

The Highland Council

Agenda Item	6
Report No	NC/16/24

Committee: Nairnshire Committee

Date: 4 November 2024

Report Title: Nairn Common Good Fund

Report By: Assistant Chief Executive – Place

1. Purpose/Executive Summary

- 1.1 This Report provides information on the income and expenditure in relation to the Nairn Common Good Fund (NCGF) as at 30 September 2024 and provides an update on the current NCGF matters. It asks Members to scrutinise and note the position of the NCGF as shown in the quarter 2 monitoring statement found at **Appendix 1**

2. Recommendations

- 2.1 Members are asked to:
- i. **Note** the position of the NCGF as shown in the Quarter 2 revenue monitoring statement against the budget for 24/25
 - ii. **Note** the position of Viewfield Stables and **Agree** to progress to consultation for future marketing

3. Implications

- 3.1 Resource - Financial implications are as outlined in this report. As noted previously to this Committee, ongoing work is required to develop an approach to income generation and the development of the NCGF asset portfolio to ensure a source of revenue.
- 3.2 Legal - The application of funds will fall within the competency guidelines set out both in statute and in common good law in relation to Common Good Funds
- 3.4 Risk – To mitigate the risk to the Common Good Fund, consideration continues to be given to the potential for income generation from the Nairn Common Good Fund assets to support on-going maintenance and sustainability of other projects coming forward

3.5 Health and Safety (risks arising from changes to plant, equipment, process, or people) – All project undertaken on Common Good Fund property will be subject to full compliance with all Health and Safety requirements

3.6 Gaelic – None

4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is a monitoring update report and therefore an impact assessment is not required.

5. Q2 revenue Monitoring Report

5.1 A monitoring statement showing transitions against the budget for the period to 30 September 2024 is attached at **Appendix 1**

5.2 Members will note the (unaudited) balance of useable reserves on 30 September 2024 was £831,675. The reserves have had agreement that a one-off grant award of up to £50,000 to the Nairn Community and Arts Centre and agreed at Nairnshire Committee on 5 August 2024 was the sum of £19,973 to be ringfenced for Coastal Erosion works. Also due to the overspend of central support costs in 23/24, the budget has been adjust to reflect anticipated charges for 24/25. This has been increased from £10k to £25k.

5.3 **Income** – The income received to date relates principally to property rentals, these are expected to return on target

The actual lettings figure shown in **Appendix 1** under income reflects the income invoiced in respect of the lettings at the Nairn Links, the bulk of which relates to the August 2024 Nairn Games. The actual v estimated outturn figures show an increase of £3,119 which has been generated from THC managing traders’ stances at the Nairn Highland Games and form other letting activities which have taken place in the Links area.

As previously reported, 100% of income in respect of NCGF invitation to pay parking accrues directly to the NCGF. Actual income of £19,042 is shown at Appendix 1 which reflects amounts journalled against the Fund to 30 September 2024; the outturn figure remains on target. There are delays in this income showing in the NCGF income ledger due to online payment and internal journal entry processes.

5.4 Expenditure

Property Maintenance - Limited expenditure has been incurred in the year to date however in house journal entry transactions are expected to show at Quarter 3 monitoring. As previously reported the approved budget is for:

- grass cutting and grounds maintenance
- Highlife Highland management fee for the Leisure Park and Splash Pad
- replacement equipment and maintenance works carried out across the Links to benches, shelters, noticeboards and other amenity equipment & facilities.

5.5 Central Support – expenditure listed relates to the HQ Common Good Fund Officers costs in respect to time spent on NCGF work such as the Asset Register review and Common Good Engagement Group

Events & Festivals – expenditure reported against the budget line has amounted to £7,646 which has been used to support the following local events

- Nairn Book and Arts Festival £2,000
- Nairn Games £3,500
- Nairn Games Waste provision £2,146 (note increased costs due to external contractor being appointed due to strike action)

5.6 **Projects**

Project Costs – Links development – no spend to date from £25,000 allocated. Works to progress and will show in Q3 statement.

Community Food Growing Sandown Feasibility – Work by our in-house Transformation team is now complete with the consultant. The feasibility report has now been completed and signed off and presented is **Item 7**

Harbour Street Toilets – A feasibility Study has now been completed by the Design and Consultancy Team for the redevelopment of the site. Options have been presented to Members and the Nairn Common Good Engagement group, with a paper being presented of its findings at **Item 8**

5.6 **Annual Surplus** – The approved budget expected a surplus of £5,654 (as agreed at MAC on 4 March 2024) to be generated this year with the sum being added to reserves.

With the additional expenditure coming from the funds agreed and allocated from the NCGF reserves there is a over spend due to the £50k of funds allocated to the Nairn Community and Arts Centre, £19,973 for costal erosion works and due to last year's central support costs showing and overspend and addition £15k has been allocated to the budget to cover the anticipated central support costs.

The overspend is being forecast currently at £79,849. The committee will be provided with an update at a future NAC meeting on if this figure still remains the same.

6. **Nairn Common Good Fund Investments**

6.1 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 0.2% over the quarter ending 30 06 2024, in comparison to a benchmark return of 2.4% and increased by 2.1%, in comparison to a benchmark return of 1.8% for the quarter ending 30 09 2024. On a year-to-date basis, the fund is up 6.7% in contrast to a benchmark rise of 7.5%. The Value of the investments at 30th September 2024 was £0.628m. The value of the investments is subject to constant change based on market conditions (see **Appendix 2**)

7.

7.1 Viewfield Stables

Viewfield Stables does not currently generate any income for the Nairn Common Good Fund and has not been generating any income for a period more than 10 years. It has been used as a store by various parties over many years when it sat within the general fund account.

Recently the building was completely emptied with a view to looking at marketing the property for let. Discussions with Estates team regarding possible income would suggest it would be very low due to the market value of the property. Initial figures proposed would be around £500 per annum.

The building condition at this point is in a reasonable condition considering its age and construction type. The building has no mechanical or electrical services connected. Initial quotes suggest that the costs to carry out wind and watertight repairs along with roofing repairs are more than £10,000.

Seeking to dispose of this property by sale in its current condition would result in a capital receipt being received into the fund without incurring renovation costs. However, the costs of the consultation and marketing of the property would be the responsibility of the Nairn Common Good Fund.

8.

8.1 Options for next steps

Members are now asked to note the following options for next steps

- i. The building is brought back in to refurbished condition and marketed for rental income or,
- ii. The building is left in its current condition and marketed for sale
- iii. Do nothing.

8.2

- 8.3** As the value of this property is less than 10% of the value of Nairn Common Good fund the governance for making this decision rests with Members at Area Committee.

Where disposal or appropriation (change of use) of Common Good property is being considered, the Council must conduct a Community Empowerment consultation. In the case of “disposal” in Highland this included a lease of 10 years or more. Consideration also needs to be given to the concept of inalienability. To be inalienable property must be dedicated to public purpose in the title deed or so dedicated by the Council or has been used for public purposes without interference

for time immemorial. Currently this property is detailed on the asset register as being inalienable based on the public use of the majority of the Viewfield Estate land. However as all actual use of this property has been of a private nature, it maybe that the stables are considered to be alienable in which case Court approval would not necessary for sale or a lease of 10 years or more.

Designation: Assistant Chief Executive Place
Head of Corporate Finance

Date: 23 October 2024

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Appendix 1

Nairn Common Good Period to Sept 2024

	Actual £	Revised Annual Budget £	Estimate d Outturn £	Variance £
INCOME				
Rents	119,905	135,079	135,079	-
Lettings	21,119	18,000	18,000	-
Invitation to pay parking	19,042	25,000	25,000	-
Miscellaneous Income	570	125	125	-
TOTAL INCOME	160,636	178,204	178,204	-
EXPENDITURE				
Property maintenance	11,640	75,000	75,000	-
Electricity	1,032	2,000	2,000	-
Water charges	141	700	700	-
Rents, Rates and Insurance	3,880	3,600	3,600	-
Staff costs	11,139	24,000	24,503	503
Special Grants	-	50,000	50,000	-
Central support	2,770	10,000	25,000	15,000
Car parking costs	-	3,000	3,000	-
Advertising	-	250	250	-
Events and festivals	7,646	10,000	10,000	-
Legal Expenses	(242)	1,000	1,000	-
TOTAL EXPENDITURE	38,007	179,550	195,053	15,503
Income less Expenditure	122,629	(1,346)	(16,849)	(15,503)
PROJECTS				
INCOME				
Income	-	-	-	-
	-	-	-	-
EXPENDITURE				
Project Costs - Links Development	-	25,000	25,000	-
Nairn Coastal Erosion	-	20,000	20,000	-
Sandown feasibility study	16,275	18,000	18,000	-
	16,275	63,000	63,000	-
To be added to reserves	106,354	(64,346)	(79,849)	(15,503)

Unaudited revenue reserves 23/24	896,548
Change in value of investment portfolio to 30 Sep 2024	14,473
Estimated outturn for 24/25	<u>(79,849)</u>
Estimated revenue reserves 24/25 *	<u>831,172</u>

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

Appendix 2

MONITORING STATEMENT 2024/25 NAIRN COMMON GOOD FUND RESERVES FOR PERIOD ENDING SEPT 2024

APPENDIX 2b

	£000
Value of investment portfolio at 31.03.2024	614
Change in value of investment portfolio Q1	<u>1</u>
Value of investment portfolio at 30.06.2024	615
Change in value of investment portfolio over Q2	<u>14</u>
Value of investment portfolio at 30.09.2024	628
Loans Fund balance (cash reserves) as at 31.03.2024	286
Net creditors at 31.03.24	<u>(3)</u>
Total reserves balance as at 30.09.24	<u>911</u>
Anticipated use of reserves during 2024/25:	
To be added to reserves/(fund core budget spend) (from Appendix 1)	(17)
To fund project spend (from Appendix 2)	<u>(63)</u>
	<u>(80)</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u><u>831</u></u>

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