

Agenda Item	10a
Report No	CIA/24/23

THE HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 28 August 2023

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 2023 and the projected year end position.

2. Recommendations

2.1 Members are asked to:

- i. Note the financial monitoring report to 30 June 2023 and that overall expenditure is within agreed budgets excepting the estimated outturns detailed in **Appendices 1 and 2**.
- ii. Approve the continued use of Inverness Town House, by Police Scotland as detailed within paragraph 6.6 of this report.

3. Implications

3.1 **Resource implications** - The report details the financial resource implications. There are no other resource implications. The report notes that the latest projected underspend in this year's budget is £0.019m.

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.

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 2023/24. **Appendices 1 and 2** show both core and project income and expenditure to 30 June 2023, the predicted year end outturn and the predicted variance.

5. Overview of 23/24 Budget Status

5.1 **Appendix 1** shows the core revenue budget expenditure for the year of £2.583m, to be met by budgeted revenue income of £2.202m (plus a transfer from Reserves of £0.381m which is wholly due to the 2022/23 grant budget underspend).

5.2 Overall, core spend, and income received, is currently anticipated to show a £0.085m underspend.

5.3 The principal contribution to the underspend is £0.160m of additional income from the premiums received on the renewal of leases in relation to three properties on the Longman and Carse Industrial Estates.

5.4 This is countered by:

- the Victorian Market Operations Budget being increased by £0.035m to accommodate long term staff absence, and
- additional works being undertaken through the maintenance budget to ensure that the new units in the refurbished Market Hall have been fitted out with landlords' fixtures and fittings to accommodate specific tenant requirements totalling £0.050m.

5.5 **Appendix 2** shows that the Victorian Market project has progressed as planned and is now in its retention period, with the sum of £0.056m being set aside to accommodate any snagging works required. Otherwise, the Town House project is complete.

5.6 **Appendix 3** shows the current detail of the Community Events & Festivals spend. The 2023/24 budget is expected to come in on target.

- 5.7 **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.
- 5.8 The Council has delegated power to manage cash Investments by ICGF to the Investment 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 can confirm that the value of the fund increased by 0.02% during the quarter to 30 June 2023, in contrast to a benchmark fall of 0.86%. On a year-to-date basis, the Fund returned a 2.3% increase in contrast to the benchmark return of 2.16%. The value of the investments at end of June 2023 was £4.948m.
- 5.9 The value of the investments is subject to constant change based on the market conditions. It is therefore an important area for consideration to inform funding priorities for the ICGF.

6. Inverness Town House

- 6.1 The Inverness Town House was officially vacated on the 31 March 2023 by the Highland Council. The Council's Estates team thereafter marketed the office spaces with 6 options of various sizes available for let from April onwards. The spaces were indicated to be on an internally repairing basis only.
- 6.2 Thus far, the level of interest has been relatively small with only 5 interested parties requesting to view the spaces. This can be attributed to the current low market take up in Inverness.
- 6.3 There are currently 3 occupying parties in the building, which includes the Council's Service Point on the ground floor and Police Scotland occupying a fraction of the first floor.
- 6.4 It is anticipated the demand for office space in the area will remain low for the foreseeable future.
- 6.5 However, the Common Good and the Estates team are due to ramp up the marketing of the spaces and seek to gauge what exactly tenants are looking for in this current climate to be able to meet these expectations.
- 6.6 **Police Scotland**
Police Scotland currently occupy two adjoining offices in the Town House extending to approx. 33sqm. This occupation was based on a historic agreement where Highland Council staff could use office space in Burnett Road in return and no rent was payable. Now that Highland Council are no longer a tenant, we have approached Police Scotland to formalise an agreement.

- 6.7 Police Scotland are willing to make a contribution to running costs only, which on a pro rata basis amount to £4,500 per annum. The rental value is estimated at £2,400 and in order to retain the Police presence it is considered this rent is waived. The rooms would be difficult to lease and the contribution to running costs will assist bringing in some revenue, to assist with Town House utilities and cleaning costs.
- 6.8 This arrangement has been in place since 2015 and has successfully addressed the challenges of policing a vibrant City centre, significantly reducing call out times to incidents and so increasing confidence in use of the city centre. Supporting this proposal will allow this arrangement to continue whilst reducing the cost burden to the ICGF.

Designation: Executive Chief Officer Communities & Place

Authors: David Haas, City Area Manager
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Date: 16 August 2023

Appendix 1: ICGF Monitoring Statement 30 June 2023/24 – Core Spend

Appendix 2: ICGF Monitoring Statement 30 June 2023/24 – Project Spend

Appendix 3: ICGF Monitoring Statement 30 June 2023/24 – Community Events & Festivals

Appendix 4: ICGF Monitoring Statement 30 June 2023/24 – Reserves

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

		ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
Cost classification	£000	£000	£000	£000	£000
EXPENDITURE					
Victorian Market Operations	Cost Recovery	68	145	180	35
Victorian Market Management	Cost Recovery	19	95	95	-
Victorian Market Maintenance	Essential	51	120	170	50
Victorian Market Service Charge	Essential	44	145	145	-
Victorian Market Marketing	Cost Recovery	20	50	50	-
Town House Maintenance	Essential	16	100	100	-
Town House Utilities and Cleaning	Cost Recovery	4	150	150	-
Town House Future Planning	Discretionary	-	30	30	-
Other Properties	Essential	9	109	109	-
Other Properties (c/f) **	Essential	-	46	46	-
Ness Islands & Bank Maintenance	Essential	-	36	36	-
River Ness Fishings	Essential	-	20	20	-
ICGF Bowling Clubs	Essential	-	51	51	-
City Centre - Festive Lights c/f	Discretionary	-	69	69	-
Winter Payments	Discretionary	-	217	217	-
ICGF Grants - Poverty and inequality	Discretionary	-	121	121	-
ICGF Grants - other	Discretionary	4	40	40	-
ICGF Grants (c/f) **	Discretionary	27	234	234	-
City Vibrancy	Discretionary	82	216	216	-
City Vibrancy (c/f) **	Discretionary	11	32	32	-
Community Events	Discretionary	7	177	177	-
Commemorative Bedding	Discretionary	-	7	7	-
CCTV	Discretionary	-	50	50	-
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		360	2,583	2,668	85
FUNDED BY:					
Rents & Lettings					
Industrial Estates		475	1,813	1,973	(160)
Victorian Market Rents		35	150	150	-
Town House car park		1	24	24	-
Car park compensation		-	-	-	-
1-5 Church Street		24	95	95	-
River Ness Fishing Rights		-	8	8	-
Other Properties Rents		7	28	28	-
		542	2,118	2,278	(160)
Other Income					
Fishing Assessment Dues		-	20	20	-
Refund VAT Invest Mngt Fees22		-	4	4	-
Contribution from Benevolent Funds for Landward Winter Payments		-	59	59	-
Interest on Revenue Balances		-	1	1	-
TOTAL FUNDING		542	2,202	2,362	(160)
Surplus/(deficit) before projects		182	(381)	(306)	(75)
Project Spend (Appendix 2)		-	-	56	(56)
Surplus/(deficit) after projects		182	(381)	(362)	(19)
Unspent Commitments from prior years included in above					
Grants			234	234	
City Vibrancy			32	32	
Other Properties			46	46	
Lights			69	69	
			381	381	

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

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
	£000	£000	£000	£000
PROJECT SPEND				
Victorian Market	-	-	56	56
TOTAL TO BE FUNDED FROM RESERVES	-	-	56	56

APPENDIX 3
Community Events Budget Monitoring
For Period Ending June 2023

	ACTUAL
	YEAR TO DATE
	£
Income	
Grants	-
Merchandise Income	-
Income	<u>(16,610)</u>
	(16,610)
Expenditure	
Entertainers	7,172
Equipment	2,618
Event Office	(1,563)
Council Staff	4,985
Marketing	1,500
Licences	-
Security and First Aid	8,447
Events Merchandise	<u>-</u>
	23,158
Net Total Expense/(Income)	<u><u>6,548</u></u>

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

	£000
Value of investment portfolio at 31.03.2023	4,947
Change in value of investment portfolio over 2023/24 Q1	<u>1</u>
Value of investment portfolio at 30.06.2023	4,948
* Loans Fund balance (cash reserves) as at 31.03.2023	407
* Net Other Debtors/Creditors at 31.03.23	(90)
Total reserves balance as at 30.06.23	<u>5,265</u>
Anticipated use of reserves during 2023/24:	
To fund core budget spend (from Appendix 1)	(306)
To fund project spend (from Appendix 2)	(56)
Anticipated Reserves as at 31.03.2024**	<u>4,903</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u>4,903</u>