



ALEXANDRA PARK AND PALACE CHARITABLE TRUST
BOARD MEETING
12 October 2023

Report Title: Finance Report
Report of: Richard Paterson, Director of Finance and Resources
Purpose: This report seeks to inform the Committee of the financial performance of both the Trust and APTL.

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

1. Recommendations

1.1 To note the 2023/24 full year forecast position.

2. 2023/24 Full year forecast

2.1 Full year to March 2024, the Trust is forecasting unrestricted revenue of **£5,238,894** (Budget: £5,149,500) with operating expenditure of £5,765,660 (Budget: £5,688,668) and an operating deficit of **£526,766** (Budget: £539,168); **£12,402** better than budget.

2.2 It has been a positive start to the year and although the Trust is seeing some overruns in places, costs and income are broadly as expected at this time of year.

2.3 In terms of income, the biggest variance came from Gift Aid (paid to the Trust in 2023/24 for FY 2022/23). APTL produced an improved financial performance in 2022/23 that delivered over £150,000 more in Gift Aid than was originally anticipated.

2.4 Car Parking charges have continued to cause the Trust a financial challenge. Although this has now gone live, the delay has created a £140,000 funding gap. It is hoped that car parking charges will continue to increase over the winter months and it will start to generate income levels anticipated in the budget/business case.

2.5 Salary and wages were down £27,000 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 other Admin Expenses which is due in most part to expenditure relating to the Environmental Sustainability Feasibility that's been funded by the Greater London Authority through their LEA Fund.

Table 1 – Trust 2022/23 Year End Forecast

	2023/24 Draft Budget	2022/23 Forecast	Variance
Grants	1,755,000	1,836,461	(81,461)
Gift Aid	2,200,000	2,350,000	(150,000)
Leases	315,325	311,287	4,038
AP Licence	300,000	300,000	0
Other Income	44,175	47,027	(2,852)
<i>Additional Income Targets</i>		0	
Turnover	4,614,500	4,844,775	(230,275)
Carparking and Donations	535,000	394,119	140,881
Cost of Events (Learning / Fundraising)	(6,000)	(4,656)	(1,344)
Interest Receivable	0	0	0
Salaries & Wages (admin)	(1,134,881)	(1,107,935)	(26,946)
Other Admin Expenses	(3,414,937)	(3,531,992)	117,055
Energy Costs	(1,132,850)	(1,121,077)	(11,773)
- Energy Cost Uplift			0
<i>Cost Savings/Efficiencies</i>		0	
Total Overheads	(5,688,668)	(5,765,660)	76,992
Surplus / (Deficit)	(539,168)	(526,766)	(12,402)

3. Capital Expenditure

3.1 During the financial year the Corporate Trustee provided the Trust with £470,000.

3.2 Notable expenditure in the year includes:

- a) Works to the Bedford Road wall
- b) Works to smoke vents
- c) Various CCTV upgrades
- d) Numerous glazing repairs across the Palace roof

4. Trading Update

4.1 Management Accounts to Aug'23 are not provided as the team continue to work through the impact of the Summer Series and the Kaleidoscope cancellation on the P&L.

4.2 The insurance underwriter is currently considering APTL's claim and a result should be known soon. At this stage, there is no reason to think the claim will not be paid.

4.3 Other than the Summer Series, it has been an extremely encouraging first few months of the year and the financial performance of APTL has been strong with a number of sold out gigs making a significant contribution.

- 4.4 At this stage, APTL is continuing to see spend per head maintained and the wider economic challenges are not having a material impact on income levels although the risk will remain throughout the remainder of the financial year.

Cashflow

- 4.5 The financial projection has a consequential impact on cashflow, shown in Appendix 1 below.
- 4.6 Cashflow remains a challenge for the Trust and it is being proactively managed on a weekly basis.
- 4.7 It is anticipated that additional working capital will be required in January/February 2024. The cashflow assumes a loan repayment of £411,601 to the Corporate Trustee in this financial year.

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:
- (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 comment.

7. Financial Implications

- 7.1 The Council's Chief Financial Officer has been consulted in the preparation of this report. It is encouraging to see a forecast improvement in the deficit position and all the management actions taken to improve the financial position. At this time the projected cash deficit is noted and a continued dialogue between the council officers and Trust officers will be crucial to understanding the likely deficit and its impact on both organisations.

8. Appendices

Appendix 1 – Cashflows

APPENDIX 1

Cashflow for Trust (including debt repayments)

