

Finance Report



Report to: Shareholder Sub Committee
Date: 15 November 2023
Lead Officer: Michael Shirt, HTS Group Finance Manager (Interim)

Recommended that:

- A** The Sub Committee note the financial report and Shareholder Statement (attached as Appendix A to the report).

Background

1. This report details the financial position of HTS Group and subsidiary companies covering the September 2023 management accounts.

Issues/Proposals/Information

HTS (Property & Environment) Limited

2. Overall Summary
 - a) September 2023 Revenue of £2,775,000 was £636,000 above forecast, and produced Net profit before Tax of £96,000, against a forecasted profit of £43,000.
 - b) The YTD total revenue was £15,494,000, with YTD loss of £97k, representing -0.6% net loss. Included in the loss are £265,000 of exceptional costs (recorded in overheads section) and £472,000 for cost of living payments made to employees earning below £40,000 p.a, and not expected to recur in future years.
 - c) The forecast for the trading results for remainder of financial year 2023/24 is to break-even or achieve a small profit.
 - d) In addition, there is a long-term disputed "pre-lims" item in excess of £300,000 expected to be paid in HTS's favour in October, the dispute being with Harlow Council and related to a prior year. When paid this would increase the full year forecast to a profit of £200,000+.

3. Grounds

- a) Revenues of £333,000 were above forecast by £30,000 and produced a gross loss of £7,000, being £6,000 below forecast. This mainly relates to additional subcontractor spend relating to reactive tree works and extra revenue relating to the disposal of 4 mowers. Total YTD Revenue was £1,896,000, with a YTD Profit of £135,000. A contributing factor was the reversal of Plan B costs resulting in a financial gain of £96,000.

4. Streets

- a) Revenues of £329,000 were above forecast by £6,000 and produced a Gross profit of £18,000, being £7,000 above forecast. Extra revenue generated from maintaining the Splash Parks. Total YTD Revenue was £1,943,000 with a YTD loss of £34,000.

5. Housing Property Services

- a) Revenues of £860,000 were above forecast by £2,000 and produced a Gross profit of £55,000, being £26,000 above forecast. Total YTD Revenue was £5,153,000, with a YTD loss of £15,000. This is due to the re-distribution of subcontractor spend (Old WIP).

6. Depot

- a) Revenues of £54,000 were below forecast by £1,000 and produced a Gross profit of £7,000 which was £1,000 above forecast. Total YTD Revenue was £341,000, with a YTD profit of £28,000.

7. Overheads

- a) Revenues in the month of £239,000 were as per forecast. The actual overhead spends in the month of £263,000 which is £5,000 below the budget. Total YTD Revenue was £1,435,000, with a YTD loss of £142,000.

8. Harlow Capital Works

- a) The September revenue of £938,000 were £601,000 above the forecast with a gross profit of £39,000 which were £19,000 above budget. Total YTD Revenue was £4,607,000, with a YTD profit of £248,000.

9. Third Party Works including North Herts

- a) There were £20,000 revenues relating mainly to the sub lease of Mead Park and North Herts Contract. Total YTD Revenue was £117,000, with a YTD Profit of £54,000.

10. ASC Budget

- a) The September 2023 results of 4,902 jobs were completed with an actual spend of £769,000. YTD total jobs completed was 35,769 with an actual spend of £3,688,000 which is £19,000 above forecast.

11. Non-Housing Budget

- a) The Non-Housing results for September 2023 were 84 jobs completed and valued at £20,000. YTD total number of 471 jobs valued at £128,000.

12. Harlow District Council Loan

- a) The loan continues to be repaid at £11,000 per month and the balance outstanding as at September 2023 was £327,000. Interest for Apr - Sept 2023 £3.9,000 (Est) is still outstanding to Harlow Council

13. Capital Assets

- a) As of September 2023, the Net Book Value of Fixed Assets was £768k as shown below:

	Cost Value	Acc. Depreciation	NBV
Plant & Machinery	£1,021k	£916k	£105k
Office Equipment	£27k	£19k	£8k
IT & Phones	£494k	£250k	£244k
Motor vehicles	£1,216k	£835k	£381k
Building Improvements	£97k	£67k	£30k
	£2,855k	£2,087k	£768k

Note: In line with IFRS16 on leases, HTS balance sheet includes the right of use assets representing qualifying leases to a value of £825,000 and the corresponding right of use liability to a value of £836,000 (Change of accounting treatment, posting on a monthly basis interest & depreciation to the following assets: 3 Dawson Boschung Sweepers, 2 Dawson Merlin Sweepers, 2 Scarab Paragon, Alphabet – fully depreciated, Alphabet Extension, Sweeper 1-7 – fully depreciated, Toshiba and Jaama – fully depreciated).

Right of use assets are not included within the above figures.

There is a hire purchase of 5 mowers for the value of £94,000, with a corresponding hire purchase liability of £63,000. This is also excluded from the above figures.

16 vehicles were disposed of during the month of September. This includes 1 Harlow Council vehicle and 4 Mowers.

HTS (Housing & Regeneration) Limited

14. Financial result for September

- a) H&R has produced a profit of £400 for the month & a profit of £4,200 YTD. Two out of five rent accounts are in *minor* arrears, however, there are agreed repayment plans in place for both.

Implications

Equalities and Diversity

None.

Climate Change

None.

Finance

The report highlights the current trading position for the group of companies. Given the forecasts contained within the report it is unlikely that the anticipated management charges and service rebate payments will be achieved by the shareholder in the 2023/24 trading year.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Governance and Corporate Services

None specific.

Author: Simon Hill, Director of Governance and Corporate Services

Housing

Housing notes the recommendations and current position contained in the reports.

Author: Neil Euesden, Interim Director of Housing

Appendices

Appendix A – HTS (Property & Environment) Limited Shareholder Statement

Appendix B – HTS (Property & Environment) Limited Balance Sheet

Appendix C – HTS (Property & Environment) Limited Profit and Loss

Appendix D – HTS (Property & Environment) Limited Quick Profit and Loss

Background Papers

None.

Glossary of terms/abbreviations used

None.