

# The Highland Council

Agenda Item	9a
Report No	CIA/41/25

**Committee:** City of Inverness Area

**Date:** 17 November 2025

**Report Title:** Inverness Common Good Fund Financial Monitoring Q2 for 2025/26

**Report By:** Assistant Chief Executive - Place

## 1 Purpose/Executive Summary

- 1.1 This report presents the budget monitoring position for the Inverness Common Good Fund (ICGF) as at 30 September 2025 Quarter 2. The report updates on any pressures in the current financial year.

## 2 Recommendations

- 2.1 Members are asked to
- i. **Scrutinise** and **note** the financial monitoring report to 30 September 2025 as detailed in Appendix 1; and
  - ii. **Agree** the allocation of funds from the Victorian Market Maintenance budget to support the outlined in Section 8 of this report

## 3 Implications

### 3.1 Resource

- 3.2 Financial Monitoring 2025/26 (Quarter 2) - The report notes that the latest projected overspend in this year's budget is £0.027m (core spend £3.105m; income £2.880m), 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 £5.033m (this does not consider 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 Financial Monitoring 2025/26 (Q2)**

5.1 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 1** shows core income and expenditure to 30 September 2025, the predicted year end outturn and the predicted variance.
- **Appendix 2** shows the current detail of the Community Events and Festivals spend.
- **Appendix 3** shows the reserves position for the fund to date and projected value as at 31 March 2026.

#### **6 Overview of 25/26 Budget Status**

6.1 **Appendix 1** notes that the latest projected overspend in this year's budget is £0.027m (core spend £3.105m; income £2.880m), however this includes carried forward commitments of £0.200m from the previous financial year. Meeting those liabilities will result in a drawdown from reserves.

6.2 2025/26 Variances greater than £0.010m – Income

Industrial Estates – Lease Premiums - £0.101m – lease renewal premium in respect an industrial unit at Longman.

Victorian Market – Service Charge – £0.124 – monies received as part of recharge to Graham & Sibbald.

### 6.3 2025/26 Variances greater than £0.010m – Expenditure

Victorian Market Operations - £0.100 – While this budget line currently shows an overspend, it is important to note that these operational costs are subject to cost recovery from market tenants. Once the recovery process is completed and tenant contributions are applied, the budget will be reimbursed and will be identified through the Victorian Market Income line.

Victorian Market Management - £0.017 – This was not included in the original budget forecast. There was miscoding error which has added to this budget line. This has now been resolved so that future reporting reflects accurate spend.

Victorian Market Service Charge - £0.026 – This budget variance has been identified due to service charges being applied to void units within the Food Hall area of the Victorian Market.

Although these units are currently unoccupied, the Council remains responsible for their apportioned share of service costs, which include utilities, cleaning, and general maintenance. These charges are necessary to maintain the overall operation and standards of the market, regardless of occupancy.

Officers are actively progressing with marketing and securing new tenancies for the vacant units. Increasing occupancy will help reduce the Council's share of service charges and bring this budget line back into balance.

Victorian Market Marketing - £0.025 Although this budget line currently shows a variance, these costs are subject to full cost recovery while this balance. It is also worth noting with this budget line that it was agreed that £0.025 to allocated to the Victorian Market Marketing form the ICGF Promotions. Marketing has played a key part in the promotion and success of the Victorian Market which has help to increase footfall and support businesses.

Town Clerk's Office - £0.035m – work carried from 2024/25. These works are part of an ongoing project to upgrade the former Town Clerk's office, with the aim of bringing the space up to a lettable standard. This forms part of the wider Inverness Town House strategy, which seeks to maximise the use of available space and generate income through new tenancies.

ICG Civic Contingency Fund - £0.041 – This budget shows an estimated variance due to additional costs incurred from Town Twinning Events, including a visit to St Valery.

These events are part of the Councils civic programme and an important role in maintaining and strengthening relationships. While they bring cultural and community benefits, they have resulted in higher-than-expected expenditure within this budget line. The variance reflects increased costs associated with travel, hospitality and event coordination and will be review as part of the year reporting.

- 6.4 **Appendix 2** shows the current detail of the Community Events spend. This budget is currently in line with the forecast and reflects costs associated with the Events Manager role, which is undertaken by an independent sub-contractor who is not an employee of the Council as well as the organisation of key events including the Inverness Highland Games and Civic Bonfire Event.

Any potential risk of overspend is being proactively managed and if required the £0.050m Community Events contingency budget allocated within the ICGF budget will provide a safeguard to ensure delivery of planned activities.

- 6.5 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 increased by 4.9% during the quarter to 30 September 2025 compared to the benchmark return of 5.2%. The value of the investments at 30 September 2025 was £4.753m.
- 6.6 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.

**Appendix 3** shows the investments and reserves position for the fund as at 31 March 2026. This is provisional and subject to audit.

## **7 Victorian Market – Power Supply Feasibility and Funding Request**

- 7.1 The Victorian market continues to operate successfully, with all available retail units currently. However, 3 remaining units are presently unoccupied due to limitations and existing electricity supply infrastructure. These units have been identified as suitable for food retail or other commercial uses subject to resolution of the power supply constraints.
- 7.2 Officers are actively progressing feasibility work to assess the viability of battery storage solutions as a means of providing the necessary power output to support units. This approach has been considering response to challenges of upgrading traditional supply routes within the constraints of the historic building.

The feasibility study will include:-

- the technical assessment of battery storage capacity and compatibility;
- cost analysis and installation requirements; and
- long term operational maintenance considerations

7.3 To support the proposed energy optimisation initiative at the Victorian Market, it is recommended that a sum of £0.010 be allocated from the Victorian Market maintenance budget to cover the following:-

- Feasibility Study and technical review, including power monitoring data and site assessment;
- initial planning and design of the batter storage solution; and
- preparatory works to enable any future installation

This investment directly supports the strategic objectives of the Victorian Market by seeking to improve its energy capacity to enable unit occupancy in the remaining void units.

If agreed, then a new budget line will be created to show the cost associated with these works.

Designation: Assistant Chief Executive - Place

Date: 28 October 2025

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City of Inverness & South  
Jennifer Johnston, Accountant

Background Papers: None

Appendices: Appendix 1 - ICGF Monitoring Statement 30 September 2025/26  
Core Spend  
Appendix 2 - ICGF Monitoring Statement 30 September 2025/26  
Community Events  
Appendix 3: ICGF Monitoring Statement 30 September 2025/26  
Reserves

**APPENDIX 1**  
**MONITORING STATEMENT 2025/26**  
**INVERNESS COMMON GOOD FUND CORE SPEND**  
**FOR PERIOD ENDING SEPT 25**

			Actuals	Revised	Annual Budget	Estimated	Estimated
	Classification	Category	25/26	Annual	2025/26	Outturns	Variance
			2025/26	Budget	2025/26	2025/26	2025/26
			£000	2025/26	£000	£000	£000
			✓	✓	✓	✓	✓
Victorian Market Operations	Cost Recovery	Property Costs - Victorian Market	271	215	35	315	100
Victorian Market Management	Cost Recovery	Property Costs - Victorian Market	50	73	65	90	17
Victorian Market Service Charge	Essential	Property Costs - Victorian Market	119	174	174	200	26
Victorian Market Maintenance	Essential	Property Costs - Victorian Market	60	135	120	135	-
Victorian Market Marketing	Cost Recovery	Property Costs - Victorian Market	22	0	0	25	25
Town House Maintenance	Essential	Property Costs - Town House	38	75	75	75	-
Town House Utilities and Cleaning	Essential	Property Costs - Town House	112	150	150	150	-
Town House Future Planning	Essential	Property Costs - Town House	0	0	0	0	-
Town House Enabling Works	Essential	Property Costs - Town House	0	100	100	100	-
Town Clerks office	Essential	Property Costs - Town House	8	15	15	50	35
Other Properties	Essential	Property Costs - General	41	65	65	65	-
Other Properties c/f	Essential	Property Costs - General	32	94	94	94	-
Ness Islands & Bank Maintenance	Essential	Property Costs - General	0	36	36	36	-
River Ness Fishings	Essential	Property Costs - General	0	15	15	15	-
ICGF Bowling Clubs	Essential	Property Costs - General	26	51	51	56	5
1-5 Church Street	Essential	Property Costs - General	0	0	0	0	-
Civic Amenity Spaces	Discretionary	Civic Costs	0	44	44	44	-
TH Commercial Activities	Cost Recovery	Civic Costs	4	0	0	4	4
Castle Hill clock	Discretionary	Civic Costs	1	0	0	1	1
ICG - Civic Hospitality	Discretionary	Civic Costs	18	73	73	73	-
ICG - Civic Contingency Fund	Discretionary	Civic Costs	25	20	20	61	41
ICGF- Town Twinning	Discretionary	Civic Costs	1	10	10	10	-
ICGF- Town Twinning c/f	Discretionary	Civic Costs	1	1	1	1	-
Community Events	Discretionary	Civic Costs	69	220	220	220	-
Community Events contingency	Discretionary	Civic Costs	0	50	50	50	-
Festive Lights	Cost Recovery	Civic Costs	0	73	73	73	-
Winter Payments	Discretionary	Grant Expenditure	0	237	237	237	-
ICGF Grants - Poverty and inequality	Discretionary	Grant Expenditure	95	190	160	190	-
ICGF Grants - Poverty and inequality c/f	Discretionary	Grant Expenditure	55	66	66	66	-
ICGF Grants - other	Discretionary	Grant Expenditure	15	50	80	50	-
ICGF Grants - other c/f	Discretionary	Grant Expenditure	0	21	21	21	-
Conference Support and Hospitality	Discretionary	Grant Expenditure	8	30	30	30	-
Conference Development and Hospitality c/f	Discretionary	Grant Expenditure	0	10	10	10	-
City Destination Projects	Discretionary	Resilient Inverness	36	80	80	80	-
Operation Respect - Community Safety	Discretionary	Resilient Inverness	10	11	11	11	-
Operation Respects Campaign	Discretionary	Resilient Inverness	18	25	25	25	-
City Flowering	Discretionary	Resilient Inverness	39	75	75	75	-
ICGF Promotions	Discretionary	Resilient Inverness	18	50	50	50	-
ICGF Promotions c/f	Discretionary	Resilient Inverness	5	8	8	8	-
CCTV	Discretionary	Resilient Inverness	0	50	50	50	-
Property Management Fees	Cost Recovery	Administrative & Central Support	0	142	142	142	-
Central Support Charge	Cost Recovery	Administrative & Central Support	0	97	97	97	-
Investment Advisor Fees	Cost Recovery	Administrative & Central Support	0	10	10	10	-
Press & Public Relations	Cost Recovery	Administrative & Central Support	0	10	10	10	-
<b>TOTAL EXPENDITURE</b>			<b>1,198</b>	<b>2,851</b>	<b>2,648</b>	<b>3,105</b>	<b>254</b>
<b>FUNDED BY:</b>							
<b>Rents &amp; Lettings</b>							
Industrial Estates			839	1,898	1,897	1,898	-
Industrial Estates - lease premiums			38	0	0	101	101
Victorian Market			95	197	197	197	-
Town House new tenants			25	56	56	56	-
TH Commercial Activities			2	0	0	2	2
ICG - 1-5 Church Street			50	98	98	98	-
River Ness Fishing Rights			3	5	5	5	-
Town House dilapidations			0	124	124	124	-
Other Properties Rents			16	30	30	30	-
			<b>1,068</b>	<b>2,409</b>	<b>2,408</b>	<b>2,512</b>	<b>103</b>
<b>Other Income</b>							
Fishing Assessment Dues			0	15	15	15	-
Investment Income			0	0	0	0	-
Victorian Market Service Charge			82	204	0	328	124
Refund VAT Invest Mngt Fees			0	4	4	4	-
Contribution from Benevolent Funds for Landward Winter Payments			0	20	20	20	-
Interest on Revenue Balances			0	1	1	1	-
<b>TOTAL FUNDING</b>			<b>1,150</b>	<b>2,653</b>	<b>2,448</b>	<b>2,880</b>	<b>227</b>
<b>Surplus/(deficit) before projects</b>			<b>-48</b>	<b>-200</b>	<b>(200)</b>	<b>(225)</b>	<b>(27)</b>

**APPENDIX 2**  
**Community Events Budget Monitoring**  
**FOR PERIOD ENDING SEPT 25**

	<b>ACTUAL YEAR TO DATE £</b>
<b>Income</b>	
Grants	(10)
Income	<u>(102,465)</u>
	(102,475)
 <b>Expenditure</b>	
Equipment	59,885
Event Office	79,082
Marketing	2,350
Transport Costs	335
Security and First Aid	<u>29,742</u>
	171,394
 <b>Net Total Expense/(Income)</b>	 <u><u><b>68,919</b></u></u>

**APPENDIX 3**  
**MONITORING STATEMENT 2025/26**  
**INVERNESS COMMON GOOD FUND RESERVES**  
**FOR PERIOD ENDING SEPT 25**

£000

Value of investment portfolio at 30.06.2025	4,532
Change in value of investment portfolio over 2025/26 Q2	221
Value of investment portfolio at 30.09.2025	<u>4,753</u>
 * 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	 <u>5,258</u>
 Anticipated use of reserves during 2025/26:	
To fund core budget spend (from Appendix 1)	(225)
To fund project spend (from Appendix 2)	-
 Anticipated Reserves as at 31.03.2026**	 <u>5,033</u>
 <b>ANTICIPATED RESERVES AFTER COMPLETION OF ALL PLANNED PROJECTS</b>	 <b><u>5,033</u></b>

\* Unaudited

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