



## Melbourn Community Hub: Report on General Status at June 2019

**A milestone was reached** on February 1<sup>st</sup> 2019 as the Community Hub celebrated five years of service to Melbourn and the surrounding villages. Over this time much progress has been made. More can be achieved, but the building now confidently functions in both name and in reality as the 'Melbourn Hub' of the original vision.

**The Team** - The management of the Hub continues to be delivered through a small team of volunteers, who are both directors and trustees. All bring different and valuable skills to bear. The team has remained very stable during the period since February 2017, when the present Directors took control. Only one Director change occurred during the last 12 months (Antonia Anderson, Finance Director replaced by Jonathan Berks).

**Our Purpose** – The Hub is a partner organisation to the Parish Council. The mission of the Hub as a charity is to provide benefits to the residents of Melbourn and the surrounding villages. With the independence of a separate legal entity the Hub is able to significantly supplement the global aims of the Parish Council, but is free of many constraints under which all councils must operate.

**Overview of the year** - The last year saw improvement and consolidation in all areas of the business. Since February 2017 footfall and activity have doubled. Because of the increasing income we were obliged to register for VAT, as from the start of the last financial year (October 2017). This has had a significant and negative impact. Net annual VAT payments to HMRC last year totalled £17,000 and without this taxation we would have recorded a small surplus for the first time.

However, our financial stability is gradually improving. We have responded to the VAT challenge by aggressive reduction of operating costs, better events management, targeted marketing and improved day-to-day planning. Trends during the present financial year show these measures are slowly working. **However, we continue to depend on the Parish Council annual grant.** The Hub does not carry any reserves, and this position should be addressed to meet the expectations of the Charities Commission and for basic good governance. (See Appendix).

The appended spreadsheet shows a cumulative loss of £3,900 up to the end of April, before accounting for expected Parish Council Grant monies. This compares to a loss at the same point last year of almost £7,000. Our expected turnover this year will be in the region of £135,000.

Our portfolio of services continues to expand. In addition to the wide range of other events a number of health-related initiatives have been tested and found to be very popular, apparently filling a real social need. We employ eleven local residents, mostly on a part time basis, including a number of young persons who benefit from the Hub for Work Experience. We also vitally depend upon a loyal band of volunteers to help run the Café and LAP. The new Timebank project harmonises with the existing influence of the Hub in strengthening community cohesion. A lunch club for the more 'mature' residents has also become a popular feature every Wednesday. We are fulfilling our broad mission as a charity.

**Outlook & the future** - We are optimistic. The Hub will continue to support local organisations and charities, with inclusion of vulnerable groups a priority. We will work to develop stronger partnerships with local schools and healthcare providers and plan to add to our services for mental health and the elderly. Careful examination of income and costs reveal the long-term importance of room hire to the Hub financial position. To this end planning permission was sought and granted in 2018 that will, if funded, increase the number and flexibility of rooms on offer through the Hub. If funding is found, a wide consultation will take place with staff, volunteers and the public so that the best possible results are achieved.

JWT June 2019

**Melbourn Community Hub**  
**Income and Expenditure breakdown for year ending 30 September 2019**

	Oct-18	Oct-17	Nov-18	Nov-17	Dec-18	Dec-17	Jan-19	Jan-18	Feb-19	Feb-18	Mar-19	Mar-18	Apr-19	Apr-18	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Totals	
	£		£		£		£		£		£		£		£	£	£	£	£	£	
<b>Income</b>																					
Café takings	9598	7829	8436	8543	7025	6768	7008	7858	7708	8493	9020	8898	7798	8908							56,593
Room hire	1202	1706	1072	2781	705	794	1329	2069	1860	2672	1364	4746	2022	2758							9,554
MPC rent	1064	1064	1065	1065	1064	1064	1065	1065	1065	942	1064	942	1064	942							7,451
Events	285	973	474	202	764	655			398		451	480	262	-221							2,634
Other income		390	167	60	212	586		340					200								579
<b>Total Income</b>	<b>12149</b>	<b>11962</b>	<b>11214</b>	<b>12651</b>	<b>9770</b>	<b>9867</b>	<b>9402</b>	<b>11332</b>	<b>11031</b>	<b>12107</b>	<b>11899</b>	<b>15066</b>	<b>11346</b>	<b>12387</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,811</b>
<b>Expenditure</b>																					
Supplies café	4051	3407	3158	3619	3200	3285	3305	4068	3589	2836	3672	4354	3087	3077							24,062
Supplies events	117	620	0	581		106			194												311
Premises and administration	2042	4250	2447	4219	1459	1656	2163	3685	2160	4050	1969	4198	3429	2579							15,669
Staff costs	5291	4801	6494	6324	5982	7264	6460	5795	5369	5622	5103	6062	5970	5887							40,669
<b>Total expenditure</b>	<b>11501</b>	<b>13078</b>	<b>12099</b>	<b>14743</b>	<b>10641</b>	<b>12311</b>	<b>11928</b>	<b>13548</b>	<b>11312</b>	<b>12508</b>	<b>10744</b>	<b>14614</b>	<b>12486</b>	<b>11543</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,711</b>
<b>Net profit/ (loss)</b>	<b>648</b>	<b>-1116</b>	<b>-885</b>	<b>-2092</b>	<b>-871</b>	<b>-2444</b>	<b>-2526</b>	<b>-2216</b>	<b>-281</b>	<b>-401</b>	<b>1155</b>	<b>452</b>	<b>-1140</b>	<b>844</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,900</b>
<b>Accumulated profit/loss 2018-19</b>	<b>648</b>		<b>-237</b>		<b>-1108</b>		<b>-3634</b>		<b>-3915</b>		<b>-2760</b>		<b>-3900</b>								
<b>Accumulated profit/loss 2017-18</b>		<b>-1116</b>		<b>-3208</b>		<b>-5652</b>		<b>-7868</b>		<b>-8269</b>		<b>-7817</b>		<b>-6973</b>							

Notes: Year to Date Position before Grant (April 2019) shows a net loss of £3,900. This compares to a net loss position of £6,973 at the same point in the previous year.

Previous Full Year to September 2018 showed a net loss of £14,261, after payment of VAT £17,035.

## Appendix: Charity Commission Guidelines on Reserves

### CC19 ‘Charity Reserves: Building Resilience’

It is clear from this guidance (see highlighted text) that it is not acceptable to the Trustees to continue the Hub enterprise without addressing the issue of capital reserves.

#### Charity reserves: building resilience (CC19)

#### 4.2 The charity has no reserves

Whatever the trustees’ policy is, beneficiaries, funders and the commission as regulator should be able to see how it has been justified.

##### **No or insufficient reserves**

In some cases, a charity may decide to operate without any reserves. Some trustees budget to spend all the income received each year on the charity’s activities. Other charities may and that the terms of some sources of funding do not allow the funds to be set aside as a reserve.

Having no reserves can create financial risk from the possibility of unforeseen expenditure, a shortfall in income or an inability to control costs. Trustees choosing to adopt a ‘zero level’ reserves policy should consider the financial and other risks inherent in such a policy and must explain their policy in the trustees’ annual report.

Trustees should base their reserves policy on the risks that a charity and its beneficiaries might face and how to manage them. A charity’s reserves policy should justify why it doesn’t keep any reserves or how it is managing insufficient reserves. Whatever the trustees’ policy is, beneficiaries, funders and the commission as regulator should be able to see how it has been justified.

Some charities will be able to justify holding a certain level of reserves but will be unable to build up reserves to that level, or perhaps to any level at all. Many recently established charities in particular, will be in that position. While the commission accepts that some charities will simply not have had the resources to establish a reserve, the commission still expects such charities to have a reserves policy.

Where a charity hasn’t got the reserves it thinks it needs, it is exposed to greater risk and the commission expects the trustees to be addressing this actively by, for example, planning how to:

- implement their reserves policy
- raise the necessary funds
- diversify their funding base
- mitigate the risks that might arise if the charity has to close suddenly