#### ALEXANDRA PALACE & PARK

# Agenda Item No. 7

Committee: ALEXANDRA PALACE & PARK BOARD
Date: 7<sup>th</sup> Februay 2006

Contact Officer: Keith Holder Tel: 020 8365 2121
Designation: General Manager, Alexandra Palace & Park

Report Title: 8 MONTHS RESULT TO END OF NOVEMBER + FULL YEAR FORECAST 2005-06

## 1. PURPOSE:

1.1 To advise the Board of the 8 months result to the end of the November and forecast to the end of the year.

## 2. SUMMARY:

2.1 The 8 months result is tabulated against budget at Appendix I. The 8+4 forecast against budget is tabulated at Appendix II.

#### 3. **RECOMMENDATION:**

3.1 Members are asked to note the report.

Report Authorised by Keith Holder Signature:.....

General Manager (Designation)

# 4. Local Government (Access to Information) Act 1985:

**4.1** Further information about this report can be obtained from Keith Holder, General Manager, Alexandra Palace & Park, Alexandra Palace Way, Wood Green, London N22 7AY. Telephone number 020 8365 2121.

## 5. REPORT

5.1 The actual cumulative results for the accounting period to November 2005 (8 months) show an overall saving of £235K before development costs.(Appendix 1). This represents an overall saving against budget of 14.3% for the comparable period.

- 5.2 Comparisons of actual to budget results for the 8 month period (Appendix 1) shows that overall net income was £781K compared to a budget of £666 K i.e. an increase of £115K (17.3%). This is commented in details as follows:
  - <u>Concession/ Leases</u>: the adverse variance is not material when compared to the budgeted amount for the same period (4.3%) and can be attributed at this stage to a slight over estimating of budgeted income or phasing of this income within the budget period.
  - Net Ice Rink income: Comparison of net actual £499K with net budget of £402K shows a favourable variance of £97K which is a gain of 24.1% on budget. Clearly this reflects an initial out performance of the budget further improved when the shrinkage in income anticipated in the budget by the 3 week closure of the ice rink to conduct repairs did not have the impact that was envisaged.
  - Grants: The favourable variance arising is £15K and is due as previously reported to unbudgeted restricted grants of £10,000 from the Environment Agency for improvements to the lake and £5,000 from English Heritage.
  - <u>Sundry Income</u>: Again the £6K variance is as previously reported and mainly attributable to the receipt of insurance monies for the Great Hall lining claim.
- Payroll and contracted services for the period show a saving of £16K over budget 1.5%). In more detail this can be analysed as follows:
  - <u>Salaries</u>: This shows a saving of 40K for the period (13.5%) i.e. £296K compared to £256K. This is the result of vacancies in the ice rink and community events.
  - <u>Wages/casuals</u>: An adverse variance of £8K (7.3%) arises for the period when the actual of £117K is compared to the budget of £109K arising mainly from the need to fill the vacancies in the ice rink with casual staff.
  - <u>Contracted services</u>: This shows an increase over budget of £16K (2.4%) arising from the security budget and the parks budget.
  - Fixed overheads show an adverse variance of £13K for the period representing 4.9% of the budget £265K. This is mainly attributable to legal and insurance costs with savings in the other areas.
  - Variable overheads show a favourable variance of £117K which represents 12.3% of the budgeted figure for the period of £972K. This is mainly due to rigorous scrutiny of proposed expenditure on repairs and maintenance in the light of the potential to lease the building. A budget cost of £451K for the 8 month period compares with an actual cost of £349K i.e. a saving of £102 (22.6%).
  - Development costs are up and for the 8 month period an adverse variance of £159K arises which is an increase of 47.7%. However the original budget did not account for these costs.
- 5.4 The four months budget figures in the 12 months forecast (**Appendix 2**) have been revised upwards to reflect the market price increases in electricity and gas, the relevant revisions being £20K and £12K respectively. On the same theme the 12 months forecast has also been increased by £20K in respect of security costs but a reduction in repairs and maintenance of £40K has been reflected. The net effect of these revisions is

to increase the overall costs within the 12 month forecast by £12K although the overall result still shows a favourable variance of £223K.

- This Appendix includes a line for the estimated deed of covenant from Alexandra Palace Trading Limited. The forecast position is that the profit will be £1.100M being £100,000 less than the budget. However there are a number of factors which could impact on the covenanted profit including an increase in bad debt provision.
- 5.6 The overall consolidated result is therefore anticipated as a deficit of £1,077,000 against the budget of £1,200,000, a favourable variance of £123,000.

## 5.7 Capital:

At the end of November 2005, the capital expenditure amounted to £127,560 out of the budget of £300,000 for the year. It is anticipated at this stage that only £140,000 of the £300,000 will be spent by the end of the year.

#### **5.8** Lottery Fund:

The progress and expenditure on the lottery will be presented by the Parks Manager in a separate report, expenditure incurred as at the end of November amounted to £530,804

- **6.1** Financial Implications/Comment
- 6.1 A copy of this report has been sent to the Director of Finance
- 7. Legal Implications/Comment
- 7.1 The Trust's Solicitor has been sent a copy of this report.
- 8. Equal Opportunities Implications
- 8.1 There are no perceived equal opportunities implications in this report.