

Agenda Item	<b>3</b>
Report No	<b>NC/09/24</b>

# The Highland Council

**Committee:** Nairnshire Area Committee

**Date:** 24 June 2024

**Report Title:** Nairn Common Good Fund: Grant Application

**Report By:** Assistant Chief Executive - Place

## **1 Purpose/Executive Summary**

- 1.1 The Committee is invited to consider an application from Nairn Community and Arts Centre for a grant from the Nairn Common Good Fund (NCGF).
- 1.2 The application has been submitted as there is significant risk to the continuing delivery of important services to the Nairnshire community facilitated by the Nairn Community and Arts Centre (The Centre). Principal pressure has arisen through the termination of third-party funding and an increase in the running costs of the Centre. The application is to be reviewed on its merits and it is to be noted that there are sufficient funds in the NCGF to meet an award of grant for the sum requested.

## **2 Recommendations**

- 2.1 Members are asked to:
  - i. Consider the application for funding.
  - ii. Note the budget agreed at the Nairnshire Committee held on 4 March 2024 attached at **Appendix 2**.

## **3 Implications**

- 3.1 **Resource** – The NCGF Budget was agreed at the Nairnshire Area Committee on 4<sup>th</sup> March 2024 and is shown at **Appendix 2**. This confirms that there are sufficient sums available from cash reserves to fund the grant requested. It is important to note that due to the fact year end processing is not finalised these figures are estimated figures. However, reserves are more than the sum requested. Therefore, agreeing to make the award will not result in disinvestment of the shares invested in the Adam & Co portfolio.
- 3.2 **Legal** – There are no legal implications as a result of this report.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – This application has been considered on merit which includes compliance with Council Policies. The Council is seeking views on this unprecedented and urgent application to enable it to have regard to the interests of the residents of the former Nairn Burgh as part of the administration of the Common Good.

- 3.4 **Climate Change / Carbon Clever** - Consideration is given to ensuring that applications meet reasonable expectations in respect of climate change and carbon clever targets.
- 3.5 **Risk** – There are no known risk implications in respect of this report.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – Consideration will be given to ensuring that appropriate standards are applied to any projects that are approved for grant support come at all in terms of Council policy.
- 3.7 **Gaelic** - Applications if successful will be required to meet expectations set by Council Policy in this regard.

#### **4 Grant Application**

- 4.1 The current summary of funds available is set out in **Appendix 1** and the community comments will follow separately as **Appendix 3** once received.
- 4.2 **Booklet 1** includes full details of the grant application.

#### **Application for consideration**

1. **Nairn Community and Arts Centre:** Grant of £50,000 to support the centre with its current financial pressures. This payment will help with support till end of 2024.

Designation: Assistant Chief Executive - Place

Date: 14/06/2024

Author: Mark Greig

Appendices:

Appendix 1 Monitoring statement till January 2024

Appendix 2 Budget setting 24/25

Appendix 3 Community Comments

Booklet 1 – Application including supplementary information.

## Appendix 1

Nairn Common Good  
Period to Jan 2024

	Actual £	Annual Budget £	Estimated Outturn £	Variance £
<b>INCOME</b>				
Rents	130,291	134,489	135,890	1,402
Lettings	17,421	12,500	18,000	5,500
Invitation to pay parking	25,145	24,000	25,000	1,000
Miscellaneous Income	85	125	125	-
<b>TOTAL INCOME</b>	<b>172,942</b>	<b>171,114</b>	<b>179,015</b>	<b>7,902</b>
<b>EXPENDITURE</b>				
Property maintenance	13,291	69,000	86,700	17,700
Electricity	2,353	2,000	2,600	600
Water charges	214	700	700	-
Rents, Rates and Insurance	1,906	3,600	3,600	-
Staff costs	9,530	22,000	12,833	(9,167)
Central support	10,269	10,000	12,000	2,000
Car parking costs	-	3,000	3,000	-
Advertising	290	250	300	50
Events and festivals	8,251	10,000	8,251	(1,749)
Legal Expenses	335	1,000	1,000	-
<b>TOTAL EXPENDITURE</b>	<b>46,439</b>	<b>121,550</b>	<b>130,984</b>	<b>9,434</b>
<b>Income less Expenditure</b>	<b>126,504</b>	<b>49,564</b>	<b>48,031</b>	<b>(1,532)</b>
<b>PROJECTS</b>				
<b>EXPENDITURE</b>				
Project Costs - Links Development	18,943	25,000	25,000	-
Sandown feasibility study	-	18,000	-	(18,000)
	<b>18,943</b>	<b>43,000</b>	<b>25,000</b>	<b>(18,000)</b>
<b>To be added to reserves</b>	<b>107,561</b>	<b>6,564</b>	<b>23,031</b>	<b>16,468</b>
<b>Sale of investment property (to capital receipts reserve)</b>	<b>72,501</b>	<b>-</b>	<b>72,501</b>	<b>72,501</b>
Unaudited revenue reserves 22/23			792,645	
Change in value of investment portfolio to 31 Dec 2023			31,069	
Estimated outturn for 23/24			23,031	
Estimated revenue reserves 23/24 *			<u>846,746</u>	

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

**MONITORING STATEMENT 2023/24  
NAIRN COMMON GOOD FUND RESERVES  
FOR PERIOD ENDING DEC 2023**

	<b>£000</b>
Value of investment portfolio at 30.09.2023	562
Change in value of investment portfolio over 2023/24 Q3	<u>27</u>
Value of investment portfolio at 31.12.2023	589
Loans Fund balance (cash reserves) as at 31.03.2023	248
Net creditors at 31.03.23	(13)
Total reserves balance as at 31.12.23	<u>824</u>
Anticipated use of reserves during 2023/24:	
To be added to reserves/(fund core budget spend) (from Appendix 1)	48
To fund project spend (from Appendix 2)	<u>(25)</u>
	<u>23</u>
<b>ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS</b>	<u><b>847</b></u>

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

## Appendix 2

### Nairn Common Good Fund Budget 2024/25

### Draft Budget 2024/25 £

#### INCOME

Rents	135,079
Lettings	18,000
Invitation to pay parking	25,000
Miscellaneous Income	125
<b>TOTAL INCOME</b>	<b>178,204</b>

#### EXPENDITURE

Property maintenance	75,000
Electricity	2,000
Water charges	700
Rents, Rates and Insurance	3,600
Events and festivals	10,000
Staff costs	24,000
Central support	10,000
Car parking costs	3,000
Advertising	250
Legal Expenses	1,000
<b>TOTAL EXPENDITURE</b>	<b>129,550</b>

**Income less Expenditure** **48,654**

#### PROJECTS

##### EXPENDITURE

Project Costs	25,000
Sandown feasibility study	18,000
	<b>43,000</b>

Net spend on Projects **(43,000)**

**FUNDS AVAILABLE/(REQUIRED) AFTER PROJECT SPEND** **5,654**

<b>Estimated Usable Reserves 2023/24</b>	<b>846,746</b>
Budget surplus/(deficit) for 24/25	5,654
<b>Forecast year end reserves 24/25</b>	<b>852,399</b>

Nairn Common Good FundViews sought from community representatives on the proposal to provide £50,000 emergency grant funding support forNairn Community Arts CentreRepresentations received - 20 June 2024**Representations**

Due to the short timescales to collate views from community representatives, the following representations have been submitted from members of the Nairn Common Good Fund Engagement Group and Community Councils in Nairn. 7 representations received by the deadline of 20 June at 5pm.

ID ref no (E = email)	Organisation	Representation received reproduced verbatim	Officer's summary of main points
EP1	Nairn BID	<p>Nairn BID believe that it would be in the interests of the business, and wider Nairn community if the Common Good did give this funding to the Centre.</p> <p>The loss of the facilities would be a severe loss to many-many community groups. It would also render the BID without an office - giving us a considerable issue finding new storage and working facilities. I don't know if this involvement renders me as having a conflict of interest - if it does then please discount my remarks.</p> <p>In the interests of full disclosure, the NCAC are a BID member and as such pay a Levy of £1200 a year, which contributes to the activities BID carries out. The BID pays £4000 a year to the NCAC in office rent and makes use of meeting facilities regularly. I am sure that many BID members regularly hire space also. The availability of this space at very reasonable rates is a considerable benefit.</p> <p>So many thousands of people in the local and surrounding communities benefit from the activities regularly held there that its loss would make a significant impact on the quality of life for the local community.</p> <p>I would suggest that the Area Committee grant this funding.</p>	<p><b>Supportive of the proposal</b> however noted possible conflict of interest.</p> <p>Noted that plans should be in place to increase income streams to avoid this situation in the future and that the Common Good Fund should be given an interest free loan.</p>

		<p><u>Additional comments:</u></p> <p>I have, since writing my initial response, been sharing with my board and there has been some discussion along the lines of a desire to make sure that plans are put in place for the income of the centre to be increased, to ensure they are not in this position again in 6 months-time. If the money has to come from the Common Good Fund as opposed to Highland council funds, then it was felt that all relevant parties should be kept more abreast of the finances of the centre. The board fully support the financial help but would prefer it to be an interest-free loan instead of a grant if at all possible.</p>	
EP2	Highlands and Islands Enterprise	<p>Thank you for the invitation to comment on the request for support received from NCAC to the Nairn Common Good Fund.</p> <p>It would be fair to state that NCAC is an essential part of the fabric of Nairn, and that the loss of such a space would have wide reaching impacts on the whole community, not least the members of staff who's jobs are at risk. From this perspective, consideration of support from the Common Good Fund is apt, as the NCAC is one of several venues in the community which is accessible to everyone and so provides for the 'good of the commons' in the town.</p> <p>However, it would be reasonable to ask how long the 'bridging funding' would sustain NCAC and therefore how long would be available to the directors to explore other funding options? It would also be reasonable to ask that if NCAC have already taken "<i>all practical steps... to utilise and explore all other funding options</i>" would the bridging funding provide a realistic opportunity to explore any other alternative options that have yet to be considered, or to progress opportunities already identified?</p> <p>I would suggest that on balance, Nairn Common Good Fund has an opportunity to act in preservation of a vital venue to the town and that therefore bridging funding should not just be given serious consideration, but be awarded to NCAC so that they have time to ascertain whether a rescue plan can be developed and put in place to prevent the loss of the jobs and facilities there and that if this is not possible, staff can be supported to find other employment and the asset and operations can be wound up in good order.</p> <p>To help support them in doing so, I would recommend that the board engage with the free service from Third Sector Crisis Recovery available here:  <a href="https://sesupportmap.scot/recovery/">https://sesupportmap.scot/recovery/</a>.</p>	<p><b>Supportive of the proposal</b> however with some concerns how long the bridging fund will sustain NCAC operations.</p> <p>Queries if they have taken "<i>all practical steps... to utilise and explore all other funding options</i>" and signposts the board to engage with the Third Sector Crisis Recovery service.</p>

EP3	Nairn Access Panel	<p>Thanks for the opportunity to comment.</p> <p>I have summarised the views and questions of the access panel below, but it's fair to say that the overwhelming view is that the community and arts centre must not be allowed to close.</p> <p>Here are various comments from panel members:  This is not the first time NCAC has had to be 'bailed out' financially. Last time it was local residents who paid up to save the situation.</p> <p>Why have the committee left it so late that alternative solutions could not be found?</p> <p>How confident are the Committee that this situation will not happen again?</p> <p>What percentage of the CGF is £50,000? Is it covered by interest generated from CGF or does it eat into the core fund? If the latter, they should look again at 'crowd funding'.  It is unthinkable for Nairn to lose the NCAC and all the clubs, societies etc. that it supports.</p>	<p><b>Supportive of the proposal</b> however with some concerns and questions raised.</p> <p>Queries what practical steps have been taken so far and what plans are there to avoid this situation arising again.</p> <p>In addition, queries the impact on the Nairn Common Good Fund balances and that crowdfunding should be considered as an alternative.</p>
EP4	Nairn West & Suburban Community Council	<p>In direct response to the email, Nairn West &amp; Suburban Community Council (NWSCC) knows that the Centre is a tremendous asset to Nairn and all efforts should be made to support its continued operation. We support the provision of an urgent cash injection from Nairn Common Good (NCG) Fund to the Centre for emergency support. However, we propose that the money should be provided in the form of an interest-free loan, which NCG should have the flexibility to call-in or not depending on the future landscape. For example, if the Centre were to close or be transferred to Highland Council (HC) to operate, NCG may be a creditor able to recover (some of) its funding or call-in the loan from HC.</p> <p>A one-off cash injection will not secure the long-term future of the Centre, and whilst it is somewhat encouraging to read in the Courier dated 18 June that the Board has a long-term business plan in place, we strongly believe that HC should be providing funding to the organisation through a fairer allocation of its leisure and recreation funds to Nairn.</p> <p>NWSCC is disappointed the NCG is being asked (and even expected) to bail-out the Centre and this follows the worrying trend of HC abrogating its responsibilities to support Nairn's leisure and recreation facilities. We refer to our letter dated 22nd April 2024, pointing out the relatively low and unfair share of leisure &amp; recreation spend by HC on Nairn and challenging why NCG should pay to maintain its public spaces, which HC should cover in lieu of rent as part of its centrally funded public service obligation.</p>	<p><b>Supportive of the proposal</b> however it should be an interest free loan with claw-back/recovery of grant conditions.</p> <p>Noted that a one-off cash injection is not enough, and <i>disappointment</i> that that Nairn Common Good Fund is being asked to consider this request.</p> <p>Requests that Highland Council should consider a fairer distribution of its leisure and recreation funds in the area and to</p>



		<p>We again call on Nairn's councillors as our elected representatives and as decision-making Trustees of NCG to press HC for a fairer distribution of leisure &amp; recreation spend for Nairn and NWSCC will provide any support it can.</p> <p>Finally, NWSCC also proposes that a mechanism must be found to reallocate around £120k of developer contributions currently ear-marked for a multi-use room, e.g. a dance studio, at Nairn Leisure Centre towards a more worthwhile purpose, e.g. supporting the Centre. The Centre is, of course, already a multi-use facility for dance, theatre, music and so on and it would be completely inefficient and wasteful to build a new space at the Leisure Centre which will be in direct competition for its business.</p> <p>We hope this letter will be helpful for a decision on Nairn Community and Arts Centre request for funding and consideration of the broader funding landscape, needs and objectives for Nairn.</p>	<p>reallocate the developer contributions currently ear-marked for a multi-use room at Nairn Leisure Centre.</p>
EP5	Cawdor & West Nairnshire Community Council	<p>We have been asked to comment on the request of support of £50,000 from the NCGF, to provide a grant to the Nairn Community &amp; Arts Centre.</p> <p>Whilst the amount being requested is considerable, it has been brought about by circumstances beyond the control of the NCAC. The loss of the Creative Scotland grant has led to an immediate crisis requiring this cash injection.</p> <p>The issue of the facility running at a loss will need to be addressed by the Board of Directors. We all use the Nairn Community &amp; Arts Centre and would not wish to see it close. Therefore, it is essential for the Board to find a viable long-term solution and to produce an approved business and financial plan by the end of December 2024. We would expect this to include proposals to widen the Board's representation of community and user groups.</p> <p>In conclusion, we would approve the proposal of this support of £50,000 from the NCGF to the NCAC.</p>	<p><b>Supportive of the proposal</b> and recognises external issues has had an impact.</p> <p>Noted that the board should <i>find a viable long-term solution and to produce an approved business and financial plan by the end of December 2024.</i></p>
EP6	Nairn River Community Council	<p>After consulting with NRCC Members by email the CC supports the proposal for NCGF to provide a grant of £50,000 to the NC&amp;AC. This was agreed by email as it was felt this was an urgent situation. It is hoped that NC&amp;AC manage to improve its sustainability as soon as possible perhaps utilising a new improved business model.</p>	<p><b>Supportive of the proposal</b></p> <p>Noted that <i>it is hoped that the centre manages to improve its</i></p>

		NRCC would also support transferring any finds gathered for the "dance studio" to the NC&AC.	<i>sustainability as soon as possible, utilising a new improved business model.</i>
EP7	Queenspark Residents' Group	<p>As a member of Queenspark Residents' Group and CGEG member I have consulted with residents in Queenspark via direct email, and on both Facebook pages, private and public. I have also had personal conversations and discussions with residents.</p> <p>There is 100% support and an outpouring of love for the community centre, its staff and the job they do to support the community.</p> <p>There have however been grave concerns raised about supporting the community centre from the common good fund.</p> <p>The concerns expressed surround the finances and the length of time the directors have known of the issues, ownership of the building, immediate emergency of the request, will this be a one off application? What happens if they need further funding after Christmas? All of these are valid questions and should be answered or discussed prior to any decision so the Councillors are satisfied that this is a financially sound use of the Common Good Fund and that there will not be repeated applications next year or following years. A loan with strict conditions may be an option that would be acceptable.</p> <p>284 members in the private QP residents only Facebook group - 6 responses  269 members in the public Facebook page - 1 response  12 personal emails and numerous conversations face to face.</p>	<p><b>Supportive of the proposal</b> however with some concerns about supporting the centre with CGF. They have noted that Members should consider the questions raised in the main comments before a decision is made.</p> <p>In addition, they have noted that a loan with <i>strict</i> conditions should be considered.</p>