



ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD

4th March 2019

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

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Purpose: This paper sets out the financial position of Alexandra Park and Palace Charitable Trust for the 8 months to November 2018, including the annual forecast of incoming and outgoing resources.

Local Government (Access to Information) Act 1985

N/A

1. Recommendation

To note the financial performance of the Trust and the pressure on the 2019/20 Trust budget.

2. Executive Summary of 2018-19 Forecast

- 2.1 The Statement of Incoming and Outgoing Resources (Table 1) illustrates various activities undertaken by the Trust, including revenue and capital funded from unrestricted income, restricted grants and loans.
- 2.2 Unrestricted Reserves (Appendix 1) – There are no concerns with regard to the unrestricted funds and the unrestricted cash flow to report in 2018-19. The annual revenue expenditure of £3,240,000 (budget) to maintain the Park and Palace is met from: the Corporate Trustee grant, the Trust's own generated income and Gift Aid from the trading subsidiary. The unrestricted reserves also support the annual repayment of the Trust's loans of £340,000.
- 2.3 The Trust requires c£1m gift aid donation from its subsidiary annually. On the production of month end accounts for November the 2018/19 APTL's profit was tracking below this level. The shortfall has reduced as a result of trading activity in December and January.
- 2.4 The East Wing construction project concluded on the 1st December. The process of due diligence on the final account is underway.

2.5 The West Yard construction project has progressed with a number of issues including delays which will be addressed before the final completion is achieved.

3. Table 1 - Statement of Incoming and Outgoing Resources – 2018-19 forecast

APPCT Forecast based on 30 th November 2018	2017/18 Audited £	Year 2018/19 Budget £	Year 2018/19 Forecast £	Year 2018/19 Diff £
Unrestricted	3,418,618	3,571,552	3,583,001	11,449
Capital Fund	470,000	470,000	1,100,500	630,500
East Wing & Activity Plan	348,518	1,116,254	1,028,121	(88,133)
Total Incoming Resources	4,237,135	5,157,806	5,711,621	553,816
Running and maintaining the Park	(534,493)	(560,125)	(575,311)	(15,186)
Running and maintaining the Palace	(2,210,772)	(2,304,648)	(2,270,651)	33,997
Learning & Community	(15,076)	(25,025)	(29,615)	(4,591)
Regeneration	(230,921)	(251,629)	(230,759)	20,870
West Yard Storage	(744,380)	(782,632)	(620,646)	162,286
East Wing & Activity Plan	(13,827,518)	(7,959,776)	(8,354,628)	(394,852)
Direct Charitable Expenditure	(17,563,160)	(11,883,835)	(12,081,310)	(197,475)
Raising funds	(97,287)	(132,700)	(131,821)	879
Strategic Leadership	(380,803)	(352,041)	(351,297)	744
Support Costs	(189,772)	(214,701)	(209,551)	5,150
Total Outgoing Resources	(18,231,022)	(12,583,276)	(12,773,979)	(190,703)
Net Movement in Trust Funds	(13,993,887)	(7,425,470)	(7,062,358)	363,112
Balance Sheet extract:		1 April 2018	30 Nov 2018	
		£	£	
Resources available as total Reserves		26,551,086	22,449,107	
Represented by:		£	£	
HLF Grant Claims due		7,264,569	1,501,927	
Cash at bank:				
Main account - unrestricted		39,301	1,486,437	
HLF Project account - restricted		1,466,671	1,229,552	
West Yard Project account - restricted		765,036	449,651	
HC Capital Grant account - restricted		514,521	760,010	
Fixed assets/liabilities		16,500,988	17,021,530	
Resources available as total Reserves		26,551,086	22,449,107	

4. Incoming Funding

4.1 Table 2 – 2018-19 Income - breakdown

APPCT	2017/18	Year 2018/19		
	Audited £	Budget £	Forecast £	Diff £
Unrestricted	Total Trust	Total Trust		
4.2) Unrestricted Grants	1,950,000	1,950,000	1,950,000	-
4.3) Palace APTL Licence	300,000	300,000	300,000	-
4.4) Gift Aid	920,000	1,070,000	1,070,000	-
4.5) Park Leases and Recharges	162,540	172,552	177,595	5,043
4.5) Palace Leases and Recharges	78,659	73,000	74,689	1,689
4.6) Creative Learning	7,419	6,000	10,716	4,716
	3,418,617	3,571,552	3,583,001	11,449
Restricted				
4.7) Capital funds	470,000	470,000	1,100,500	630,500
4.8) Grants and Other: East Wing & Activity	268,050	1,116,254	955,819	(160,435)
4.8) Donation	80,468	-	72,302	72,302
	4,237,135	5,157,806	5,711,621	553,816

- 4.2 The Corporate Trustee has maintained the annual revenue grant of £1,950,000 and this enables the Trust to deliver its charitable purposes.
- 4.3 The APTL licence fee is receivable from the Trading Company (APTL) and is set at £300,000 for 2018-19. A review of the licence, which permits APTL's commercial use of the Palace is underway and will include an independent valuation.
- 4.4 The Gift Aid due from APTL is a critical source of unrestricted funding for the Trust. The 2018-19 Gift aid budgeted as £1,070,000 was transferred by APTL to the Trust in November 2018 as planned.
- 4.5 Park and Palace leases and recharges represent annual lease income receivable from the tenants and recharged facilities costs, as well as accidental repairs if the Trust is entitled to recharge these costs under the terms of the lease. The 2018-19 annual income from this source (unrestricted) is budgeted at £245,000. The positive variance is due to an uplift in expected rechargeable expenditure to tenants.
- 4.6 Creative Learning (CL) income represents fees receivable from events as well as fees charged to schools for workshops and educational activities, to cover the costs of delivery. The positive income variance relates to increased food and beverage sales at the CL events.
- 4.7 The Capital grant (restricted) in 2018-19 from our Corporate Trustee is £470,000 and has been maintained at the previous year's level. During 2018-19 the Trust designated

additional funds of £630,500 to the East Court project for the purchases of the necessary capital items for the Theatre which were not funded by the HLF grant.

- 4.8 Donations and grants (East Wing, Activity Plan and Learning Centre) are restricted income for the Regeneration Project. Individual donations received to date for this period amount to £72,302.

5. Direct Charitable expenditure

- 5.1 Running and maintenance of the Park includes the Park maintenance contract and its management as well as maintenance and repairs of properties in the Park leased to the tenants and accidental other repairs in the Park area. The total annual cost is budgeted at £560,000 and currently tracking £15k over budget representing unbudgeted legal and security costs incurred to remove the trespassers in the park.
- 5.2 Palace running costs include the in-house maintenance team, third party contracts for maintenance in specialist areas for example lifts, shutters, catering equipment, Ice Rink plant; it also covers the building insurance and rates. The annual cost is budgeted at £2,300,000 and currently tracking £33,000 under budget due to phasing of depreciation of the East Wing site.
- 5.3 Creative Learning costs represent a proportion of salaries paid to the staff delivering these activities; the remainder are funded by the HLF Activity Plan grant.
- 5.4 Regeneration spending represents the costs for directly supporting the East Wing Project which are not funded from the HLF budget, for example the Project Director fees and partly the salaries of the team and also various project marketing and PR expenditure. The annual cost is budgeted at £250,000 and currently showing £20,000 due to savings from phased out positions as elements of the project have been completed.

6. Fundraising costs

This covers the costs of fundraising activity to raise funds for the East Wing Project. The budget of £132,000 has been allocated to fundraising with no significant variance reported.

7. Strategic Leadership costs

This represents the costs of the senior leadership team and support costs expected to take the recommendations of the Governance Review forward and undertake next steps on the Strategic Vision work; no significant cost variance is reported.

8. Support costs

This represents the costs of running the office including: IT support, office administration and supplies. Saving in costs is due to rolling out new photocopiers and savings achieved in running costs.

9. Annual Capital Expenditure

- 9.1 Capital Projects (outside the East Wing Project and the West Yard Project) are mainly funded from either the Corporate Trustee annual capital grant or from the Restoration Levy collected by the Trading Subsidiary on sales of tickets to concerts and exhibitions.
- 9.2 The Trustee Board will receive an update on detailed capital works in a separate report at the Board meeting.

10. Loan commitments

APPCT 2017-18 Budget	capital amount o/s 1.4.2018	annual interest	annual repayment	remaining term of Loan	instalment payment due date
West Yard Loan	2,461,000	82,000	122,000	33 years	Paid 13 Aug 2018
Ice Rink main loan	1,350,000	45,000	164,000	8 years	Paid 10 May 2018
Lighting loan (SIF)	189,500	-	44,417	5 years	Paid 10 May 2018
	4,000,500	127,000	330,417		

All of the Trust's loan commitments are up to date.

11. Legal Implications

- 11.1 The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and comments that in view of the projected pressure on the 2019/20 budget, deems it appropriate to re-affirm the statutory obligation on the Council / Board to ensure that the Palace and Park are sufficiently funded to enable the facility to remain viable as a going concern for the benefit of the public.

12. Financial Implications

- 12.1 The Council's Chief Financial Officer has been consulted in the preparation of this report, and any comments will be tabled.

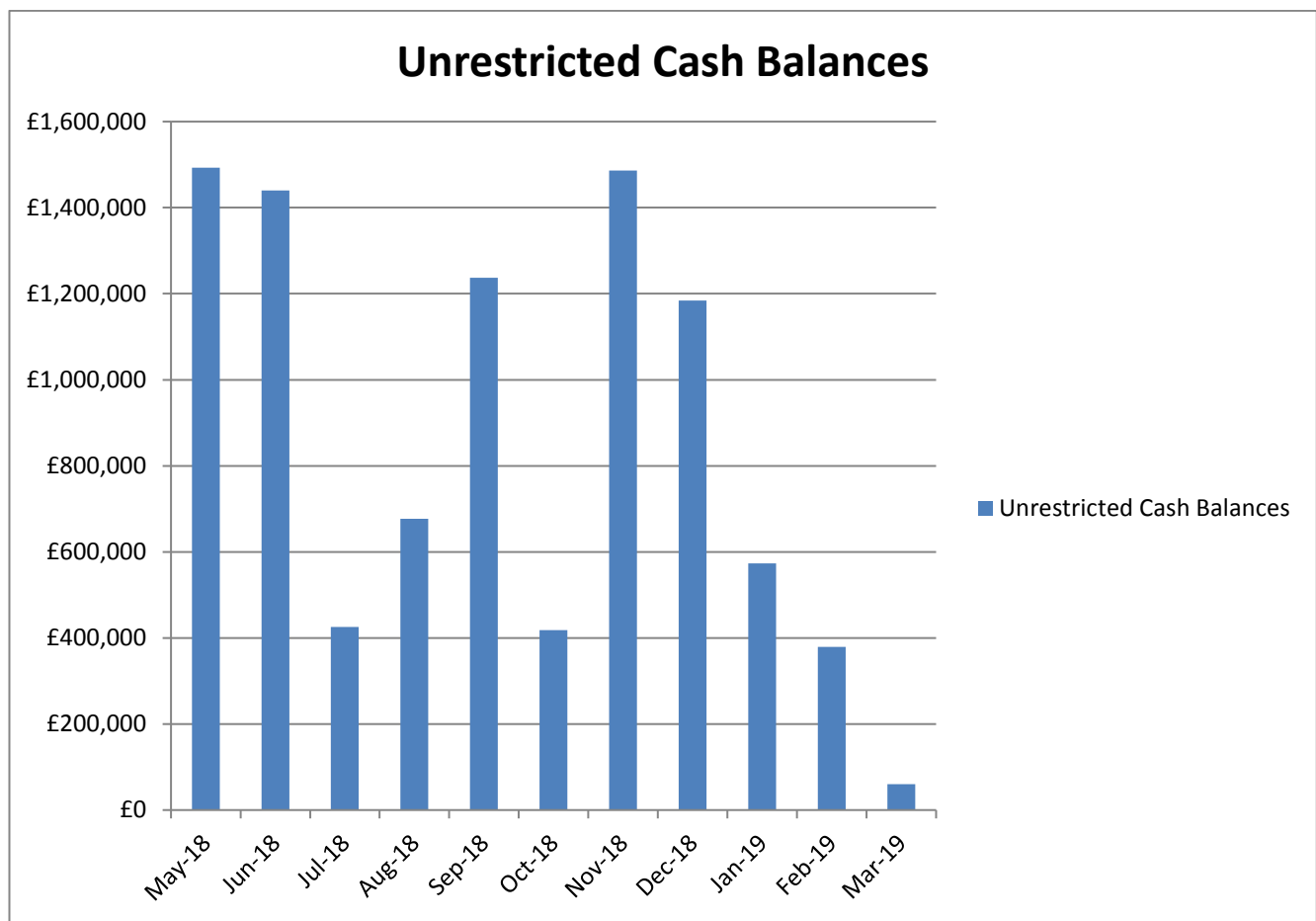
12. Use of Appendices

Appendix 1 - Income and Expenditure – unrestricted funds
Appendix 2 - Unrestricted funds cash flow
Appendix 3 - East Wing Project cash flow
Appendix 4 - West Yard Project cash flow

Appendix 1 – Income and Expenditure – unrestricted funds only

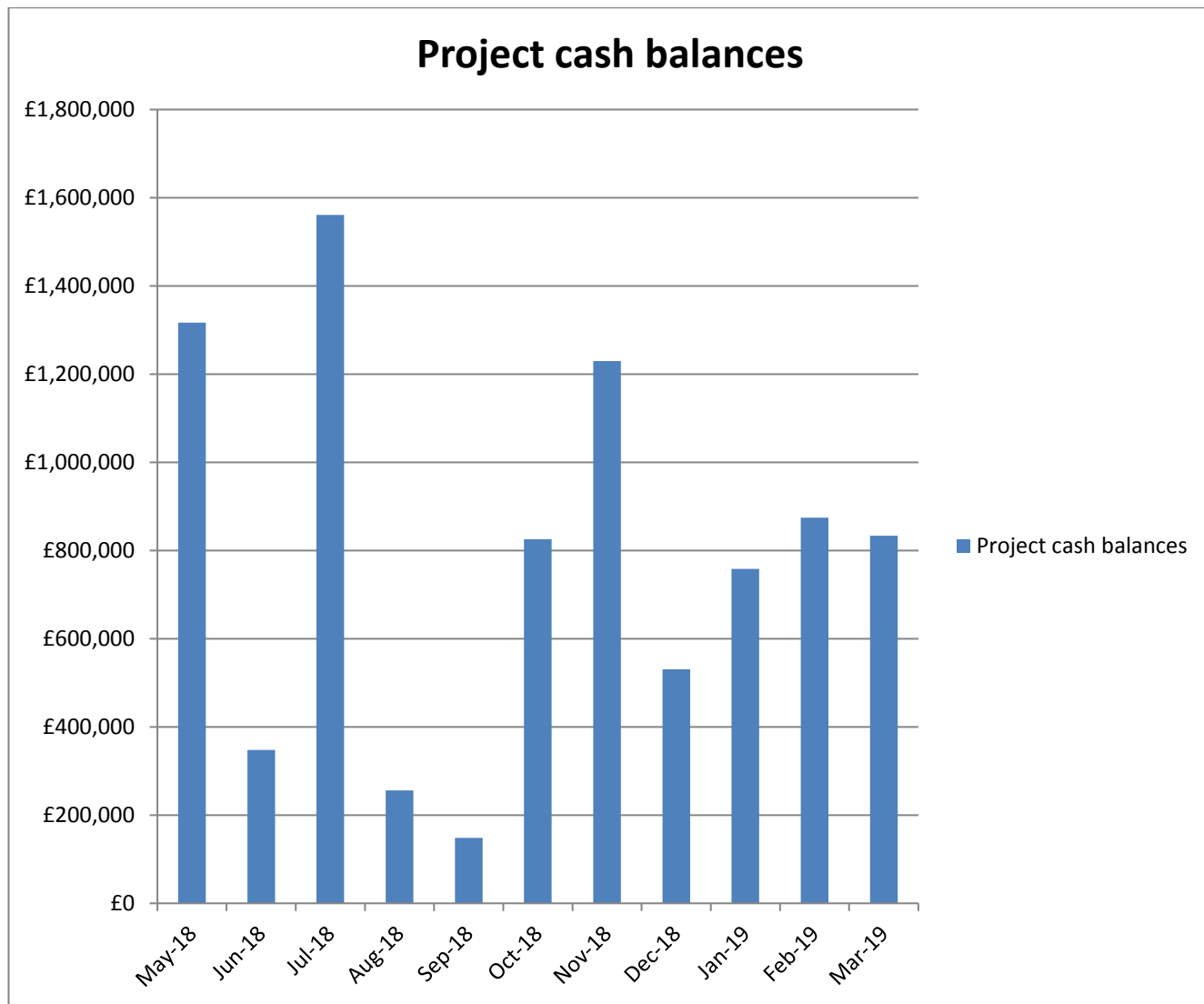
	2017/18	Year 2018/19		
	Audited	Budget	Forecast	Diff
	Unrestricted	Unrestricted		
Incoming Resources	£	£	£	£
HC Grant - Operational	1,950,000	1,950,000	1,950,000	-
Palace APTL Licence	300,000	300,000	300,000	-
Palace Leases & Recharges	78,659	73,000	74,689	1,689
Park Leases & Recharges	162,540	172,552	177,595	5,043
Learning & Community	7,419	6,000	10,716	4,716
Gift Aid	920,000	1,070,000	1,070,000	-
Total Incoming Resources	3,418,617	3,571,552	3,583,001	11,449
Overheads				
Cost of Events including Learning and Fundraising	(4,965)	(26,000)	(27,399)	(1,399)
Wages & Salaries (inc Ni Agency & Welfare)	(675,075)	(771,007)	(775,077)	(4,069)
Other Wage Costs (Travel & Training & Recruitment)	(12,785)	(17,595)	(15,640)	1,955
Maintenance Contract Palace	(330,147)	(329,004)	(326,004)	-
Maintenance Contract Park	(331,418)	(329,556)	(329,555)	1
Repair & Maintenance Other	(147,344)	(199,610)	(198,519)	1,091
Security Control	(503,516)	(507,800)	(517,909)	(10,109)
Cleaning & Pest	(7,533)	(6,000)	(15,640)	(9,640)
Rates & Insurance	(372,352)	(398,071)	(394,184)	3,887
Office expenses (Hire,stationery)	(120,164)	(118,140)	(113,802)	4,338
Utilities	(88,064)	(86,596)	(85,342)	1,254
Software & IT	(47,146)	(51,370)	(55,883)	(4,513)
Sundries, Meeting & Subscriptions	(11,967)	(19,930)	(14,963)	4,967
Marketing, Advertising & Design	(35,825)	(31,300)	(29,409)	1,891
Legal & Professional (Contains Construction)	(204,438)	(268,100)	(256,077)	12,023
Banking Costs	(628)	(1,500)	(1,376)	124
APTL Cost recharges	(78,060)	(78,060)	(78,060)	-
Total Outgoing Resources	(2,971,425)	(3,239,639)	(3,231,839)	1,800
Result	447,193	331,913	351,162	19,249
<u>Loan Commitments</u>				
West Yard loan	(122,000)	(122,000)	(122,000)	n/a
Ice Rink main loan	(164,000)	(164,000)	(164,000)	n/a
Ice Rink SIF loan	(13,000)	0	0	n/a
Lighting SIF loan	(44,417)	(44,417)	(44,417)	n/a
	(343,417)	(330,417)	(330,417)	n/a

Appendix 2 – Unrestricted Funds cash flow



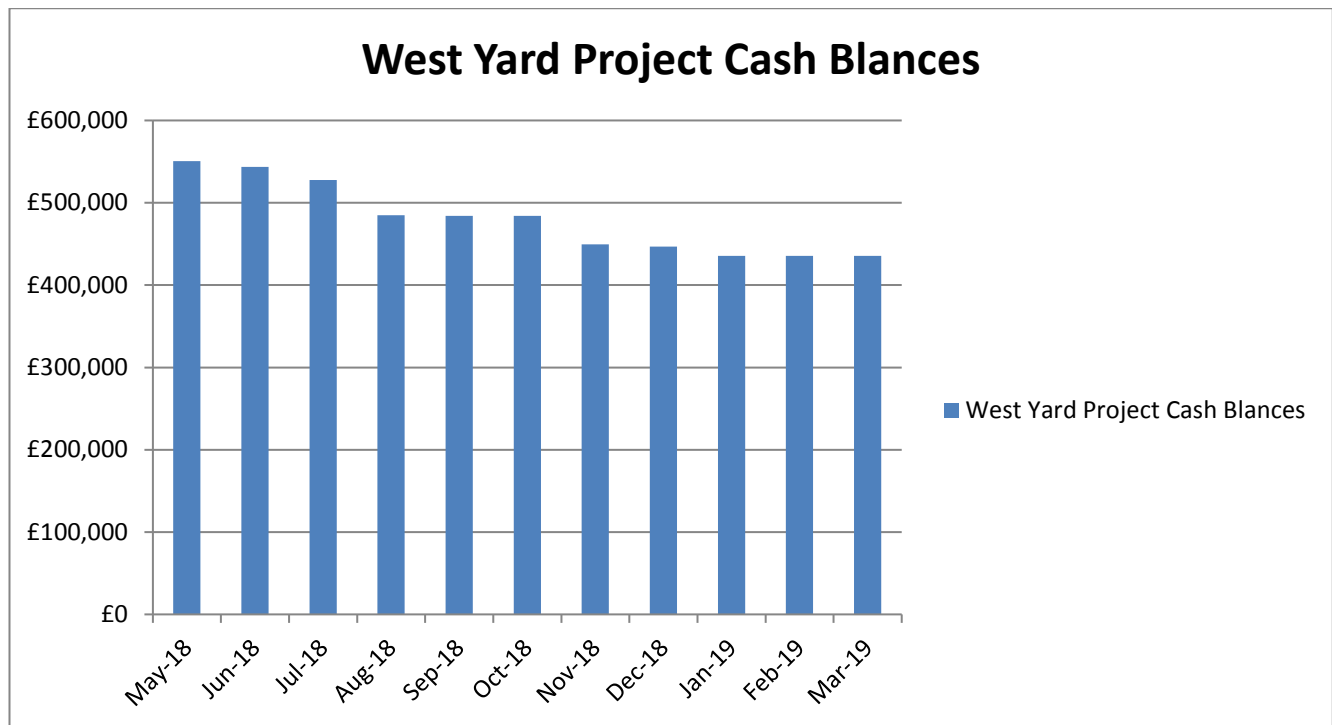
The above chart is a projection of unrestricted cash in the bank per month in 2018-19 i.e. cash funding the daily operations of the Trust. The Corporate Trustee grant cash flows the first 3 quarters of the year; the last quarter of the year is funded by a transfer of the 2017-18 Gift Aid in cash. Based on the current budget and forecast sufficient funds are expected to be available in 2018-19.

Appendix 3 – East Wing Project cash flow



A separate, restricted bank account serves the East Wing Project, which is funded through monthly claims submitted to HLF and accumulated restricted cash reserves.

Appendix 4 – West Yard Project cash flow



The cash funds which pay for the construction works are kept in a dedicated loan bank account to ensure separation of funds from the Trust's other activities.