

Agenda Item	8
Report No	NC/12/24

# The Highland Council

**Committee:** Nairnshire Committee

**Date:** 5 August 2024

**Report Title:** Nairn Common Good Fund  
2023/24 Q4 Financial Monitoring Report

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

## 1 Purpose/Executive Summary

1.1 This report provides information on income and expenditure in relation to the Nairn Common Good Fund (NCGF) as of 31 March 2024 and provides an update on current NCGF matters. It asks members to scrutinise and note the position of the NCGF as shown in the 23/24 Quarter 4 Monitoring Statement found at **Appendix 1**.

**Please note that with the new accounting system the 24/25 Q1 report is not available, this will come to a future Area Committee.**

1.2 A significant one-off Grant award (a maximum of £0.050m) was awarded to the Nairn Community & Arts centre ("NCAC") at a special meeting of the NAC held on 24 June 2024 in exceptional circumstances noting the importance of the NCAC to the Nairnshire community and the urgency of need established by the NCAC Management Board. This will be drawn from 2024/25 budget.

1.3 This report also outlines recommended steps proposed in dealing with coastal erosion issues highlighted along the pathways at the Nairn Links Area.

## 2 Recommendations

2.1 Members are asked to:

- i. **NOTE** the position of the NCGF as shown in the Q4 Revenue Monitoring Statement against Budget for 2023/24; and
- ii. **NOTE** the proposal and options regarding coastal erosion at Nairn Links and that works carried out are required to be approved and taken from NCGF reserves.
- iii. Consider Options and **AGREE** the recommendation outlined within section 6.4

## 3 Implications

3.1 **Resource** – Financial implications are as outlined in this report. As noted previously by this Committee, ongoing work is required to develop an approach to income generation

and development of the NCGF asset portfolio to ensure a source of sustainable revenue.

- 3.2 **Legal** – 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)** - There are no specific implications associated with this report.
- 3.4 **Climate Change / Carbon Clever** – There are no specific implications associated with this report.
- 3.5 **Risk** - To mitigate the risk to the Common Good Fund, consideration continues to be given to the potential for income generation from Nairn Common Good assets to support ongoing maintenance and sustainability of other projects coming forward.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – all project work directly undertaken on Common Good Fund property will be subject to full compliance with all Health & Safety requirements.
- 3.7 **Gaelic** - There are no specific implications associated with this report.

#### **4 Q4 Revenue Monitoring Report**

- 4.1 A monitoring statement showing transactions against budget for the period to 31 March 2024 is attached at **Appendix 1**.
- 4.2 Members will note the (unaudited) balance of usable reserves on 31 March 2024 was £968,494. Note that one off grant award to the Nairn Community and Arts centre will show in a future monitoring report.
- 4.3 **Income**

The Q4 income confirms that the income taken from rents, lettings, and investments through the year. The investment income is over and above the budget confirmed for 23/24. This is shown in the monitoring for Q4

Income from lettings for Q4 show that there was an increase for the year up to 31 March 2024 in respect of short pitch lettings at the links and income from the Nairn Games arising from the annual letting to the Showmen's Guild and provision of the hospitality tent. The income shows that it is above the annual budget and an increase from the previous year. The additional £4,952 has come from additional letting from groups using the Common Good Lands.

Invitation to pay parking show income generated has increased from the forecast figure. An increase in parking income of £3,525 demonstrates the increased usage and opting to pay the invitation to pay scheme.

Works are ongoing by officers in exploring income opportunities for 2024/25 and beyond.

## 4.4 Expenditure

The Q4 report shows the various areas of expenditure that has taken place through the year.

Under Property Maintenance, the approved budget is for:

- grass cutting and grounds maintenance.
- Highlife Highland management fee for the Leisure Park and Splash Pad
- Other maintenance works required around the NCGF properties.

Central Support expenditure listed relates to the HQ Common Good Fund Officer's costs in respect of time spent on NCGF work.

The expenditure shows an overspend in the following areas.

1. Increase in electricity charges. – this has been generated through raising energy costs.
2. Increase in central support costs. – officer tie in dealing with common good matters
3. Car parking costs – increased cost in the running of the parking equipment

## 5 Nairn Common Good Fund Investments

- 5.1 The Council has delegated power to manage investments by NCGF to the Investment Sub-Committee, which reports to the Pensions Committee. The Nairn Area Committee has power to administer the Revenue income of the NCGF and Projects.

Officers can confirm that the value of the fund increased by 4.2% over the quarter ended March 2024, in comparison to a benchmark increase over the quarter of 3.1%. On a year to-date basis, the Fund is up 10.0% in contrast to a benchmark rise of 7.8%. The value of the investments at end of March 2024 was £0.614m. The value of the investments is subject to constant change based on the market conditions (see **Appendix 2**)

## 6 Proposed Coastal Erosion Works

- 6.1 Works have been identified on the Nairn Links Area that have been affected by coastal erosion. This is the footpath that runs between the beach café and the leisure centre. Although the path has not suffered from erosion yet, recent storms have impacted the coast, resulting in the verge between the footpath and the beach having reduced in width.

Coastal erosion seen over the past winter was more than what we have seen in recent years. Whilst climate change is resulting in increased sea levels and increase in storms, the past winter has been considered as a localised spike in storminess and should not be considered as a new baseline storm that we would expect to experience each winter going forward. That said, the general trend is for higher sea levels and greater storms. For this reason, holding the line to ensure that coastlines don't erode is not always the most appropriate solution. To hold the line at this location would require rock armour of large rock to withstand forces likely to be experienced in storms. These large rocks are not inexpensive and require specialist skill, experience, and machinery to place them. An undesired consequence may also be that the large rocks become a barrier to beach access or a health and safety hazard for those attempting to walk across them.

6.2 The works identified came through members of the public and elected members walk round discussing the matter. Advice and guidance have been sought through local officers with flood defence and coastal erosion expertise. Through discussion with the officers, while it is acknowledged that enhanced/repaired rock armour along the coastal edge to reduce likelihood of future storms eroding the footpath an alternative has been suggestive which would be cost effective.

The alternative solution may be to construct a new path, set back from the coastal edge, thus providing a larger verge and therefore a longer duration before coastal erosion reaches the path. A new path section could replace the existing path or could act as an additional path until such time as the existing path is eroded by the sea. The latter option would allow continued use of the existing path whilst also having a ready-made alternative, so that the route does not need to be closed in the future.

6.3 Three options that have been proposed are as follows.

1. Do Nothing – we leave the area in its current condition and assess through weather events taking place. With the Existing Path realignment cost ringfenced from NCGF reserves
2. Carry out Rock Armour repairs. – Works to repair and build up the current rock armour have been estimated at an estimated £150k allowing for consultant design, permissions, and preliminary costs.
3. Carry out existing path realignment – this option has been costed at £19,973 and the plan can be seen in **Appendix 3**

6.4 Whilst rock armour or a new path could be implemented immediately (with appropriate funding in place), it might be that further erosion of the coastline at this section would not occur for several years to come. We have had bad storms this past winter and that is not a guarantee that we will have the same again next winter or the year after. In fact, recent observations have indicated that natural processes are reestablishing the Central Beach levels, and an element of natural repair is already happening. Having a proposed solution ready but not constructed would allow time for potential external funding sources that could be used as and when they become available. A defined line in the verge could be established that acts as a point at which intervention should be made. For example, you may decide that the preferred solution is not implemented until such time as the verge is reduced to 300mm wide over at least a 3m length. This is what is known as a 'dynamic adaptive pathway approach'.

The Recommendation would be **Option 1** as the area in question is classed as low risk to no immediate should be taken.

It would be prudent to assess the erosion through any weather events. With that in mind a request for the cost of realignment of the path to be ringfenced within the Nairn Common Good Budget for 2024/25 to be allocated and used by officers if there is a weather event significant enough to have caused further erosion to the path edge. By waiting until predetermined trigger points are met before intervening. This could buy you 1 year or maybe 10 years and maximises the opportunity to take advantage of alternative funding opportunities out with the Nairn Common Good Fund.

Designation: Assistant Chief Executive - Place

Date: 17 July 2024

Author: Mark Greig, Community Development Manager

Appendices:

Appendix 1 – Monitoring statement Q4 23/24

Appendix 2 – Reserves and Investments Q4 23/24

Appendix 3 – Costs/Plan for path works at Links.

**APPENDIX 1**

**Nairn Common Good  
Period to Mar 2024**

	<b>Actual</b>	<b>Annual</b>	<b>Variance</b>
	<b>£</b>	<b>Budget</b>	<b>£</b>
		<b>£</b>	
<b>INCOME</b>			
Rents	134,998	134,489	509
Lettings	17,451	12,500	4,951
Invitation to pay parking	27,525	24,000	3,525
Miscellaneous Income	985	125	860
Investment Income	13,673	-	13,673
Int.On Rev. Balance Cr	17,175	-	17,175
<b>TOTAL INCOME</b>	<u>211,807</u>	<u>171,114</u>	<u>40,694</u>
<b>EXPENDITURE</b>			
Property maintenance	59,207	69,000	(9,793)
Investment management costs	2,351	-	2,351
Electricity	3,457	2,000	1,457
Water charges	398	700	(302)
Rents, Rates and Insurance	1,906	3,600	(1,694)
Staff costs	13,300	22,000	(8,700)
Central support	24,461	10,000	14,461
Car parking costs	5,242	3,000	2,242
Advertising	290	250	40
Events and festivals	10,000	10,000	-
Legal Expenses	(52)	1,000	(1,052)
<b>TOTAL EXPENDITURE</b>	<u>120,559</u>	<u>121,550</u>	<u>(991)</u>
<b>Surplus/(deficit) before projects</b>	<u><b>91,248</b></u>	<u><b>49,564</b></u>	<u><b>41,684</b></u>
<b>PROJECTS</b>			
Project Costs - Links Development	32,420	25,000	7,420
Sandown feasibility study	-	18,000	(18,000)
	<u><b>32,420</b></u>	<u><b>43,000</b></u>	<u><b>(10,580)</b></u>
<b>Surplus/(deficit) after projects</b>	<u><b>58,828</b></u>	<u><b>6,564</b></u>	<u><b>52,265</b></u>

**MONITORING STATEMENT 2023/24  
NAIRN COMMON GOOD FUND RESERVES  
FOR PERIOD ENDING MARCH 2324**

**APPENDIX 2**

	<b>£000</b>
Value of investment portfolio at 31.12.2023	589
Change in value of investment portfolio over 2023/24 Q4	<u>25</u>
Value of investment portfolio at 31.03.2024	614
Loans Fund balance (cash reserves) as at 31.03.2023	248
Net creditors at 31.03.23	(13)
Total reserves balance as at 31.03.24	<u>849</u>
Anticipated movement in usable reserves during 2023/24:	
To be added to reserves/(fund core budget spend) (from Appendix 1)	91
To fund project spend (from Appendix 1)	<u>(32)</u>
	59
Movement in net creditors in year	(12)
Proceeds from sale of property to capital receipts reserve	<u>72</u>
	<u>119</u>
Anticipated usable reserves as at 31.3.2024	<u>968</u>

**APPENDIX 3**

<b>Description:</b>	Footway Realignment, Nairn Central Beach
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Item	Description	Unit	Qty	Rate	Amount
<b>1</b>	<b>People</b>				
	Site Agent	hr	5	55.00	275.00
	Foreman	hr	30	52.00	1,560.00
	Engineer	hr	5	40.00	200.00
	Machine Operator	hr	30	32.00	960.00
	General Op Skilled	hr	30	27.50	825.00
	<b>Total people</b>				<b>3,820.00</b>
<b>2</b>	<b>Equipment</b>				
CECA ref	<b>Listed Equipment at CECA rates</b>				
10.2	3t excavator	hr	30	25.14	754.20
9.5	3T dumper	hr	30	14.82	444.60
4.1	compressor	hr	10	13.01	130.10
30.1	breaker	hr	10	3.46	34.60
6.39	road saw	hr	10	6.44	64.40
22.6	wacker	hr	30	4.05	121.50
14.22	pickup	hr	30	20.42	612.60
	barriers	hr	30	2.00	60.00
	<b>Total listed equipment at CECA rates</b>				<b>2,222.00</b>
	<b>Other equipment at market rates:</b>				
	<b>Total Other equipment</b>				<b>-</b>
<b>3</b>	<b>Plant and materials</b>				
	Heel kerbs	nr	112	12.50	1,400.00
	concrete	m3	5	200.00	1,000.00
	type 1	t	50	30.00	1,500.00
	Boulders (<1T)	t	10	100.00	1,000.00
	<b>Total plant and materials</b>				<b>4,900.00</b>
<b>4</b>	<b>Subcontractors</b>				
	Footway Resurfacing	m2	155	36.79	5,702.45
	<b>Total subcontractors</b>				<b>5,702.45</b>
	<b>Summary</b>				
1	People				3,820.00
2	Listed Equipment				2,222.00
	Other Equipment				-
3	Plant and materials				4,900.00
4	Subcontractors				5,702.45
	<b>Total</b>				<b>16,644.45</b>
	<b>OH &amp; Profit</b>			20%	3,328.89
<b>Grand Total</b>					<b>19,973.34</b>



Proposed Layout:

