

Agenda Item	8
Report No	NC/05/20

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 28 February 2020

Report Title: Nairn Common Good Fund

Report By: Acting Head of Policy

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 2020/21. 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 2020/21 detailed within the report; and
 - ii. Scrutinise and note the position of the NCGF as shown in the Quarter 3 Revenue Monitoring Statement against Budget.

3. Implications

- 3.1 Resource – Financial implications are as outlined in this report and as previously reported to this Committee, expenditure continues to be kept to a minimum to build reserves for future projects for protection or development of Common good Assets.
- 3.2 Legal – The application of funds will fall within the competency guidelines set out both in statute and common law in relation to Common Good funds. Additionally, through the governance being applied by the Finance Service, funds will remain compliant with all financial regulations.
- 3.3 Community (Equality, Poverty and Rural) –None.
- 3.4 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.

3.5 Risk – none

3.6 Gaelic – none

4. Proposed Budget for 2020/21

4.1 2020/21 Budget – The draft budget for 2020/21 is set out in **Appendix 1**. In accordance with Council policy, wherever practicable, no inflationary increase has been applied to budget heads.

4.2 Available funds – This budget plans for the expenditure of revenue which will be received in 2020/21. If income and expenditure are set at levels proposed in **Appendix 1**, and if no unforeseen spend is encountered the NCGF should incur a deficit of £81,425 in 2020/21; accounting for the one-off £100,000 build costs contribution from Common Good Funds.

5. Anticipated Revenue

5.1 Rental income – The total rental income from rentals expected to be available from Common Good Assets in 2020/21 is £108,000.

5.2 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. 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; a budget of £12,500 is projected for 2020/21.

5.3 Miscellaneous Income – This is usually generated in the form of income for wayleaves, principally from SSE; however there has not been income received in this respect to date for 2019/20 and therefore a reduced budget of £125 is projected for 20/21.

Build Costs Contributions - £210,000 for Splash Pad and fitting, per report N/21/19 – Nairn Links Development Plan – Phase 1 Splash Pad Update - 27 November 2019

- £110,000 Team Hamish
- £100,000 Common Good Funds

6. Expenditure Budget

6.1 Property Costs – a budget of £67,000 is proposed. This includes the annual charge from the Council for grounds maintenance for Common Good areas, the management fee for Highlife Highland for the seasonal management of the Splash Pad 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 works to Common Good assets, including the Links and Riverside areas.

6.2 Electricity and Water Charges – An increased budget of £2,000 is proposed for electricity in line with current charges on NCGF properties and a budget of £750 for water charges

6.3 Rent, Rates and Insurance – A budget of £3,550 is proposed for the River Fishing Licence Fees for necessary insurance cover.

- 6.4 Central Support Charges – A budget of £12,500 is 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.
- 6.5 Legal Expenses – A budget of £1,000 is proposed to cover legal costs associated with work ongoing on the NCGF assets.
- 6.6 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 in place to facilitate the development costs of the Splash Pad. In addition, the £25,000 internal project costs to be met by the Council is shown to provide a total budget of £40,000.

7. Quarter 3 Revenue Monitoring Report

- 7.1 A monitoring statement showing transactions against budget for the period to 31 December 2019 is attached at **Appendix 2**.
- 7.2 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 Nairn Games and letting of the Links to the Showmen's Guild. There is also a large decrease in the miscellaneous income due to a reduction in the number of wayleaves, principally from SSE.
- 7.3 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 for maintenance works carried out across the Links to benches, shelters and noticeboards. However, taking this into account that there are some remaining property maintenance costs to be allowed for, the estimated outturn will be on budget.

Third quarter charges are shown for electricity and water charges for the Cricket Pavilion and Links areas. At present electricity charges are high than expected and the estimated outturn has been increased, whilst the water charges are lower than expected and the estimated outturn has been 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 costs as these are also expected to come in under budget.

It was expected that higher project costs for the Links Development would have been reflected in the Quarter 3 monitoring. The estimated outturn is expected to come in under budget.

- 7.4 The estimated net outturn position is therefore showing a surplus of £32,995 which represents a positive variance of £1,795.

Designation: Acting Head of Policy

Date: 28 February 2020

Author: Alison Clark, Acting Head of Policy
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Background Papers:

Appendix 1 – proposed budget 20/21

Appendix 2 – quarterly monitoring

Appendix 1

Nairn Common Good Fund Budget 2020/21

	2020/21	2019/20	
	Budget	Budget	
INCOME	£	£	
Rents	108,000	106,000	
Lettings	12,500	12,000	
Miscellaneous Income	125	250	
Contribution - Links Development (Team Hamish)	110,000	0	
Contribution - Links Development (Highland Council) - Project Costs	25,000		
TOTAL INCOME	255,625	118,250	
EXPENDITURE			
Property maintenance	67,000	55,500	£10K add costs for Splash Pad
Electricity	2,000	1,000	
Water charges	750	750	
Rents, Rates and Insurance	3,550	3,550	
Central support	12,500	10,000	Inc CGF Officer
Advertising	250	250	
Legal Expenses	1,000	1,000	
Project Costs	40,000	15,000	(£25K HC/£15K NCGF)
Use of reserves for splash pad	100,000	0	Agreed by NC 27/11/19
Splash pad exp funded by Community	110,000	0	
TOTAL EXPENDITURE	337,050	87,050	
Income less Expenditure	<u>(81,425)</u>	<u>31,200</u>	
Balance with loans fund as as 31.03.19	38,747		

**Nairn Common Good - Quarterly Monitoring
Period to 31st Dec 2019**

APPENDIX 2

	Actual to date £	Annual Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	102,200	106,000	106,000	0
Lettings	14,785	12,000	14,744	2,785
Miscellaneous Income	27	250	27	(223)
Contribution - Links Development (Team Hamish)	110,000	0	0	110,000
	<u>227,013</u>	<u>118,250</u>	<u>120,771</u>	<u>112,562</u>
TOTAL INCOME	<u><u>227,013</u></u>	<u><u>118,250</u></u>	<u><u>120,771</u></u>	<u><u>112,562</u></u>
EXPENDITURE				
Property Costs	48,838	55,500	55,500	0
Electricity	1,534	1,000	1,976	534
Water charges	530	750	750	0
Rents, Rates and Insurance	3,303	3,550	3,550	0
Central support	7,778	10,000	15,000	0
Advertising	0	250	0	250
Legal Expenses	787	1,000	1,000	0
Project Costs - Links Development	6,160	15,000	10,000	0
TOTAL EXPENDITURE	<u>68,929</u>	<u>87,050</u>	<u>87,776</u>	<u>784</u>
Income less Expenditure	<u><u>158,084</u></u>	<u><u>31,200</u></u>	<u><u>32,995</u></u>	<u><u>784</u></u>

Not including Team Hamish 48,084