



ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD

8th October 2019

Report Title: APPCT 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.

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 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 Although a forecast overspend is reported in revenue expenditure this is due to programming and timing of costs allocation. These are expected to return to budgeted levels in all areas expect for a provision of depreciation (non-cash) and the West Yard storage project (refer to 2.5). There are no concerns with regard to the unrestricted funds and the unrestricted cash flow to report in 2019-20.
- 2.3 The fundraising target was set at £400,000 for the current year. The focus is to raise money for strategic projects, capital repairs and improvements, and support for the Creative Learning Programme. We are making good progress towards the target (Table 3).
- 2.4 The East Wing Project final account was settled in May 2019. There are no more payments due until November 2019 when the final retention of £442,470 is due (funds are allocated and available from the National Lottery Heritage Fund grant).
- 2.5 West Yard construction works are almost complete and dialogue continues.

3. Table 1 - Statement of Incoming and Outgoing Resources – 2019-20 forecast

APPCT At Month Ending 31 st July 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	3,721,936	41,146
Capital grants and funds	1,095,500	470,000	642,169	172,169
East Wing and Activity Plan	449,820	0	0	0
Fundraising	616,253	400,000	83,589	(316,411)
Total Incoming Resources	5,809,846	4,550,790	4,447,694	(103,106)
Direct Charitable Expenditure				
Running and maintaining the Park	(591,618)	(644,275)	(655,081)	(10,806)
Running and maintaining the Palace	(1,859,754)	(1,926,881)	(1,942,770)	(15,889)
Depreciation	(839,996)	(1,495,608)	(1,534,450)	(38,842)
Creative Learning	(27,992)	(32,110)	(34,935)	(2,285)
Regeneration and strategic projects	(221,315)	(143,376)	(144,054)	(678)
West Yard Storage	40,163	(86,455)	(220,451)	(133,996)
East Wing and Activity Plan	(1,277,132)	(1,041,144)	(1,041,639)	(495)
Direct Charitable Expenditure	(4,777,644)	(5,369,849)	(5,560,891)	(191,042)
Raising funds	(99,763)	(140,877)	(137,751)	3,126
Strategic Leadership	(317,164)	(341,146)	(355,650)	(14,504)
Support Costs	(196,028)	(242,472)	(242,681)	(209)
Total Outgoing Resources	(5,528,781)	(6,094,344)	(6,296,973)	(202,629)
Net Movement in Trust Funds	419,247	(1,543,554)	(1,849,280)	(305,726)
Balance Sheet extract:		1 April 2019	31 July 2019	
		£	£	
Resources available as total Reserves		26,970,333	27,071,379	
Represented by:		£	£	
HLF Grant Claims due		1,293,449	783,040	
Cash at bank:				
Main account - unrestricted		57,518	643,967	
NLHF Project account - restricted		715,862	617,195	
West Yard Project account - restricted		426,755	270,987	
Capital expenditure account - restricted		355,490	560,170	
Fixed assets/liabilities		24,121,259	24,196,021	
Resources available as total Reserves		26,970,333	27,071,379	

4. Incoming Funding

4.1 Table 2 – 2019-20 Income - breakdown

	2018/19	Year 2019/20		
	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	1,070,000	1,165,000	1,194,653	29,653
4.5) Park Leases and Recharges	219,425	186,790	196,973	10,183
4.5) Palace Leases and Recharges	96,828	73,000	71,050	(1,949)
4.6) Creative Learning	12,020	6,000	9,259	3,259
	3,648,273	3,680,790	3,721,936	41,146
Restricted				
4.7) Capital grants and funds	1,095,500	470,000	642,169	172,159
4.8) East Wing and Activity Plan	449,820	-	-	-
4.9) Fundraising	616,253	400,000	83,589	(316,411)
	5,809,846	4,550,790	4,447,694	(103,106)

- 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 was budgeted at £1,165,000. It has been subsequently revised to a higher figure of £1,194,653 on completion of the tax computation giving additional £29,653 of unrestricted funds for revenue spending.
- 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 £8,234 is due to a slight increase in rental income estimates.
- 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. A projected positive variance of £3,259 is due to successful summer camp activities part funded by the NLHF activity programme (part of the East Wing Programme funding) and part by the Trust which was offset by a participation fee as income to unrestricted funds.
- 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. The forecast total figure

has been increased to £642,169 to reflect additional funds available from the 2018-19 APTL Gift Aid designated to fund an overhaul of the Great Hall lift and works in the Park.

4.8 The East Wing and Activity Plan are restricted funds for the NLHF Project. The East Wing regeneration project has been completed and will no longer receive funding for construction works. The Activity Plan is funded from the accrued NLHF grant income and is therefore not recognised as incoming resources in 2019-20.

4.9 The fundraising target for 2019-20 is £400,000. The Table below summarises income received, pledged and applied for to reach this target.

Table 3 – 2019-20 Fundraising income tracker

	Received 19/20	Future Pledges	Total to be received from funder over funding period	
Donations - Restoration Project	6,138	-	6,138	
Donations - General Restricted	451	-	451	
Hewlett Packard	25,000	-	25,000	Towards technology Creative Pavilion
Matchroom Foundation	50,000	100,000	150,000	Will take the Wild in the Park programme forward for young people with emotional & behavioural difficulties funding over three years
John Thaw Foundation - Activity Plan	2,000	-	2,000	£2,000 grant given towards Rock against Racism 2019
Mayor's Tree Fund	-	15,540	15,540	Community tree planting grant in partnership with Trees for Cities
		115,540	199,129	
Income accounted for in 2019-20 (July reforecast)	83,589			

YTD funding received in 19/20 equates to £83,589 with further £115,540 already pledged against a target of £400,000

5. Direct Charitable expenditure

5.1 Running and maintenance of the Park includes the Grounds Maintenance contract and maintenance and repairs of properties in the Park leased to tenants and other accidental repairs in the Park area. The total annual cost is budgeted at £644,000. A small variance is due to estimated recharges of costs to tenants.

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 a small variance due to timing of expenditure.

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 NLHF 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 NLHF 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 NLHF budget, a feasibility study of car park charging and the costs of the Strategic Vision projects. 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 NLHF grant until November 2020. 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 governance change programmes and non-departmentally attributable costs of implementing the Strategic Vision. The current variance reflects additional expert fees committed on car parking project.

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

Capital Projects are funded mainly from the Haringey Council's capital grant - 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 table below lists current capital projects being considered or in progress already:

Works Scheduled	Budgeted	Not Comitted as at 21-08-2019
LBH Monies & Grants		
West Hall Ducts	14,724	-
South / West Elevations	40,000	40,000
Space Frames Two Bays	85,000	85,000
Colonnades	39,000	39,000
Basement works	34,192	3,391
Glazing Works	84,288	6,240
West Yard Lift	200,000	200,000
Security Lodge	62,032	62,032
West Yard Shutters	74,100	-
Theatre Stage - Propping Works North	5,000	5,000
Theatre Stage - Propping Works South	5,000	5,000
Fees relating to Capital	26,099	16,400
Equipment hire (installations)	9,410	-
Materials	392	-
	679,237	462,063

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 Table below lists projects considered for the current year which will be funded from 2018-19 Restoration Levy.

Works Scheduled	Budgeted	Not Comitted as at 21-08-2019
Restoration & GA		
Park Signage	19,000	-
Park Related	10,000	10,000
Theatre Bar Cooling	4,923	-
Furniture	20,000	20,000
Wire Access Points	3,279	-
Great Hall Lift Works	149,110	-
Security Lodge	4,722	4,722
Equipment hire (installations)	7,110	3,900
	218,144	38,622

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	Paid 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.

11. Financial Implications

- 11.1 The Council's Chief Financial Officer has been consulted in the preparation of this report, and has no further comments.

12. Legal Implications

- 12.1 There are no legal implications arising from this report.
- 12.2 The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report and has no comments.

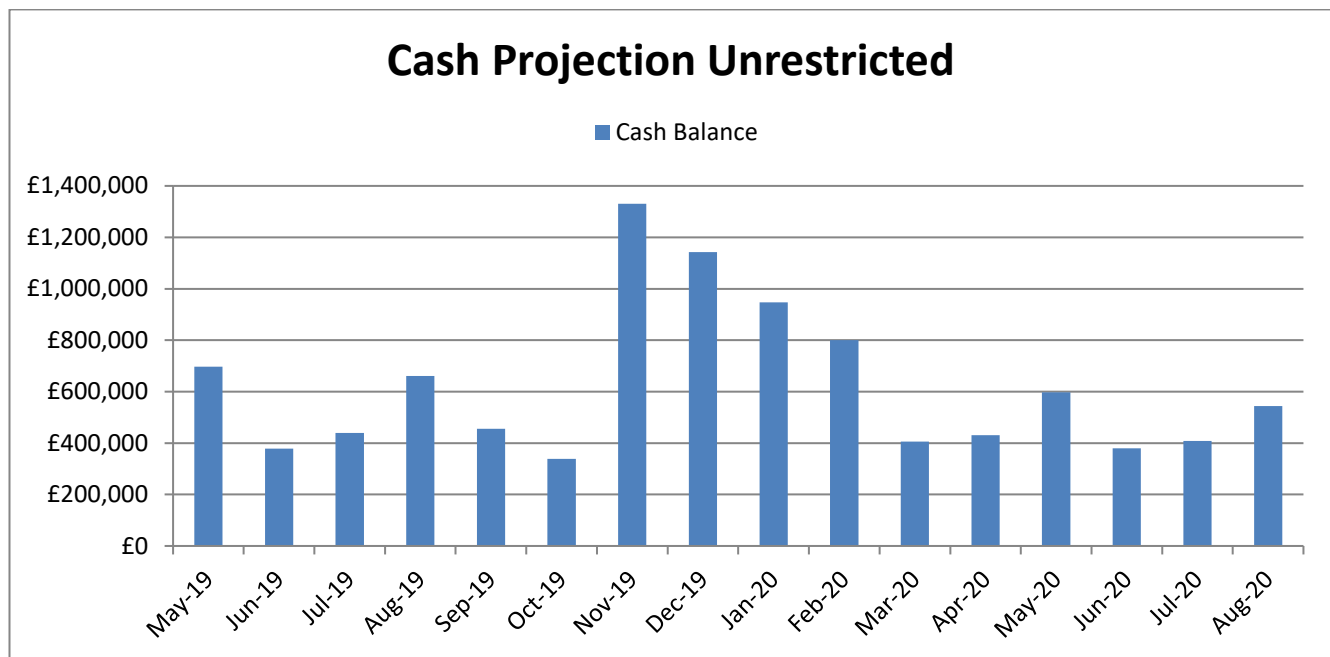
12. Use of Appendices

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

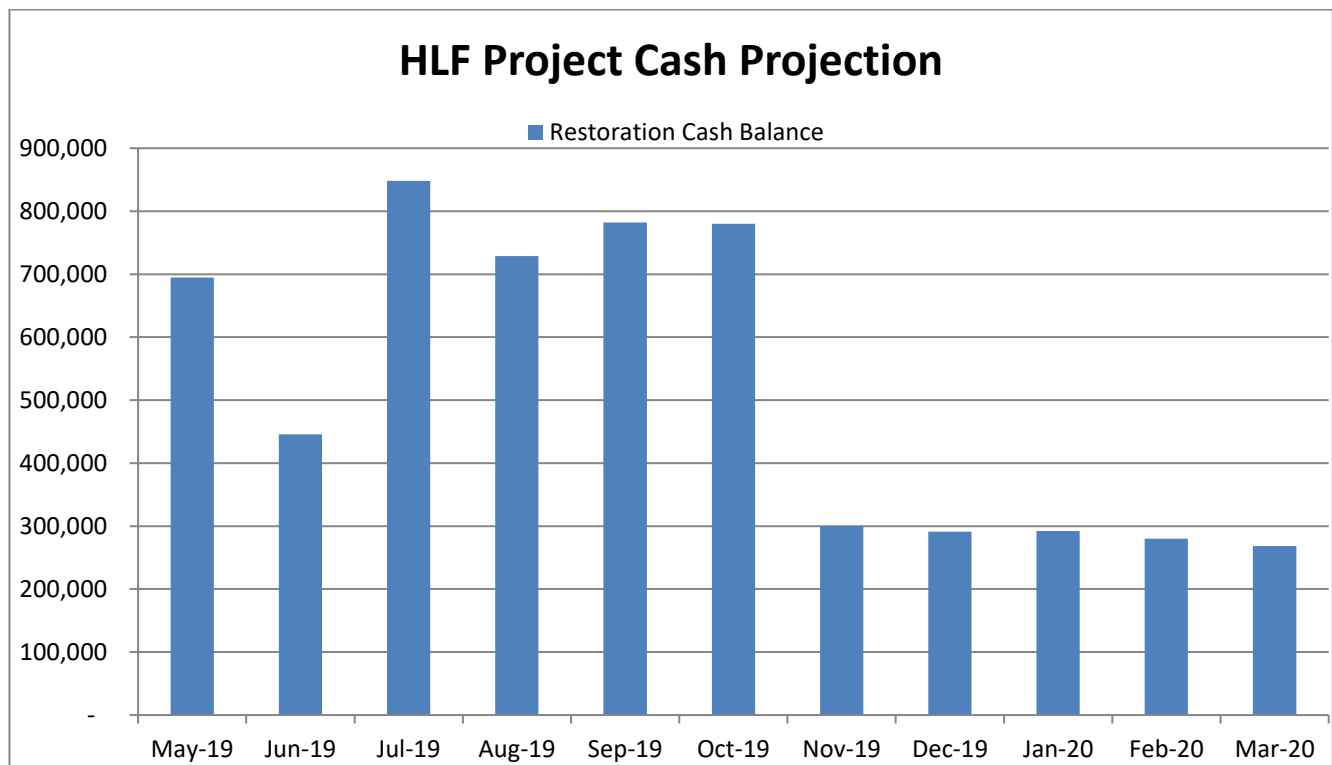
	2018/19	Year 2019/20		
	Audited	Budget	Forecast	Diff
	Unrestricted	Unrestricted		
Incoming Resources	£	£	£	£
HC Grant - Operational	1,950,000	1,950,000	1,950,000	-
Capital Grants	-	-	-	-
Palace APTL Licence	300,000	300,000	300,000	-
Palace Leases & Recharges	96,828	73,000	71,050	(1,949)
West Yard Late Fees	-	-	-	-
Park Leases & Recharges	219,425	186,790	196,973	10,183
Creative Learning	12,021	6,000	9,259	3,259
Gift Aid	1,070,000	1,165,000	1,194,653	29,653
Total Incoming Resources	3,648,274	3,680,790	3,721,936	41,146
Overheads				
Cost of Events (Learning and Fundraising)	(4,267)	(29,000)	(28,611)	389
Wages & Salaries	(779,777)	(927,730)	(899,323)	28,408
Other Wage Costs (Travel & Training & Recruitment)	(7,641)	(15,195)	(21,878)	(6,683)
Maintenance of Palace (core)	(311,459)	(384,004)	(384,004)	-
Maintenance of Park (Contract)	(330,217)	(329,556)	(329,556)	-
Variable repair & Maintenance of Park and Palace	(227,291)	(217,710)	(221,696)	(3,986)
Security Control (Contract)	(530,481)	(532,500)	(533,213)	(713)
Cleaning & Pest	(16,957)	(21,600)	(21,600)	-
Rates & Insurance	(404,737)	(370,200)	(377,159)	(6,959)
Office running	(119,223)	(80,948)	(81,773)	(825)
Utilities	(89,383)	(93,600)	(95,698)	(2,098)
Software & IT	(59,153)	(67,264)	(71,504)	(4,240)
Sundries, Meeting & Subscriptions	(14,365)	(24,830)	(24,070)	760
Marketing, Advertising & Design	(33,780)	(43,300)	(43,580)	(280)
Legal & Professional	(180,159)	(189,840)	(209,228)	(19,388)
Banking Costs	(1,057)	(1,500)	(1,456)	44
APTL Cost recharges	(78,060)	(22,056)	(22,056)	-
Total Outgoing Resources	(3,188,005)	(3,350,833)	(3,366,407)	(15,574)
Result	460,269	329,957	355,528	25,571
<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 i.e. 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 NLHF and accumulated restricted cash reserves.

The last payment to Wilmott Dixon the construction company will be in November 2019 when the final retention of £442,470 will be paid. From December 2019 the remaining NLHF funds will pay for the Activity Plan undertaken by our Creative Learning Team.