

Agenda Item	11a
Report No	CIA/33/22

THE HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 24 November 2022

Report Title: Inverness Common Good Fund
Financial Monitoring Report

Report By: Executive Chief Officer, Communities and Place

1. Purpose/Executive Summary

- 1.1 This report presents the expenditure monitoring position for the Inverness Common Good Fund (ICGF) as at 31 October 2022 and the projected year end position.

2. Recommendations

2.1 Members are asked to:

- i. Note the financial monitoring report to 31 October 2022 and that overall expenditure is within agreed budgets excepting the estimated outturns detailed in Appendices 1 and 2.

3. Implications

- 3.1 **Resource implications** - The report details the financial resource implications. There are no other resource implications. The report notes that the latest projected underspend in this year's budget is £0.052m. A further underspend of £0.143m is now predicted in the projects budget against the Victorian Market project development.
- 3.3 Members should note that the one-off increase to the 2022/23 Winter Payments to £150 agreed at CIAC on 4 November 2022, entailing a further allocation of £0.100m to cover anticipated additional expenditure, and giving a total allocation of £0.300m, equates to 12% of the total estimated revenue income for 22/23 of £2.511m.

- 3.4 **Legal implications** - 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.
- 3.5 **Community (Equality, Poverty, Rural and Island) impacts** – None.
- 3.6 **Climate Change / Carbon Clever** implications– None
- 3.7 **Risk implications** – The current tenancy lettings market is very challenging, with escalating staff and energy costs undermining confidence in small businesses taking on new leases. This has resulted in delays in being able to fully let the refurbished areas of the Victorian Market. The ICGF will need to continue to carry a number of tenancy voids for the Victorian Market, including service charge which cannot be recovered from other tenants. The annual report on the Victorian Market will be presented to Committee in early 2023.
- 3.8 **Gaelic implications** – 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 2022/23. **Appendices 1 and 2** show both core and project income and expenditure to 31 October 2022, 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 this agenda.

5. Overview of 22/23 Budget Status

- 5.1 **Appendix 1** shows the core revenue budget expenditure for the year of £2.695m, to be met by budgeted revenue income of £2.230m (plus a transfer from Reserves of £0.465m (£0.444m of this reserves sum is from the 2021/22 grant budget underspend).
- 5.2 As reported to the September and 4 November CIAC, this is as a result of a premium of £0.215m for a lease extension in Industrial Estates and additional rental income for the Victorian Market (an extra £0.020m rental income is now expected compared to the Monitoring to 30 September 2022). As also reported to the September CIAC, additional works have been undertaken through the maintenance budget to ensure that the new Units in the refurbished Market Hall have been fitted out with landlords' fixtures and fittings to accommodate specific tenant requirements totalling £0.150m.
- 5.3 Overall, and taking in account the additional £0.100m agreed on 4 November for Winter Payments, core spend, and income received, is currently anticipated to show an overall £0.052m underspend.

- 5.4 **Appendix 2** shows that both the Town House Phase 3 and the Victorian Market project are in their final stages. The Town House is set to come in on budget and the Victorian Market is expected to have an underspend of £0.143m.
- 5.5 **Appendix 3** shows the current detail of the Events & Festivals spend with the Highland Games, Bootanics and Bonfire Night having already been delivered, although it should be noted that not all the costs for those events had been paid by 31 October 2022.
- 5.6 **Appendix 4** shows the reserves position for the fund to date and projected value reflecting decisions taken to use reserves for projects. 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. 2023/24 Budget

- 6.1 As note to the meeting on 4 November, in preparation for the Budget setting process for 2023/24, it is proposed that a series of workshops are held with Members with a focus on establishing priorities for the ICGF. This in turn would support identification of key areas of spend for the 2023/24 budget.
- 6.2 The workshops will also take the opportunity to consider the level of funding made for ICGF Investments that should be made available from annual income.
- 6.1 The Council has delegated power to manage cash Investments by ICGF to the Investment 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 can confirm that the value of the fund fell by 1.5% during the quarter to 30 September 2022, in contrast to a benchmark decline of 5.1%. On a year-to-date basis, the Fund has fallen by 12.4% in contrast to the benchmark return of 11.44%. The value of the investments at end of September 2022 was £5.207m.

The value of the investments is subject to constant change based on the market conditions. It is therefore an important area for consideration to inform funding priorities for the ICGF.

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Date: 18 November 2022

Appendix 1: ICGF Monitoring Statement 31 Oct 2022/23 – Core Spend

Appendix 2: ICGF Monitoring Statement 31 Oct 2022/23 – Project Spend

Appendix 3: ICGF Monitoring Statement 31 Oct 2022/23 – Events & Festivals

Appendix 4: ICGF Monitoring Statement 31 Oct 2022/23 – Reserves

**APPENDIX 1
MONITORING STATEMENT 2022/23
INVERNESS COMMON GOOD FUND CORE SPEND
FOR PERIOD ENDING OCTOBER 22**

	ACTUAL YEAR TO DATE £000	ANNUAL BUDGET £000	ESTIMATED OUTTURN £000	ESTIMATED VARIANCE £000
EXPENDITURE				
Victorian Market Maintenance	110	101	251	150
Victorian Market Operations	85	111	116	5
Victorian Market Management	31	55	55	0
Town House Maintenance	46	100	100	0
Other Properties	106	155	200	45
Civic and Conference Hospitality	52	125	115	(10)
Ness Islands & Bank Maintenance	2	36	36	0
ICGF Bowling Clubs	12	51	51	0
River Ness Fishings	0	20	20	0
Festive Lights	2	73	73	0
City Centre - Festive Lights	0	100	100	0
Town Twinning	0	9	9	0
Winter Payments	-1	200	300	100
Inverness Common Good Fund Grants	123	582	582	0
Conference Support	39	83	63	(20)
City Promotions	22	63	33	(30)
Partnership Working BIDS	60	177	177	0
Events & Festivals	74	303	303	0
CCTV	0	90	90	0
Property Management Fees	0	143	143	0
Central Support Charge	11	87	87	0
Commemorative Bedding	0	11	0	(11)
Investment Advisor Fees	3	10	10	0
Press & Public Relations	0	10	10	0
TOTAL EXPENDITURE	778	2695	2924	229
FUNDED BY:				
Rents & Lettings				
Industrial Estates	1430	1740	1955	(215)
Victorian Market	91	90	150	(60)
Town House	239	234	240	(6)
1-5 Church Street	65	96	96	0
River Ness Fishing Rights	5	10	10	0
Other Properties	25	35	35	0
Other Income				
Fishing Assessment Dues	0	20	20	0
Refund VAT Invest Mngt Fees	2	4	4	0
Interest on Revenue Balances	0	1	1	0
TOTAL FUNDING	1857	2230	2511	(281)
TOTAL (FUNDED FROM)/CONTRIBUTING TO RESERVES	1,079	(465)	(413)	(52)

Unspent Commitments from 2021/22 included in expenditure lines above

Other Properties	46	46
Grants	307	307
Conference Support	43	43
Other Properties	22	22
Joint Working BIDS	26	26
	<u>444</u>	<u>444</u>

**APPENDIX 2
MONITORING STATEMENT 2022/23
INVERNESS COMMON GOOD FUND PROJECT SPEND
FOR PERIOD ENDING OCTOBER 22**

	ACTUAL YEAR TO DATE	ANNUAL BUDGET	ESTIMATED OUTTURN	ESTIMATED VARIANCE
	£000	£000	£000	£000
PROJECT SPEND				
Town House Refurbishment - Phase 3	44	80	80	0
Victorian Market - Market Hall Improvements	205	410	267	(143)
Compensation Payments - Victorian Market	3	8	8	0
TOTAL TO BE FUNDED FROM RESERVES	252	498	355	(143)

APPENDIX 3
Events and Festivals Budget Monitoring
For Period Ending October 2022

	ACTUAL
	YEAR TO DATE
	£
Income	
Grants	-
Merchandise Income	-
Income	(61,629)
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	(61,629)
 Expenditure	
Entertainers	30,492
Equipment	86,535
Event Office	-
Council Staff	3,300
Marketing	5,970
Licences	-
Security and First Aid	9,242
Events Merchandise	-
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	135,540
 Net Total Expense/(Income)	 <hr/> 73,910 <hr/>

**APPENDIX 4
MONITORING STATEMENT 2022/23
INVERNESS COMMON GOOD FUND RESERVES
FOR PERIOD ENDING OCT 22**

	£000
Value of investment portfolio at 30.06.2022	5,291
Change in value of investment portfolio over 2022/23 Q2	<u>(84)</u>
Value of investment portfolio at 30.09.2022	5,207
* Loans Fund balance (cash reserves) as at 31.03.2022	539
Net Other Debtors/Creditors at 31.03.22	<u>(263)</u>
	<u>276</u>
Total reserves balance as at 30.09.22	<u>5,483</u>
Anticipated use of reserves during 2022/23:	
To fund core budget spend (from Appendix 1)	(413)
To fund project spend (from Appendix 2)	<u>(355)</u>
	<u>(768)</u>
Anticipated Reserves as at 31.03.2023**	<u>4,715</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u>4,715</u>
Anticipated Loan Funds balance 31.3.22	276
Anticipated use of reserves during 2022/23	<u>(768)</u>
Anticipated disinvestment	<u>(492)</u>
Anticipated disinvestment (rounded up to nearest £0.010m)	<u>(500)</u>

* Unaudited

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