The Highland Council

Agenda Item	**8c**
Report No	**CIA/51/26**

Committee: **City of Inverness Area**

Date: **16 November 2026**

Report Title: **Inverness Common Good Fund – Victorian Market Financial Monitoring 2026/27 to September 2026**

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

1 Purpose/Executive Summary

1.1 This report presents the budget monitoring position for the Victorian Market to 30 September 2026.

1.2 This is the new report format continued for 2026/27 which will provide Members more power to scrutinise and monitor revenue costs associated with the Market.

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

2 Recommendations

2.1 Members are asked to **scrutinise and note** the spend breakdown set out within Appendix 1.

3 Implications

3.1 **Resource** – Financial implications are as outlined in this report. The original Business Plan for the Market envisaged a fully let market hall, which, as previously reported to committee, has not been possible due to the constraints on electricity. Work continues to enable all units to be let.

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 ICGF if over reliance is placed on reserves for the financing of revenue and any capital works. The Market is achieving the target set by the original business plan in respect of footfall increasing exponentially bringing not only benefit to the tenants within the Market but to the dwell time within the city centre. The revenue funding gap remains significant however, noting the increasing rent levels due to the increased footfall and with the potential of remaining units being let along with the recovery of further elements of the service charge currently met by the ICGF, risk to the ICGF will be reduced.

The agreement to develop a revised business plan will support and identify new ways to refine costs and increase income whilst not prejudicing the success of the market will further reduce risk and increase the potential of income to the ICGF.

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** – There are 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 an impact assessment is not required.

5 Introduction

5.1 This report provides an update on spend within the Victorian Market. 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 materials, electricity, waste management and water costs.

This report reflects the discussions around improved transparency and scrutiny of income and expenditure within the Market.

Officers will continue to refine the appendix breakdown and reporting processes to provide greater clarity. This will support the development of a budget to better reflect spending patterns and what is required to operate the Victorian Market, while seeking to reduce the deficit incurred through Service Charge costs.

5.2 Currently all units within the Market Arcade are occupied and rent being recovered through the tenants.

Within the food hall area there are 3 units currently unoccupied. These units are 1, 8 and 11. It is important to note that the costs associated with these units being void is covered by the ICGF. Unit 2, following a successful marketing exercise, is now fully let. The electricity load-balancing review will be carried out in the hope that a further Unit – most likely Unit 8 - will be able to be let, all of which reduces the ICGF's liability for Service Charge.

Unit 1 is currently being looked at as a potential non-food unit as 3 phase supply is currently not available at the unit.

Unit 11, former Sushi Inverness, has now vacated and the unit has been repurposed as a community space.

Works are being progressed to utilise the former superintendent's office as a rental income.

5.3 The budget for the Victorian Market, as agreed at City of Inverness Area Committee on 2 February 2026, is set out below:-

Budget Heading	**Budget**
Income	
Victorian Market – Rents	£200k
Victorian Market Service Charge	£545k
Total	**£745k**
Expenditure	
Victorian Market Operations	£440k
Victorian Market Management	£97k
Victorian Market Service Charge	£200k
Victorian Market Maintenance	£142k
Victorian Market Marketing	£50k
Total	**£929k**

5.4 It is important to note that the budget set out has a deficit forecast of **£184k**. This is created mainly by service charging which is not allocated to the tenants due to existing lease arrangements within the Market Arcade.

Work is ongoing to find a way to reduce this service charge deficit, with a full review of all expenditure across the whole Market facility. This, along with attempts to let the empty units in the food hall, as noted at 5.2, will reduce the cost to the ICGF significantly in respect of the liability for Service Charge and an increase in rental income.

6 Revised Budget Headings

6.1 As reported to the August Committee, a review of the 2025/26 budget associated with the Victorian Market was carried out. It was recognised that it was important 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 5.3 of this report.

6.2 A description of the budget headings which are contained within the Revenue Monitoring statement within **Appendix 1,** and detailed within the August report, are summarised within **Appendix 2**.

7 Income and Expenditure – Year to Date

7.1 **Appendix 1** sets out the spend in the Market to 30 September 2026/27. A description of each of these budget lines is detailed below, alongside the spend to 30 September 2026 and whether this is included within the service charge applied to tenants within the Foodhall.

Members should note that a new budget report format within **Appendix 1** 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 the Victorian Market for year 2027/28, while improving the format through 2026/27.

7.2 **Income**

Area of Spend	Current Spend Budget/Actual	What it Covers
Rents	£101,930	Income generated form rent payments
Service Charge	£58,298	Service recharge reimbursement
Miscellaneous		Other income streams

7.3 **Expenditure**

Victorian Market Operations

Area of Spend	Current Spend	What it Covers	Included in Service Charge
CCTV Service Charge	Nil	Annual Subscription for independent CCTV system within the Market	Y
Cleaning Materials	£3,946	Cleaning materials purchased for the cleaning of the Market Common Parts.	Y
Cyclical Maintenance	£800	This a structured programme of preventive maintenance works caried out and regular intervals throughout the year. An example is gutter and downpipe clearance.	Y when it relates to the lease agreement

Electricity	£50,442	Electricity costs covered through the Common Parts are shown here. This will include tenants' electricity which is then recharged back to tenants. It will show as income through the service charge.	Y – note that the amounts recharged back to the tenants relate to the Food Hall area only. Where we have voids then ICGF cover the costs
Equipment Hire	£660	Items that are on a hire contract which includes full servicing.	Y
ICT – Service Charge	£482	Covers costs relating public Wi-Fi within the Market.	Y
Landline Rental	232	Mobile phone costs	N
Licensing	Nil	The Premises Liquor License fees are included in this section	N
Maintenance	£9,441	This budget line includes a purchase of equipment relating to the cleaning operations of the building	Y where applicable regarding the lease agreement with the tenants.
Marketing	£192	This cost is relating to subscriptions costs and a miscoding which will be processed for next quarter	Y recharge at 100% back to tenants.
Miscellaneous	£1,893	These are costs out with the scope of the headings provided. Please note that we will refine as the year progresses and new lines will be shown within the appendix. The cost relate to signage works relating to the Market.	Y where applicable
Overtime	£8,892	Overtimes costs relating to additional requirements to staff time.	Y – but at a percent charged for the Foodhall area only
Pest Control	£469	Relates to services required for the Market.	Y
Rates	£9,127	Rates generated from the empty units.	N

Staff Costs	£134,673	Staff team cost in the day to running of the market	Y – but at a percentage covering the Foodhall area only
Staff Safety	£1,089	Shop safe radio subscription along with staff training	Y
Stationary	Nil	Purchase of stationary items.	Y
Toilets	£9,851	Costs of materials for the toilet facilities on site	N
Waste Management	£17,735	Waste disposal costs associated with a contract set up for collections	Y – service charge costs relating to the Market arcade are covered through the ICGF
Water	£3,175	Water metering charges.	N – tenants are responsible for own water metering costs. Water charges covered relate to ICGF areas not included in Service Charge.

7.4 **Victorian Market Management**

Area of Spend	Current Spend	What it Covers	Included in Service Charge
Staff Management Costs	£43,805	Management costs within the Market	N

7.5 **Victorian Market Service Charge**

Area of Spend	Current Spend	What it Covers	Included in Service Charge
Service Charge – G&S	£102,652	This cost relates to void services charges within the Food Hall along with the costs associated with the Market Arcade.	N

7.6 **Victorian Market Maintenance**

Area of Spend	Current Spend	What it Covers	Included in Service Charge
Maintenance	£34,260	This covers day to day maintenance items carried out. Included in these costs are cost associated with the preparation of unit 2 and unit 8 for occupation	Y where applicable regarding the lease agreement with the tenants.
Miscellaneous	£915	These are costs out with the scope of the headings provided. Please note that we will refine as the year progresses and new lines will be shown within the appendix. The cost relate to signage works relating to the Market	Y where applicable regarding the lease agreement with the tenants.

7.7 **Victorian Market Marketing**

Area of Spend	Current Spend	What it Covers	Included in Service Charge
ICT Service Charge	£54	Digital costs relating to marking	Y
Marketing	£21,864	This cost covers the market element of the VM. This is carried out by an external contractor	Y
Miscellaneous	£10		Y

7.8 Members are also invited to note that through the financial period of 2026/27 you may see increases in expenditure through the Victorian Market Operations budget. These costs are reviewed and, where applicable, will be included as part of the service charge back to the tenants.

When there is an increase in the operations, these costs will be also shown as part of income under Victorian Market Service Charge.

This proposed new reporting format for the Victorian Market is designed to assist Members in scrutinising any changes in spend during the financial year.

8 Works Ongoing

8.1 Recognising the budget pressures with the Market, works are ongoing to review the following:-

- current budgets set with Graham & Sibbald on the service charge and apportioned share % allocated;
- review of all current spends and savings applied where required;
- conclude the review for power supply so that unit 8 can be marketed;
- progress with a corporate banking solution option for Invitation to Pay for the Public Toilets; and
- review any maintenance liabilities for the building and include in any future budget planning.

8.2 In addition to the above, as agreed at the August Committee, work is underway to commission a revised 5-year Business Plan for the Victorian Market. Given the changes in operating environment and market conditions, an updated plan will reflect the current operations and identify new opportunities which will establish and develop a sustainable model for the future development and management of the Victorian Market. This will be progressed in line with the development of a Strategy and Financial Strategy for Inverness Common Good Fund.

Designation:	Assistant Chief Executive – Place
Date:	19 October 2026
Author:	David Haas, Senior Community Development Manager (City of Inverness & South) Mark Greig, Community Development Manager Jennifer Johnston, Accountant
Appendices:	Appendix 1 – Victorian Market cost breakdown Appendix 2 – Victorian Market Budget Headings

Appendix 1 – Victorian Market Cost Breakdown

APPENDIX 1
MONITORING STATEMENT 2026/27
Victorian Market
For Period Ending September 2026

	Budget £000	Actuals £000		Actuals £
			Expenditure	
Victorian Market Operations	440	254	CCTV - Service Charge	0
			Cleaning Materials	3,946
			Cyclical Maintenance	800
			Electricity	50,442
			Equipment Hire	660
			ICT - Service Charges	482
			Landline Rental	232
			Licencing	0
			Maintenance	9,441
			Marketing	192
			Miscellaneous	1,893
			Overtime	8,892
			Pest Control	469
			Project Costs	540
			Rates	9,127
			Staff Costs	134,673
			Staff Safety	1,089
			Stationery	0
			Toilets	9,851
			Waste Management	17,735
			Water	3,175
Victorian Market Management	97	44	Staff Management Costs	43,805
Victorian Market Service Charge	200	103	Service Charge - G&S	102,652
Victorian Market Maintenance	142	35	Maintenance	34,260
			Miscellaneous	915
Victorian Market Marketing	50	22	ICT - Service Charges	54
			Marketing	21,864
			Miscellaneous	10
				457,197
			Income	
			Miscellaneous Income	0
			Rents	101,930
			Service Charge - G&S	58,298
				160,229
			Net Total Expense/(Income)	296,969

Appendix 2

Summary of Victorian Market Budget Headings

Income

Victorian Market Rents – these costs are relating to the income generated for the rental properties.

Rents will be reviewed through our Estates team as required. At each review point any adjustments will be assessed and negotiated to ensure alignment with current commercial market rental values.

Victorina Market Service Charge – these are the costs which are recovered through the Market tenants.

Graham & Sibbald (G&S) act as the Council's managing agent for the property. Under this arrangement, they are responsible for collecting rental income and service charge related items. These finds are held with the Council being reimbursed through the service recharge process. These costs are managed through an apportioned share % agreed for each unit.

As the Market has now established itself, a further review of service charge heads of expenditure and the elements that can be properly brought into this account for recovery is being undertaken.

Importantly, service charge provisions only apply to the food hall tenants due to grandfather rights existing for the tenants in the Market Arcade, who pay an all-inclusive rent and therefore are not subject to the variables of the service charge.

Expenditure

All expenditure with exception to the Service Charge within the expenditure lines are part of the cost recovery through G&S.

The budget headings are all explained within this section.

Victorian Market Operations – the operations costs are generated for the day to day running of the market. Within these costs the following are included: -

- staff costs (excluding the market manager);
- utilities;
- rates;
- cleaning;
- management of the toilets (not included in recharging);
- Market Arcade area;
- ICT costs;
- equipment hires; and
- stationery and service charge management costs

Victorian Market Management - These costs relate to the management of the Victorian Market. The relevant budget line includes cost recovery as a key element, with costs to be apportioned and recharged through a service charge to the Food Hall area only. At present, no costs are recoverable through rents charged to Victorian Market Arcade tenants via a service charge as detailed at 6.3. The expenditure, recoverable through rental income, primarily relates to salary costs, including approved overtime and standby payments for on-call requirements, as well as other statutory costs such as superannuation and the apprenticeship levy.

Victorian Market Service Charge – this budget line reflects the service costs associated with the Market Arcade area and empty unts within the Food Hall as detailed at 6.3.

These costs are fully covered by the ICGF.

Victorian Market Maintenance - This budget line has a part cost recovery relating to the Food Hall area only. Market Arcade is covered by ICGF for Common Areas.

- The Council's responsibilities are that we are responsible for the repair of the structure, roof, foundations, exterior, common parts, and shared mechanical and electrical services where applicable within the building. Any recharge back to the tenants is done through the apportioned share where applicable.

- The tenants' responsibilities are they must keep their premises including fixtures, fittings and internal surfaces in good and substantial repair, clean and tidy and maintain any mechanical and electrical plant serving the premises.

Victorian Market Marketing – this function is provided through a third-party provider which is externally procured. From 2025/26 this is fully rechargeable through the service change.

The Market marketing function encompasses the overall management and delivery of promotional activity for the venue. This includes overseeing the marketing budget, organising and delivering events and managing the Victorian Market website and its content. The function is responsible for designing and implementing all promotional materials, both print and digital, as well as signage and in-market displays. It also manages the digital screens within the Market and maintains active partnerships with key organisations such as Inverness BID, VisitScotland, Visit Inverness Loch Ness and a range of local and national partners. Regular communication with market tenants is maintained, alongside a consistent social media presence, with a minimum of five posts per week to promote the Market, its traders and events.