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| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  25 June 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 31 May 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 2 months to 31 May 2014 reports a positive variance on budget of £3,566; 3. the projected final out-turn for the year remains on target to the approved budget; and 4. the award of contracts to Gladstone £30K and Cision UK £21K. |

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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 31 May 2014** |
| 3.1  3.2  3.3 | The outturn figure for the period to 31 May 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 and C**.  This shows total revenues in excess of budget by £31K (mainly due to timing of Grant receipts upfront at the start of the year), staff costs over budget by £5K and other costs over budget by £22K (mainly due to timing differences). A commentary on the major variances is provided at **Appendix D**. |
| **4** | **Tenders Approved / Contracts Awarded**   |  |  |  |  | | --- | --- | --- | --- | | Gladstone MRM Ltd | High Life Membership Cards | May14 - Mar 16 | £30,000 | | Cision UK Ltd | Media Monitoring Services | Jun 14 - Mar 16 | £21,000 | |
| 4.1 |
| **5.** | **Implications** |
| 5.1  5.2  5.3 | 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 2 months to 31 May 2014 reports a positive variance on budget of £3,566; 3. the projected final out-turn for the year remains on target to the approved budget; and 4. the award of contracts to Gladstone £30K and Cision UK £21K. |

Signature:

Designation: Chief Executive

Date: 13 June 2014

**APPENDIX A**

**Consolidated results for the YTD 2013/14 and Breakdown by Charity and Trading Companies**

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| COMPANY | Annual Budget | YTD Budget | Actual YTD | Variance YTD |
| Income | £21,637,577 | £4,531,674 | £4,562,319 | £30,644 |
| Other Costs | (£5,353,377) | (£563,546) | (£586,002) | (£22,456) |
| Staff Costs | (£16,284,200) | (£2,718,679) | (£2,723,301) | (£4,622) |
| Grand Total | £0 | £1,249,449 | £1,253,015 | £3,566 |
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|  |  |  |  |  |
| CHARITY | Annual Budget | YTD Budget | Actual YTD | Variance YTD |
| Income | £21,152,626 | £4,444,504 | £4,488,989 | £44,485 |
| Other Costs | (£5,147,396) | (£527,595) | (£551,142) | (£23,547) |
| Staff Costs | (£16,284,200) | (£2,718,679) | (£2,739,301) | (£20,622) |
| Grand Total | (£278,970) | £1,198,230 | £1,198,545 | £316 |
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| TRADING | Annual Budget | YTD Budget | Actual YTD | Variance YTD |
| Income | £484,951 | £87,170 | £89,329 | £2,159 |
| Other Costs | (£205,981) | (£35,951) | (£34,860) | £1,091 |
| Grand Total | £278,970 | £51,220 | £54,470 | £3,250 |
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**APPENDIX B**

**Breakdown of Variance by Service against budget.**

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| **Service** | **Annual Budget** | **YTD Budget** | **Actual YTD** | **Variance YTD** |
| Adult | (£763,555) | (£111,878) | (£110,488) | £1,390 |
| Archives | (£611,727) | (£111,754) | (£111,226) | £528 |
| Arts | (£289,294) | (£50,895) | (£51,221) | (£326) |
| Central Administration | (£211,092) | (£14,523) | (£15,023) | (£500) |
| Facilities | (£2,334,921) | (£433,977) | (£439,374) | (£5,397) |
| Libraries | (£3,925,468) | (£583,381) | (£589,633) | (£6,252) |
| Management | (£1,527,884) | (£418,336) | (£418,856) | (£519) |
| Museums | (£552,998) | (£78,150) | (£73,834) | £4,316 |
| Outdoor | (£145,270) | (£16,036) | (£19,720) | (£3,683) |
| Sport | (£466,356) | (£244,727) | (£235,018) | £9,710 |
| Youthwork | (£1,736,481) | (£298,618) | (£294,319) | £4,299 |
| Total | (£12,565,046) | (£2,362,276) | (£2,358,710) | £3,566 |
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**APPENDIX C**

**Variance by Service and Breakdown of Variance by Category for each sector**

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| **Service** | **Variance - Income** | **Variance - Other Costs** | **Variance -Staff Costs** | **Variance - Total** |
| Adult | £20 | £1,537 | (£167) | £1,390 |
| Archives | £122 | (£32) | £438 | £528 |
| Arts | £5,561 | (£2,396) | (£3,491) | (£326) |
| Central Administration | (£0) | (£500) | £0 | (£500) |
| Facilities | (£5,571) | (£456) | £631 | (£5,397) |
| Libraries | (£2,068) | (£4,310) | £126 | (£6,252) |
| Management | £2,183 | (£2,245) | (£457) | (£519) |
| Museums | (£621) | (£1,694) | £6,631 | £4,316 |
| Outdoor | £1,634 | (£4,564) | (£754) | (£3,683) |
| Sport | £18,774 | (£2,247) | (£6,817) | £9,710 |
| Youthwork | £10,610 | (£5,549) | (£762) | £4,299 |
| Total | £30,644 | (£22,456) | (£4,622) | £3,566 |

**APPENDIX D**

**Variance Report – Explanation**

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| **Service** | **Variance - Total** |  |
| Adult | £1,390 |  |
| Archives | £528 |  |
| Arts | (£326) |  |
| Central Administration | (£500) |  |
| Facilities | (£5,397) | Timing of Income Generation |
| Libraries | (£6,252) | Timing of Rental Charges - Will reverse during the year |
| Management | (£519) |  |
| Museums | £4,316 | Staff Profiling HFM - Variance will reverse |
| Outdoor | (£3,683) |  |
| Sport | £9,710 | Timing of Grant Income ( grants received up front at the start of the year) |
| Youth-work | £4,299 | Timing of Grant Income ( grants received up front at the start of the year) |
| Total | £3,566 |  |