

## TRUSTS AND CHARITIES COMMITTEE – 14<sup>TH</sup> JUNE 2019

<b>Title of paper:</b>	Bridge Estate Post-Audit Financial Outturn 2018/19	
<b>Director(s)/ Corporate Director(s):</b>	Laura Pattman Strategic Director of Finance	<b>Wards affected:</b>
<b>Report author(s) and contact details:</b>	Tom Straw, Senior Accountant – Capital Programmes <a href="mailto:thomas.straw@nottinghamcitygov.uk">thomas.straw@nottinghamcitygov.uk</a> 0115 8763659	
<b>Other colleagues who have provided input:</b>	Bevis Mackie, Senior Estates Surveyor	
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>		
<b>Relevant Council Plan Key Theme:</b>		
Strategic Regeneration and Development		<input type="checkbox"/>
Schools		<input type="checkbox"/>
Planning and Housing		<input type="checkbox"/>
Community Services		<input type="checkbox"/>
Energy, Sustainability and Customer		<input type="checkbox"/>
Jobs, Growth and Transport		<input type="checkbox"/>
Adults, Health and Community Sector		<input type="checkbox"/>
Children, Early Intervention and Early Years		<input type="checkbox"/>
Leisure and Culture		<input type="checkbox"/>
Resources and Neighbourhood Regeneration		<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>		
This report details the final 2018/19 outturn position for the Bridge Estate and analyses variances to the previous year.		
<b>Recommendation(s):</b>		
<b>1</b>	That the final outturn position for 2018/19 and Audit Highlights Memorandum to be noted.	
<b>2</b>	Approve the Chair to sign the audited Financial Statements and the Audit Highlights Memorandum on behalf of the Committee.	

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 There is a statutory requirement for all charities registered with the Charity Commission to produce an annual report and financial statements, for that report to be audited or independently examined as appropriate, and submitted to the Charity Commission prior to the 31 January 2020 following the approval by the trustees.

### **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Colleagues from Nottingham City Council (NCC) have produced the draft financial statements on behalf of the Trustees which have been externally audited. To assist the Trustees in fulfilling the requirements contained within Section 1, the financial unsigned accounts are provided in Appendix 1, with a summary in Section 4 below.

The report includes a contribution of £1.545m to NCC (as previously reported to the Committee), this contribution has been consistent since financial year 2014/15. The current forecast for 2019/20 is £1.367m.

The contribution from Bridge Estate has assisted the Council with the key priorities identified in the Council Plan. This therefore meets the Trust's objective of applying the residue of any income for the improvement of the City of Nottingham and the public benefit of its inhabitants.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 None

### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

#### **4.1 BRIDGE ESTATE – REVENUE OUTTURN**

The table below presents the 2018/19 year end position for the Bridge Estate, comparison to 2017/18 and the forecast for 2019/20 (the latter presented to the previous Committee on the 15<sup>th</sup> March 2019).

<b>TABLE 1: Bridge Post Audit 2018/19 Position and 2019/20 Forecast</b>					
<b>Statement Reference</b>	<b>Detail</b>	<b>2017/18 £</b>	<b>2018/19 Final £</b>	<b>Variance (17/18 vs 1819) £</b>	<b>2019/20 Forecast £</b>
Income & Loss Allowance	<b>External Income</b>	(2,199,110)	(2,259,859)	(60,749)	(1,993,871)
	<b>Expenditure:</b>				
Raising Funds	Premises Costs	160,850	642,139	481,289	268,453
Raising Funds	Supplies & Services	83,230	51,633	(31,597)	29,400
Charitable Activities	Support Services	130,561	169,202	38,641	131,510
Other	Debt Repayment Costs (*)	75,448	70,651	(4,867)	125,807
	<b>Surplus before NCC Grant</b>	<b>(1,749,021)</b>	<b>(1,326,234)</b>	<b>422,787</b>	<b>1,438,701</b>
Transfer to NCC	Less Grant to NCC	1,545,000	1,545,000	-	1,366,701
	<b>Net (Surplus) / Deficit</b>	<b>(204,021)</b>	<b>218,766</b>	<b>422,787</b>	<b>(72,000)</b>
	<b>Movement in Reserves:</b>				
Unrestricted Funds	Bridge Repairs Fund	72,000	(28,000)	100,000	72,000
Unrestricted Funds	Asset Repair Fund	300,000	-	(300,000)	-
Unrestricted Funds	Un-earmarked Reserve	192,586	(190,766)	(383,352)	-
Endowment Funds	Capital Receipt Reserve	(360,565)	-	360,565	-
	<b>Contribution to / (from) Reserves</b>	<b>204,021</b>	<b>(218,766)</b>	<b>(422,787)</b>	<b>72,000</b>

(\*) The 2017/18 and 2018/19 charge is interest only as the debt element was repaid from the capital receipt reserve. The 2019/20 forecast is currently assuming a proportion of the debt repayment will be managed in the unrestricted funds.

Variances between 2017/18 and 2018/19 greater than £100,000 are explained below:

- Premises Costs, £481,289. The increase in premises costs is due to Bridge Estate being liable for increased property holding costs (i.e. business rates, utility costs and property repairs)
- Movement in Reserves, (£422,787). The contribution to each reserve is managed so that it matches the Net income position.

## 4.2 RESERVE POSITION

Table 2 below details the final position of the Bridge Estate reserves.

<b>TABLE 2: Bridge Reserve Position</b>				
	<b>Bridge Repair Fund £</b>	<b>Asset Repair Fund £</b>	<b>Un-Earmarked Reserve £</b>	<b>Capital Receipt Reserve £</b>
Balance at 1 <sup>st</sup> April 2018	546,462	300,000	545,498	1,119,900
In year movement	(28,000)	-	(190,766)	(267,371)
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>518,462</b>	<b>300,000</b>	<b>354,732</b>	<b>852,529</b>

The Bridge Estate Reserves are set aside for the following:

- **Bridge Repair Fund** is a reserve to fund the maintenance of Trent Bridge.
- **Asset Repair Fund** is a reserve set aside to fund the maintenance and improvements of the Bridge Estates property portfolio
- **Un-earmarked Reserve** is a reserve where any surplus made by the Bridge Estate is set aside and is expendable at the discretion of the Committee in the furtherance of the charity's objectives.
- **Capital Receipt Reserve** is built up by the approved sale of Bridge Estate Assets and is expended either via capital expenditure (improvements or purchases), or the repayment of the Lister Gate loan. The current balance is sufficient to repay the Lister Gate loan until 2022/23 whereby the remaining 10 years repayments would have to be met from the un-earmarked reserve.

## 4.3 AUDIT HIGHLIGHTS MEMORANDUM

The Audit Highlights Memorandum for the Financial Year 31 March 2019 is enclosed. This audit report is produced by the Bridge Estates external auditors Rogers Spencer and provides Trustees with information about the audit approach and a summary of any amendments since the draft statement was produced.

The management letter confirms that there has been nothing significant raised during this 2018/19 audit.

## 5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 Trustees have a fiduciary duty to protect their charity's assets and resources and to make sure they are only used to further the charity's aims. This report updates members of the Trustee on the financial outturn for the Bridge Estate Trust for 2018/2019. Outturn reports are part of the Council's overall financial management framework.

It provides members of the Trustee with the opportunity to see the current financial position of the Bridge Estate, scrutinise and make any appropriate recommendations regarding the future management of the Trust in line with the objectives of the Trust.

## 6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISION RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE) (AREA COMMITTEE REPORTS ONLY)

- 6.1 There are no further comments with respect to the Bridge Estate, the position of which as outlined within the report serves to document the financial position. Advice will continue to be provided to the Trustees in order to further the Charity's aims.

## **7 EQUALITY IMPACT ASSESSMENT**

- 7.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because this report does not establish a new service or function.

## **8 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

- 8.1 Budget and final account working papers

## **9 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 9.1 None