

ISLE OF ANGLESEY CHARITABLE TRUST

COMMITTEE:	ISLE OF ANGLESEY CHARITABLE TRUST
DATE:	24 JUNE 2014
TITLE OF REPORT :	PROVISIONAL OUT-TURN 2013/14 AND BUDGET 2014/15
PURPOSE OF REPORT:	OUTLINE BUDGET
REPORT BY:	INTERIM HEAD OF FUNCTION (RESOURCES) / S151 OFFICER
ACTION:	ADOPT BUDGET AND DELEGATE SUM TO BE ALLOCATED TO YEARLY GRANTS

1. Summary

- 1.1** This report is required to confirm funding allocations for 2014/15 and to delegate the funding powers for community and sporting facilities and minor grants to the General Grants Committee. The figures contained within this report are based upon provisional outturn for 2013/14.
- 1.2** The provisional outturn for 2013/14 means that revenue reserves at 31 March 2014 stand at £210k in surplus. With the projected growth in investment income, and assuming the continuation of current grant funding levels (with the Oriel Ynys Môn funding proposed to decrease to £200k this year), revenue reserves are projected to increase to £521k in 2015/16. Due to the current uncertainties surrounding the future administration of the Trust, it is suggested that this projected surplus is not allocated at this time.
- 1.3** The recommended grants budget for 2014/15 is:
- Oriel Ynys Môn £200k;
 - Village Halls £66k; and
 - Community and Sporting Facilities & Minor Grants £50k (the General Grants Committee to have delegated authority to make these grant allocations).

2. Provisional Outturn

- 2.1** The provisional out-turn and revenue reserves for 2013/14 differ from the strategy and budget as follows:-
- Revenue reserves at the end of 2012/13 were £35k higher than projected at the time of the 2013/14 budget setting report; this was essentially due to actual investment income being £18k higher than projected and allocations forgone of £19k arising and other minor expenditure of £2k.
 - Investment income net of minor miscellaneous expenditure was £1k higher than projected at the time of the 2013/14 budget setting report;
 - The investment management fee was £6k (17%) higher than originally budgeted;
 - 'Other grants' were £14k (28%) lower than originally budgeted; and
 - Professional fees amounting to £8k were incurred in relation to advice on the administration of the trust. An amount of £20k was set aside for this purpose and so it has been assumed in the projections below that the remaining £12k will be incurred in 2014/15.

- 2.2** The projected out-turn (which is summarised in the table below) means that revenue reserves as at 31 March 2014 are £210k in surplus.
- 2.3** Grants are recognised in the revenue reserve when the commitment is made to a third party. In the case of grants which are drawn down over a period of years, these may be funded from future years' investment income. The reserves policy implied by the financial strategy implemented in 2009/10 may allow that the revenue reserve falls into deficit, provided that projections show that cash commitments can be met and revenue reserves will return to surplus over the period of the drawdown.
- 2.4** The forecast outturn for 2013/14 and projections for 2014/15, as reported to the Trust in April 2013, were as follows:-

	2013/14 £000	2014/15 £000
Investment Income*	496	511
Less standard investment management fee*	<u>(36)</u>	<u>(37)</u>
Available for spending	460	474
<i>* assumed to grow at 3% per annum</i>		

Spending on:-

Oriel Ynys Môn	(215)	(200)
Village Halls	(66)	(66)
Other grants	<u>(50)</u>	<u>(50)</u>
Total allocations	331	316
To/(from) reserves	129	158
Projected surplus / (deficit) at year end	172	330

- 2.5** The above forecast and projections can now be updated for the 2013/14 provisional and 2014/15 and 2015/16 projected out-turns. Investment income is projected forward at 3% trend growth from a higher baseline. The Oriel Ynys Môn funding was formally confirmed as a three-year agreement in December 2009 and so the figures up to and including 2011/12 did not change. As part of the 2012/13 budget setting the proposal for Oriel Ynys Môn was to reduce funding to £200k p.a. by 2014/15. It will be necessary to revisit the Oriel Ynys Môn funding for 2015/16 and onwards later in the year. This gives revised projections (ignoring possible allocations forgone) as follows:-

Investment Income	2013/14 £000	2014/15 £000	2015/16 £000
Investment Income	499	514	529
Less standard investment management fee	<u>(42)</u>	<u>(43)</u>	<u>(45)</u>
Available for spending	457	471	484

Grant expenditure

Oriel Ynys Môn	(215)	(200)	(200)
Village Halls	(66)	(66)	(66)
Other Grants	<u>(36)</u>	<u>(50)</u>	<u>(50)</u>
	(317)	(316)	(316)

Other expenditure

Professional fees – administration of the trust	(8)	(12)	-
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Movements in reserves

To/(From) Reserves	132	143	168
Projected Surplus / (Deficit) at year end	210	353	521

2.5.1 As can be seen, the latest projections show that investment income for 2013/14 has marginally surpassed initial projections.

3. The 2014/15 Funding Round

The advertisements for annual grants were made in late March 2014, with a deadline of 9 May 2014 for applications to be submitted. See Section 4(a) for the recommended budget.

4. Recommendations

(a) To adopt a budget for 2013/14 as follows:-

Oriel Ynys Môn	£200k
Village Halls	£ 66k
Community Facilities & Minor Grants	£ 50k

(b) To delegate to the General Grants Committee the sum of £50k to deal with applications.

(c) To return to the financial strategy and Oriel Ynys Mon funding arrangement at a later date in the year.

**RICHARD MICKLEWRIGHT
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ISLE OF ANGLESEY COUNTY COUNCIL**

19 JUNE 2014