOR PROJECT SPEND/ (DEFICIT TO BE FUNDED FROM RESERVES)	-	(465)
TO BE ADDED TO/(FUNDED BY) RESERVES	<u>-</u>	<u>(963)</u>
Expected usable reserves 22/23	4,793	5,911 Appendix 1
Expenses/projects to be funded by reserves per Budget	-	(963)
Variances per outturn to Dec-22	-	122
Change in value of investment portfolio	-	(277) to 31 December 2022
Expected usable reserves 23/24 *	<u>4,793</u>	<u>4,793</u>

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

** Unspent Commitments – the budget lines for these include the sums listed which are unavailable for allocation as they have already been committed in previous years.

Appendix 3

Expense Head	Classification	Description
Essential Spend and Recovery of Costs		
Victorian Market Operations	Cost Recovery	Caretaker salaries, cleaning, security and utilities charges. Should decrease going forward as covered by service charges
Victorian Market Management	Cost Recovery	Market manager wages etc
Festive Lights	Cost Recovery	Annual costs of putting up/taking down festive lights
Property Management Fees	Cost Recovery	Recharge from THC for management of investment properties
Central Support Charge	Cost Recovery	Charge from THC for administration of ICGF. Includes charges for CGF and finance officers etc
Investment Advisor Fees	Cost Recovery	Adam & Co fees; based on value of portfolio
Press & Public Relations	Cost Recovery	To meet costs of supporting media work relevant to civic events of the city
Victorian Market Maintenance	Essential	Maintenance charges not covered by service charges. Will include costs such as roof repairs and fit out of new units. One-off costs which cannot be attributed to units/tenants.
Victorian Market Service Charges	Essential	ICGF allocation of service charges for the Victorian Market.
Victorian Market Marketing	Essential	Marketing required to attract new tenants
Town House Maintenance	Essential	Any ad hoc repairs which should be expected for a building of the Town House's age etc.
Town House Utilities and Cleaning	Essential	Rates, utilities, cleaning following THC exit from Town House
Town House Future Planning	Essential	To provide for a feasibility study and to allow for actions enabling immediate extended use of existing facilities.
Other Properties	Essential	Common Good Fund properties where expenditure is not expected but is possible e.g. maintenance issues. Includes Cavell Gardens, Dunbar Hospital, Cromwell Tower, Grant Street properties, amenity grounds etc.
Ness Islands & Bank Maintenance	Essential	Managed through an Service Level Agreement setting out standards for all usual amenities functions relating to grounds maintenance.
River Ness Fishings	Essential	To meet obligations as owners of the fishing rights to the River Ness
ICGF Bowling Clubs	Essential	Lease requirement to maintain bowling greens.

Appendix 3

Expense Head	Classification	Description
Discretionary Spend		
Winter Payments		
Winter Payments	Discretionary	A payment made to individuals who qualify under set criteria to offset additional during the winter period.
Inverness Common Good Fund Grants		
Proposal 75% targeted to Poverty and Addressing Inequality	Discretionary	At present around 70-75% of all grants awarded relate to welfare/addressing inequality. It is proposed, based upon the discussions to formalise this.
General grants to community organisations	Discretionary	
City Vibrancy and Investment		
Conference Support and Development	Discretionary	To attract and encourage conferences to the City to boost investment e.g. – Platinum Golf Scotland Ltd, Change Your World Events Ltd.
Partnership Working BIDS	Discretionary	Includes Operation Respect task team, Inverness Gull Project, Inverness Community Safety Partnership, Coach Friendly Project, Festive Parking.
City Promotions	Discretionary	2021/22 included grants for Queen's Green Canopy and Lord Provostship Application. 2022 – defibrillator installation in Inverness City Centre.
Civic Hospitality	Discretionary	Hospitality to recognise important events to Inverness and community – see civic examples from 2022 - Visit Inverness Loch Ness for High Tech in the Highlands Port of Inverness 175 th Anniversary, Highland Rugby Club Centenary, 40 th Anniversary of Highland Disability Scotland, Hospice Long Service Awards. Consideration of recurring events including Kirking of Council & Remembrance Sunday.

Appendix 3

Expense Head	Classification	Description
National and International Partnership Development	Discretionary	Used for supporting twinning events such as school visits and formal civic visits. Have supported the development of economic links for example the memorandum of understanding signed between the universities of Augsburg and UHI.
Other Discretionary		
Community events	Discretionary	Delivered by HLH but overseen by Events Working Group. Currently, core events – Inverness Highland Games, Halloween & Winter Lights, Bonfire Night, “Red Hot Highland Fling”. Once allocated to the events and festivals working group, the working group has discretion to apply the budget allocated as it sees fit to the events programme.
CCTV	Discretionary	

Essential – this is competent as it is for the upkeep of property either in the ownership or the control of the Fund (Council).

Cost Recovery – a council is required to recover costs properly incurred and the management of the common good fund under its own financial regulations. The law on the management of common good funds provides for this

Discretionary – this falls into two classes:

- expenditure that is planned but not absolutely essential for the upkeep of the Fund owned/managed properties; and
- Grants/projects and events programmes – here the test falls back on whether or not that expense brings sufficient benefit to the residents of the former Burgh.