

## The Highland Council

### Nairn and Badenoch and Strathspey Area Committee - 18 March 2015

Agenda Item	9.
Report No	NBS 07/15

#### Nairn Common Good Fund 2015/16 Budget Setting and Quarter 3 Monitoring Report for 2014/15

#### Joint Report by the Director of Finance and the Inverness City Manager

##### Summary

This report invites Members to set the revenue budget for the Nairn Common Good Fund (NCGF) for the financial year 2015/16. It clarifies:-

- Current governance arrangements
- Anticipated income (primarily from tenancy rentals)
- Proposed expenditure made to the Council for services rendered in support of the fund and how these services should be supported in the coming financial year and thereafter

It also asks Members to note the position of the NCGF as shown in the Quarter 3 Monitoring Statement and that progress is being made towards developing an investment strategy.

#### 1. Governance Arrangements

- 1.1 The total value of the NCGF (£6.608m) is under the governance of the Highland Council. This is not controlled by a Trust Deed but by the principles laid down in legislation and case law and covers investments, grants and general expenditure. This results in:
- (i) The principles of Best Value being applied
  - (ii) The principal benefit of resources going to the residents of Nairn; and
  - (iii) Funds being allocated against essential expenditure first.

#### 2. Anticipated Revenue

- 2.1 Rental Income – The total income expected to be available in 2015/16 from rents is expected to be £0.078m.
- 2.2 Miscellaneous Income – Income from the Nairn Games of £0.015m is expected in 15/16.
- 2.3 Interest and Revenue Balances – It is anticipated that interest receivable on projected surplus balances will be approximately £0.007m in 2015/16.

#### 3. Proposed Budget – Application and Inflationary Increase

- 3.1 2015/16 Budget – The draft budget for 2015/16 is set out in **Appendix 1**. In accordance with Council policy, wherever practicable, no inflationary increase has been applied to budget heads.
- 3.2 Impact on Available Funds – This budget plans for the expenditure of revenue

which will be received in 2015/16 and does not currently plan to make use of the NCGF revenue fund. If income and expenditure are set at levels proposed in Appendix 1, the NCGF should generate a revenue surplus of £0.039m in 15/16 which will build on existing revenue funds.

#### **4. Expenditure Budget**

The main revenue budget can be summarised as follows:

- 4.1 Property Maintenance – A budget of £0.044m is proposed in line with current year expenditure. This comprises an annual charge from the Council of £0.038m for grounds maintenance; and a management fee of £0.006m from Highlife Highland for the Leisure Park.
- 4.2 Electricity – a budget of £0.002m is proposed in line with current charges on the Pavilion.
- 4.3 Water Charges – a budget of £0.001m is proposed in line with current charges on the Pavilion and Links.
- 4.4 Rent, Rates and Insurance – a budget of £0.009m is proposed for the River Fishing Licence Fee. All of the investment properties are expected to be tenanted in 15/16 which means that the NCGF will not be liable for Non Domestic Rates.
- 4.5 Central Support Charge – a budget of £0.002m is proposed in line with the charges incurred in the current and prior years for Finance and Administration support. However the actual charge for 2015/16 will reflect the level of Highland Council officer support provided to the fund in the year ahead.

#### **5. Revenue Monitoring Report**

- 5.1 A monitoring statement showing transactions against budget to the end of December 2014 is attached as **Appendix 2**.
- 5.2 Expenditure – Expenditure to date relates to property maintenance, electricity charges, which include estimated billing for the former Links Shelter for which credits are expected. As previously reported under Rent, Rates and Insurance, this includes a late invoice for 2013/14 for Nairn River Fishing fees. Also shown is the contribution to the Nairn Games Committee.
- 5.3 Income – The income received to date relates to property and rentals. The surplus projected is due to the rentals for the former Links Shelter, the Sandown Fields and for the caravan site at Lochloy.
- 5.4 As previously reported, revenue reserves will increase in 2014/15 due to restitution rental income of £0.187m agreed at Highland Council. The budget outturn has been adjusted to reflect this and is shown under 'rent refund for prior years'.

#### **6. Ongoing and Future Actions**

- 6.1 The NCGF is projecting a revenue surplus of £0.039m for the year 2015/16 should Members agree the proposed budget. This gives the opportunity for

detailed consideration of how best to invest this surplus for the overall benefit of the residents of the former Burgh of Nairn.

It is suggested that a proposal be developed over the next few months in order for a report to be taken to the next Area Committee set for 10 June 2015. The report would evaluate the ability of the Fund to contribute to existing and/or planned initiatives, as well as to allow for the Fund's resources to be built up.

- 6.2 Work continues on the Asset Register for the NCGF. This will be presented in due course to the Area Committee for its consideration with recommendations. This ties in with work ongoing to ensure consistency of support for the management of Common Good Funds across Highland.

## **7. Implications**

- 7.1 The expenditure to date is within budget and there are no Resource or Financial Implications. There are no known Equalities, Climate Change/Carbon Clever, Legal, Risk, Gaelic or Rural Implications.

- 7.2 There are no other implications to be highlighted in the report

### **Recommendation**

The Committee is invited to:

- i. Agree the Nairn Common Good Fund Revenue Budget for 2015/16 detailed within the report
- ii. Note the position of the Nairn Common Good Fund as shown in the Quarter 3 Revenue Monitoring Statement against Budget
- iii. Note that the draft investment strategy for the Nairn Common Good Fund will now be brought before the June Area Committee
- iv. Agree that update reports continue to be brought before Area Committee

Designation: Director of Finance and Inverness City Manager

Date: 3 March 2015

Authors: Liz Cowie, Ward Manager, Nairn, Badenoch and Strathspey  
Fiona Callum, Principal Accountant  
Victoria MacDonald, Accountant

Appendix 1  
**Nairn Common Good Fund**  
**Budget 2015/16**

	<b>Budget</b>
<b>INCOME</b>	<b>£000</b>
Rents	78
Interest and investment income	7
Miscellaneous Income	15
<b>TOTAL INCOME</b>	<u>100</u>
<b>EXPENDITURE</b>	
Property maintenance	44
Electricity	1
Water charges	1
Rents, Rates and Insurance	9
Central support	2
Advertising	1
Contribution to Nairn Games	3
<b>TOTAL EXPENDITURE</b>	<u>61</u>
<b>Income less Expenditure</b>	<u><u>39</u></u>

## Appendix 2

**Nairn Common Good - Quarterly Monitoring  
Period to 31 December 2014**

	<b>Actual to date</b>	<b>Budget</b>	<b>Expected Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>				
Rents	97	51	100	49
Rent refund for prior years	0	0	187	187
Interest and investment income	1	7	7	0
Miscellaneous Income	15	5	16	11
<b>TOTAL INCOME</b>	<u>113</u>	<u>63</u>	<u>310</u>	<u>247</u>
<b>EXPENDITURE</b>				
Property maintenance	5	46	46	0
Electricity	5	1	6	5
Water charges	0	1	1	0
Rents, Rates and Insurance	19	9	19	10
Central support	0	1	1	0
Advertising	1	0	1	1
Contribution to Nairn Games	3	0	4	4
Legal Expenses	(1)	0	(1)	(1)
<b>TOTAL EXPENDITURE</b>	<u>32</u>	<u>58</u>	<u>77</u>	<u>19</u>
<b>Income less Expenditure</b>	<u><u>81</u></u>	<u><u>5</u></u>	<u><u>233</u></u>	<u><u>228</u></u>