



ALEXANDRA PARK AND PALACE CHARITABLE TRUST
BOARD MEETING
19 JULY 2023

Report Title: Finance Report
Report of: Richard Paterson, Director of Finance and Resources
Purpose: This report seeks to inform the Committee of the full year financial performance of both the Trust and APTL. In addition, it also advises on the budget position for 2023/24.

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

1. Recommendations

- 1.1 To note the 2022/23 full year position;
- 1.2 To approve the 2023/24 Budget.

2. 2022/23 Year End Summary

- 2.1 At the end of the financial year to March 2023, the Trust was reporting unrestricted revenue of **£4,044,000** (Budget: £3,800,000) with operating expenditure of £4,580,000 (Budget: £4,351,000) and an operating deficit of **£536,000** (Budget: £551,000); £15,000 better than budget.
- 2.2 Although running a deficit is not sustainable in the medium term, this is an extremely positive outturn position in a year that came with a number of significant challenges such as rapidly increasing energy costs.
- 2.3 In terms of income, the biggest variance came from Gift Aid (paid to the Trust in 2022/23 for FY 2021/22). APTL produced an improved financial performance in 2021/22 that delivered over £400,000 more in Gift Aid than was originally anticipated.
- 2.4 Car Parking charges has also caused the Trust a financial challenge. This has yet to go live and in the financial year has created a £336,000 funding gap. It is hoped that car parking charges will go live in August 2023.
- 2.5 Salary and wages were down £99,000 as the phasing of recruitment was either delayed or postponed.
- 2.6 In addition to salaries, the other main variance in the year came from energy costs. As mentioned in previous reports; this has had a significant impact on the Trust. However, whilst the Trust has been the beneficiary of a significant discount from the Energy Relief Scheme (approx. £370,000 across the Group in the year), staff across

the business have worked hard to reduce consumption and the volume of energy consumed. In the year, across both the Trust and APTL, gas consumption dropped 24% and electricity 14%.

Table 1 – Trust 2022/23 Year End Result

TRUST	2022/23 Actual	2022/23 Previous Forecast	2022/23 Budget	Variance Actual vs Budget
Grants	1,755,000	1,755,000	1,755,000	0
Gift Aid	1,315,624	1,315,624	900,000	415,624
Leases	279,226	286,532	294,753	(15,528)
AP Licence	200,000	200,000	200,000	0
Other Income	265,140	237,905	85,655	179,485
<i>Additional Income Targets</i>				
Total Income	3,814,990	3,795,061	3,235,409	579,581
Carparking and Donations	229,092	218,657	565,000	(335,908)
Cost of Events (Learning / Fundraising)	(10,621)	(10,354)	0	(10,621)
Interest Receivable	0	0	0	0
Salaries & Wages (admin)	(904,340)	(940,011)	(1,002,950)	98,610
Other Admin Expenses	(3,007,434)	(3,101,910)	(2,995,470)	(11,964)
Energy Costs	(352,800)	(352,800)	(352,800)	0
- Energy Cost Uplift	(304,690)	(285,489)	0	(304,690)
<i>Cost Savings/Efficiencies</i>	0	0		
Total Overheads	(4,579,885)	(4,690,564)	(4,351,220)	(228,665)
Surplus / (Deficit)	(535,803)	(676,846)	(550,811)	15,008

3. Capital Expenditure

3.1 During the financial year the Corporate Trustee provided the Trust with £1,564,000 for Capital spending with an additional £135,000 designated from the Trading Subsidiary's Gift Aid contribution.

3.2 Together with the £216,000 brought forward from 2021/22 the total amount available for Capital Spending was £1,916,000.

3.3 As at 31st March 2023, £1,020,000 has been invoiced/paid, £317,000 is currently committed with contractors with an additional £275,000 earmarked for near future works.

3.4 Currently £303,000 of the £1,916,000 will be carried forward into 2023-2024.

3.5 Notable expenditure in the year includes:

- (a) Replacement of the speed tables on Alexandra Palace Way
- (b) Investment in the new East Court Bar and Visitor Services Desk
- (c) New Plexiglass for the Ice Rink
- (d) The upgrade of various electrical distribution boards around the Palace
- (e) Numerous glazing repairs across the Palace roof

4. 2023/24 Budget

4.1 The strong performance of APTL in 2023/23 has improved the financial projections of the Trust in 2023/24.

4.2 Trust is forecasting total unrestricted revenue of **£5,250,000** and a deficit of - **£439,000**, a big improvement in the numbers shared at the last meeting in February.

Table 3 – Trust 2023/24 Budget

TRUST	2022/23 Actual	2022/23 Budget	2023/24 Draft Budget	Variance Last Yr Actual vs Budget
Grants	1,755,000	1,755,000	1,755,000	0
Gift Aid	1,315,624	900,000	2,300,000	984,376
Leases	279,226	294,753	243,434	(35,792)
AP Licence	200,000	200,000	300,000	100,000
Other Income	265,140	85,655	116,065	(149,075)
<i>Additional Income Targets</i>				
Total Income	3,814,990	3,235,409	4,714,499	899,509
Carparking and Donations	229,092	565,000	535,000	305,908
Cost of Events (Learning / Fundraising)	(10,621)	0	(6,000)	4,621
Interest Receivable	0	0	0	0
Salaries & Wages (admin)	(904,340)	(1,002,950)	(1,099,431)	(195,091)
Other Admin Expenses	(3,007,434)	(2,995,470)	(3,450,386)	(442,952)
Energy Costs	(352,800)	(352,800)	(352,800)	0
- Energy Cost Uplift	(304,690)	0	(780,050)	(475,360)
<i>Cost Savings/Efficiencies</i>	0		0	0
Total Overheads	(4,579,885)	(4,351,220)	(5,688,667)	(1,108,782)
Surplus / (Deficit)	(535,803)	(550,811)	(439,168)	96,635

4.3 Assumptions included in the Trust 2023/24 Budget are as follows:

- The Corporate Trustee revenue grant remains at £1,755,000.
- The expected total contribution from the Trading Company 22/23 result is £2,300,000¹. Shown in the Gift Aid line.
- The Licence Fee payable from the Trading Company in 23/24 is £300,000, an increase of £100,000.
- Car Parking comes into effect by July 2023 to achieve a planned contribution of £115,000 based on income of £495,000. Shown in the Car Parking income line.
- Increases are expected in Insurance (£50,551 est. 10% increase), Estate Guarding (£40,000), Park Maintenance (£41,000), Core cleaning (£17,000). Shown in Other Admin Expenses.
- Palace Maintenance is expected to be £450,000, unchanged from 2022/23.
- Utility Costs (excluding tenants) are provided at £1,107,250 (increase of £484,000). These estimates are based on the latest Crown Commercial estimate of rates from 1st October 2023. This is shown in the Energy Cost and Energy Cost uplift lines.
 - At the time of writing, it's expected that the Government scheme from 1st April does not afford AP any discounts as wholesale prices are lower than the threshold set.
- Salaries have been updated and include a 3% increase implemented December 2023 for all posts.
- Additional posts have been added and include a new Project Manager (Strategic Programmes), a Mechanical & Electrical Engineer and an Assistant Fundraising Manager. The salaries budget has increased £195,000 from 22/23.
- Costs are held at their 2022-23 prices and that inflation erodes the amount of the services that can be purchased from yearly allowances wherever possible.
- All Capital, Depreciation and Restricted spending is excluded as they do not form part of unrestricted accounting.

Cashflow

- 4.4 The financial projection has a consequential impact on cashflow, shown in Appendix 1 below, although not as challenging as presented in the last report in March 2023.
- 4.5 The Trust still has loans outstanding with the Corporate Trustee some of which go back to 2016. Repayments will recommence in this financial year.
- 4.6 It is anticipated that additional working capital may be required in January/February 2024.

5. **Risks**

- 5.1 The risks contained on the strategic risk register have not changed materially since the last meeting. However, it should be noted that although the wholesale utility cost is dropping, the price we continue to pay will remain relatively high until October when we enter a new contract period and this has been factored into the budget for 2023/24.
- 5.2 Other risks of note include:

¹ Awaiting final confirmation of the final Gift Aid amount

- (a) The continuing cost of living crisis and the impact this may have on consumer confidence, ticket sales and spend per head.
- (b) Inflation and the impact this will have on suppliers and the cost base.
- (c) Recruitment and retention of staff if the Group is unable to afford reasonable pay increases.
- (d) Recruitment and retention of casual workers given the difficulties seen in the sector.
- (e) 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 has no comments.

7. Financial Implications

- 7.1 The Council's Chief Financial Officer has been consulted in the preparation of this report and notes the projected financial position of the Trust. The improved position for the previous financial year was in large part due to the improvement in the gift aid from APTL and other elements. The position for the group overall remains challenging and a continued focus on cost management and income generation is required in 2023/24.

8. Appendices

Appendix 1 – Cashflows

APPENDIX 1

Cashflow for Trust (including debt repayments)

