



ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD
16th July 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 April 2019 including the annual forecast of incoming and outgoing resources.

1. Recommendation

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

2. Executive Summary of 2019-20 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 (refer to Appendix 1) – The annual revenue expenditure of £3,351,000 (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. There are no concerns with regard to the unrestricted funds and the unrestricted cash flow to report in 2019-20 based on performance in April and May.
- 2.3 The fundraising target depends on successful campaign to raise funds from trusts and foundations with the main focus being to fundraise for strategic projects as well as capital repairs and improvements of the building and park.
- 2.4 The East Wing Project final account was agreed with the construction company in May 2019 and the final amount will be settled as agreed; full funds are available to settle the final account.
- 2.5 West Yard construction works are almost complete and dialogue with regard to the financial settlement under contractual obligations continue.
- 2.6 FRRAC considered the report at its meeting on 18th June 2019.

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

APPCT At Month Ending 30th April 2019	2018/19 Audited £	Year 2019/20 Budget £	Year 2019/20 Forecast £	Year 2019/20 Diff £
Total Income				
Unrestricted grants and income	3,648,273	3,680,790	3,691,931	11,141
Capital grants and funds	1,095,500	470,000	470,000	0
East Wing and Activity Plan	449,820	0	0	0
Fundraising	616,253	400,000	403,255	3,255
Total Incoming Resources	5,809,846	4,550,790	4,565,186	14,396
Direct Charitable Expenditure				
Running and maintaining the Park	(591,618)	(644,275)	(645,026)	(751)
Running and maintaining the Palace	(1,859,754)	(1,926,881)	(1,926,627)	254
Depreciation	(839,996)	(1,495,608)	(1,528,921)	(33,313)
Learning & Community	(27,992)	(32,110)	(32,474)	(364)
Regeneration	(221,315)	(143,376)	(143,792)	(416)
West Yard Storage	40,163	(86,455)	(86,455)	0
East Wing & Activity Plan & Other	(1,277,132)	(1,041,144)	(1,041,639)	(495)
Direct Charitable Expenditure	(4,777,644)	(5,369,849)	(5,404,933)	(35,084)
Raising funds	(99,763)	(140,877)	(140,708)	169
Strategic Leadership	(317,164)	(341,146)	(343,370)	(2,224)
Support Costs	(196,028)	(242,472)	(241,377)	1,095
Total Outgoing Resources	(5,528,781)	(6,094,344)	(6,130,389)	(36,045)
Net Movement in Trust Funds	419,247	(1,543,554)	(1,565,203)	(21,649)
Balance Sheet extract:	1 April 2019		30 April 2019	
	£		£	
Resources available as total Reserves	26,970,333		27,378,841	
Represented by:	£		£	
HLF Grant Claims due	1,293,449		1,067,304	
Cash at bank:				
Main account - unrestricted	57,518		314,907	
HLF Project account - restricted	715,862		702,211	
West Yard Project account - restricted	426,755		411,939	
Capital expenditure account - restricted	355,490		375,847	
Fixed assets/liabilities	24,121,259		24,506,634	
Resources available as total Reserves	26,970,333		27,378,841	

4. Incoming Funding

4.1 Table 2 – 2018-19 Income - breakdown

	2018/19 Audited £ Total Trust	Year 2019/20		
		Budget £ Total Trust	Forecast £	Diff £
Unrestricted				
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	1,070,000	1,165,000	1,165,000	-
4.5) Park Leases and Recharges	219,425	186,790	196,010	9,220
4.5) Palace Leases and Recharges	96,828	73,000	73,250	250
4.6) Learning and Community	12,020	6,000	7,671	1,671
	3,648,273	3,680,790	3,691,931	11,141
Restricted				
4.7) Capital grants and funds	1,095,500	470,000	470,000	-
4.8) East Wing and Activity Plan	449,820	-	-	-
4.9) Fundraising	616,253	400,000	403,255	3,255
	5,809,846	4,550,790	4,565,186	14,396

- 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 2019-20. The licence permits APTL's commercial use of the Palace. This amount is subject to change dependent upon the current independent licence valuation exercise.
- 4.4 The Gift Aid due from APTL is a critical source of unrestricted funding for the Trust. The 2018-19 Gift aid is budgeted as £1,165,000 and will be transferred to the Trust within 9 months from 2018-19 year-end to take full advantage of the corporation tax exemption within this financial year.
- 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 2019-20 annual income from this source (unrestricted) is budgeted at £260,000. The positive variance of £9,220 is due to the timing of invoicing for rechargeable expenditure (insurance).
- 4.6 Creative Learning income represents fees receivable from events as well as fees charged to schools for workshops and educational activities, to cover the costs of delivery.
- 4.7 The Capital grant and funds (restricted) in 2019-20 from our Corporate Trustee is £470,000 and has been maintained at the previous year's level.

- 4.8 East Wing and Activity Plan are restricted funds for the HLF Project. The East Wing regeneration project has been completed and therefore there will be no more funding coming in for construction works. The Activity Plan is funded from the accrued HLF grant income and therefore not recognised as incoming resources in 2019-20.
- 4.9 The fundraising target for 2019-20 is £400,000. £3,255 was received as charitable donation from individuals in April.

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 £644,000 with no significant variance reported.
- 5.2 Palace running costs include the in-house maintenance team, third party contracts for maintenance of specialist areas for example the lifts, shutters, ice rink plant; it also covers the building insurance and rates. The annual cost is budgeted at £1,926,000 with no significant variance reported.
- 5.3 The annual depreciation charge is an accounting entry and has no impact on available resources and cash flow. The charge has increased on previous years due to a capitalisation of the HLF project.
- 5.4 Creative Learning costs represent a proportion of salaries paid to the staff delivering these activities; the majority of costs are funded by the HLF Activity Plan grant. The total annual cost is budgeted at £32,000 with no significant variance reported.
- 5.5 Regeneration spending represents costs of supporting the East Wing Project not funded from the HLF budget and the costs of the Strategic Vision projects, for example a feasibility study of car park charging and the usage of the new spaces in the Palace. The total annual cost is budgeted at £143,000 with no significant variance reported.
- 5.6 The West Yard Project budgeted costs represent an estimated provision for legal and expert negotiations.
- 5.7 East Wing. The 2019-20 budgeted costs represent a provision for the construction cost retentions and also a provision for the Activity Plan supported by the HLF fund until November 2021. No variance is reported.

6. Fundraising costs

This covers the costs of fundraising activity to raise funds for the Trust. The budget of £141,000 has been allocated to fundraising with no significant variance reported.

7. Strategic Leadership costs

This represents the costs of non-departmental members of the leadership team and support costs; costs in relation to taking forward the Governance Improvement and change programmes and non-departmentally attributable costs of implementing the Strategic Vision; no significant cost variance is reported.

8. Support costs

This represents the costs of running the office including: IT support, office administration and supplies. No significant variance is reported.

9. Annual Capital Expenditure

- 9.1 Capital Projects (outside the East Wing Project and the West yard Project) are funded mainly from the Haringey Council's capital grant. The 2019/20 capital grant agreed by the Council is £470,000. The money is being spent on critical maintenance projects and projects relating to health and safety of the visitors on site. The Trust retains a level of flexibility in the programming of these works to provide for unforeseen urgent works during the year.

The Trust also manages cash resources from the Restoration Levy collected by APTL on a sale of tickets to its events. The funds from this source of income are estimated at c£400,000 pa. The 2018-19 allocation has already been advanced to the Trust and spent prior to the opening of the Theatre to enable the completion of works not paid by the HLF grant on items to enhance the visitor/audience experience. The 2019-20 funds will not be available until December 2020 (as part of the 2019-20 Gift Aid) unless the APTL Board approves an earlier transfer to fund a critical project if no other funds are made available to the Trust.

10. Loan commitments

APPCT 2017-18 Budget	capital amount o/s at 1.4.2019	annual interest	annual repayment	remaining term of Loan	instalment payment due date
West Yard Loan	2,421,000	82,000	122,000	32 years	Payable August 2019
Ice Rink main loan	1,231,000	45,000	164,000	7 years	Paid March 2019
Lighting loan (SIF)	145,000	-	44,417	3 years	Paid March 2019
	3,797,000	127,000	330,417		

All Trust loan commitments are up to date.

10. Legal Implications

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

11. Financial Implications

- 11.1 The Council's Chief Financial Officer has been consulted in the preparation of this report. The Trust's financial statements disclose a balanced position.

The CFO has provided an additional confidential comment to the Board in exempt section 22.

12. Use of Appendices

Appendix 1 - Income and Expenditure – unrestricted funds

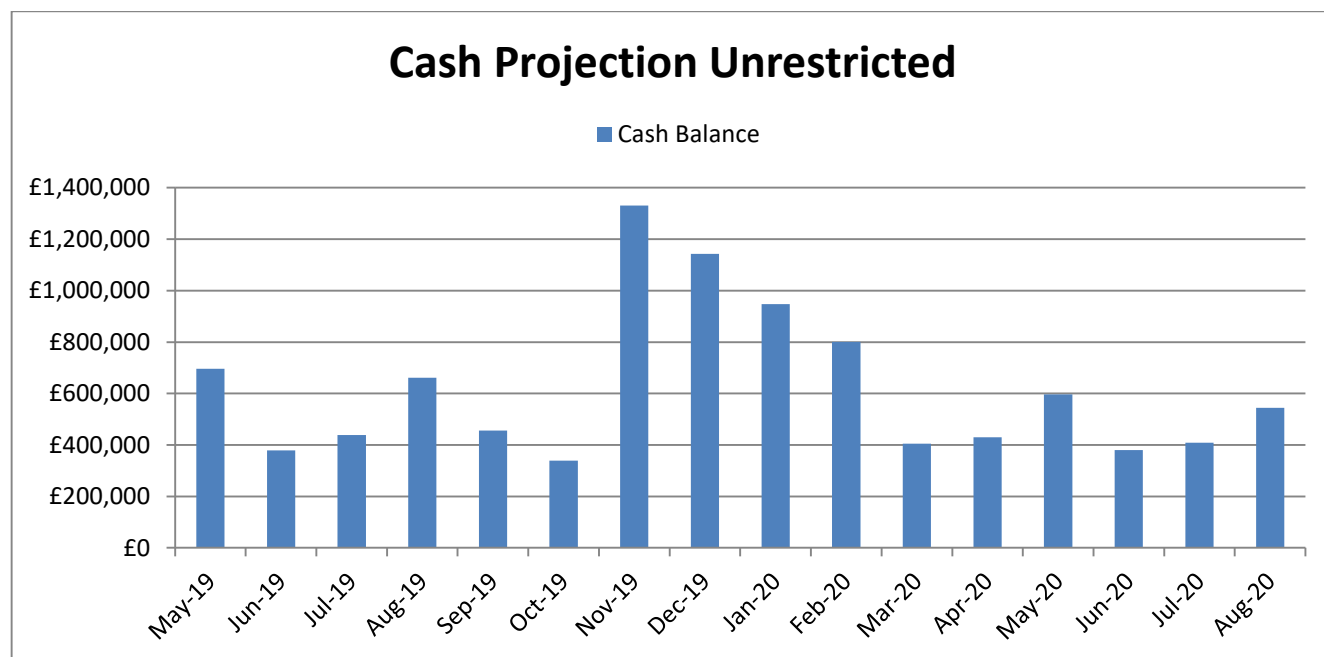
Appendix 2 – Cash Projection unrestricted

Appendix 3 – HLF Project Cash Projection

Appendix 1 – Income and Expenditure – unrestricted funds only

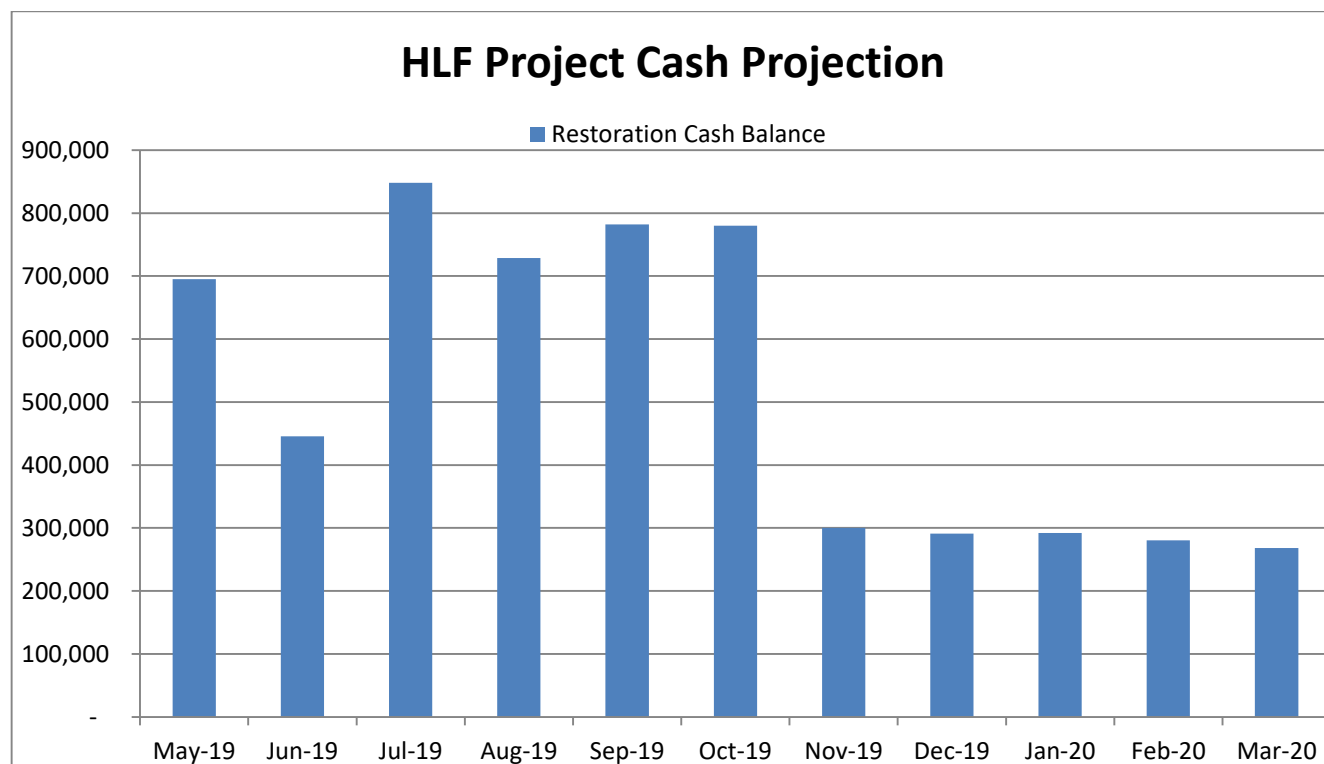
	2018/19	Year 2019/20		
	Audited	Budget	Forecast	Diff
	Unrestricted	Unrestricted		
Incoming Resources	£	£	£	£
HC Grant - Operational	1,950,000	1,950,000	1,950,000	-
Capital Grants	-	-	-	-
Palace APTL Licence	300,000	300,000	300,000	-
Palace Leases & Recharges	96,828	73,000	73,250	250
West Yard Late Fees	-	-	-	-
Park Leases & Recharges	219,425	186,790	196,010	9,220
Learning & Community	12,021	6,000	7,671	1,671
Gift Aid	1,070,000	1,165,000	1,165,000	-
Total Incoming Resources	3,648,274	3,680,790	3,691,931	11,141
Overheads				
Cost of Events (Learning and Fundraising)	(4,267)	(29,000)	(29,311)	(311)
Wages & Salaries	(779,777)	(927,730)	(930,256)	(2,526)
Other Wage Costs (Travel & Training & Recruitment)	(7,641)	(15,195)	(15,600)	(405)
Maintenance of Palace (core)	(311,459)	(384,004)	(384,004)	0
Maintenance of Park (Contract)	(330,217)	(329,556)	(329,556)	(0)
Variable repair & Maintenance of Park and Palace	(227,291)	(217,710)	(219,179)	(1,469)
Security Control (Contract)	(530,481)	(532,500)	(532,594)	(94)
Cleaning & Pest	(16,957)	(21,600)	(21,600)	-
Rates & Insurance	(404,737)	(370,200)	(368,540)	1,660
Office running	(119,223)	(80,948)	(81,566)	(618)
Utilities	(89,383)	(93,600)	(89,331)	4,269
Software & IT	(59,153)	(67,264)	(68,854)	(1,590)
Sundries, Meeting & Subscriptions	(14,365)	(24,830)	(23,151)	1,680
Marketing, Advertising & Design	(33,780)	(43,300)	(43,300)	-
Legal & Professional	(180,159)	(189,840)	(192,840)	(3,000)
Banking Costs	(1,057)	(1,500)	(1,331)	169
APTL Cost recharges	(78,060)	(22,056)	(22,056)	-
Total Outgoing Resources	(3,188,005)	(3,350,833)	(3,353,070)	(2,237)
Result	460,269	329,957	338,861	8,904
<u>Loan commitments</u>				
West Yards loan	(122,000)	(122,000)	(122,000)	0
Ice Rink loan	(164,000)	(164,000)	(164,000)	0
Lighting SIF loan	(44,417)	(44,417)	(44,417)	0
	(330,417)	(330,417)	(330,417)	0

Appendix 2 – Cash Projection Unrestricted



This is a projection of unrestricted cash at bank per month in 2019-20 ie cash funding daily operations of the Trust. The Corporate Trustee grant cash flows the first 3 quarters of the year and the last quarter of the year is funded by a transfer of the 2018-19 Gift Aid in cash (transfer in November/December 2019). Based on current budget and forecast there are sufficient cash funds available in 2019-20.

Appendix 3 – HLF Project Cash Projection



The East Wing Project is funded from a separate restricted bank account which is funded through monthly claims submitted to HLF and accumulated restricted cash reserves.