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| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  21 August 2014 | AGENDA ITEM  REPORT No HLH /14 |

## **FINANCE REPORT - Report by Chief Executive**

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| **Summary** This report provides Directors with an update on the financial performance of High Life Highland for the period ending 30 June 2014 and provides information on contracts awarded since the previous meeting of the Board.  It is recommended that Directors note:-   1. the current financial position of High Life Highland as detailed in **Appendix A**; 2. the financial results for the 3 months to 30 June 2014 reports a positive variance on budget of £2,207; 3. the projected final out-turn for the year remains on target to the approved budget; and 4. the award of contracts to Summit Web Solutions, Dynam Ltd, Achins Bookshop, EQ Sport, Lucy Woodley/Kirsten Body. |

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| **1.** | **Business Plan Contribution** |
| 1.1 | This report supports the highlighted Business Outcome from the High Life Highland (HLH) Business Plan:   1. A positive company image 2. A growing company 3. Delivery of the contract with THC 4. Increased awareness of our products and services 5. Increased customer satisfaction 6. **Increased financial sustainability** 7. Increased internal collaboration 8. Increased staff satisfaction 9. Safety & environmental compliance |
| **2.** | **Background** |
| 2.1 | Directors of HLH receive a Finance Report on a bi-monthly basis. The primary purpose of the report is to summarise the financial performance of the organisation and its subsidiaries. |
| **3.** | **Financial Performance to 30 June 2014** |
| 3.1  3.2  3.3  3.4  3.5 | The outturn figure for the period to 30 June 2014 has been prepared.  HLH’s consolidated financial performance for the year is summarised by the 9 business areas at **Appendix A.** The outturn for the period is split by cost category (revenues, staff costs and other costs) at **Appendices B**.  This shows total revenues in excess of budget by £141K (mainly due to timing of grant receipts upfront at the start of the year primarily in Youth work), staff costs over budget by £104K and other costs over budget by £35K (mainly due to timing differences).  The additional income in Youth Work must be analysed in conjunction with the additional staff costs incurred as a result of receiving the grants.  A commentary on the major variances is provided at **Appendix C**. |
| **4** | **Tenders Approved / Contracts Awarded**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | 1 | Summit Web Solutions Ltd | High Life Highland Website | Jun 14-Dec 16 | Set-up £16650 with ongoing hourly support rate | | 2 | Dynam Ltd | Creative Design | Jul 14-Jun 15 | Monthly limit to be set | | 3 | Achins Bookshop | Supply of requested Library material | Aug 14-Jul 17 | 12.5% discount on purchases | | 4 | EQ Sport  (Finella Annand) | Facility Management Services at Pefferside Park | Jul 14-Mar 17 | N/A | | 5 | Lucy Woodley/Kirsten Body | Exhibition Support Services at IMAG | Aug 14-Jul 15 | £110 per day based on 10 days per month | |
| 4.1 |
| **5.**  5.1  5.2 | **Internal Audit – 2014**  TheInternal Audit for 2014 on Banking and Cash Receipting has been completed. The detailed report has been reviewed by the Finance and Audit Committee at their meeting held on 7 August 2014 with the Internal Auditor, John Campbell from the Highland Council.  The internal audit report concluded that there was substantial assurance offered by the systems in place. |
| **6.** | **Implications** |
| 6.1  6.2  6.3 | Resource Implications – there are no new resource implications arising from the content of this report  Legal Implications – there are no new legal implications arising from the content of this report.  Risk Implications – there are no new risks arising from the content of this report*.* |

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| Recommendation It is recommended that Directors note:-   1. the current financial position of High Life Highland as detailed in **Appendix A**; 2. the financial results for the 3 months to 30 June 2014 reports a positive variance on budget of £2,207; 3. the projected final out-turn for the year remains on target to the approved budget; and 4. the award of contracts to Summit Web Solutions, Dynam Ltd, Achins Bookshop, EQ Sport, Lucy Woodley/Kirsten Body. |

Signature:

Designation: Chief Executive

Date: 7 August 2014

**Summary Results - Consolidated** **APPENDIX A**

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| **CONSOLIDATED** | Annual Budget | Budget YTD | Actual -YTD | Variance YTD |
| Income | £21,842,517 | £1,938,584 | £2,079,844 | £141,260 |
| Other Costs | (£5,615,117) | (£899,239) | (£934,265) | (£35,026) |
| Staff Costs | (£16,227,400) | (£4,074,237) | (£4,178,264) | (£104,027) |
| Surplus ( Deficit) | £0 | (£3,034,892) | (£3,032,685) | £2,207 |

**Breakdown of Results – By Activity APPENDIX B**

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| **Activity** | Annual Budget | Budget YTD | Actual -YTD | Variance YTD |
| Adult | (£763,555) | (£164,401) | (£164,337) | £64 |
| Archives | (£611,727) | (£174,279) | (£173,910) | £369 |
| Arts | (£289,294) | (£83,554) | (£82,662) | £892 |
| Central Admin. | (£210,092) | (£43,720) | (£43,476) | £244 |
| Facilities | (£2,278,121) | (£575,854) | (£574,610) | £1,244 |
| Libraries | (£3,926,468) | (£906,852) | (£914,829) | (£7,977) |
| Management | (£1,746,733) | (£559,690) | (£558,485) | £1,205 |
| Museums | (£552,998) | (£142,420) | (£141,393) | £1,027 |
| Outdoor | (£145,270) | (£24,240) | (£23,894) | £346 |
| Sport | (£501,956) | £91,842 | £94,723 | £2,881 |
| Youth-work | (£1,736,481) | (£451,725) | (£449,813) | £1,912 |
| Surplus ( Deficit) | £0 | (£3,034,892) | (£3,032,685) | £2,207 |

**Breakdown of Variance - By Activity Appendix B Contd.**

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| **Services** | Variance - Income | Variance - Other Costs | Variance - Staff | Variance - Total |
| Adult | £20 | £12,495 | (£12,451) | £64 |
| Archives | £390 | (£1,593) | £1,572 | £369 |
| Arts | £11,174 | (£6,580) | (£3,702) | £892 |
| Central Admin. | £0 | £244 | £0 | £244 |
| Facilities | £737 | (£2,501) | £3,008 | £1,244 |
| Libraries | (£2,257) | (£703) | (£5,016) | (£7,977) |
| Management | £708 | £1,736 | (£1,239) | £1,205 |
| Museums | £961 | (£134) | £200 | £1,027 |
| Outdoor | £30,824 | (£25,158) | (£5,319) | £346 |
| Sport | £18,287 | (£3,977) | (£11,429) | £2,881 |
| Youth-work | £80,416 | (£8,854) | (£69,650) | £1,912 |
| Surplus ( Deficit) | £141,260 | (£35,026) | (£104,027) | £2,207 |

**Explanation of Variance – By Activity Appendix C**

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| **Services** | **Variance - Total** | **Income** | **Other Costs** | **Staff Costs** |
| Adult | £64 | On target | Ref:Redundancy Cost Offset | Redundancy Costs £11K |
| Archives | £369 | On target | On target | On target |
| Arts | £892 | Additional Income from Consultancy THC - | Exhibits (£2.7K) and Printing and Promotional Works (£4K) Seasonal - Will reverse during the year) | Acting up allowance and Cover ref: Additional Income |
| Central Admin. | £244 | N/A | On target | N/A |
| Facilities | £1,244 | On target | On target | On target |
| Libraries | (£7,977) | Vending Income budgeted did not materialise | On target | Season – Will come in on budget for the year |
| Management | £1,205 | On target | On target | On target |
| Museums | £1,027 | On target | On target | On target |
| Outdoor | £346 | Additional Income (Outdoor Activities) | Equipment Costs - Running additional Activities | Additional Tutor Costs of running activities |
| Sport | £2,881 | Additional Income generated by Active schools from activities | Additional costs for running the ASC Activities | Additional Staff Costs - ASC Activity |
| Youth work | £1,912 | Grants Received - for youth work programme | Additional Other costs paid out of fund | Additional Staff costs paid out of fund |
| Surplus ( Deficit) | **£2,207** |  |  |  |