

Oportunitas Board Meeting 22 September 2023

Oportunitas Limited – Financial Update for 2023/24

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Summary: This paper provides an initial update of the company's financial position for the financial year ending 31 March 2024, based on income and expenditure to 31 August 2023, including the latest projected outturn for its trading activities. It also summarises the capital expenditure incurred to date on the Royal Victoria Hospital scheme and the funding used towards this.

Recommendations:

The Board note the latest financial position for 2023/24 outlined in this paper.

Appendix 1

1. Introduction and Background

1.1 This paper provides an initial update to the Board of the company's financial position for the financial year ending 31 March 2024, based on income and expenditure to 31 August 2023. It provides the latest projected outturn for the company's trading activities compared to the approved business plan for the year and explains the key variances. The paper also summarises the capital expenditure incurred to date on the Royal Victoria Hospital scheme and the funding used towards this. Further updates on the company's projected outturn for the current financial year are planned to be made to future Board meetings over this period.

2. Profit and Loss Account Projected Outturn 2023/24

2.1 The table below provides an initial projection of the outturn position of the company's trading activities for the financial year to 31 March 2024, compared to the approved business plan.

Profit and Loss Account	2023/24	2023/24	2023/24
	Budget	Projected	Variance
	£	Outturn	£
		£	
Property Rental			
Rental Income	562,830	616,150	53,320
Rental Expenses	(187,128)	(155,052)	32,076
Special Item – Stock Condition Survey	(20,000)	(20,000)	0
Special Item – Major External Repairs & Redecorations	(32,150)	(31,150)	0
Net	323,552	408,948	85,396
Grounds Maintenance			
Income	10,167	10,167	0
Expenses	(8,134)	(8,134)	0
Net	2,033	2,033	0
Overheads			
Directors Remuneration	(11,878)	(11,878)	0
FHDC Officer Support	(28,560)	(28,560)	0
Operating Expenses	(27,409)	(27,409)	0
Total Overheads	(67,847)	(67,847)	0
Loan Interest	(308,748)	(308,748)	0
P & L Operating Surplus / (Deficit) for period	(51,010)	34,387	85,396
P & L Operating Loss b/f	(348,000)	(348,000)	0
P & L Operating Loss c/f	(399,010)	(313,613)	85,396

Appendix 1

2.2 The projected outturn shows a small operating profit of £34k for the year, an improvement over £85k compared to the loss of almost £51k in the business plan. The main reasons for this variance are outlined below:

Variances 2023/24 Business Plan to Projected Outturn		£'000
i)	Rental Income – Rental income expected from the new flats at Radnor Park Avenue anticipated to be higher than budgeted.	53
ii)	Housing Rental Expenses – Repairs and maintenance costs and management costs reduced based on 22/23 actual expenditure and spend to date	32
Total increase in operating profit compared to business plan		85

2.3 The approved business plan and projected outturn for the year currently include the special items for;-

i)	Stock condition survey	£20k
ii)	Major external repairs	£31.2k

The company business plan allocates a budget of £64k over 2023/24 and 2024/25 for the cost of undertaking maintenance and preventative works at 82/84 Leyburne Road, Dover and 19 Castle Hill Avenue Folkestone. Following advice from the managing agent and footage from the drone inspections, the works on Leyburne Road, Dover will be prioritised in this financial year. The managing agent has now received two contractual quotations for the repairs to be undertaken with a third currently being awaited. Both quotations received are less than what was originally budgeted for in undertaking the works.

15 Grace Hill – An insurance claim for the cost of the repairs was unsuccessful due to the office being vacant for more than 90 days when the leak occurred. The estimated cost of repairs is £25k, £15k has been set aside in the business plan and the balance of £10k will be met from savings on the general repairs budget.

2.4 The company's accumulated operating loss is forecast to reduce by £85k to £313k at 31 March 2024. The Board is reminded that this loss excludes unrealised valuation gains on the company's property portfolio which provisionally stands at £1,937k after tax at 31 March 2023. A further revaluation of the company's property portfolio will be undertaken at 31 March 2024.

3 Capital Expenditure – Royal Victoria Hospital (RVH) Development

3.1 The table below summarises the latest position for capital expenditure incurred on the RVH development:

Appendix 1

	Phase 1	Phase 2	Contract Total	SDLT	Total
	£m	£m	£m	£m	£m
Agreed Sale Price	3.150	3.300	6.450	0.250	6.700
Paid to date	3.150	2.752	5.902	0.112	6.014
Balance	-	0.548	0.548	0.138	0.686

- 3.2 The funding of the capital expenditure incurred to date has been met from the proceeds of the Council's additional equity investment of £4.43m in the company and £1.5m of the agreed loan facility of £2.47m. The loan facility will be used to complete the purchase of phase 2 of the scheme over the remainder of the current financial year. Interest will accrue on this loan and becomes payable once the scheme is completed.