



ALEXANDRA PARK AND PALACE CHARITABLE TRUST
BOARD MEETING
15 JULY 2024

Report Title: Finance Report

Report of: Richard Paterson, Director of Finance and Resources

Purpose: This report provides an update on the Trust's current financial position.

1. Recommendations

1.1 To note the draft full year position for the Trust.

2. Alexandra Park and Palace Charitable Trust

2023/24 Full Year

2.1 At the end of the financial year to March 2024, the Trust was reporting unrestricted revenue of **£5,164,000** (Budget: £5,150,000) with operating expenditure of £5,680,000 (Budget: £5,689,000) and an operating deficit of £516,000 (Budget: £539,000); £20,000 better than budget.

2.2 Against the forecast presented at the last Committee meeting, the overall deficit has increased by £84,000 from £433,000. The reasons for this movement is as follows:

- (a) A correction regarding the recognition of grant income that should have been treated as restricted funding.
- (b) Additional income from tenancies linked to their turnover rent provisions.
- (c) Increased income from Car Parking.
- (d) Additional costs in respect of an additional Creative Learning event.
- (e) Slightly higher payroll costs due to the recharge of some overtime costs.
- (f) Increased professional costs incurred successfully defending a claim through the Small Claims Court and for lease negotiations.
- (g) Energy costs marginally higher in Q4 than anticipated.

Table 1 – 2023/24 Trust End of Year Forecast

TRUST	Full Year Forecast	2023/24 Budget	Full Year Actual	Variance vs forecast
Grants	1,836,461	1,755,000	1,755,000	(81,461)
Gift Aid	2,331,490	2,200,000	2,331,490	0
Leases	297,955	315,325	318,431	20,476
AP Licence	300,000	300,000	300,000	0
Other Income	78,618	44,175	69,754	(8,864)
Turnover	4,844,524	4,614,500	4,774,675	(69,849)
Carparking and Donations	335,494	535,000	389,062	53,569
Cost of Events (Learning / Fundraising)	(7,034)	(6,000)	(15,611)	(8,577)
Interest Receivable	1	0	1	0
Salaries & Wages (admin)	(968,609)	(1,134,881)	(979,140)	(10,531)
Other Admin Expenses	(3,678,013)	(3,414,937)	(3,721,437)	(43,425)
Energy Costs	(958,885)	(1,132,850)	(963,617)	(4,732)
Total Overheads	(5,612,540)	(5,688,668)	(5,679,805)	(67,265)
Surplus / (Deficit)	(432,522)	(539,168)	(516,068)	(83,546)

2.3 This is not the first year the Trust has incurred a deficit, and it is not sustainable to do so as it ultimately will run out of money. This only emphasises the need for the Trust to diversify its income streams.

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:

- (i) Works to the Bedford Road wall
- (ii) The North Wall parapet repairs
- (iii) Works to smoke vents
- (iv) Various CCTV upgrades
- (v) Numerous glazing repairs across the Palace roof
- (vi) South Terrace Drainage Channel Renewals
- (vii) Some general pothole/tarmac repairs

3.3 In addition to the above, the Trust has been awarded £2,187,000 in addition to the regular capital grant by the Corporate Trustee for Capital Expenditure for the financial year 2024/25. This covers expenditure on security measures together with critical expenditure where there is a risk to life, injury and compliance.

3.4 Projects include:

- (i) A hostile vehicle mitigation system
- (ii) Emergency lighting upgrades
- (iii) Additional smoke vent renewals
- (iv) Additional glazing repairs
- (v) Improved perimeter/security fencing
- (vi) Structural emergency works required Emergency Exit bridge Great Hall, Public Foot Bridge Park
- (vii) Renewal of fire staircases and roof access
- (viii) Renewal of steps into the park

4. **Cashflow**

4.1 The financial projections have an impact on cashflow. In particular, the cash position of the Trust improves greatly with the additional £600,000 in predicted Gift Aid.

4.2 The outline cashflow for the Trust is shown in Appendix 1 and, due to the forecasted improvements, cashflow isn't as challenging as presented previously but work is still required to ensure it is in a position to pay all its debts in the financial year.

5. **Risks**

5.1 Risks are largely unchanged since the last meeting and include:

- (i) Cost of living crisis and the impact this will have on consumer confidence, ticket sales and spend per head.
- (ii) Ongoing inflationary pressures and the impact this will have on suppliers and the cost base.
- (iii) Recruitment and retention of staff if the Group is unable to afford reasonable pay increases.
- (iv) Recruitment and retention of casual workers given the difficulties seen in the sector.
- (v) 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. Audit Update

- 6.1 The current audit is progressing and is on track according to the planned schedule. The Finance team has been working closely with the auditors, providing them with all necessary documentation and information promptly. So far, there have been no significant issues or discrepancies reported, and the preliminary findings indicate that our financial records are accurate and well-maintained.
- 6.2 It is anticipated that the audit will be completed in a timely manner and within the established timeframe. The board will be informed of any developments.

7. Legal Implications

- 7.1 The Assistant Director for Legal and Governance has been consulted in the preparation of this report and has no comments”.

8 Financial Implications

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

9. Appendices

Appendix 1 – Cashflow

Exempt Appendix 2 – Group Financial information (Contained within the Exempt Information Report at Agenda item 21)

APPENDIX 1 - Cashflow for Trust (including energy uplift and pay award)

