

Agenda Item	<b>10.d</b>
Report No	<b>NC/11/22</b>

## THE HIGHLAND COUNCIL

**Committee:** Nairnshire Committee

**Date:** 8 August 2022

**Report Title:** Nairn Common Good Fund

**Report By:** Executive Chief Officer Communities and Place

### 1. Purpose/Executive Summary

1.1 This report provides information on income and expenditure in relation to the Nairn Common Good Fund (NCGF) as at 30 June 2022 and also provides an update on current NCGF issues. It asks Members to scrutinise and note the position of the NCGF as shown in the Quarter 1 Monitoring Statement found at **Appendix 1**.

This report also recommends Common Good funding in financial year 2022/2023 for 2 Nairnshire events.

### 2. Recommendations

2.1 Members are asked to:

- i. Scrutinise and note the position of the NCGF as shown in the Quarter 1 Revenue Monitoring Statement against Budget for 2022/23.
- ii. Agree the use Nairn Common Good Fund cash reserves in 2022/23 to support Nairn events:
  - Nairn Book & Arts Festival £2,000
  - Nairn Christmas lighting £3,000
- iii. Agree that proposals for an Events budget line in the 2023/24 Nairn Common Good Fund budget be presented to a future meeting of the Committee.
- iv. Note that a report on the Invitation to Pay Parking Scheme at NCGF sites will be presented to a future meeting of this Committee.

### **3. Implications**

#### **3.1 Resource implications**

Financial implications are as outlined in this report. Expenditure continues to be kept well within the generated surplus to continue to allow NCGF to continue to build reserves for future projects and development of NCGF Assets as well as the replacement or maintenance of new assets such as the Splash Pad and wider Links development projects.

#### **3.2 Legal implications**

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) impacts**

There are no community implications associated with this report.

#### **3.4 Climate Change / Carbon Clever implications**

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 implications**

To mitigate the risk to the Common Good Fund, consideration continues to be given 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 implications**

None

### **4. Quarter 1 Revenue Monitoring Report**

4.1 A monitoring statement showing transactions against budget for the period to 30 June 2022 and the estimated 2022/23 year end position is attached at **Appendix 1**.

4.2 Members will note the (unaudited) balance of usable reserves at 31 March 2022 was £747,453.

4.3 **Income** – The income received to date relates principally to property rentals. These are generally anticipated to be on target, but due lease amendments, an additional £9,300 is expected in 2022/23.

Lettings are currently showing only a small income to date, but this will increase once the Nairn Games have been held in August 2022. The overall expected year end position is that income from lettings will be as budgeted.

The NCGF invitation to pay parking for 2022/23 was budgeted at £12,000 on the basis that 50% of the income generated would be paid to the NCGF with the other 50% being retained by Highland Council to cover costs relating to the operation of the parking sites. This situation has been reviewed and 100% of the income will now accrue directly to the NCGF. The outturn figure has been changed to reflect this and increased to £24,000.

This decision has been applied retrospectively to the invitation to pay parking income for 2021/22 (the first year this income was in place), with £17,681 added to the 22/23 outturn forecast reflecting funds originally credited to the Council in 2021/22.

- 4.4 **Expenditure** – Limited expenditure has been incurred in the year to date. Under property maintenance, the approved budget is 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 to benches, shelters and noticeboards. Central Support expenditure listed relates to Common Good fund Officer's costs.

There will be additional NCGF expenditure incurred in respect of the maintenance of the car park sites and administration of the invitation to pay scheme. This cost will be met from the additional parking income now accruing to the Fund. A specific report on the invitation to pay parking scheme will be presented to a future meeting of this Committee.

- 4.5 **Annual Surplus** – The approved budget expected a surplus of £59,375 to be generated this year, with that sum being added to reserves. With the additional income and expenses noted above, the expected surplus is now £98,356. From this surplus, £32,000 has been allocated towards project expenditure, in respect of continuing the Links development (£15,000), NCGF playparks (£12,000) and the demolition and removal of the Links store (£5,000), resulting in the overall expected surplus at the year-end of £66,356 (budget £27,375).

The expected surplus for the year is subject to the outcome of the future report to this Committee referred to at para 4.4 above in respect of the invitation to pay car parking scheme at NCGF sites. The costs of running the scheme will be considered in that report and will have an impact on the annual surplus.

## 5. **Nairn Common Good Fund – Events**

- 5.1 **Nairn Book and Arts Festival** – The Nairn Book & Arts Festival has been operated by the Festival team for a number of years and has become a regular feature in the Nairn events calendar. The Festival is well attended and draws significant footfall to Nairn and the Links area where the Festival is held. The Festival will run this year between 27<sup>th</sup> August and 4<sup>th</sup> Sept. The Festival team submitted a Ward Discretionary Fund application to the Ward Manager for £3,500 from the 2022/23 Ward budget, an award of £1,500 was approved. In order to ensure that the Festival can continue as planned in 2022, Committee are asked to approve a further £2,000 of the Nairn Common Good available cash reserves to support the Festival in 2022. This funding award will be subject to the Council's normal grant conditions.
- 5.2 **Nairn town centre Christmas lights and tree** – The Nairn BID have operated the Nairn town centre Christmas lights and Christmas tree since 2018, supported by the Nairnshire ward discretionary fund. The operation of the Christmas tree and lighting costs around £6,000 every year, which includes costs and fees in relation to the required road closures, as well as stage hire for a lights event at the end of November switch on. This is an enormously popular event and represents a considerable proportion of the BID's annual budget. Committee are asked to approve £3,000 of the Nairn Common Good available cash reserves to support the Christmas Lights and tree in 2022. This funding award will be subject to the Council's normal grant conditions.
- 5.3 **Common Good Events Fund** – In order to support Nairnshire events going forward, Committee is asked to agree that an events budget line is incorporated into the 2023/24 Nairn Common Good budget with proposals to be presented to a future meeting of the Nairnshire Area Committee. That proposal will contain governance arrangements for the Events Fund.

## **6. Nairn Common Good Fund Investments**

- 6.1 The Council has delegated power to manage cash Investments by NCGF to the Investment advisory sub-committee, which reports to the Pensions Committee. The Nairn Area Committee has power to administer the Revenue income of the NCGF and Projects.
- 6.2 The value of the NCGF investment portfolio decreased by 8.5% over the quarter ending 30.06.22, in comparison to a benchmark fall of 5.9%. Over the course of financial year 2021/22, the value of the portfolio increased by 2.2% in contrast to the benchmark figure of 5.95%. The relative underperformance of the fund against the benchmark is due to the underweight position to the UK, a bias to growth areas and an underweight position to the oil and gas sectors.

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

Date: 29 July 2022

Author: Lewis Hannah, Ward Manager  
Lara Harrison, Accountant

**Nairn Common Good  
Period to June 2022**

**APPENDIX 1**

	<b>Actual</b>	<b>Annual</b>	<b>Estimated</b>	<b>Variance</b>
	<b>£</b>	<b>Budget</b>	<b>Outturn</b>	<b>£</b>
		<b>£</b>	<b>£</b>	
<b>INCOME</b>				
Rents	60,044	121,800	131,100	(9,300)
Lettings	5,000	12,500	12,500	-
Invitation to pay parking	2,739	12,000	24,000	(12,000)
Invitation to pay parking - 21/22	-	-	17,681	(17,681)
Miscellaneous Income	27	125	125	-
<b>TOTAL INCOME</b>	<u>67,810</u>	<u>146,425</u>	<u>185,406</u>	<u>(38,981)</u>
<b>EXPENDITURE</b>				
Property Costs	500	69,000	69,000	-
Electricity	170	2,000	2,000	-
Water charges	(17)	700	700	-
Rents, Rates and Insurance	-	3,600	3,600	-
Central support	-	10,500	10,500	-
Advertising	-	250	250	-
Legal Expenses	-	1,000	1,000	-
<b>TOTAL EXPENDITURE</b>	<u>653</u>	<u>87,050</u>	<u>87,050</u>	<u>-</u>
<b>Income less Expenditure</b>	<u><u>67,157</u></u>	<u><u>59,375</u></u>	<u><u>98,356</u></u>	<u><u>(38,981)</u></u>
<b>PROJECTS</b>				
<b>EXPENDITURE</b>				
Project Costs - Links Development	-	15,000	15,000	-
NCGF Playparks	-	12,000	12,000	-
Demolition & removal of Links Store	-	5,000	5,000	-
	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
<b>To be added to reserves</b>	<b>67,157</b>	<b>27,375</b>	<b>66,356</b>	<b>(38,981)</b>
Unaudited Usable Reserves 2021/22		747,453		

**MONITORING STATEMENT 2021/22  
NAIRN COMMON GOOD FUND PROJECT SPEND  
FOR PERIOD ENDING JUNE 2223**

**APPENDIX 2**

**£000**

Value of investment portfolio at 31.03.2022	588
Change in value of investment portfolio over 2022/23 Q1	<u>(50)</u>
Value of investment portfolio at 30.06.2022	538
* Loans Fund balance (cash reserves) as at 31.03.2022	160
Total reserves balance as at 30.06.22	<u>698</u>
Anticipated use of reserves during 2022/23:	
To fund core budget spend (from Appendix 1)	98
To fund project spend (from Appendix 2)	(32)
Anticipated reserves as at 31.3.2023**	<u>764</u>
<b>ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS</b>	<u><u>764</u></u>

\* unaudited

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