

Agenda Item	5
Report No	NC/19/23

THE HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 30 October 2023

Report Title: Nairn Common Good Fund
Quarter 2 Financial Monitoring Report 2023/24

Report By: Executive Chief Officer Communities and Place
Head of Corporate Finance

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 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 2 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 2 Revenue Monitoring Statement against Budget for 2023/24.

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 September 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 expected to come in slightly over target.

The actual Lettings figure shown at **Appendix 1** under Income reflects income invoiced in respect of the lettings at the Nairn Links, the bulk of which relates to 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 at Quarter 1 monitoring.

As previously reported, 100% of income in respect of NCGF invitation to pay parking accrues directly to the NCGF. Actual income of £13,792 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.

4.4 Expenditure

Property Maintenance – Limited expenditure has been incurred in the year to date however in house journal entry transactions are expected to show at Quarter 3 monitoring. As previously reported the approved budget is for:

- grass cutting and grounds maintenance
- Highlife Highland management fee for the Leisure Park and Splash Pad
- 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.

Events & Festivals - expenditure reported against the budget line has amounted to £5,251 which has been used to support the following local events:

- Nairn Book & Arts Festival £2,000
- Nairn Games massed pipes & drums £2,500
- Nairn Games waste bins provision £751

4.5 **Projects**

Project Costs – Links Development – the following costs are now showing in the ledger against this budget heading totalling £14,412:

- Former Tea room store demolition £9,210
- Splashpad Specialist cleaning £3,484
- Site preparation at the former jet wash site on Harbour Street £1,436
- Replacement play equipment £282

Community Food Growing Sandown Feasibility – Work by our in-house Transformation Project Team continues to progress on this project and as previously reported procurement is underway to engage a consultant to carry out this feasibility work. An invitation to quote was issued to the market on 29th August with a deadline of 13 October. As a result 3 consultancy bids have been received, evaluation of these bids is ongoing and it is intended that officers will make a contract award at the end of October 2023.

Harbour Street former public toilet site Feasibility – The Council's Design & Construction Team continue to develop options for the redevelopment of this site. As previously reported, 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, proposals will be brought before the next meeting of this Committee.

- 4.6 **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 £23,206 showing a slight increase on the figure reported in Quarter 1 monitoring.

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

4.6 **Sale of Investment Property**

Committee agreed on 15 May 2023 to dispose of the Grant Street Yard, the property was subsequently marketed and in line with the Committee decision taken on 7 August 2023 was then sold for £72,501. This capital receipt is shown under sale of investment property listed at **Appendix 1**.

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 1.0% over the quarter ending 30.09.23, in comparison to a benchmark return of 1.0%. On a year-to-date basis, the Fund is up 2.3% in contrast to a benchmark rise of 3.0%. The value of the investments at end of September 2023 was £0.556m. 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

Head of Corporate Finance

Date: 20 October 2023

Author: Lewis Hannah, Ward Manager
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**Nairn Common Good
Period to Sept 2023**

APPENDIX 1

	Actual £	Annual Budget £	Estimated Outturn £	Variance £
INCOME				
Rents	116,135	134,489	134,715	226
Lettings	17,271	12,500	18,000	5,500
Invitation to pay parking	13,792	24,000	24,000	-
Miscellaneous Income	-	125	125	-
TOTAL INCOME	<u>147,198</u>	<u>171,114</u>	<u>176,840</u>	<u>5,726</u>
EXPENDITURE				
Property maintenance	9,376	69,000	69,000	-
Electricity	1,087	2,000	2,000	-
Water charges	(37)	700	700	-
Rents, Rates and Insurance	97	3,600	3,600	-
Staff costs	1,573	22,000	12,833	(9,167)
Central support	4,003	10,000	10,000	-
Car parking costs	-	3,000	3,000	-
Advertising	290	250	250	-
Events and festivals	5,251	10,000	8,251	(1,749)
Legal Expenses	151	1,000	1,000	-
TOTAL EXPENDITURE	<u>21,790</u>	<u>121,550</u>	<u>110,634</u>	<u>(10,916)</u>
Income less Expenditure	<u>125,408</u>	<u>49,564</u>	<u>66,206</u>	<u>16,642</u>
PROJECTS				
EXPENDITURE				
Project Costs - Links Development	14,412	25,000	25,000	-
Sandown feasibility study	-	18,000	18,000	-
	<u>14,412</u>	<u>43,000</u>	<u>43,000</u>	<u>-</u>
To be added to reserves	<u>110,996</u>	<u>6,564</u>	<u>23,206</u>	<u>16,642</u>
Sale of investment property (to capital receipts reserve)	<u>-</u>	<u>-</u>	<u>72,501</u>	<u>72,501</u>
Unaudited revenue reserves 22/23			792,645	
Change in value of investment portfolio to 30 Sep 2023			(2,224)	
Estimated outturn for 23/24			<u>23,206</u>	
Estimated revenue reserves 23/24 *			<u>813,627</u>	

* 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 Sept 2223**

APPENDIX 2

	£000
Value of investment portfolio at 1.07.2023	562
Change in value of investment portfolio over 2023/24 Q2	<u>(6)</u>
Value of investment portfolio at 30.09.2023	556
* Loans Fund balance (cash reserves) as at 31.03.2023	248
Net creditors at 31.03.23	<u>(13)</u>
Total reserves balance as at 30.09.23	<u>791</u>
Anticipated use of reserves during 2022/23:	
To be added to reserves/(fund core budget spend) (from Appendix 1)	66
To fund project spend (from Appendix 2)	<u>(43)</u>
	<u>23</u>
Anticipated reserves as at 31.3.2024**	<u>814</u>
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	<u>814</u>

* unaudited

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