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| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  28 October 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 August 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 5 months to 31 August 2014 reports a positive variance on budget of £4,628; 3. the projected final out-turn for the year remains on target to the approved budget; and 4. the award of contracts to Cobbs Catering. |

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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 August 2014** |
| 3.1  3.2  3.3  3.4 | The outturn figure for the period to 31 August 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 **Appendix B**.  This shows total revenues in excess of budget by £177K (mainly due to timing of grant receipts upfront at the start of the year primarily in Youth Work and Sports together with seasonal activity in Outdoor Activities), staff costs over budget by £80K and other costs over budget by £93K (mainly down to the associated costs of delivering increased activity in Outdoor activity, Youth work and Sports). The additional income in Youth Work, Sport and Outdoor Activities must therefore be analysed in conjunction with the additional staff costs and other costs incurred as a result of receiving the grants – Summary table 3.4 shows the net effect.  Summary results – Youth Work, Sports and Outdoor Activities   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Activity** | YTD Variance - Income | YTD Variance - Other costs | YTD Variance - Staff Costs | YTD - Total Variance | | Outdoor | £24,622 | (£16,900) | (£9,803) | (£2,081) | | Sport | £42,109 | (£13,633) | (£28,709) | (£234) | | Youth-work | £90,340 | (£28,090) | (£61,601) | £649 | | Surplus ( Deficit) | £157,071 | (£58,624) | (£100,113) | (£1,666) |   A commentary on the major variances (over £5K) is provided at **Appendix C**. |
| **4**  4.1 | **Tenders Approved / Contracts Awarded**   |  |  |  |  | | --- | --- | --- | --- | |  | **Contractor** | **Services** | **Contract Duration** | | 1 | Cobbs Catering | Provision of Catering Services at IMAG | Oct ’14 – Sept ‘17 | |
| **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 5 months to 31 August 2014 reports a positive variance on budget of £4,628; 3. the projected final out-turn for the year remains on target to the approved budget; and 4. the award of contracts to Cobbs Catering. |

Signature:

Designation: Chief Executive

Date: 10 October 2014

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

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| **Consolidated Results** | Annual Budget | YTD Budget | YTD Actual | Variance |
| Income | £21,971,467 | £10,270,500 | £10,447,967 | £177,467 |
| Other Costs | (£5,752,975) | (£1,309,748) | (£1,402,280) | (£92,532) |
| Staff Costs | (£16,218,492) | (£6,775,201) | (£6,855,508) | (£80,307) |
| Surplus ( Deficit) | £0 | £2,185,551 | £2,190,180 | £4,628 |

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

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| **Activity** | Annual Budget | YTD Budget | YTD Actual | Variance |
| Adult | (£710,555) | (£240,092) | (£237,445) | £2,647 |
| Archives | (£584,727) | (£273,140) | (£272,761) | £379 |
| Arts | (£289,294) | (£129,427) | (£130,927) | (£1,500) |
| Central Administration | (£210,092) | (£44,638) | (£44,639) | (£0) |
| Facilities | (£2,278,121) | (£842,620) | (£844,684) | (£2,063) |
| Libraries | (£3,926,468) | (£1,530,691) | (£1,531,323) | (£632) |
| Management | (£1,826,733) | (£793,591) | (£794,025) | (£433) |
| Management - H &W Project | £0 | £0 | £172 | £172 |
| Museums | (£552,998) | (£228,505) | (£220,780) | £7,725 |
| Outdoor | (£145,270) | (£47,004) | (£49,085) | (£2,081) |
| SLA | £12,762,695 | £7,223,450 | £7,223,450 | £0 |
| Sport | (£501,956) | (£132,738) | (£132,972) | (£234) |
| Youth-work | (£1,736,481) | (£775,452) | (£774,803) | £649 |
| Surplus ( Deficit) | £0 | £2,185,551 | £2,190,180 | £4,628 |

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

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| **Activity** | YTD Variance - Income | YTD Variance - Other costs | YTD Variance - Staff Costs | YTD - Total Variance |
| Adult | (£1,188) | £2,743 | £1,091 | £2,647 |
| Archives | (£164) | (£2,858) | £3,401 | £379 |
| Arts | £16,098 | (£12,536) | (£5,062) | (£1,500) |
| Facilities | (£11,491) | (£1,700) | £11,128 | (£2,063) |
| Libraries | (£8,523) | (£42) | £7,934 | (£632) |
| Management | £8,840 | (£9,699) | £425 | (£433) |
| Management - H &W Project | £8,343 | (£8,171) | £0 | £172 |
| Museums | £8,481 | (£1,644) | £888 | £7,725 |
| Outdoor | £24,622 | (£16,900) | (£9,803) | (£2,081) |
| SLA | £0 | £0 | £0 | £0 |
| Sport | £42,109 | (£13,633) | (£28,709) | (£234) |
| Youth-work | £90,340 | (£28,090) | (£61,601) | £649 |
| Surplus ( Deficit) | £177,467 | (£92,531) | (£80,307) | £4,629 |

**Explanation of Major Variance (Over £5K) – By Activity Appendix C**

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|  | Total | Income | Other Costs | Staff Costs |
| Arts | (£1,500) | Income Over budget - Additional Income from THC for consultancy ( Staff Member) | Costs Over Budget -Exhibits and Consultancy to cover Manager backfill | Costs Over Budget - Acting up allowance and Cover ref: Additional Income |
| Facilities | (£2,063) | Income under budget due to delay in refurbishment of Invergordon and the take - over of Hilton Community Centre- Is forecasted to come on budget to year end | On target | Costs under budget - seasonal may reverse is likely to come on target to year end |
| Libraries | (£632) | Income under budget Vending and lending Audio Visual | On target | Costs Under Budget - Staff Vacancies |
| Management | (£433) | Income Over budget - Consultancy fees with the THC | Costs Over Budget -Travel & Hospitality & Cleaning supplies Areas being addressed with cost curtailment committee | On target |
| Management - H &W Project | £172 | Income over Budget -Grant Income Received | Costs over Budget - Associated costs with delivering Programme | N/A |
| Museums | £7,725 | Income Over budget - HFM | Costs Over Budget -Associated Cost of Sales for additional income HFM | On target |
| Outdoor | (£2,081) | Income Over Budget -Additional Income generated from Activities | Costs Over budget - Associated costs of delivering additional Programme | Costs Over budget - Additional Tutor Costs of running activities |
| Sport | (£234) | Income Over Budget Additional Income generated by Active schools from activities | Costs Over budget - Additional costs for running the ASC Activities | Costs Over Budget - Additional Staff Costs - ASC Activity |
| Youth-work | £649 | Income Over Budget – Grants Received - for youth work programme | Costs Over Budget - Additional Other costs paid out of fund | Cost over budget - Additional Seasonal Staff costs paid out of fund |
| Surplus ( Deficit) | **£4,629** |  |  |  |