

Agenda Item	10
Report No	NC/16/23

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 7 August 2023

Report Title: Nairn Common Good Fund
Quarter 1 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 June 2023 and also provides an update on current NCGF matters. It asks Members to scrutinise and note the position of the NCGF as shown in the Quarter 1 Monitoring Statement found at **Appendix 1**.

2. Recommendations

- 2.1 Members are asked to:
- i. **Note** the position of the NCGF as shown in the Quarter 1 Revenue Monitoring Statement against Budget for 2023/24; and,
 - ii. **Agree** that income received in 2023/24 from the sale of the Grant Street Yard and Store (as detailed at item 7 on the agenda) is ringfenced for use on the redevelopment of the Harbour Street former public toilet site.

3. Implications

3.1 Resource implications

Financial implications are as outlined in this report. As noted previously to this Committee, ongoing work is required to develop an approach to income generation and development of the NCGF asset portfolio to ensure a source of revenue.

- 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 and Rural)** – There are no specific implications associated with this report.
- 3.4 **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.
- 3.5 **Gaelic and Climate Change** – None

4. Quarter 2 Revenue Monitoring Report

- 4.1 A monitoring statement showing transactions against budget for the period to 30 June 2023 and the estimated 2023/24 year end position is attached at **Appendix 1**.
- 4.2 Members will note the (unaudited) balance of usable reserves at 31 March 2023 was £792,645.
- 4.3 **Income** – The income received to date relates principally to property rentals. These are anticipated to be on target.

The actual Lettings figure shown at **Appendix 1** under Income reflects income invoiced in respect of the August 2023 Nairn Games. The estimated outturn figure against Lettings shows an increase of £5,500 in expected income for 2023/23 lettings. This is due to the inflationary increase in lettings charges and an increase generally in the numbers of lettings.

As previously reported, 100% of income in respect of NCGF invitation to pay parking accrues directly to the NCGF. Actual income of £2,603 is shown at **Appendix 1** which reflects amounts journaled against the Fund to 30 June 2023; the outturn figure remains on target. There are delays in this income showing in the NCGF income ledger due to online payment and internal journal entry processes.

Committee agreed on 15 May 2023 to dispose of the Grant Street Yard. The property was subsequently marketed and as reported separately to this Committee today offers have now been received. Committee is asked to agree that any capital receipt from the sale of the site is ringfenced for use against NCGF capital project expenditure to redevelop the former Harbour Street public toilet site based upon recommendations from the ongoing feasibility study. The Harbour Street redevelopment project will be subject to a future report to this Committee once the feasibility study is complete.

- 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
- Highlife Highland management fee for the Leisure Park and Splash Pad
- Other Splash Pad Maintenance costs
- replacement equipment and maintenance works carried out across the Links to benches, shelters, noticeboards and other amenity equipment & facilities.

Central Support expenditure listed relates to the HQ Common Good Fund Officer's costs in respect of time spent on NCGF work such as statutory consultations.

Expenditure reported against the Events & Festivals budget line has amounted to £4,500 which has been used to support the following local events:

- Nairn Book & Arts Festival £2,000
- Nairn Games £2,500

Splashpad Maintenance – As Members are aware, specialist cleaning has been necessary at the Splashpad this year and was carried out in June by a specialist contractor. Costs in relation to this work, which are expected to be £6,968, are not yet showing in the ledger but will feature in the next round of NCGF monitoring reported to the Committee. These costs will be split equally between the Ward Discretionary Fund and the Common Good Fund Property Maintenance Budget.

Former Links Store – As can be seen at the Links, demolition works are now complete. Costs in relation to this work, expected to be £9,210, are not yet showing in the ledger but will feature in the next round of NCGF monitoring reported to the Committee. These costs will be charged against Project Costs - Links Development.

Staff Costs – this budget line relates to the staffing budget for the NCGF Project Officer. Members are asked to note that recruitment selection interviews have been completed and a preferred candidate identified who has accepted the post. A start date has yet to be confirmed, but has been assumed to be 5 September 2023. The variance reported at **Appendix 1** reflects a saving resulting from the later than anticipated start date of the post.

Community Food Growing Sandown Feasibility – Work in respect of preparing this feasibility work is underway by our in-house Transformation Project Team. Following the finalisation of the procurement documentation, the Project Team will take this work out to the market by the end of August 2023 to procure consultancy services to complete the feasibility study work.

Harbour Street former public toilet site Feasibility – The Council's Design & Construction Team are developing options for the redevelopment of this site. Feasibility costs will be met by previously approved Place Based Investment Fund monies allocated by this Committee in March 2022. This feasibility work will result in a future NCGF capital project to redevelop the site as referenced at 4.3 above.

- 4.5 **Annual Surplus** – The approved budget expected a surplus of £6,564 to be generated this year, with that sum being added to reserves. With the additional income and expenditure noted above, the projected surplus is now £21,609.

The expected surplus for the year is subject to the outcome of a 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 have an impact on the annual surplus as in 2022/23.

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 increased by 0.6% over the quarter ending 30.06.23, in comparison to a benchmark fall over the quarter of 0.9%. On a year-to-date basis, the Fund is up 3.3% in contrast to a benchmark rise of 1.9%. The value of the investments at end of June 2023 was £0.562m. 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: 18 July 2023

Author: Lewis Hannah, Ward Manager
Lara Harrison, Accountant

	Actual £	Annual Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	61,329	134,489	134,868	379
Lettings	16,893	12,500	18,000	5,500
Invitation to pay parking	2,603	24,000	24,000	-
Miscellaneous Income	-	125	125	-
TOTAL INCOME	80,825	171,114	176,993	5,879
EXPENDITURE				
Property maintenance	-	69,000	69,000	-
Electricity	224	2,000	2,000	-
Water charges	36	700	700	-
Rents, Rates and Insurance	97	3,600	3,600	-
Staff costs	-	22,000	12,833	(9,167)
Central support	-	10,000	10,000	-
Car parking costs	-	3,000	3,000	-
Advertising	-	250	250	-
Events and festivals	4,500	10,000	10,000	-
Legal Expenses	-	1,000	1,000	-
TOTAL EXPENDITURE	4,857	121,550	112,383	(9,167)
Income less Expenditure	75,969	49,564	64,609	15,046
PROJECTS				
EXPENDITURE				
Project Costs - Links Development	-	25,000	25,000	-
Sandown feasibility study	-	18,000	18,000	-
	-	43,000	43,000	-
To be added to reserves	75,969	6,564	21,609	15,046
Unaudited revenue reserves 22/23			792,645	
Change in value of investment portfolio to 30 June 2023			3,593	
Estimated outturn for 23/24			21,609	
Estimated revenue reserves 23/24 *			817,848	

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

MONITORING STATEMENT 2023/24
NAIRN COMMON GOOD FUND RESERVES
FOR PERIOD ENDING June 2223

APPENDIX 2

£000

Value of investment portfolio at 31.03.2023	558
Change in value of investment portfolio over 2023/24 Q1	4
Value of investment portfolio at 30.06.2023	<u>562</u>
 * Loans Fund balance (cash reserves) as at 31.03.2023	 248
Net creditors at 31.03.23	(13)
 Total reserves balance as at 30.06.23	 <u>797</u>
 Anticipated use of reserves during 2022/23:	
To be added to reserves/(fund core budget spend) (from Appendix 1)	65
To fund project spend (from Appendix 2)	(43)
	<u>22</u>
 Anticipated reserves as at 31.3.2024**	 <u>819</u>
 ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	 <u>819</u>

* unaudited

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