

Agenda Item	4.d
Report No	NC/16/22

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 15 November 2022

Report Title: Nairn Common Good Fund
Financial Monitoring Report

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 September 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 2 Monitoring Statement found at **Appendix 1**.

2. Recommendations

2.1 Members are asked to:

- i. Scrutinise and note the position of the NCGF as shown in the Quarter 2 Revenue Monitoring Statement against Budget for 2022/23.

3. Implications

3.1 Resource implications

Financial implications are as outlined in this report. Expenditure continues to be kept within the generated surplus 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 2 Revenue Monitoring Report**

4.1 A monitoring statement showing transactions against budget for the period to 30 September 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 to lease amendments, an additional £11,594 is expected in 2022/23.

Lettings income, which principally relates to the Nairn Games, was higher than expected due to income received from commercial traders. It also includes various smaller amounts for lets of the Band Stand etc. As a result, outturn has been increased to £15,705.

As previously reported to this Committee, 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. As detailed elsewhere on this agenda, 100% of that income will now accrue directly to the NCGF. The outturn figure has been changed to reflect this and increased to £24,000 showing an increase on the previously reported estimated outturn figure.

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 car park sites and the administration relating to the invitation to pay scheme. This cost will be met from the additional parking income now accruing to the Fund. The annual cost of administration of the scheme will be calculated at the end of the financial year and reported to committee.

- 4.5 **Annual Surplus** – There was expected to be a surplus of £59,375 generated against this year’s budget. With the additional income and expenses noted above, the expected surplus is now £103,854. From this surplus, it had been previously agreed at Committee that £38,800 be 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 £71,854 (budget £27,375). with that sum being added to reserves.

The expected surplus for the year is subject to costs associated with the invitation to pay car parking scheme at NCGF sites as indicated above. The costs of running the scheme will have an impact on the annual surplus and reported at the end of the financial year.

The expected surplus will also be subject to the costs associated with the commissioning of a feasibility study into Community Food Growing at Sandown, which is the subject of a separate report to Committee.

5. **Nairn Common Good Fund Investments**

- 5.1 The Council has delegated power to manage investments by NCGF to the Investment Sub-Committee, which reports to the Pensions Committee. The Nairn Area Committee has power to administer the Revenue income of the NCGF and Projects.

Officers are able to confirm that the value of the fund decreased by 2.5% over the quarter ending 30.09.22, in comparison to a benchmark fall over the quarter of 4.6%. On a year-to-date basis, the Fund has fallen 16.6% in contrast to the benchmark fall of 11.7%. The value of the investments at end of September 2022 was £0.524m. The value of the investments is subject to constant change based on the market conditions (see **Appendix 2**).

Designation: Executive Chief Officer Communities and Place

Date: 3 November 2022

Author: Lewis Hannah, Ward Manager
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**Nairn Common Good
Period to October 2022**

APPENDIX 1

	Actual	Annual	Estimated	Variance
	£	Budget	Outturn	£
		£	£	
INCOME				
Rents	121,431	121,800	133,394	11,594
Lettings	15,705	12,500	15,705	3,205
Invitation to pay parking	21,885	12,000	24,000	12,000
Invitation to pay parking - 21/22	17,681	-	17,681	17,681
Miscellaneous Income	27	125	125	-
TOTAL INCOME	<u>176,729</u>	<u>146,425</u>	<u>190,904</u>	<u>44,479</u>
EXPENDITURE				
Property Costs	7,550	69,000	69,000	-
Electricity	1,154	2,000	2,000	-
Water charges	49	700	700	-
Rents, Rates and Insurance	79	3,600	3,600	-
Central support	8,472	10,500	10,500	-
Advertising	290	250	250	-
Legal Expenses	-	1,000	1,000	-
TOTAL EXPENDITURE	<u>17,594</u>	<u>87,050</u>	<u>87,050</u>	<u>-</u>
Income less Expenditure	<u><u>159,134</u></u>	<u><u>59,375</u></u>	<u><u>103,854</u></u>	<u><u>44,479</u></u>
PROJECTS				
EXPENDITURE				
Project Costs - Links Development Phase 2	-	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>
To be added to reserves	159,134	27,375	71,854	44,479
Unaudited Usable Reserves 2021/22		747,453		

**MONITORING STATEMENT 2021/22
NAIRN COMMON GOOD FUND RESERVES
FOR PERIOD ENDING SEPT 2223**

APPENDIX 2

	£000
Value of investment portfolio at 31.06.2022	538
Change in value of investment portfolio over 2022/23 Q2	<u>(14)</u>
Value of investment portfolio at 30.09.2022	524
* Loans Fund balance (cash reserves) as at 31.03.2022	160
Total reserves balance as at 30.09.22	<u>684</u>
Anticipated use of reserves during 2022/23:	
To be added to reserves/(fund core budget spend) (from Appendix 1)	104
To fund project spend (from Appendix 1)	(32)
Anticipated reserves as at 31.3.2023**	<u>756</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u><u>756</u></u>

* unaudited

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