

## **ALEXANDRA PARK AND PALACE** **CHARITABLE TRUST BOARD**

14<sup>TH</sup> FEBRUARY 2017

**Report Title:** Alexandra Park and Palace Charitable Trust Financial Results with annual forecast

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### **Purpose:**

This paper sets out the results for Alexandra Park and Palace Charitable Trust for 9 months to 31 December 2016.

### **1. Recommendations**

To note the performance of the Trust.

### **2. Results for 9 months to 31 December 2016**

#### **Unrestricted Activities**

- 2.1 Income of the Trust in the first 9 months of the year does not show significant variances on budget. All Haringey Council funding has been received as anticipated in pre-agreed instalments to enable sufficient cash flow for the unrestricted activities of the Trust. On 22 November 2016 the Trust received a transfer of £1,300,000 of 2015-16 Gift Aid cash as planned. Other sources of income include the leases from Park and Palace tenants and they are being received as budgeted.
- 2.2 Moving onto 2016-17 a projected and significant decrease in Gift Aid is noted. The Gift Aid is due from Alexandra Palace Trading Limited and represents its trading profits generated in 2016-17.
- 2.3 The current projection of 2016-17 trading profits is £446,000 under budget. This position has not changed since it was reported the Alexandra Park and Palace Trust Board and the Haringey finance team in November 2016. As this short fall in profit will have a significant impact on the Trust's cash flow in 2017-18 we have already discussed a way forward with Haringey Council. An action plan is in place to secure an

increase in grant funding in 2017-18 and to implement cost management measures within the Trust to close the cash flow gap.

- 2.4 Overhead spending, both for the 9 month period and the annual forecast, are both under budget. This is attributable to a) results of the cost cutting exercise undertaken in November 2016, b) capitalising a proportion of Project Management costs and Repairs costs of a capital nature previously reflected as revenue expenditure.

### 3. Capital Expenditure – Haringey Council capital grant (restricted)

- 3.1 Capital Projects (outside the East Wing Project and the West yard Project) are funded from the LBH's capital grant. The 2016-17 grant is £400,000 but the total funds available for 2016-17 are £585,000 due to the carried forward allowance from the previous year and the additional £70,000 funding for capitalised revenue costs.

Table 1 – Capital repair and maintenance programme 2016/17

Expenditure	£ amount
Fire Alarm Replacements (various areas of Palace)	£45,911
Level 5 refurbishments (WYP – move required)	£18,725
Light Well Entrance (New Ice Rink Entrance)	£64,910
New boiler	£50,000
Level 3 refurbishment	£10,020
Cherry pickers for capital works	£7,650
Power supplies	£32,714
Road Repairs	£15,495
<b>Total spending to 30/9/2016</b>	<b>£245,425</b>
<b>Committed but not spent up to end of December 2016 *(3.2below)</b>	<b>£339,575</b>
<b>Target capital spending in 2016-17</b>	<b>£585,000</b>

- 3.2 \*Some of the items committed but not spent to the end of December are:

Further expenditure to complete the Fire Alarm	£54,000
Further expenditure to complete Road repairs	£84,000
Further expenditure to complete power supplies (Ice Rink and Lighting)	£36,000
Roof Access works	£100,000

- 3.3 The capital needs of the Trust to maintain the Palace and Park are enormous but the budget is very limited compared to its needs. The priorities are changing even when the plans are drawn as some areas might need urgent repairs and money gets diverted to accommodate the most urgent priorities. For example in the current year we had to prioritise the road resurfacing works and cut back some other capital projects in the Park.

### 4. East Wing Project

- 4.1 The progress of the East Wing Project is reported separately. This report covers expenditure to date only.
- 4.2 The cash funds for the project are kept in a separate bank account to ring fence the funds for its restricted purpose only. The balance at the end of December 2016 was £2,193,000 and was in line with the Project cash projection to date.
- 4.3 To the end of December the expenditure on the project in the preliminary phase was £2.5m. It is worth noting that the total contracted sum for preliminary works was originally £1,145,983. Current anticipated final account costs for the enabling works is £4,385,464 (as per the latest Mott MacDonald report January 2017). This is because some works were brought forward from the Main Contract construction phase, for example works in the Theatre and the East Court. In addition, asbestos and other unexpected finds (unbudgeted i.e. unidentified before the works started) are in excess of £1.8m. The re-profiled budget for the £1.855m contingency fund is less than 20% at this point in time.
- 4.4 The second stage Main Contract Works was received in November and was well in excess of the budget for the Project. Substantial reviews have taken place over the past 10 weeks including extensive value engineering and a review of the whole project. A final review of the whole project budget has also taken place to ensure that Trustees will have accurate information to consider the tender offer for the second stage works. It is expected that the Contractor will submit this revised tender offer on the 31 January 2017. If this offer is within the budget available the Trust Board will be asked to consider this along with any changes to the scope of the project that may be necessary.

## **5. West Yard Project**

- 5.1 The progress of the West Yard Project is reported separately. This report covers expenditure to date only.
- 5.2 The Project is funded by a loan from LBH. All funds of the loan of £2.5m were received in June 2016. A Contract Sum was accepted for £2,524,340.23 on the 29 November 2016. Of this sum £46,483 was funded from the feasibility budget in 2015/16. The funds are kept in a separate bank account to ring fence the funds for this purpose only. Spending on the project to the end of December amounted to £42,000 leaving the available balance of £2,458,000. The Project main works have now started on site and a spend profile will be provided along with the completion and signing of the contract.

## **6. Legal Implications**

- 6.1 The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and has no comments.

## **7. Financial Implications**

- 7.1 The Council's Chief Financial Officer has noted the contents of this report, and has no comments/ advice to make at this stage.

## **8. Use of Appendices**

Appendix 1 - Trust financial results YTD and Forecast

## APPCT

## YTD and Forecast

## For 9 Months Ending 31st December 2016

	Cumm 31/12/2016			Year 2016/17		
	Budget	Actual	Diff	Budget	Forecast	Diff
<b>Unrestricted Activities</b>						
<b>Trust Income</b>	£	£	£	£	£	£
LBH Grant - Operational	1,900,000	1,900,000	0	1,900,000	1,900,000	0
LBH Grant - Capital	0	0	0	0	0	0
Palace APTL Licence	225,000	225,000	0	300,000	300,000	0
Palace Leases	55,850	46,407	(9,443)	67,100	57,657	(9,443)
Park Leases	90,278	95,291	5,013	118,872	123,385	4,513
Learning & Community	23,250	5,078	(18,172)	30,100	10,229	(19,871)
Gift Aid	0	0	0	1,320,795	874,369	(446,426)
Other	5,250	35,263	30,013	23,495	52,258	28,763
<b>Total Incoming Resources</b>	<b>2,299,628</b>	<b>2,307,039</b>	<b>7,411</b>	<b>3,760,362</b>	<b>3,317,898</b>	<b>(442,464)</b>
<b>Overheads</b>						
Cost of Sales	5,410	5,024	(386)	6,810	5,324	(1,486)
Wages & Salaries (including pension & Ni)	691,740	651,495	(40,244)	931,283	855,968	(75,315)
Other Wage Costs (Agency,Welfare,Travel)	49,495	36,900	(12,595)	76,196	69,955	(6,241)
Maintenance Contract Palace	283,500	270,142	(13,358)	384,000	397,563	13,563
Maintenance Contract Park	258,294	271,113	12,819	323,768	337,023	13,255
Repair & Maintenance Other	137,425	107,306	(30,119)	227,100	160,894	(66,206)
Security Control	367,750	372,275	4,525	488,100	496,075	7,975
Cleaning & Pest	12,210	15,350	3,140	14,960	17,600	2,640
Rates & Insurance	260,767	262,261	1,494	342,624	344,478	1,854
Office expenses (Hire,stationery)	70,230	65,388	(4,842)	95,060	88,148	(6,912)
Utilities	92,070	74,654	(17,416)	122,760	112,844	(9,916)
Software & IT	49,038	33,189	(15,849)	64,584	48,735	(15,849)
Sundries, Meeting & Subscriptions	5,205	10,315	5,110	7,189	12,113	4,924
Marketing, Advertising & Design	91,403	83,847	(7,556)	113,150	123,447	10,297
Legal & Professional	208,700	196,995	(11,705)	323,200	287,629	(35,571)
Depreciation (Unrestricted are loan Assets)	91,764	90,351	(1,413)	122,352	120,468	(1,884)
Interest on Loan Assets	70,718	73,848	3,130	107,624	107,685	61
Banking Costs	450	27	(423)	600	177	(423)
APTL Cost recharges	58,545	58,545	0	78,060	78,060	0
Contingency	0	0	0	0	0	0
<b>Total Outgoing Resources</b>	<b>2,804,714</b>	<b>2,679,025</b>	<b>(125,688)</b>	<b>3,829,420</b>	<b>3,664,186</b>	<b>(165,234)</b>
<b>Result</b>	<b>(505,086)</b>	<b>(371,987)</b>	<b>133,099</b>	<b>(69,058)</b>	<b>(346,288)</b>	<b>(277,230)</b>