

Agenda Item	16a.
Report No	CIA/45/21

THE HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 18 November 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 September 2021 and the projected year end position

2. Recommendations

2.1 Members are asked to:

- i. consider the financial monitoring report to 30 September 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, or potentially be required to carry forward to 2022/23. Income and expenditure budget are mostly expected to be on budget at the year end and the few exceptions are minor and explained in the report.

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 September 2021, the predicted year end outturn and the predicted variance.
- 4.2 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 budget expenditure for the year of £2.667m, to be met by budgeted 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 currently anticipated to overall come in £0.128m under budget due to the ongoing impact of COVID-19. At this stage it remains challenging to anticipate the full extent to which budget headings will be impacted in this financial year. However, the following variances are expected:

- **Victorian Market** – additional utility costs as a result of the refurbishment project are impacting on this budget and a year end overspend is anticipated. Further detail is provided in the Capital Projects Monitoring Report.
- **Other Properties** – the allocation to the Merkinch Local Nature Reserve Boardwalk is now set for Drawdown in 2022/23 due to a delay in project delivery.
- **Civic Hospitality** – whilst applications are starting to be received, noting the current uncertainties, the number of Civic Events remains minimal. It is expected that applications will increase so some commitment to additional expenditure is expected before the year end.
- **Conference Support** – although we are showing no spend to date noting sums committed from previous years and the likelihood of an increase in applications, the estimated underspend is restricted to £0.010m.
- **Events and Festivals** - COVID-19 has resulted in the Winter Festival Events programme being redesigned and two events, have been delivered. Financial reporting to the Committee will be undertaken for the next Committee set for 17th February 2022 which will include detail of the expenditure of £0.303m.

- 5.2 **Appendix 2** shows budgeted project spend of £1.964m to be funded fully from reserves. 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. The impact on the Victorian Market project is more marked and an estimated overspend this year of £0.050m is currently anticipated. The overall impact on the project is referred to in the separate report on ICGF Capital Projects.

- 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.
- 5.4 It is important to note that any underspends shown within Variances would act to reduce the burden on Reserves and do not act to increase cash balances.

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 0.4% over the quarter ending 30.09.21, in comparison to a benchmark gain of 1.3%. Over the past 12 months, the portfolio has risen by 14.3% in contrast to the benchmark gain of 17.6%. The value of the investments at end of Sept 2021 was £5.816m. 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: 4th November 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 SEPT 2122

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
EXPENDITURE				
Victorian Market Maintenance	12	48	48	0
Victorian Market Operations	113	235	235	0
Victorian Market Management	26	53	53	0
Town House Maintenance	51	100	100	0
1-5 Church Street Maintenance	1	5	5	0
Other Properties	16	128	68	(60)
Civic and Conference Hospitality	4	125	65	(60)
Ness Islands & Bank Maintenance	0	35	35	0
ICGF Bowling Clubs	8	50	45	(5)
River Ness Fishings	0	20	20	0
Festive Lights	0	73	73	0
Town Twinning	2	9	9	0
Winter Payments	-1	200	200	0
Inverness Common Good Fund Grants	143	623	623	0
Conference Support	0	62	52	(10)
City Promotions	11	42	42	0
Castle Wynd Conveniences	24	22	24	2
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	4	85	85	0
Inverness Steeple	0	5	4	(1)
Commemorative Bedding	7	11	11	0
Investment Advisor Fees	-1	10	10	0
Press & Public Relations	0	10	10	0
TOTAL EXPENDITURE	469	2,667	2,533	(134)
FUNDED BY:				
Rents & Lettings				
Industrial Estates	835	1667	1667	0
Victorian Market	73	128	128	0
Town House	200	234	228	6
1-5 Church Street	48	96	96	0
River Ness Fishing Rights	4	10	10	0
Other Properties	17	34	34	0
Other Income				
Fishing Assessment Dues	0	20	20	0
Investment Income	0	0	0	0
Contribution from Town Centre Fund	194	0	0	0
VAT on Management Fees	1	0	0	0
Interest on Revenue Balances	0	1	1	0
TOTAL FUNDING	1372	2190	2184	6
TOTAL (FUNDED FROM)/CONTRIBUTING TO RESERVES	903	(477)	(349)	(128)

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

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
	£000	£000	£001	£000
PROJECT SPEND				
Town House Refurbishment - Phase 3	172	400	250	(150)
Bowling Clubs	43	42	43	1
Town House - Civic Floor	40	40	40	0
Whin Park Improvement Works	13	13	13	0
Victorian Market - Market Hall Improvements	299	1435	1485	50
Compensation Payments - Victorian Market	0	34	34	0
TOTAL TO BE FUNDED FROM RESERVES	567	1964	1865	(99)

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

	£000
Value of investment portfolio at 30.06.2021	5,795
Change in value of investment portfolio over 2021/22 Q2	<u>21</u>
Value of investment portfolio at 30.09.2021	5,816
* Loans Fund balance (cash reserves) as at 31.03.2021	1,179
Total reserves balance as at 30.09.21	<u>6,995</u>
Estimated outturn of reserves during 2021/22:	
To fund core budget spend (from Appendix 1)	-349
To fund project spend (from Appendix 2)	-1,865
Anticipated reserves as at 31.3.2022**	<u>4,781</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u><u>4,781</u></u>

* unaudited

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