Agenda Item	9c
Report No	CIA/39/26

The Highland Council

Committee:	**City of Inverness Area**
Date:	**17 August 2026**
Report Title:	**Inverness Comon Good Fund – Inverness Town House Financial Q1 Monitoring 2026/27**
Report By:	**Assistant Chief Executive - Place**

1 Purpose/Executive Summary

1.1 This report presents the budget monitoring position for the Town House to 31 May 2026.

1.2 This is a new report format for 2026/27 which will provide Members more power to scrutinise revenue costs and monitor progress on projects associate with the Town House as these are identified and agreed by this Committee.

1.3 This report provides a detailed breakdown of the income and expenditure within for The Town House in a newly produced format appendix showing cost items along with the overall budget.

2 Recommendations

2.1 Members are asked to:-

i. **Consider and** comment on the new report format set out within Appendix 1;

ii. **Note** the spend breakdown set out in Appendix 1;

iii. **Note** the changes to the budget lines in Section 6.1 which will be shown within the Revenue Monitoring Statement; and

iv. **Note** the intention to develop this new report format for the Town House through 2026/27 as detailed at section 8.1.

3 Implications

3.1 **Resource** - Financial implications are as outlined in this report. To enable more detailed scrutiny, implications will be identified based on the business units operating within the Town House, these being:-

1. Leases - to third parties which includes the Council;
2. Civic Events; and
3. Commercial Activities - for conferences, whole bookings to include weddings and other functions

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 **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.

3.4 **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.

3.5 **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 report and therefore no impact assessment is required.

5 Introduction

5.1 This report provides an update on spend within the Town House. It presents an overview of income and expenditure within the revenue monitoring statement budget headings, supported by a new appendix showing the what the costs relate to such as cleaning, electricity, waste management and rates costs.

This report reflects discussions regarding improved transparency and scrutiny of income and expenditure within Town House.

Going forward, the intention is to refine the appendix breakdown and reporting processes to provide greater clarity. This will support the development of a budget that better reflects current spending patterns and the resources required to effectively manage the Town House.

5.2 The primary function of the Town House is to provide a civic hub for the City. The Inverness Common Good Fund subcommittee oversees the funding of civic events through budgets allocated by City of Inverness Area Committee (CIAC). Use of civic space within the Town House continues to require investment both in terms of staff resource and improvements to the building's infrastructure and this report will assist Members in scrutinising the operation and delivery of this important function of the Town House

5.3 The Town House has tenants within the current lettable space which was marketed. This will bring income into the Town House of £0.147m annually. This is an inclusive rent which contribute to the running costs associated with the Town House.

Unlet space remains, however letting options are constantly under review with colleagues in Estates and will be discussed through the Town House Project Board with potential options presented to Members for consideration. Consideration on the operation of civic space will be considered as part of enabling more space to be let commercially.

5.4 The budget for the Town House as agreed at City of Inverness Area Committee on 2 February 2026 is set out below:-

Budget Heading	**Budget**
Income	
Town House Rents	£0.060m
Town House Commercial Activities	-
Total Income	£0.060m
Expenditure	
Town House Maintenance	£0.080m
Town House Utilities	£0.150m
TH Commercial Activities	-
Total expenditure	£0.230m

6 Revision of Budget Headings

6.1 A review of the 2025/26 budget associated with the Town House has been carried out. There is an identified need to set up new budget lines to improve monitoring of the income and expenditure and to assist members with the scrutiny process.

All spend was split between the budget lines detailed at section 5.4 of this report. Through reviewing the items charged to these budgets, it shown a wide range of items charged that didn't fit within the headings.

6.2 For 2026/27 the following budget lines will be set up for added transparency within the reporting:-

- **<u>Income</u>**

  <u>TH Lettings</u> – this was previously included within the Town House Rents. It was recognised that the Rents and Lettings are two separate items. Rents relate to the agreed occupation of areas marketed with a tenant within the building. The letting relate to single or multi bookings of spaces such as meeting rooms within the building.

- **Expenditure**

  - TH Operations – this new budget line will cover items that relate to the day-to-day operations within the building. This will include items such as staffing costs which are items such as staff uniforms and equipment along with training.

    This will allow the maintenance budget line to show only maintenance items.

  - TH Utilities and Cleaning – this budget line previously incorporated the rates associated with the building. This will now be spilt.

  - TH Rates – rates payments will be shown separately

7 Reprofiling of budget Lines

7.1 At the time of setting the 2026/27 budget, all financial information relating to the Town House was based on two quarters of financial data. Having reviewed the Q4 monitoring statement the following budget adjustments are being proposed for the Town House. This allows greater transparency but will also aid operational management:-

Budget Heading	Current Budget	Change	Reason
Income			
Town House Rents	£0.060m	£0.147m	Since the budget was set, there has been an increase in the number of tenants and the corresponding income.
TH Lettings	-	-	While this line shows nil budget, new coding will allow this line to show the income from individual letting with the TH e.g. for weddings, meeting room bookings, hall bookings.
TH Commercial Activities	-	-	The new income line will allow clear reporting of the income received form commercial events at the TH e.g. where the ICGF is running a bar operator.
Total		**£0.147m**	
Expenditure			
TH Utilities and Cleaning	£0.150m*	£0.057m	Previously TH rates and utilities and cleaning were in together as a budget heading.
Th Rates	£0.150m*	£0.093m	As above. Adjustment of budget line to reflect the rates payment only.

TH Commercial Activities	-	-	This line was previous show a nil budget in 25/26 budget. This line will remain to show expenditure related to commercial activities taking place at the TH e.g. bar stock to support running a commercial event.
TH Maintenance	£0.080m	£0.080m	Maintenance budget will remain with items previously charged to the maintenance budget showing the TH Operations line.
TH Operations	-	-	This budget line has been created to allow coding of the day-to-day operation items to be costed against. These items were traditionally charged against maintenance e.g. uniforms, equipment, training. For future years a budget will be set to reflect this spend. For 2026/27 the Maintenance and operations lines should balance.
TH Marketing	-	-	There is no current budget agreed for marketing however this line is to support any future decision by Members.
Total		**£0.230m**	

*previously one budget line for utilities and rates totalling £0.150m

7 TH Commercial Activities

7.1 Without compromising civic activity, the Town House is increasingly being used for commercial functions which bring income opportunity. Developments are at an early stage, but the number and range of functions is increasing as detailed below. A further update will be provided to November Committee.

To give the best chance to develop the Town House as a venue, the Town House team now undertake the delivery of any required bar function, which extends to external events such as Inverness Highland Games. This is going to produce an increasing income stream to support the Town House.

7.2 A breakdown of the room bookings for 25/26 is shown below. This covers all the various events within the building from weddings, civic receptions to basic room bookings. The income generated for last year was £0.024m.

25/26	
Main Hall	98
Cameron Room	5
Chamber	32
MacDonald Room	18
Mackenzie Room	21
Mackintosh Room	3
Ross Room	6
	183

For the current financial year the number of room bookings are outlined below:-

26/27	
Main Hall	16
Cameron Room	3
Chamber	11
MacDonald Room	5
Mackenzie Room	2
Ross Room	2
	39

The income to date for 2026/27 is just under £0.004m.

7.3 The works to support improving infrastructure, such as the upgrading of the former town clerk's office and potential projects to improve other facilities, will further enhance the capacity of the Town House to be a flexible event space utilising its unique position in the City Centre as an iconic location with a stunning external façade and a first-class internal space highlighting the heritage of the city.

7.4 All these developments will provide an ideal opportunity for the Town House to collaborate and enhance other facilities within the city such as the Inverness castle experience an existing hotel and general conferencing infrastructure.

8 Next Steps

8.1 Members should note that a new budget appendix has been created to supplement the overall Common Good Revenue Monitoring Statement. This appendix provides an additional level of detail on income and expenditure by breaking down the spend by its individual budget areas in addition to the headline spend areas. The enhanced breakdown is intended to add another level of transparency and give Members greater visibility of the income and expenditure.

This appendix should be noted as supplementary information for this paper but moving forward, and following comments from Members, the intention is to use this as the basis for the budget setting for year 2027/28, while improving the format through 2026/27.

8.2 Recognising the budget pressures within the Town House and the requirements to improve areas which will allows to expend on our Commercial activities.

Officers will continue to work to improve budget monitoring which also includes further works through the Town House Project Board to explore options for increasing use and income generation for the Town House.

An update on this work will be provided to the November committee. Key next steps include:-

- developing a programme of works that will support commercial activities within the Town House;
- continue to work and explore options within the Savills report that will increase income for the Town House;
- work with estates to look at how we can progress further areas for marketing to increase rental income;
- review resourcing to support events; and
- review any maintenance liabilities for the building and include in any future budget planning

Designation:	Assistant Chief Executive - Place
Date:	22 July 2026
Author:	David Haas, Senior Community Development Manager Mark Greig, Community Development Manager
Background Papers:	None
Appendices:	Appendix 1 – Town House Monitoring Statement

Appendix 1

APPENDIX 1
MONITORING STATEMENT 2026/27
Town House
For Period Ending May 2026

	Budget £000	Actuals £000		Actuals £
			Expenditure	
TH Maintenance	80	13	TH - Maintenance	12,542
			TH - Miscellaneous	325
TH Operations	-	1	TH - Licensing	-
			TH - Miscellaneous	877
			TH - Overtime	-
			TH - Staff Costs	-
			TH - Service Contract	579
TH Rates	93	89	TH - Rates	88,776
TH Utilities and Cleaning	57	7	TH - Cleaning	524
			TH - Gas	3,166
			TH - Cleaning	-
			TH - Electricity	2,697
			TH - Water	713
Town Clerks Office	-	2	TH - Service Contract	1,590
ICG - Civic Hospitality	69	7	TH - Marketing	200
			TH - Food	5,038
			TH - Equipment Hire	962
			TH - Miscellaneous	936
				118,923
			Income	
			TH - Lettings	3,580
			TH - Rents	5,250
			TH - Commercial Activities	961
				9,790
			Net Total Expense/(Income)	109,133