



## ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD

20 MARCH 2023

**Report Title:** Finance Report

**Report of:** Richard Paterson, Director of Finance and Resources

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

**Purpose:** To update Trustees on the financial performance of the Trust and the impact of the energy crisis on both the current and the next financial year.

### 1. Recommendations

- i. To note the year to date position of the Trust, and;
- ii. To approve the (tabled) 2023/24 Budget.

### 2. Executive Summary

2.1 At the end of December 2022, the Trust was reporting unrestricted revenue of **£3,802,000** (Budget: £3,497,000) with operating expenditure of £3,459,000 (Budget: £3,349,000) and an operating surplus of **£343,000** (Budget: £148,000); £195,000 better than budget.

2.2 Although positive, the above number is heavily influenced by the phasing of revenue funding from Haringey Council and therefore the full year numbers outlined below show an overall deficit position in the full year.

2.3 When last reported in December, the Car Parking project was causing income pressures for the Trust, but the contract has since been signed and Car Parking charging is expected to go live in April.

2.4 For the full year, the Trust is forecasting unrestricted revenue to be **£4,014,000** (Budget: £3,801,000), operating expenditure of £4,691,000 (Budget: £4,351,000) and an operating deficit of **£677,000**; £126,000 behind budget.

It is worth the Trustees noting that the last forecast produced in November was reporting a deficit for the Trust of £1,094,000. The main reason behind the improvement in cost is due to the impact of the Energy Bills Support Scheme that has driven a significant saving across both entities to date (£216,000 for Q3 alone).

2.5 A further explanation of energy costs and the impact of this on both entities and how the costs have been allocated is provided below.

2.6 Other areas to note relate to the delay in the Car Parking Project, as this has caused an unexpected net funding gap of c£150,000. Staffing costs are expected to come in

- 2.7 £63,000 better than Budget due to the Trust carrying vacancies whilst it works through the wider impact of the energy crisis.

TRUST	Full Year Forecast	Previous Forecast	Variance to Previous Forecast
Grants	1,755,000	1,755,000	0
Gift Aid	1,315,624	1,005,164	310,460
Leases	286,532	294,844	(8,312)
AP Licence	200,000	200,000	0
<sup>1</sup> Other Income	237,905	441,708	(203,803)
<i>Additional Income Targets</i>	0	0	
<b>Total Income</b>	<b>3,795,061</b>	<b>3,696,716</b>	<b>98,345</b>
Carparking and Donations	218,657	185,006	33,651
Cost of Events (Learning / Fundraising)	(10,354)	(10,082)	(273)
Interest Receivable	0	0	0
Salaries & Wages (admin)	(940,011)	(939,908)	(103)
Other Admin Expenses	(3,101,910)	(3,208,853)	106,943
Energy Costs	(352,800)	(352,800)	0
- Energy Cost Uplift	(285,489)	(463,932)	178,443
<i>Cost Savings/Efficiencies</i>	0	0	
<b>Total Overheads</b>	<b>(4,690,564)</b>	<b>(4,975,575)</b>	<b>285,011</b>
<b>Surplus / (Deficit)</b>	<b>(676,846)</b>	<b>(1,093,853)</b>	<b>417,007</b>

### Capital Spend

- 2.8 Since the beginning of the financial year £781,700 has been spent on a variety of projects including building works, improvements to infrastructure and IT.
- 2.9 As at October 2022 there is £482,000 of committed spending on projects that are to be delivered by 31<sup>st</sup> March 2023 with the possibility of an additional £292,000 Capital spending subject to contractor availability.
- 2.10 £292,000 of regular funding will be available for any other unforeseen emergency repairs but the unspent amount of will be carried forward to 23/24 financial year.

<sup>1</sup> This includes, General Fundraising and income from an insurance claim

### 3. 2023/24 Outline Budget

3.1 The improved financial performance of APTL and the recent announcement around the extension of the Energy Bill Relief Scheme, has improved the financial projections for the Trust next year. However, due to timescales, the impact needs to be fully worked through and additional detail has not been provided in this report.

3.2 At a very high level and based on initial estimates, Trust is forecasting total unrestricted revenue of **£4,237,000** and a deficit of **-£1,424,000**, a big improvement in the numbers shared at the last meeting in November when we were anticipating a deficit of £2,354,000. The intention is to present the final budget to FRRAC prior to the Trustee Board meeting on 20<sup>th</sup> March and, subject to FRRAC comments, Trustees' approval sought.

#### Cashflow

3.3 The financial projections shown above have a consequential impact on cashflow.

3.4 The outline cashflow is shown for the Trust in Appendix 1 below.

3.5 The Trust is in a different position, but due to the forecasted improvements this financial year, cashflow isn't as challenging as presented at the last meeting. It is anticipated that additional working capital will be required in August 2023. Discussions are ongoing with Haringey with respect to how they can support the Trust but the organisation is committed to minimising any impact on the Corporate Trustee and it will only request support if it's absolutely necessary.

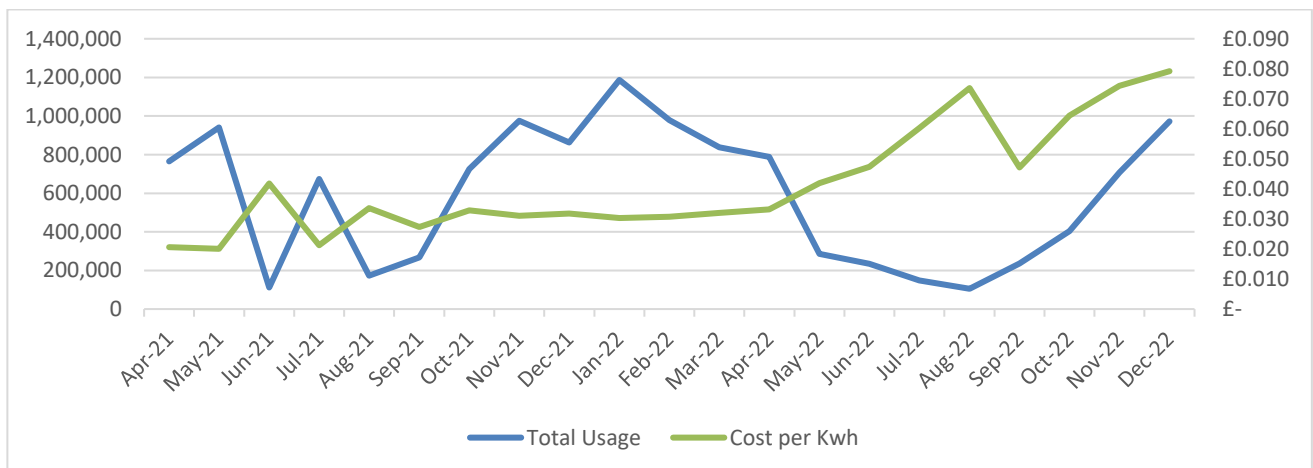
#### 2023/24 Insurance

3.6 The Trust's insurance policies are in the process of being reviewed for 2023/24 and Trustees will be updated at the meeting.

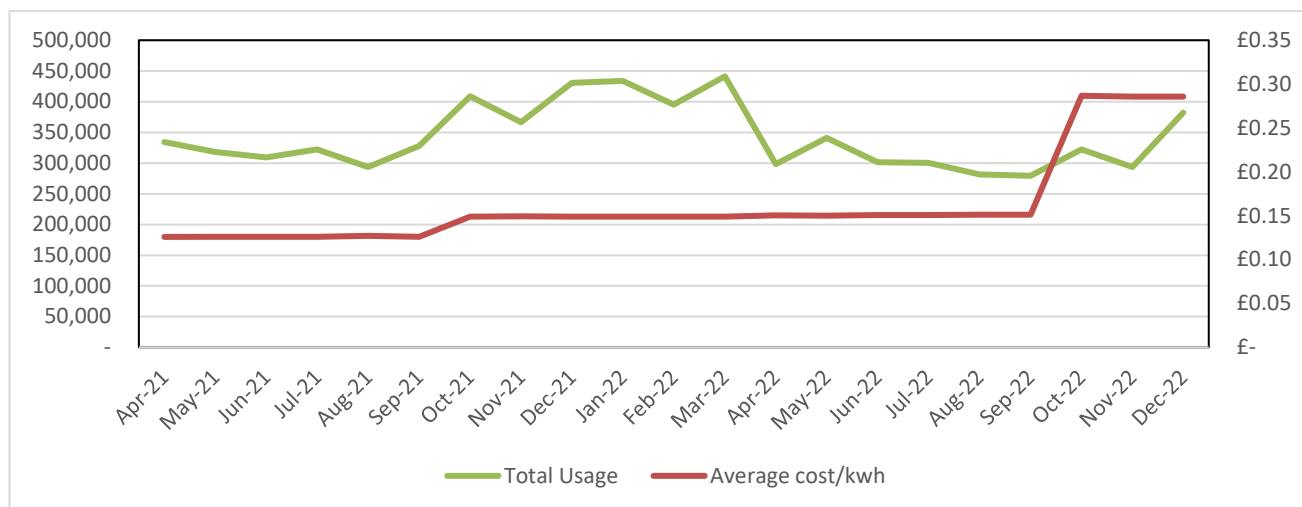
### 4. Energy Costs

4.1 The graphs below show how energy costs and consumption have changed over time.

**Gas** - Since the start of the financial year, gas consumption is 28% less than the previous year.



**Electricity** - Since the start of the financial year, electricity consumption is 10% less than the previous year.



## 5. Risks

5.1 The risks include:

- Energy costs and the impact that has on the Group's ability to trade.
- Cost of living crisis & inflation and the impact this will have on APTL Gift Aid Contribution
- Recruitment and retention of staff if the Group is unable to afford reasonable pay increases.
- Capital funding not at the levels required to ensure investment into the building, park and core infrastructure is maintained. Nor will it enable the major infrastructure programmes planned to be started.

## 6. Legal Implications

6.1 The Council's Head of Legal & Governance has been consulted in the preparation of this report and in noting the efforts being made to reduce the deficit and that support will only be requested from the corporate trustee if absolutely necessary, has no comments.

## 7. Financial Implications

7.1 The Council's Chief Financial Officer has been consulted in the preparation of this report and advises that the continued deficit in the APPCT is a matter of concern, although it is noted that the management are making very effective efforts to minimise the position and its impact on the corporate trustee.

Continued active and timely monitoring of expenditure and income will need to be undertaken during the course of the coming financial year to ensure that the deficit is further reduced.

## 8. Appendices Appendix 1 – Cashflow

## APPENDIX 1

### Cashflow for Trust (including energy uplift and pay award)

