

Agenda Item	<b>10c.</b>
Report No	<b>CIA/30/21</b>

## THE HIGHLAND COUNCIL

**Committee:** City of Inverness Area Committee

**Date:** 26 August 2021

**Report Title:** Inverness Common Good Fund  
Financial Monitoring Report

**Report By:** Executive Chief Officer, Finance and Resources 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 30 June 2021 and the projected year end position

### 2. Recommendations

2.1 Members are asked to:

- i. consider the financial monitoring report to 30 June 2021; and note that overall expenditure is within agreed budgets.

### 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 be incurred later in the year. 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.
- 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.
- 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 2021/22. **Appendices 1 and 2** show both core and project income and expenditure to 30 June 2021, the predicted year end outturn and the predicted variance.
- 4.2 Once an Events programme has been developed, the expenditure of £0.303m will be detailed in an Appendix in future reports.
- 4.3 The current status of Capital Projects will be presented under a separate report later on in this agenda.

#### 5. Overview

- 5.1 **Appendix 1** shows core revenue expenditure for the year of £2.667m which includes £0.050m towards Bowling Clubs. The expenditure in the year will be met by revenue income of £2.190m (plus a transfer from Reserves of £0.477m (£0.426m from previous year underspend in grants budget). Core spend, and income received is anticipated to overall come in under budget due to the ongoing impact of COVID-19 but at this stage it is not possible to anticipate which budget headings will be impacted.
- 5.2 **Appendix 2** shows budgeted project spend of £1.954m to be funded fully from reserves. Expenditure on projects is anticipated to come in on budget. 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. However, there are sufficient sums within the contingency budget to meet expected additional costs for Town House phase 3 and the budget for the Victorian Market project remains fully funded at this time.
- 5.3 **Appendix 3** shows the reserves position for the fund to date and projected value reflecting decisions taken to use reserves in future years. Any further requests for additional funding, or new initiatives requiring funding will also impact on the future level of the Fund's reserve. Such requests will be brought to subsequent meetings of this committee for approval and if approved, this statement will be updated to show the financial impact on reserves

## **6. Investments**

- 6.1 The Council has delegated power to manage cash Investments by ICGF to the Investment advisory sub-committee, which reports to the pensions committee. The City Area Committee has power to administer the Revenue income of the ICGF and Projects. In this context officers are able to confirm that the value of the fund increased by 5.8% over the quarter ending 30.06.21, in comparison to a benchmark gain of 4.3%. Over the past 12 months, the portfolio has risen by 14.9% in contrast to the benchmark gain of 15.6%. The value of the investments at end of June 2021 was £5.795m. The value of the investments is subject to constant change based on the market conditions.

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

Date: 6 August 2021

Author: David Haas, Inverness City Area Manager

Background Papers:

**APPENDIX 1  
MONITORING STATEMENT 2021/22  
INVERNESS COMMON GOOD FUND CORE SPEND  
FOR PERIOD ENDING JUNE 2122**

	<b>ACTUAL YEAR TO DATE</b>	<b>ANNUAL BUDGET</b>	<b>ESTIMATED OUTTURN</b>	<b>ESTIMATED VARIANCE</b>
<b>EXPENDITURE</b>				
Victorian Market Maintenance	3	48	48	0
Victorian Market Operations	38	235	235	0
Victorian Market Management	13	53	53	0
Town House Maintenance	13	100	100	0
1-5 Church Street Maintenance	0	5	5	0
Other Properties	4	128	128	0
Civic and Conference Hospitality	0	125	125	0
Ness Islands & Bank Maintenance	0	35	35	0
ICGF Bowling Clubs	0	50	50	0
River Ness Fishings	0	20	20	0
Festive Lights	0	73	73	0
Town Twinning	0	9	9	0
Winter Payments	0	200	200	0
Inverness Common Good Fund Grants	61	623	623	0
Conference Support	0	62	62	0
City Promotions	10	42	42	0
Castle Wynd Conveniences	12	22	22	0
Partnership Working BIDS	49	183	183	0
Events & Festivals	0	303	303	0
CCTV	0	90	90	0
Property Management Fees	0	140	140	0
Central Support Charge	0	85	85	0
Inverness Steeple	0	5	5	0
Commemorative Bedding	7	11	11	0
Investment Advisor Fees	-1	10	10	0
Press & Public Relations	0	10	10	0
<b>TOTAL EXPENDITURE</b>	<b>211</b>	<b>2,667</b>	<b>2,667</b>	<b>0</b>
<b>FUNDED BY:</b>				
<b>Rents &amp; Lettings</b>				
Industrial Estates	554	1667	1667	0
Victorian Market	31	128	128	0
Town House	0	234	234	0
1-5 Church Street	38	96	96	0
River Ness Fishing Rights	2	10	10	0
Other Properties	6	34	34	0
<b>Other Income</b>				
Fishing Assessment Dues	0	20	20	0
VAT on Management Fees	0	0	0	0
Interest on Revenue Balances	0	1	1	0
<b>TOTAL FUNDING</b>	<b>632</b>	<b>2190</b>	<b>2190</b>	<b>0</b>
<b>TOTAL (FUNDED FROM)/CONTRIBUTING TO RESERVES</b>	<b>421</b>	<b>(477)</b>	<b>(477)</b>	<b>0</b>

Unspent Commitments from 2020/21 included in expenditure lines above

Grants		348	348
Conference Support		22	22
Other Properties		24	24
Joint Working BIDS		32	32
		<u>426</u>	<u>426</u>

**APPENDIX 2  
MONITORING STATEMENT 2021/22  
INVERNESS COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING JUNE 2122**

	<b>ACTUAL YEAR TO DATE</b>	<b>ANNUAL BUDGET</b>	<b>ESTIMATED OUTTURN</b>	<b>ESTIMATED VARIANCE</b>
	<b>£000</b>	<b>£000</b>	<b>£001</b>	<b>£000</b>
<b>PROJECT SPEND</b>				
Town House Refurbishment - Phase 3	109	400	400	0
Bowling Clubs	29	42	42	0
Town House - Civic Floor	0	30	30	0
Whin Park Improvement Works	0	13	13	0
Victorian Market - Market Hall Improvements	150	1435	1435	0
Compensation Payments - Victorian Market	0	34	34	0
<b>TOTAL TO BE FUNDED FROM RESERVES</b>	<b>287</b>	<b>1954</b>	<b>1954</b>	<b>0</b>

**APPENDIX 3  
MONITORING STATEMENT 2021/22  
INVERNESS COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING JUNE 2122**

	<b>£000</b>
Value of investment portfolio at 31.03.2021	5,481
Change in value of investment portfolio over 2021/22 Q1	<u>314</u>
Value of investment portfolio at 30.06.2021	5,795
* Loans Fund balance (cash reserves) as at 31.03.2021	1,178
Total reserves balance as at 30.06.21	<u>6,973</u>
Anticipated use of reserves during 2021/22:	
To fund core budget spend (from Appendix 1)	-477
To fund project spend (from Appendix 2)	-1,954
Anticipated reserves as at 31.3.2022**	<u>4,542</u>
<b>ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS</b>	<u><u>4,542</u></u>

\* unaudited

\*\* does not take into account any potential movement in value of investments over remainder of the year