

<b>Agenda Item</b>	<b>10b</b>
<b>Report No</b>	<b>CIA/10/25</b>

# The Highland Council

**Committee:** City of Inverness Area Committee

**Date:** 3 February 2025

**Report Title:** Inverness Common Good Fund Financial Monitoring Report

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

## 1. Purpose/Executive Summary

1.1 This report presents the expenditure monitoring position for the Inverness Common Good Fund (ICGF) as at 31 December 2024 and the projected 2024/25 year end position. The report updates any particular pressures.

## 2. Recommendations

2.1 Members are asked to note the financial monitoring report to 31 December 2024 and that overall expenditure is within agreed budgets excepting estimated outturns detailed in **Appendices 1 and 2**.

## 3. Implications

3.1 **Resource** - The report details the financial resource implications. There are no other resource implications. The report notes that the latest projected overspend in this year's budget is £0.238m (core spend £2.743m; income £2.504m). Meeting liabilities will result in a drawdown from reserves, including a managed disinvestment through the investments held by Messrs. Adam & Co. under the guidance of the Investment Advisory Sub-Committee. This is projected currently to be the sum of £0.238m. This would result in anticipated reserves at 31 March 2025 of £5.188m (this does not take into account any potential movement in value of investments over the 4th quarter of the year).

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.

3.4 **Risk** – 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 works.

3.5 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – In applying the budget to address agreed expenditure due consideration is given to meeting all statutory requirements and complying with the Council's own policies, practices and procedures in this regard.

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. Introduction**

5.1 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 2024/25.

**Appendix 1** shows core income and expenditure to 31 December 2024, the predicted year end outturn and the predicted variance.

**Appendix 2** shows the current detail of the Community Events & Festivals spend.

**Appendix 3** shows the reserves position for the fund to date, and projected value as at 31 March 2025.

#### **6. Overview of 24/25 Budget Status**

6.1 **Appendix 1** shows the core revenue budget expenditure for the year of £2.658m, to be met by budgeted revenue income of £2.290m (plus a transfer from Reserves of £0.367 to meet the difference between our budgeted income and expenditure).

6.2 Overall, core spend, and income received, is currently anticipated to show a £0.238m overspend.

6.3 Income from industrial lets is higher than anticipated due to the receipt of lease premiums.

6.4 Progress on letting office accommodation within Inverness Town House is being made, with anticipated income from lets to new third party tenants increasing expected income to £0.062m which exceeds the budgeted income by £0.007m.

6.5 Principally, budget pressures remain in relation to the following:

- Victorian Market Service Charge – With exception of the two remaining units which are pending the resolution of the electricity supply issue, all units are let. The Market is proving very successful with upwards of 65,000 visitors per week during the height of the summer, with numbers holding at around 40,000 per

week.

- The success has led to additional agency and contract resources having to be applied which resulted in a significant increase in operational costs. Once final costs are established, the additional charges will be recovered through the service charge, with a proportion being payable by the ICGF. This will significantly increase costs to the ICGF.
- Mitigating actions have been undertaken with staff being directly employed by the Council thereby significantly reducing agency costs. Further, the cost of waste and cleaning provision has also been reduced through rationalisation and the application of the tender process which it is anticipated will help to reduce costs further from 2025/26.
- Energy supply – appraisal is ongoing to identify options to increase the energy supply to the Market. This includes the potential provision of a PV/Battery storage installation on the Market roof. Consideration will also be given to increasing the power supply through SSE.  
The aim will be to reduce energy costs along with being able to extend capacity through the letting of the two available units.  
A report will be taken to a future meeting of the Committee on this and other options for full consideration of all the facts so that a fully informed decision can be taken.
- Town House Maintenance – currently showing a £0.018m variance. This is due to costs for internal improvement works being miscoded and will be rectified before year end.

- 6.6 **Appendix 2** shows the current detail of the Community Events spend. It is anticipated that an overall underspend of £0.040m will be incurred and is shown in Appendix 1 This is following the decision to cancel this year's Red Hot Highland Fling.
- 6.7 **Appendix 3** shows the reserves position for the fund to date, and projected value at 31 March 2025. 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 before this committee for approval and if approved, this statement will be updated to show the financial impact on reserves
- 6.8 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 decreased by 1.1% during the quarter to 31 December 2024 compared to the benchmark return of 0.8%. The value of the investments at 31 December 2024 was £5.068m.
- 6.9 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.

Designation: Assistant Chief Executive - Place

Date: 20 January 2025

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Appendices:

Appendix 1: ICGF Monitoring Statement 31 December 2024/25 – Core Spend

Appendix 2: ICGF Monitoring Statement 31 December 2024/25 – Community Events

Appendix 3: ICGF Monitoring Statement 31 December 2024/25 – Reserves

**APPENDIX 1**  
**MONITORING STATEMENT 2024/25**  
**INVERNESS COMMON GOOD FUND CORE SPEND**  
**FOR PERIOD ENDING DEC 24**

		ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN 2425	ESTIMATED Variance
Cost classification	£000	£000	£000	£000	
<b>EXPENDITURE</b>					
Victorian Market Operations	Cost Recovery	356	35	35	-
Victorian Market Management	Cost Recovery	66	65	65	-
Victorian Market Service Charge	Essential	48	174	174	-
Victorian Market Maintenance	Essential	129	120	140	20
Victorian Market Marketing	Essential	42	50	50	-
Town House Maintenance	Essential	113	95	113	18
Town House Utilities and Cleaning	Essential	22	150	150	-
Town House Future Planning	Essential	-	30	30	-
Other Properties	Essential	77	75	135	60
Town Clerks office	Essential	4	45	45	-
Other Properties (c/f) **	Essential	-	67	67	-
Ness Islands & Bank Maintenance	Essential	-	36	36	-
River Ness Fishings	Essential	0	20	13	(7)
ICGF Bowling Clubs	Essential	1	51	61	10
Town House Enabling Works	Discretionary	-	-	50	50
Winter Payments	Discretionary	120	223	223	-
ICGF Grants - Poverty and inequality	Discretionary	63	121	121	-
ICGF Grants - other	Discretionary	24	40	40	-
ICGF Grant - Whin Park	Discretionary	-	150	150	-
ICGF Grants (c/f) **	Discretionary	101	209	209	-
ICG - Civic Hospitality	Discretionary	62	75	75	-
Civic Contingency Fund	Discretionary	6	20	20	-
ICG - Town Twinning	Discretionary	6	10	10	-
ICGF - Conference Support	Discretionary	13	24	24	-
Conference Development and Hospitality (c/f)	Discretionary	-	10	10	-
City Promotions	Discretionary	10	25	25	-
City Promotions (c/f)	Discretionary	-	3	3	-
Partnership Working - BID	Discretionary	144	143	144	1
Partnership Working BIDS c/f	Discretionary	5	5	5	-
Community Events	Discretionary	133	177	137	(40)
Community Events contingency	Discretionary	-	20	-	(20)
Commemorative Bedding	Discretionary	-	7	-	(7)
CCTV	Discretionary	-	50	50	-
Festive Lights	Cost Recovery	19	73	73	-
Property Management Fees	Cost Recovery	-	143	143	-
Central Support Charge	Cost Recovery	-	97	97	-
Investment Advisor Fees	Cost Recovery	9	10	10	-
Press & Public Relations	Cost Recovery	-	10	10	-
<b>TOTAL EXPENDITURE</b>		<b>1,573</b>	<b>2,658</b>	<b>2,743</b>	<b>85</b>
<b>FUNDED BY:</b>					
<b>Rents &amp; Lettings</b>					
Industrial Estates		1,392	1,860	1,860	-
Victorian Market Rents		182	177	187	10
Town House new tenants		31	55	62	7
ICG - Civic Hospitality		4	-	4	4
ICG - 1-5 Church Street		250	95	295	200
River Ness Fishing Rights		6	8	8	-
Other Properties Rents		24	30	30	-
		<b>1,889</b>	<b>2,226</b>	<b>2,447</b>	<b>221</b>
<b>Other Income</b>					
Fishing Assessment Dues		-	20	13	(7)
Refund VAT Invest Mngt Fees		2	4	4	-
Contribution from Benevolent Funds for Landward Winter Payments		-	40	40	-
Interest on Revenue Balances		-	1	1	-
<b>TOTAL INCOME</b>		<b>1,891</b>	<b>2,290</b>	<b>2,504</b>	<b>214</b>
<b>Surplus/(deficit) before projects</b>		<b>318</b>	<b>(367)</b>	<b>(238)</b>	<b>129</b>
<b>Unspent Commitments from prior years included in above</b>					
Other Properties		-	67	67	
ICGF Grants		101	209	209	
Conference Development and Hospitality		-	10	10	
City Promotions		-	3	3	
Partnership Working BIDS		5	5	5	
ICGF Grant - Whin Park		-	150	150	
		<b>106</b>	<b>444</b>	<b>444</b>	

**APPENDIX 2**  
**Community Events Budget Monitoring**  
**FOR PERIOD ENDING DEC 24**

	<b>ACTUAL</b>
	<b>YEAR TO DATE</b>
	<b>£</b>
<b>Income</b>	
Income	<u>(81,305)</u>
	(81,305)
<b>Expenditure</b>	
Equipment	12,011
Event Office	158,771
Licences	6,075
Security and First Aid	30,464
Events Merchandise	<u>-</u>
	207,320
<b>Net Total Expense/(Income)</b>	<u><u>126,015</u></u>

**APPENDIX 3  
MONITORING STATEMENT 2024/25  
INVERNESS COMMON GOOD FUND RESERVES  
FOR PERIOD ENDING DEC 24**

	£000
Value of investment portfolio at 31.09.2024	5,123
Change in value of investment portfolio over 2024/25 Q3	<u>(55)</u>
Value of investment portfolio at 31.12.2024	5,068
* Loans Fund balance (cash reserves) as at 31.03.2024	(2)
Net Other Debtors/Creditors at 31.03.24	360
Total reserves balance as at 30.12.24	<u>5,426</u>
Anticipated use of reserves during 2024/25:	
To fund core budget spend (from Appendix 1)	(238)
To fund project spend (from Appendix 2)	-
Anticipated Reserves as at 31.03.2025**	<u>5,188</u>
<b>ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS</b>	<b><u>5,188</u></b>

\* Unaudited

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