

Agenda Item	6
Report No	N/03/19

## HIGHLAND COUNCIL

**Committee:** Nairnshire Committee

**Date:** 13 March 2019

**Report Title:** Nairn Common Good Fund Budget Setting for 2019/20 and Quarter 3 Monitoring Report

**Report By:** Depute Chief Executive and Director of Corporate Resources and Inverness City Area Manager

### **1 Purpose/Executive Summary**

- 1.1 This report invites Members to set the revenue budget for the Nairn Common Good Fund (NCGF) for the financial year 2019/20. It also asks Members to scrutinise and note the position of the NCGF as shown in the Quarter 3 Monitoring Statement.

### **2 Recommendations**

- 2.1 Members are asked to:
- i. agree the Nairn Common Good Fund budget for 2019/20 detailed within the report; and
  - ii. scrutinise and note the position of the Nairn Common Good Fund as shown in the Quarter 3 Revenue Monitoring Statement against Budget.

### **3 Proposed Budget for 2019 / 20**

- 3.1 2019/20 Budget – The draft budget for 2019/20 is set out in **Appendix 1**. In accordance with Council policy, wherever practicable, no inflationary increase has been applied to budget heads.
- 3.2 Available funds - This budget plans for the expenditure of revenue which will be received in 2019/20. If income and expenditure are set at levels proposed in **Appendix 1**, and if no unforeseen spend is encountered the NCGF should generate a revenue surplus of £31,200 in 2019/20 which in accordance with the NCGF Investment Strategy, and as previously reported, will be used to build on existing revenue funds with the longer term aim of creating a CGF grant funding scheme.
- 3.3 It should be noted that capital projects for the development and / or protection of NCGF assets would require separate consideration and an appropriate funding package which would be brought to Committee for consideration. In this regard the Nairn Links Development Plan and any potential development projects will require separate consideration and will be brought to a future Nairnshire Committee.

### **4 Anticipated Revenue**

- 4.1 Rental Income - The total income from rentals expected to be available from Common Good Assets in 2019/20 has not changed and is projected to remain at £106,000. If there is any change to this position, it will be reported to this Committee.
- 4.2 Lettings Income - Income relates largely to the Nairn Games and is dependent on the income from stalls, the successful tendering for provision of a hospitality tent and the annual let of the Links by the Showmen's Guild. This income has varied in the past and so was set at a lower level for 2018/19 to allow for a contingency position. A small level of income is also derived from the letting of the Bandstand, and from areas of the Links let largely for sporting events. Given that income has exceeded the budget of £10,000 set in 2018/19, £12,000 is therefore projected for 2019/20.

### **5 Expenditure Budget**

- 5.1 Property Costs - a budget of £55,500 is proposed. This includes the annual charge from the Council of £38,500 for grounds maintenance for Common Good areas, an increase in the management fee to £6500 for Highlife Highland for the seasonal management of the paddling pool and year round overseeing of the Links and Leisure Park. This includes provision for the replacement of, for example, the beach life throws which are prone to vandalism and theft. It also makes provision and builds in contingency for ongoing repairs and remedial work to Common Good assets, including the Links and Riverside areas.
- 5.2 Electricity and Water Charges - A budget of £1,000 is proposed for electricity and a reduction to £750 for water charges in line with current charges on NCGF properties.
- 5.3 Rent, Rates and Insurance - A budget of £3,550 is proposed for the River Fishing Licence Fees and for necessary insurance cover. Whilst there has been a significant reduction in this overall budget due to revaluations carried out by the Assessor there is a slight increase of £50 has been factored in to accommodate adjustments. Again in 2019/20 all of the investment properties are expected to remain tenanted which means that the NCGF will not be liable for Non Domestic Rates.

- 5.4 Central Support Charges - A budget of £10,000 is again proposed in respect of Corporate Resources officer support for Finance, Administration and Property services for the NCGF and includes a proportion of the costs of the Common Good Funds Officer post. It should be noted that this could vary to reflect the actual levels of Highland Council officer support provided to the fund in the year ahead. Any variations will be reported through the Quarterly Monitoring Report
- 5.5 Legal Expenses – A roll forward budget of £1000 is proposed to cover legal costs associated with work ongoing on the NCGF assets.
- 5.6 Project Costs – a budget of £15,000 was agreed in the 2018/19 budget to support progression of the Development Plan for the Links. It is proposed to leave this budget in place in order to facilitate consideration of project initiation.

## **6 Quarter 3 Revenue Monitoring Report**

- 6.1 A monitoring statement showing transactions against budget for the period to 03 January 2019 is attached as **Appendix 2**.
- 6.2 Income - income received to date relates principally to property rentals, which are expected to be on target, and lettings, which is showing a surplus. The surplus projected is due to higher than expected income from the Nairn Games as a result of successfully tendering for the provision of the hospitality tent and from the annual letting of the Links to the Showmen's Guild. There is also an increase in miscellaneous income due to receipt of income for wayleaves, principally from SSE.
- 6.3 Expenditure - expenditure to date is coming in below budget. Under Property maintenance spend is now reflected for grass cutting and grounds maintenance, the Highlife Highland management fee for the Leisure Park and Paddling Pool, replacement equipment and also for maintenance works carried out across the Links to benches, shelters and noticeboards. However taking into account that there are some remaining property maintenance costs to be allowed for, this outturn has been adjusted to reflect the expected position.

Second quarter charges are shown for electricity and water charges for the Cricket Pavilion and Links areas. With rebates having been received for electricity charges and lower than expected water charges, the estimated outturn for both have been slightly reduced.

As previously reported annual levies have been paid for the River Fishings and insurance.

Costs for the share of charges for the Common Good Funds Officer post and for support from Corporate Resources are shown under Central Support. The estimated outturn has been adjusted to reflect anticipated charges. Adjustments have also been made to Advertising and Legal Expenses costs as these are also expected to come in under budget.

It was expected that costs for the Links Development Plan consultation process would have been reflected in the Quarter 3 monitoring. However as the project works ran into January this is not accounted for as yet through this monitoring period. Costs are expected to be £6490 which comprises the Consultant fee of £5000 and costs for production of materials to support community engagement events of £1490. This budget is consequently underspent and the outturn has been adjusted accordingly.

6.4 The estimated net outturn position is therefore showing a surplus of £46,691 which represents a positive variance against budget of £17,391.

## **7 Implications**

7.1 Resource – Financial implications are as outlined in this report and as previously report to this Committee, expenditure continues to be kept to a minimum in order to build reserves for future projects for protection or development of Common good Assets. As referred to at item 3.3 above, any project proposals will be brought to this Committee for consideration.

7.2 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. Additionally, through the governance being applied by the Finance Service, funds remain compliant with all financial regulations.

7.3 Community (Equality, Poverty and Rural) – none. Any future major project would seek to improve equality of access.

7.4 Climate Change/Carbon Clever – None. Any future project for the protection or improvement of assets would seek to protect the environment and increase energy efficiency where possible.

7.5 Risk – None.

7.6 Gaelic – None.

Designation: Derek Yule, Depute Chief Executive/Director of Corporate Resources  
David Haas, Inverness City and Area Manager

Date: 1 March 2019

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## Appendix 1

**Nairn Common Good Fund  
Budget 2019/20****2019/20      2018/19****Budget      Budget****INCOME****£                      £**

Rents	106,000	106,000
Lettings	12,000	10,000
Miscellaneous Income	250	50
<b>TOTAL INCOME</b>	<u>118,250</u>	<u>116,050</u>

**EXPENDITURE**

Property maintenance	55,500	55,000	
Electricity	1,000	1,000	
Water charges	750	1,000	
Rents, Rates and Insurance	3,550	3,500	
Central support	10,000	10,000	Inc CGF Officer
Advertising	250	250	
Legal Expenses	1,000	1,000	
Project Costs	15,000	15,000	
<b>TOTAL EXPENDITURE</b>	<u>87,050</u>	<u>86,750</u>	

<b>Income less Expenditure</b>	<u><u>31,200</u></u>	<u><u>29,300</u></u>
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**Nairn Common Good - Quarterly Monitoring  
Period to 03 January 2019**

**APPENDIX 2**

	<b>Actual to date £</b>	<b>Annual Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>
<b>INCOME</b>				
Rents	102,697	106,000	105,572	(428)
Lettings	14,381	10,000	14,381	4,381
Miscellaneous Income	495	50	495	445
	<u>117,573</u>	<u>116,050</u>	<u>120,448</u>	<u>4,398</u>
<b>TOTAL INCOME</b>	<u><u>117,573</u></u>	<u><u>116,050</u></u>	<u><u>120,448</u></u>	<u><u>4,398</u></u>
<b>EXPENDITURE</b>				
Property Costs	51,556	55,000	52,556	(2,444)
Electricity	672	1,000	750	(250)
Water charges	178	1,000	750	(250)
Rents, Rates and Insurance	3,526	3,500	3,526	26
Central support	3,253	10,000	9,080	(920)
Advertising	105	250	105	(145)
Legal Expenses	3	1,000	500	(500)
Project Costs - Links Development	0	15,000	6,490	(8,510)
<b>TOTAL EXPENDITURE</b>	<u>59,293</u>	<u>86,750</u>	<u>73,757</u>	<u>(12,993)</u>
<b>Income less Expenditure</b>	<u><u>58,280</u></u>	<u><u>29,300</u></u>	<u><u>46,691</u></u>	<u><u>17,391</u></u>