

Agenda Item	11a
Report No	CIA/20/20

## THE HIGHLAND COUNCIL

**Committee:** City of Inverness Area Committee

**Date:** 27 August 2020

**Report Title:** Inverness Common Good Fund  
Financial Monitoring and Capital Project Report

**Report By:** Executive Chief Officer, Resources and Finance and  
Inverness City Area Manager

### 1. Purpose/Executive Summary

- 1.1 This report presents the expenditure monitoring position for the Inverness Common Good Fund as at 31 July 2020 and the projected year end position; and
- 1.2 Details the current status of capital projects.

### 2. Recommendations

- 2.1 Members are asked to:
  - i. consider the financial monitoring report to 31 July 2020; and note that overall expenditure is within agreed budgets
  - ii. Scrutinise the current status of capital projects

### 3. Implications

- 3.1 Resource - The report details the financial resource implications. There are no other resource implications. The general implications for income and expenditure are also shown and it is to be noted that although project spend is showing an underspend, this is due to the delay in delivering the projects and the spend will take place in the year 2021/22. Rental income is showing a negative variance however the majority is expected to be recovered before the end of the financial year noting that tenants have taken the option of deferring rent payments. Covid-19 implications have been taken into account

with applicants for grants being asked questions to confirm the ability of their project in the light of Covid-19, to deliver the agreed outcomes.

- 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. Additionally, through the governance being implied by the Finance Service, funds will remain compliant with all financial regulations.
- 3.3 Community (Equality, Poverty, Rural and Island) – None
- 3.4 Climate Change / Carbon Clever – None
- 3.5 Risk – The financial appendices highlight the impact of covid-19 on the Common Good Budgets. As highlighted in section 5 of the report, there are risk with rental income where tenants have sought to defer payments. It is the expectation that these are all received in full.
- 3.6 Gaelic – None

#### **4. Introduction**

- 4.1 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 2020/21. **Appendices 1 and 2** show both core and project income and expenditure to 31 July 2020, the predicted year end outturn and the predicted variance.
- 4.2 **Appendix 3** provides members with more detail on the Events Management Budget.
- 4.3 **Appendix 4** details the current status of capital projects.

#### **5. Overview**

- 5.1 **Appendix 1** shows core revenue expenditure for the year of £2.404m to be met by revenue income of £2.404m (including a transfer from Reserves of £0.339m). Core spend, and income received is anticipated to come in under budget due to the impact of Covid-19. It should be noted that due to COVID19 the level of rental defaults has increased. A number of tenants have sought rental breaks or assistance. The standard approach has been to grant postponement of rent only. The rental arrears will therefore be collected later in the year and into the next financial year. However, given the economic impact it is inevitable rental income will be lower than previously budgeted due to restrictions on maintenance and viewings vacant premises have also taken longer to remarket.
- 5.2 **Appendix 2** shows project spend of £3.033m to be funded fully from reserves. Expenditure on projects is anticipated to come in slightly under budget because of the delay to project delivery due to Covid-19. Costs for both the Town House phase 3 and the Victorian Market project have been impacted by Covid-19, with both projects seeing increased costs as a result of the application of Covid-19 guidelines to protect the public and the workforce. There are sufficient sums within the contingency budget to meet expected additional costs for Town House phase 3 and noting the additional £250k received from the Town Centre Fund, the budget for the Victorian Market project remains fully funded at this time.

- 5.3 Any further requests for additional funding or new initiatives requiring funding will be brought to subsequent meetings of this committee for approval.
- 5.4 As a result of Covid-19 and noted in 5.1, the current year's budget is underspend by £341,000. As shared with Members at the Common Good Briefing on 15 August and Recovery Workshop on 17 August, this provides an opportunity to reallocate this budget to spend on recovery related projects, including activity to support the most vulnerable. This is the subject of a separate report on the committee agenda.

## 6. Capital Projects

- 6.1 **Appendix 4** details the current status of capital projects. Covid-19 has acted to delay project delivery in respect of Phase 3 of Inverness Town House and the letting of the contract to refurbish the Victorian Market Hall and Fish Hall. Apart from Lockdown, which acted to suspend all work on the Town House Phase 3, Covid-19 workplace Guidelines have required additional measures to be incorporated to protect the workforce from the Virus. This will lead to additional costs to Phase 3 Works at the Town House as shown on **Appendix 4**. The timeframe for the delivery of the refurbishment of the Victorian Market Hall and Fish Hall has also been adjusted to accommodate the likely impact of Covid-19 workplace Guidelines. The implication will be a delay of approximately 6 months in returning the Market to the potential of full occupancy and rental income.

Designation: Executive Chief Officer, Finance and Resources and Inverness City Area Manager

Date: 17 August 2020

Author: David Haas, Inverness City Area Manager

Background Papers:

## APPENDIX 1

**MONITORING STATEMENT 2020/21  
INVERNESS COMMON GOOD FUND CORE SPEND  
FOR PERIOD ENDING 31st July 2020**

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE	Covid 19 - Impact on Budgets
<b>EXPENDITURE</b>					
Victorian Market Maintenance	1	48	48	0	0
Victorian Market Operations	38	198	198	0	0
Victorian Market Management	17	52	52	0	0
Town House Maintenance	2	100	100	0	0
1-5 Church Street Maintenance	0	5	5	0	0
Other Properties	9	104	104	0	0
Civic and Conference Hospitality	0	125	0	(125)	-125
Ness Islands & Bank Maintenance	0	35	35	0	0
River Ness Fishings	0	20	20	0	0
Festive Lights	0	73	73	0	0
Town Twinning	0	9	5	(4)	-4
Winter Payments	0	155	155	0	0
Inverness Common Good Fund Grants	21	609	609	0	0
Conference Support	0	40	2	(38)	-38
City Promotions	2	42	42	0	0
Castle Wynd Conveniences	0	22	0	(22)	-22
Partnership Working	12	112	40	(72)	-72
Events & Festivals	8	253	0	(253)	-253
Events & Festivals Management	15	50	50	0	0
CCTV	0	90	90	0	0
Property Management Fees	0	140	140	0	0
Central Support Charge	8	82	82	0	0
Inverness Steeple	0	10	10	0	0
Commemorative Bedding	0	11	3	(8)	-8
Investment Advisor Fees	1	10	10	0	0
Press & Public Relations	0	10	10	0	0
<b>TOTAL EXPENDITURE</b>	<b>133</b>	<b>2,404</b>	<b>1,882</b>	<b>(522)</b>	<b>(522)</b>
<b>FUNDED BY:</b>					
<b>Rents &amp; Lettings</b>					
Industrial Estates	603	1617	1500	117	117
Victorian Market	35	128	80	48	48
Town House	0	246	246	0	0
1-5 Church Street	41	96	96	0	0
River Ness Fishing Rights	0	10	10	0	0
Other Properties	10	32	16	16	16
<b>Other Income</b>					
Fishing Assessment Dues	0	20	20	0	0
Contribution from Town Centre Fund	0	250	250	0	0
VAT on Management Fees	1	4	4	0	0
Interest on Revenue Balances	0	1	1	0	0
<b>TOTAL FUNDING</b>	<b>689</b>	<b>2404</b>	<b>2223</b>	<b>181</b>	<b>181</b>
<b>AVAILABLE TO FUND PROJECT SPEND</b>	<b>556</b>	<b>0</b>	<b>341</b>	<b>(341)</b>	<b>(341)</b>
<b>FUNDING FROM RESERVES</b>					
<b>Unspent Commitments from 2019/20</b>					
Contribution to Grants from Reserves	0	334	334	0	0
Contribution to Conference Support from Reserves	0	2	2	0	0
Contribution to City Promotions from Reserves	0	3	3	0	0
	0	339	339	0	0

## APPENDIX 2

**MONITORING STATEMENT 2020/21  
INVERNESS COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING 31st July 2020**

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE	Covid 19 - Impact on Budgets
	£000	£000	£001	£000	
<b>PROJECT SPEND</b>					
Town House Refurbishment - Phase 3	85	1400	1000	(400)	-400
Victorian Market - Shop Front Redesign	0	75	0	(75)	-75
Cavell Gardens Improvement Works	0	5	5	0	0
Town House - Civic Floor	0	40	40	0	0
Whin Park Improvement Works	0	33	22	(11)	0
Victorian Market - Market Hall Improvements	17	1370	882	(488)	-488
Compensation Payments - Victorian Market	0	110	110	0	0
<b>TOTAL</b>	<b>102</b>	<b>3033</b>	<b>2059</b>	<b>(974)</b>	<b>(963)</b>
<b>FUNDS AVAILABLE FOR PROJECT SPEND</b>	<b>556</b>	<b>0</b>	<b>341</b>	<b>(341)</b>	<b>(341)</b>
<b>BALANCE TO BE FUNDED BY RESERVES</b>	<b>454</b>	<b>(3,033)</b>	<b>(1,718)</b>	<b>(1,315)</b>	<b>(1,304)</b>

	A	B
1		<b>APPENDIX 3</b>
2	<b>Events and Festivals Budget Monitoring</b>	
3	<b>FOR PERIOD ENDING 31st July 2020</b>	
4		
5		<b>ACTUAL</b>
6		<b>YEAR TO DATE</b>
7		<b>£</b>
8	<b>Income</b>	
9	Grants	-
10	Merchandise Income	-
11	Income	-
12		-
13		
14	<b>Expenditure</b>	
15	Entertainers	-
16	Equipment	3,321
17	Event Office	15,376
18	Council Staff	-
19	Marketing	-
20	Licences	-
21	Security and First Aid	-
22	Events Merchandise	4,694
23		23,391
24		
25	<b>Net Total</b>	<b>23,391</b>

## Capital Projects Funded by Inverness Common Good Fund

### 1 General

- 1.1 This appendix provides project status information for current key capital projects funded by the Inverness Common Good Fund, including financial progress details, as of 13 August 2020.

### 2 Capital Programme Update

- 2.1 The current status of each individual project is summarised below.

#### 2.4 Conservation of External Fabric Phase 3, Town House, Inverness

- 2.4.1 Acceptance letter issued on the 23 July 2018. Work commenced on site on 10 September 2018 and the completion date for is 11 September 2020.

Work was progressing well and was on programme up until lockdown. The contractor stopped work 23 March 2020 and resumed on site on 15 June 2020 to prepare the site ready for the workforce returning on 29 June 2020. This equated to 10 weeks delay on site. The new completion date under normal circumstances would be 27 November 2020 but after work recommenced on site certain restrictions remain and not all the workforce could return to work on this date. It should be noted that guidance is continually changing and until the contractor is fully up and running it is not realistic to set new completion date at this time.

All decants have been undertaken and staff should have relocated back to their original offices by this date. New dates for the relocation of the service point and planning officers back to their original offices is being agreed with the project team and at the next meeting will be able to update on progress.

Agreed Total Common Good Funding	£3,204,083.57
Anticipated Final Account	£3,204,083.57

#### 2.5 Victorian Market, Academy Street Entrance Upgrade

- 2.5.1 The project is now complete and in the defects period.

Agreed Total Common Good Funding	£20,147.60
Third Party Funding	£30,256.00
Total Project Costs	£50,403.60
Anticipated Final Account	£50,403.60

**2.6 Civic Floor Male Toilet Refurbishment, Inverness Town House**

- 2.6.1 Refurbishment drawings and tender documentation has been completed, tender costs have been received and are over budget, after looking at the tender costs further quotations will be sought. Once costs have been agreed Discussions with Civic Officer will be held to arrange an appropriate time for the works to take place as the toilets will be out of use for a period of four to six weeks.

Critical works on the external works package is currently being undertaken so this project will be put on hold until for these works are completed.

**2.7 Victorian Market, Market Hall & Fish Market Refurbishment**

- 2.7.1 A separate report is being presented under a separate agenda item.

**3. Governance**

- 3.1 These projects are funded by the Inverness Common Good Fund and monthly Contract Monitoring reports will be issued to the Inverness City Manager, in line with governance arrangements.