



ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD

23 MARCH 2020

Report Title: Financial Results with annual forecast

Report of: Dorota Dominiczak, Director of Finance and Resources

Local Government (Access to Information) Act 1985 N/A

Purpose: This paper sets out the financial position of Alexandra Park and Palace Charitable Trust to 31st December 2019 including the annual forecast of incoming and outgoing resources.

1. Recommendation

To note the financial performance of the Trust and the pressure going forward.

2. Executive Summary of 2019/20 Forecast

- 2.1 Table 1 gives an overview of the 2019/20 performance against budget, which shows the Trust is tracking with variances in income and expenditure but overall is on target to achieve the annual budget for the current year. There are no concerns to report with regard to the unrestricted funds and the unrestricted cash flow in 2019-20.
- 2.2 Whilst there is some overspend forecast in some Trust activities the over-spending in those budget lines is fully funded from the Gift Aid transferred to the Trust in year by its trading subsidiary.
- 2.3 The Trust has been fundraising to raise money for the strategic projects, capital repairs and improvements, and to support the Creative Learning Programme. The annual fundraising target has been set at £400,000 and, despite very tough competition in the sector it has been exceeded (Section 4)
- 2.5 The 2020/21 budget is looking very challenging due to the increase in contracts, unavoidable costs and a reduction in regular funding for the Trust.
- 2.6 FRRAC considered a more detailed report on the Group financial results at its meeting on 25th February and feedback is included in the FRRAC Chair's report (Agenda Item 8).

3. Table 1– Summary of Performance 2019-20 – Trust Unrestricted

APPCT At Month Ending 31st December 2019	2018/19 Audited £	Year 2019/20 Budget £	Year 2019/20 Forecast £	Year 2019/20 Diff £
Income				
Unrestricted – (ref Section 4)	3,648,273	3,680,790	3,800,901	120,111
Total Income	3,648,273	3,680,790	3,800,901	120,111
Expenditure – (ref Section 6)				
Running and maintaining the Park	(591,618)	(644,275)	(639,060)	5,215
Running and maintaining the Palace	(1,734,124)	(1,806,577)	(1,903,893)	(97,316)
Creative Learning	(27,992)	(32,110)	(40,672)	(8,562)
Strategic Projects and Programmes	(221,315)	(143,376)	(148,833)	(5,457)
Raising funds	(99,763)	(140,877)	(132,095)	8,782
Strategic Leadership	(317,164)	(341,146)	(341,691)	(545)
Support Costs	(196,028)	(242,472)	(231,961)	10,511
Total Expenditure	(3,188,004)	(3,350,833)	(3,438,206)	(87,373)
Net Movement in unrestricted funds	460,269	329,957	362,695	32,738

3.1 Table 2 – Trust: Unrestricted Income

	2018/19 Audited	Year 2019/20		Diff
	Unrestricted	Budget	Forecast	
Incoming Resources	£	£	£	£
Corporate Trustee Grant - Operational	1,950,000	1,950,000	1,950,000	-
Palace APTL Licence	300,000	300,000	300,000	-
Palace Leases & Recharges	96,828	73,000	89,001	16,001
Park Leases & Recharges	219,425	186,790	244,240	57,450
Creative Learning	12,021	6,000	23,007	17,007
Gift Aid from Trading	1,070,000	1,165,000	1,194,654	29,654
	3,648,274	3,680,790	3,800,901	120,111

3.2 The Corporate Trustee has maintained the annual revenue grant of £1,950,000 for the past five years. The grant, which supports the Trust in delivering its charitable purposes, is being cut by 10% from April 2020 and, as most of the Trust's costs are contractual, this will put pressure on next year's budget.

3.3 Park and Palace Leases and Recharges represent annual lease income from tenancies 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 Park leases report an uplift of £57,000 due to unbudgeted turnover related fees. .

3.4 Creative Learning income represents fees received from Creative Learning events as well as fees charged to schools for workshops and educational activities, to cover the costs of delivery. A positive projected variance of £17,000 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.

3.5 The 2018-19 Gift aid was budgeted at £1,165,000 but it has been subsequently revised to £1,194,653 to fund unexpected expenditure in the Trust.

4. Trust Fundraising

4.1 The fundraising target for 2019-20 is £400,000. Table 3 below summarises income received, pledged and applied for to reach this target, which has been exceeded.

4.2 Table 3 – 2019-20 Fundraising income tracker

Funder	Project	Received	Pledge	Total	Purpose
		£	£	£	
Donations	Restoration	6138	-	6138	East Wing Restoration Project
Donations	General Restricted	853	-	853	For future unfunded projects
Hewlett Packard	Creativity Pavilion	25000	-	25000	To fit out new space with IT equipment
Matchroom Foundation	Wild in the Park	50000	100000	150000	Outdoor learning programme for young people
John Thaw	Rock Against Racism	2000	-	2000	Summer camp - music workshops for young people
Teale Charitable Trust	Midsummer Night's Dream	2000	-	2000	Young people's workshops based on the production
Mayor's Greener City Fund	Tree Planting	-	15540	15540	To facilitate Tree Planting
Historic England	North East Office Building	-	250000	250000	Capital refurbishment project
Arts Council England	Biblio Buzz	13463	1132	14595	Children's Book Awards - workshops in libraries
London Community Foundation	Youth Programme	9578	-	9578	Founding Creative Industry Network for Young People
Tottenham Grammar School Foundation	Biblio Buzz	6000	-	6000	Children's Book Awards
Tottenham Grammar School Foundation	Big Schools programme	-	10000	10000	Big Schools Creative Industries events with schoolchildren/young people with special needs
Totals		115032	376672	491,704	

The total amount of funding currently being actively applied for (bids submitted or about to be submitted) is £80,214.

5. Trust's Unrestricted 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 as well as other accidental repairs in the Park grounds. No material 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 overspending of £97,000 was due to a number of necessary accidental repairs of the roof and floor in the Ice Rink.

- 5.3 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 budgeted costs of £32,000 have been exceeded by £8,500 to generate £17,000 of additional return from the summer camp activities.
- 5.4 Strategic Projects and Programmes spending represents the 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;
- 5.5 Strategic Leadership costs 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. No variance on budget is forecast.
- 5.6 Support costs represent the costs of running the office including: IT support, office administration and supplies. A small underspending is due to a freeze on some administrative costs.

6. Capital Expenditure funded by Corporate Trustee grant

- 6.1 Repair and maintenance 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.

6.2 Table 4 – current capital projects

Works Scheduled	Budgeted	In Procurement on 17 Jan 2020
LBH Monies & Grants		
West Hall Ducts	14,725	-
Window Boxes	750	-
South / West Elevations	20,000	20,000
Space Frames Two Bays	25,000	25,000
Basement works	34,192	3,391
Glazing Works (Sector 5)	112,774	-
West Yard Lift	138,433	-
West Yard Shutters	74,100	-
Theatre Stage - Propping Works North	8,350	-
Theatre Stage - Propping Works South	5,000	2,926
Carpet	37,741	-
Fees relating to Capital	13,636	800
Equipment hire (installations)	13,107	-
Materials	392	-
Sector 1 - Palm Court Works	34,100	34,100
Sector 3 - Star Suites , Level 5	9,777	8,640
Sector 6 - Great Hall Works	24,291	24,291
Sector 7 - Ice Rink Works	51,362	4,000
Sector 8 - Theatre	4,400	4,400
Sector 9 - East Lightwell / BBC Doors	11,800	11,800
Sector 10 - BBC Tower	9,300	9,300
Sector 11 - SEOB & East Lightwell	29,000	29,000
South Terrace	7,000	4,860
Account Charges	8	-
	679,238	182,508

7. Capital Expenditure funded by the Trading subsidiary

7.1 The Trust also manages the Restoration Levy collected by APTL on a sale of tickets to events. The funds from this source of income are estimated at c£400,000 pa. The projects provide an enhancement to the visitors' experience in the Park and Palace.

7.2 Table 5 – Projects funded from the Restoration Levy and Gift Aid

Works Scheduled	Budgeted	In Procurement on 17 Jan 2020
Funded from Restoration and GA (Trading Company)		
Park Signage	19,000	-
Park Related	10,000	754
Theatre Bar Cooling	4,923	-
Furniture	20,000	20,000
Exchequer Server	3,279	-
Carpet	4,954	-
Great Hall Lift Works	149,110	-
Equipment hire (installations)	6,878	-
	218,144	20,754

8. Table 7 - 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.

8.1 Future loan commitments

8.1.1 West Yard construction works are almost complete and the Trust is now in possession of the building.

10. Risks and financial considerations going forward

10.1 The unrestricted funds have no cash reserves as annually all incoming resources are allocated and spent on delivering our charitable objectives. The work on the draft Trust budget has been completed. The 2020-21 unrestricted budget is negatively impacted by the following pressures:

- The Corporate Trustee's grant cut by £195,000 (10% cut).
- Contract costs have increased by £170,000pa from April 2020 to enable the contractors to increase hourly rates to LLW

- 10.2 The proposed reduction in the grant and the already known increases in the security contract and the park maintenance contract costs have put pressure on the trading subsidiary to deliver a higher level of gift aid to cover the shortfall. In 2019-20 the Trust required £1,195,000 Gift Aid and this will have to increase to c£1.55m to balance the Trust's resources in 2020-21.
- 10.3 The Car Parking project is underway. The initial outlay on refurbishment of the existing car parks and the infrastructure has been estimated by the experts together with a potential return for the whole site, but will have to be further examined and tested. However, any financial benefits will not be received before April 2021.

11. Legal Implications

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

12. Financial Implications

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

13. Use of Appendices

None