

The Highland Council

Agenda Item	10a
Report No	CIA/33/25

Committee: City of Inverness Area

Date: 18 August 2025

Report Title: Inverness Common Good Fund Financial Monitoring Q4 2024/25 and Q1 Financial Monitoring for 2025/26

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 This report presents the final outturn for financial year 2024/25, subject to completion of the audit of the Highland Council accounts and the budget monitoring position for the Inverness Common Good Fund (ICGF) as at 30 June 2025 Quarter 1. The report updates on any particular pressures in the current financial year.
- 1.2 An overall revenue surplus of £0.019m was incurred in 2024/25.

2 Recommendations

- 2.1 Members are asked to **scrutinise** and **note** the final financial monitoring report as detailed in Appendix 1 for the Inverness Common Good Fund for the year ended 31 March 2025 and also the financial monitoring report to 30 June 2025 as detailed in Appendix 2.

3 Implications

- 3.1 **Resource - Outturn Quarter 4 2024/25** – There are no resource implications as the outturn shows a modest underspend.
- 3.2 **Financial Monitoring 2025/26 (Quarter 1)** - The report notes that the latest projected overspend in this year's budget is £0.197m (core spend £2.683m; income £2.486m), however this includes carried forward commitments of £0.200m from the previous financial year. Meeting those liabilities will result in a drawdown from reserves.

This will result in anticipated reserves at 31 March 2026 of £4.840m (this does not take into account any potential movement in value of investments over the rest of the financial year).

- 3.3 **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.
- 3.4 **Risk** - There is a risk to the long-term sustainability of the Fund if over reliance is placed on reserves for the financing of revenue and any capital works.
- 3.5 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - In applying the budget to address agreed expenditure due consideration is given to meeting all statutory requirements and complying with the Council's own policies, practices and procedures in this regard.
- 3.6 **Gaelic** – No implications.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring/update report and therefore an impact assessment is not required.

5 Introduction

- 5.1 This report provides details of the final outturn for Quarter 4 2024/25 along with current financial monitoring as at 30 June 2025 for Quarter 1.

6 Final Outturn 2024/25

- 6.1 **Appendix 1** shows a surplus in income over expenditure, before capital projects, of £0.019m. The budget for the year showed an expected deficit of £0.353m, which was to cover 2023/24 commitments carried forward into 2024/25.
- 6.2 It should be noted that £0.200m of expenditure committed in 2024/25 was not spent and will therefore be carried forward into 2025/26.
- 6.3 Variances greater than £0.010m – Income
- 6.3.1 Rents and Lettings
- **Industrial Estates** - £0.025m – rent review increase in income
 - **Victorian Market** - £0.045m – new tenants and rent review increases
 - **Town House New Tenants** - £0.016m – new 3rd Party lets
 - **1-5 Church Street** - £0.193m – premium due early termination of lease

6.3.2 Other Income

- **Investment Income** - £0.142m – investment income greater than budgeted due market conditions; and
- **Victorian Market Service Charge** - £0.028m – income greater than budgeted.

6.4 Variances greater than £0.010m – Expenditure

6.4.1 Victorian Market Operations - £0.353m – includes an exceptional charge for electricity of £0.146m. This is currently under investigation with the Energy Team to verify costs incurred. Once concluded a balancing charge will be applied to the Service Charge account of each tenant which result in income to the ICGF.

6.4.2 Victorian Market Management - £0.025m – increased management resource to support market footfall.

6.4.3 Victorian Market Maintenance – (£0.019m) – lower than anticipated expenditure.

6.4.4 Victorian Market Service Charge - £0.190m – processes are currently on going to ensure funds are recovered from tenants. Further updates will be provided within future monitoring reports during 2025/26.

6.4.5 Victorian Market Marketing - £0.014m – This will be partially recovered though the tenants service charge as above.

6.4.6 Town House Maintenance – (£0.054m) – Lower than anticipated expenditure.

6.4.7 Town House Utilities and Cleaning - £0.020m – Due to increased rates and electricity charges.

6.4.8 Other Properties - £0.063m – includes £0.046m of electricity charges which are under investigation with the Energy Team.

6.4.9 Town Clerks Office – (£0.027m) – to be completed in 2025/26.

6.4.10 Other Properties (C/F) – (£0.057m) – Grants committed currently unspent including the Merkinch Local Nature Reserve.

6.4.11 Inverness Common Good Fund Grants – (£0.157m) - The budget of £0.370m comprised £0.209m for grants committed prior to 2024/25 and £0.161m for 2024/25 grant approvals:-

- Poverty and inequality - (£0.064m);
- Grants (C/F) – (£0.088m); and
- Other (C/F) – (£0.005m)

The underspend of £0.157m above relates largely to projects where funding had been agreed before or during 2024/25, but where the delivery of the project and all or part of the actual expenditure did not take place before the end of 2024/25.

- 6.4.12 Conference Development & Hospitality (C/F) - Grants committed currently unspent.
- 6.4.13 ICGF Promotions – (£0.012m) - Grants committed currently unspent.
- 6.4.14 Partnership Working - BID - £0.029m – agreed overspend at CIAC [May 2024](#) and [February 2025](#).
- 6.4.15 Community Events Contingency – (£0.020m) – contingency not required events within budget.
- 6.4.16 Festive Lights – £0.024m – additional installation and repair costs.
- 6.4.17 Central Support Charge - £0.065m – additional work in support of ICGF by Corporate Team.
- 6.4.18 Investment Advisor Fees - £0.029m – includes Adam & Co fees applied to portfolio management which should have been coded against investment income.

7 Financial Monitoring 2025/26 (Q1)

- 7.1 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 2025/26.
- **Appendix 2** shows core income and expenditure to 30 June 2025, the predicted year end outturn and the predicted variance.
 - **Appendix 3** shows the current detail of the Community Events & Festivals spend.
 - **Appendix 4** shows the reserves position for the fund to date, and projected value as at 31 March 2026.

8 Overview of 25/26 Budget Status

- 8.1 **Appendix 2** notes that the latest projected overspend in this year's budget is £0.197m (core spend £2.683m; income £2.486m), however this includes carried forward commitments of £0.200m from the previous financial year. Meeting those liabilities will result in a drawdown from reserves.
- 8.2 2025/26 Variances greater than £0.010m – Income
- Industrial Estates – Lease Premiums - £0.038m – lease renewal premium in respect an industrial unit at Longman.

8.3 2025/26 Variances greater than £0.010m – Expenditure

Town Clerk's Office - £0.035m – work carried over as referenced above under 2024/25.

8.4 **Appendix 3** shows the current detail of the Community Events spend.

8.5 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 decreased by 2.6% during the quarter to 30 June 2025 compared to the benchmark return of 4.1%. The value of the investments at 30 June 2025 was £4.533m.

8.6 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.

9 Investments and Reserves

9.1 **Appendix 3** shows the investments and reserves position for the fund as at 31 March 2025. This is provisional and subject to audit.

9.2 The Council has delegated power to manage 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 and Projects of the ICGF.

9.3 In this context, officers can confirm that the value of the fund decreased by 1.1% during the quarter ended 31 March 2025, in contrast to a benchmark return of 3.0%. On an annual basis, the Fund returned a 0.2% decrease in contrast to the benchmark return of 8.3%.

9.4 The provisional value of the investments at 31 March 2025 was £4.419m.

9.5 The value of Investments has decreased by £0.603m (12.0%) from 2023/24, £0.600m was drawn down during the year from the sale of investments to meet core spend and project liabilities. The following is a summary of the position at 31 March 2025:-

	£000
Opening value	5,022
Investment income	142
Management Fees	(24)
Transferred to Cash	(600)
Unrealised gains	(121)
Closing Value	4,419

9.6 **Appendix 4** shows the reserves position for the fund to date, and projected value at 31 March 2026. 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 before this committee for approval and if approved, this statement will be updated to show the financial impact on reserves.

Designation: Assistant Chief Executive - Place

Date: 4 August 2025

Author: David Haas, Senior Community Development Manager
(Inverness and South)
Lewis Hannah, Community Development Manager
Jennifer Johnston, Accountant

Background Papers: None

Appendices: Appendix 1 - ICGF Monitoring Statement 31 March 2024/25 -
Core Spend
Appendix 2 - ICGF Monitoring Statement 30 June 2025/26 –
Core Spend
Appendix 3 - ICGF Monitoring Statement 30 June 2025/26 –
Community Events
Appendix 4: ICGF Monitoring Statement 30 June 2025/26 -
Reserves

Appendix 1

MONITORING STATEMENT 2024/25 INVERNESS COMMON GOOD FUND CORE SPEND FOR PERIOD ENDING MARCH 25

	Classification	ACTUAL 24/25	Annual Budget 2024/25 £000	Variance £000
Victorian Market Operations	Cost Recovery	518	165	353
Victorian Market Management	Cost Recovery	94	69	25
Victorian Market Service Charge	Essential	364	174	190
Victorian Market Maintenance	Essential	136	155	(19)
Victorian Market Marketing	Essential	64	50	14
Town House Maintenance	Essential	41	95	(54)
Town House Utilities and Cleaning	Essential	170	150	20
Town House Future Planning	Essential	39	30	9
Other Properties	Essential	138	75	63
Town Clerks Office	Essential	15	42	(27)
Other Properties (c/f) **	Essential	10	67	(57)
ICG - Ness Islands & Bank	Essential	35	36	(1)
River Ness Fishings	Essential	12	20	(8)
ICGF Bowling Clubs	Essential	59	51	8
Winter Payments	Discretionary	225	223	3
ICGF Grants - Poverty and inequality	Discretionary	57	121	(64)
ICGF Grants - other	Discretionary	35	40	(5)
ICGF Grant - Whin Park	Discretionary	150	150	-
ICGF Grants (c/f) **	Discretionary	121	209	(88)
ICG - Civic Hospitality	Discretionary	78	75	3
ICG - Civic Contingency Fund	Discretionary	12	20	(8)
ICG - Town Twinning	Discretionary	7	10	(3)
ICGF - Conference Support	Discretionary	24	24	-
Conference Development and Hospitality (c	Discretionary	-	10	(10)
ICGF Promotions	Discretionary	13	25	(12)
City Promotions(c/f)	Discretionary	-	3	(3)
Partnership Working - BID	Discretionary	172	143	29
Partnership Working BIDS c/f	Discretionary	5	5	-
Community Events	Discretionary	172	177	(5)
Community Events contingency	Discretionary	-	20	(20)
Commemorative Bedding	Discretionary	-	7	(7)
CCTV	Discretionary	50	50	-
Inverness Town Clock & Steeple	Discretionary	2	-	2
Festive Lights	Cost Recovery	97	73	24
Property Management Fees	Cost Recovery	139	143	(4)
Central Support Charge	Cost Recovery	162	97	65
Investment Advisor Fees	Cost Recovery	39	10	29
Press & Public Relations	Cost Recovery	10	10	(0)
TOTAL EXPENDITURE		3,267	2,824	443
FUNDED BY:				
Rents & Lettings				
Industrial Estates		1,885	1,860	25
Victorian Market		222	177	45
Town House new tenants		71	55	16
ICG - Civic Hospitality		5	-	5
ICG - 1-5 Church Street		288	95	193
River Ness Fishing Rights		7	8	(1)
Other Properties Rents		38	30	8
		2,516	2,226	291
Other Income				
River Ness Fishings Income		12	20	(8)
Investment Income		142	-	142
Victorian Market Service Charge		208	180	28
Refund VAT Invest Mngt Fees		3	4	(1)
Contribution from Benevolent Funds for Landward Winter Pay		40	40	0
Int.On Rev. Balance Cr		11	1	10
TOTAL FUNDING		2,933	2,470	463
Surplus/(deficit) before projects		(334)	(353)	19

Unspent Commitments included in above

	c/f 2425
Other Properties (c/f) **	67
ICGF Grants (c/f) **	209
Conference Development and Hospitality (c/f)	10
City Promotions(c/f)	3
Partnership Working BIDS c/f	5
ICGF Grant - Whin Park	150
	444
	286

Appendix 2

MONITORING STATEMENT 2025/26 INVERNESS COMMON GOOD FUND CORE SPEND FOR PERIOD ENDING JUNE 25

		Actuals	Annual Budget	Estimated Outturns	Estimated
		25/26	2025/26	2526	Variance
Classification		£000	£000	£000	£000
Victorian Market Operations	Cost Recovery	107	35	35	-
Victorian Market Management	Cost Recovery	35	65	65	-
Victorian Market Service Charge	Essential	76	174	174	-
Victorian Market Maintenance	Essential	13	120	120	-
Victorian Market Marketing	Cost Recovery	10	0	0	-
Town House Maintenance	Essential	22	75	75	-
Town House Utilities and Cleaning	Essential	96	150	150	-
Town House Future Planning	Essential	2	0	0	-
Town House Enabling Works	Essential	0	100	100	-
Town Clerks office	Essential	0	15	50	35
Other Properties	Essential	3	65	65	-
Other Properties c/f	Essential	22	94	94	-
Ness Islands & Bank Maintenance	Essential	0	36	36	-
River Ness Fishings	Essential	0	15	15	-
ICGF Bowling Clubs	Essential	0	51	51	-
1-5 Church Street	Essential	0	0	0	-
Civic Amenity Spaces	Discretionary	0	44	44	-
TH Commercial Activities	Cost Recovery	3	0	0	-
Castle Hill clock	Discretionary	0	0	0	-
ICG - Civic Hospitality	Discretionary	8	73	73	-
ICG - Civic Contingency Fund	Discretionary	14	20	20	-
ICGF- Town Twinning	Discretionary	0	10	10	-
ICGF- Town Twinning c/f	Discretionary	0	1	1	-
Community Events	Discretionary	-17	220	220	-
Community Events contingency	Discretionary	0	50	50	-
Commemorative Bedding	Discretionary	0	0	0	-
Festive Lights	Cost Recovery	0	73	73	-
Winter Payments	Discretionary	0	237	237	-
ICGF Grants - Poverty and inequality	Discretionary	80	160	160	-
ICGF Grants - Poverty and inequality c/f	Discretionary	21	66	66	-
ICGF Grants - other	Discretionary	13	80	80	-
ICGF Grants - other c/f	Discretionary	0	21	21	-
Conference Support and Hospitality	Discretionary	8	30	30	-
Conference Development and Hospitality c	Discretionary	0	10	10	-
City Destination Projects	Discretionary	36	80	80	-
Operation Respect - Community Safety	Discretionary	10	11	11	-
Operation Respects Campaign	Discretionary	13	25	25	-
City Flowering	Discretionary	38	75	75	-
ICGF Promotions	Discretionary	6	50	50	-
ICGF Promotions c/f	Discretionary	5	8	8	-
CCTV	Discretionary	0	50	50	-
Property Management Fees	Cost Recovery	0	142	142	-
Central Support Charge	Cost Recovery	0	97	97	-
Investment Advisor Fees	Cost Recovery	0	10	10	-
Press & Public Relations	Cost Recovery	0	10	10	-
TOTAL EXPENDITURE		626	2,648	2,683	35
FUNDED BY:					
Rents & Lettings					
Industrial Estates		502	1,897	1,897	-
Industrial Estates - lease premiums		0	0	38	38
Victorian Market		48	197	197	-
Town House new tenants		15	56	56	-
TH Commercial Activities Income		0	0	0	-
ICG - 1-5 Church Street		25	98	98	-
River Ness Fishing Rights		1	5	5	-
Town House dilapidations		0	124	124	-
Other Properties Rents		8	30	30	-
		600	2,408	2,446	38
Other Income					
Fishing Assessment Dues		0	15	15	-
Refund VAT Invest Mngt Fees		0	4	4	-
Contribution from Benevolent Funds for Landward Winter Pay		0	20	20	-
Interest on Revenue Balances		0	1	1	-
TOTAL FUNDING		600	2,448	2,486	38
Surplus/(deficit) before projects		-26	(200)	(197)	3
Unspent Commitments included in above					
		c/f			
Other Properties c/f		22	94	94	
ICGF- Town Twinning c/f		0	1	1	
ICGF Grants - Poverty and inequality c/f		21	66	66	
ICGF Grants - other c/f		0	21	21	
Conference Development and Hospitality c/f		0	10	10	
ICGF Promotions c/f		5	8	8	
		48	200	200	

Appendix 3

Community Events Budget Monitoring FOR PERIOD ENDING JUNE 25

	ACTUAL YEAR TO DATE £
Income	
Income	(41,145)
	<u>(41,145)</u>
Expenditure	
Equipment	-
Event Office	22,571
Council Staff	-
Marketing	1,750
Licences	-
Security and First Aid	-
	<u>24,321</u>
Net Total Expense/(Income)	<u><u>(16,824)</u></u>

Appendix 4

MONITORING STATEMENT 2025/26 INVERNESS COMMON GOOD FUND RESERVES FOR PERIOD ENDING JUNE 25

	£000
Value of investment portfolio at 31.03.2025	4,419
Change in value of investment portfolio over 2025/26 Q1	113
Value of investment portfolio at 30.06.2025	4,532
* Loans Fund balance (cash reserves) as at 31.03.2025	251
Net Other Debtors/Creditors at 31.03.25	254
Total reserves balance as at 30.06.25	5,037
Anticipated use of reserves during 2025/26:	
To fund core budget spend (from Appendix 1)	(197)
To fund project spend (from Appendix 2)	-
Anticipated Reserves as at 31.03.2026**	4,840
ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS	4,840

* Unaudited

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