

Agenda Item	8
Report No	NC/07/21

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 1 March 2021

Report Title: Nairn Common Good Fund

Report By: Executive Chief Officer Communities and Place and
Executive Chief Officer Resources and Finance

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 2021/22 found at **appendix 1**. It also asks Members to scrutinise and note the position of the NCGF as shown in the Quarter 3 Monitoring Statement found at **appendix 2**.

2. Recommendations

- 2.1 Members are asked to:
- i. Agree the Nairn Common Good Fund budget for 2021/22 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 give the NCGF the best opportunity to build reserves for future projects for protection or development of NCGF Assets. As noted previously to this committee, work is required to develop an approach to income generation to ensure a source of revenue for development and replacement of new assets such as the Splash Pad.
- 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. The application of funds will remain compliant with all financial regulations.
- 3.3 Community (Equality, Poverty, Rural and Island) – There are no community implications associated with this report.

- 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 - To mitigate the risk to the Common Good Fund, consideration must be given as to the potential for income generation from Nairn Common Good assets to support ongoing maintenance and sustainability of other projects coming forward.
- 3.6 Gaelic – none

4. Proposed Budget for 2021/22

- 4.1 2021/22 Budget – The draft budget for 2021/22 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 2021/22. If income and expenditure are set at levels proposed in Appendix 1, and if no unforeseen spend is encountered the NCGF should provide a surplus of £32,375.

5. Anticipated Revenue

- 5.1 Rental income – The total rental income from rentals expected to be available from Common Good Assets in 2021/22 is £121,800.
- 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 2021/22.

However, it should be noted that this is mainly dependent upon the Nairn Games taking place in 2021 and this has not yet been confirmed.

- 5.3 Miscellaneous Income – This is usually generated in the form of income for wayleaves, principally from SSE; however, this has been minimal for 2020/21 and a budget of £125 is projected for 2021/22.

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, 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 – A budget of £2,000 is proposed for electricity charges in line with charges received in 2019/20 on NCGF properties as a number of assets had not been able to be utilised to normal capacity in 2020/21 and a budget of £750 for water charges on a similar basis.

- 6.3 Rent, Rates and Insurance – A budget of £3,600 is proposed for the River Fishing Licence Fees and 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.
- 6.6 Project Costs – A budget line of £15,000 is proposed to be allocated to provide for support of possible progression of the Development Plan for the Links. This is linked to an agreed governance process being implemented for the joint funding of a Project Officer to identify clear priorities and objectives.

7. **Quarter 3 Revenue Monitoring Report**

- 7.1 A monitoring statement showing transactions against budget for the period to 31 December 2020 is attached at **Appendix 2**.
- 7.2 Income – The income received to date relates principally to property rentals, which are now anticipated to be above target due to the rental review on Lochloy Caravan Site, effective from 31 October 2020, which will result in an additional £5,700 in 2020/21. However, lettings have an anticipated deficit of £12,500. This is due to the cancellation of the Nairn Highland Games as a result of covid-19, where annual income is usually received from stalls and tendering for the provision of a hospitality tent but also the annual let of the Links by the Showmen's Guild.
- 7.3 Expenditure – expenditure to date is forecast to come in £7,000 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/Splash Pad, replacement equipment and for maintenance works carried out across the Links and repairs and remedial works to Common Good assets.

In relation to the spend on grounds maintenance, due to the delay in grass cutting, more attention was necessary to get the grass back to an acceptable standard. This was because the grass was so long it required numerous cuts to get it to the correct level using the machines in place. As a result, the estimated out-turn will come in on budget.

Due to covid-19 and closure for development of the new splash pad, there were no works carried out on the former paddling pool and a reduction in Highlife Highland management fees over the first three quarters of the year. There may be costs to be incurred for the new Splash Pad facility this financial year which will be reflected in Quarter 4 monitoring report.

- 7.4 Annual Surplus – The approved budget for the year was expected to generate a surplus of £33,575 of income against expenditure with that sum being added to reserves. As a result of the net income shortfall as referenced to in 7.2 of £6,800, offset by an estimated reduced expenditure in 7.3 of £7,000 an increased surplus of £33,775 is now forecast.

Project costs shown are related to the Splash Pad and these are set out separately in appendix 1, highlighting the income and expenditure associated with the project.

Overall, £115,000 of Nairn Common Good funds are required to contribute to the Splash Pad project.

Designation: Executive Chief Officer Communities and Place
Executive Chief Officer Resources and Finance

Date: 1 March 2021

Author: Willie Munro, Ward Manager

Background Papers:

Appendix 1 – proposed budget 2021/22

Appendix 2 – quarterly monitoring

Appendix 1

Nairn Common Good Fund	2021/22	2020/21	Notes
Budget 2021/22			

	Budget	Budget	
	£	£	
INCOME			
Rents	121,800	108,000	
Lettings	12,500	12,500	
Miscellaneous Income	125	125	
TOTAL INCOME	134,425	120,625	
EXPENDITURE			
Property maintenance	67,000	67,000	
Electricity	2,000	2,000	
Water charges	700	700	
Rents, Rates and Insurance	3,600	3,600	
Central support	12,500	12,500	
Advertising	250	250	
Legal Expenses	1,000	1,000	
TOTAL EXPENDITURE	87,050	87,050	
Income less Expenditure	47,375	33,575	

PROJECTS**INCOME**

Contribution - Links Team Hamish	0	110,000	
Contribution - Links HQ Project Management	0	25,000	
	0	135,000	

EXPENDITURE

Project Costs NCGF	15,000	15,000	See 6.6
Splash pad exp funded by Community	0	110,000	
Use of reserves for splash pad	0	100,000	
	15,000	225,000	

Period to Dec 2020

	Actual to date £	Annual Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	81,433	108,000	113,700	(5,700)
Lettings	75	12,500	0	12,500
Miscellaneous Income	27	125	125	0
TOTAL INCOME	81,535	120,625	113,825	6,800
EXPENDITURE				
Property Costs	48,046	67,000	60,000	(7,000)
Electricity	172	2,000	2,000	0
Water charges	266	700	700	0
Rents, Rates and Insurance	3,301	3,600	3,600	0
Central support	7,765	12,500	12,500	0
Advertising	0	250	250	0
Legal Expenses	0	1,000	1,000	0
TOTAL EXPENDITURE	59,550	87,050	80,050	(7,000)
Income less Expenditure	21,985	33,575	33,775	(200)
PROJECTS				
INCOME				
Contribution - Links Team Hamish	110,000	110,000	110,000	0
Contribution - Links HQ Project Management	0	25,000	25,000	0
	110,000	135,000	135,000	0
EXPENDITURE				
Project Costs NCGF	6,968	15,000	15,000	0
Project Costs HC	0	25,000	25,000	0
Splash pad exp funded by Community	207,234	110,000	110,000	0
Use of reserves for splash pad	0	100,000	100,000	0
	214,203	250,000	250,000	0
Unaudited Usable Reserves for 2019/20	£621,318			