ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD
Agenda Item 10

3rd November 2025

Report Title: **Finance Report**

Report of: Niki Cornwell, Interim Finance Director

Purpose: To present forecast against budget 2025/26 for Alexandra Park and Palace Charitable Trust.

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

1. **Recommendations**

To Note Forecast against Budget 25/26

2. **Introduction**

2.1 Like many charities operating in the cultural, heritage, and hospitality sectors, Alexandra Park and Palace Charitable Trust is encountering several significant challenges. These include economic uncertainty, rising operational costs, and increasing pressures within the labour market. Collectively, these factors create difficulties in maintaining a balanced budget for the Trust while also striving to grow the profit margin (Gift Aid) within the trading company.

2.2 Across all the sectors that we operate in, we are vulnerable to external shocks, such as war impacting utilities and supply chain, climate change which we are experiencing first hand with the entire estate coming under significant pressure and impact from adverse weather conditions leading to cancellation of events or low footfall due to customers not wishing to attend in bad weather, and shorter dwell time / reduced spend.

2.3 The competitor landscape across all the Trusts subsidiaries Food & Beverage, Events, Theatre, Ice Rink also continues to grow and strengthen. Additionally, evolving customer, client, visitor and stakeholder expectations, particularly regarding sustainability and digital experiences, require significant investment in innovation.

2.4 Therefore, adapting to these challenges requires discipline and focus on our Strategic Vision and Goals, exemplary strategic planning, digital transformation and a strong policy for fundraising and support. All of which are set out in the Trusts Vision, Goals and Operational Business Plan.

3. **Vision, Mission, Purpose, Goals & Values**

3.1 When preparing the annual budgets, APPCT adheres to its established strategic framework, as outlined below at high level.

3.2 Our Vision is to create **"A Sustainable Home For All That We Do"** *Enabling everyone to experience inspirational culture, world-class entertainment, unique heritage, life-enriching creative and educational opportunities and restorative green space. Forever.*

3.3 Our Mission as set out in our 1985 Act of Parliament is to "**To Repair, Maintain, Restore for the enjoyment of the public"**

3.4 Our Purpose is to **"Enrich lives, through great experiences, forever"**

3.5 Our 10 ambitious goals are: Build Climate Change Resilience, Safeguard Our Green Lung for London, Protect Our Heritage Assets, Restore Derelict Spaces, Strengthen Our Overall Resilience, Establish New, Exciting Partnerships Inspire, Engage Our Communities, Create A Great Place To Work, Provide Great Entertainment & Culture For All, Protect our Archives and Share our Stories in Innovative Ways.

3.6 Underpinning all our strategic aims are our Values; We are Collaborative, We are Passionate & Fun, We are Resourceful, We are Bold, We are Open & Genuine.

4. **Operational Business Plan 25/26**

4.1 In the 2024/25 financial year, Alexandra Park and Palace (APP) introduced a new Operational Business Plan aligned with its updated Vision and Goals. The first year provided an opportunity to test key concepts and approaches, allowing for refinement ahead of the plan's further development into the following year 25/26. While work is ongoing, the high-level Operational Business Objectives for the purposes of this report are outlined below:

- Ensure the achievement of financial and fundraising targets by fostering a culture of collaboration.
- Develop and implement a structured process for the collaborative planning, development and delivery of strategic projects and programs.
- Implement and enhance the "Brilliant Basics" framework to set and elevate standards across all areas and aspects of the organisation.
- Embed organisational strategies and policies by fostering a culture of empowerment and recognition.

4.2 Measures and metrics are set out in the Business Plan in detail; the following are examples for the purposes of the report and not an exhaustive list.

Example KPI's

- Trust to achieve a sustainable budget
- Revenue Growth Rate
- Gross Margin / Net Margin
- Donations per paying customer
- Basket donations
- Staff Turnover
- Mandatory Training Completion rate
- Net Promoter Score

5 Financial Performance and 2025/26 Budget Considerations

5.1 An important key performance indicator (KPI) in the Operational Business Plan is achieving a sustainable budget position for the Trust, following multiple years of operating at a deficit. While the financial year 2024/25 indicates that the Charity is on track to meet this target. This position includes consideration for repayment of all loans.

5.2 During the development of the 2025/26 Trust Budget, achieving a sustainable position proved challenging. However, through extensive efforts to identify cost savings and establish a clearer understanding of the revenue generated in-year— which contributes to the charity via gift aid in the following financial year— the Trust has successfully achieved a balanced budget. Nonetheless, the financial challenges remain, necessitating ongoing mitigation strategies.

5.3 Financial Challenges and Mitigation Strategies

Financial Challenges: Increases and unavoidable cost pressures, including:

- Insurance Premiums: Budget assumptions include a 6% increase, however this came in at 5%
- National Insurance Contributions: Recent increases of employers NI from 13.8% to 15% have directly impacted the salary budget.
- Estate Guarding Costs: Compliance with new legislation necessitates enhanced site security measures, leading to increased expenditure.
- General Cost Inflation: Rising construction and wage costs continue to affect the Trust's repairs and maintenance budgets.
- General Cost Inflation: Impacts on both gross and net profit margins of the subsidiary in turn impacting gift aid to the charity.

Mitigation Strategies: To mitigate a worsening deficit position, the Trust is implementing several strategies, including:

- Restoration Levy collected on behalf of the Trust recognised in year rather than in arrears, set out in more detail under section 6 within this report.
- Car Park Charges: The Trustee Board have approved for reasonable increases to take effect on 1st April 2025
- Fundraising: Increased fundraising targets, including the introduction of a Patron Scheme, installation of Tap to Donate terminals, and the launch of a significant capital campaign targeting trusts and foundations.
- New Leases and Tenants: Expanding estate tenancy opportunities to generate new revenue streams, including the successful in-sourcing of the Golf Course and future insourcing of the Boating Lake Café.

Operational Efficiencies: In parallel, the Trust has undertaken a rigorous review of its operational costs to identify efficiencies and savings:

- Resource Amalgamation: Cross-departmental collaboration and resource sharing to optimise efficiency as well as potential recruitment freeze in the final two quarters of the financial year 2025/26
- Cost Reassignment: Redistribution of certain operating expenses under the cost-sharing agreement with the trading subsidiary, such as cleaning services.

Strategic Investments: Despite financial constraints, the Trust remains committed to strategic investments in alignment with its long-term objectives:

- People: Continued investment in staff and volunteer development, well-being to attract and retain talent within available resources.
- Technology & IT: Enhancing digital capabilities to drive operational efficiency and support the Trust's charitable mission.
- Repairs, Restoration, and Maintenance: Prioritising essential estate maintenance to support the needs of approximately five million annual visitors.

5.4 While achieving a sustainable budget for 2025/26 has presented significant challenges, the Trust is committed to proactively addressing cost pressures through revenue generation, operational efficiencies, and targeted investments. Ongoing strategic measures will continue to strive towards a future of financial stability for the Trust.

6 Alexandra Park and Palace Charitable Trust Forecast 25/26:

6.1 2025/26 APPCT (Trust) Forecast

	APPCT (Trust) Unrestricted Income Statement	Forecast at August 2025/26	Final Budget 2025/26	Variance £	Variance %
	Income				
1a	Restoration Levy (In year 25/26)	978,354	978,354	0	0%
1b	Restoration Levy (24/25)	91,324	0	91,324	100%
2	Gift Aid - APTL Op Profit	1,367,728	1,299,754	67,974	5%
3	Grants	1,755,000	1,755,000	0	0%
4	Car Parking	849,789	860,258	(10,469)	-1%
5	Leases	261,395	272,016	(10,621)	-4%
6	APTL Licence	300,000	300,000	0	0%
7	Creative Learning	29,879	29,833	45	0%
8	Donations	90,919	75,000	15,919	18%
9	Other new leases and licences	69,497	85,000	(15,503)	-22%
	Total Income	5,793,884	5,655,216	138,668	2%
	Expenditure				
10	Operating costs	(979,861)	(943,650)	(36,211)	-4%
11	Salaries	(1,374,632)	(1,308,783)	(65,849)	-5%
12	Maintenance	(1,081,599)	(1,072,282)	(9,316)	-1%
13	Security	(1,006,213)	(964,248)	(41,966)	-4%
14	Insurance	(628,441)	(646,032)	17,592	3%
15	Utilities	(338,652)	(367,525)	28,873	9%
	Total Expenditure	(5,409,398)	(5,304,521)	(106,877)	-2%
	Surplus / (Deficit)	384,486	350,695	31,791	8%

6.2 Notes on Forecast:

Unrestricted income:

Income within the Trust is ahead of target by 2%, £138.7k. This is mainly due to the operating profit for APTL for 2024/25 ending up higher than budgeted, as well as the final 24/25 Restoration Levy owed being recognised in 25/26.

1. Restoration Levy: The 2025/26 in year Restoration Levy remains as budgeted at this stage of the year. The remaining £91k of 24/25 Restoration Levy owed to APPCT was paid and recognised in 25/26.
2. Gift Aid: This was 5% higher than budget, £68k, as operating profit from APTL for 2024/25 landed £91k above budget, net by a £23k bad debt provision adjustment .
3. Grants: There is no anticipated change in the amount to be received from the Corporate Trustee per the agreed terms.
4. Car Parking: Increases went ahead as planned on the 1st of April. Income is currently tracking slightly behind budget, £10k. This is due to the car parks being closed for Summer Series for 2 weeks in July. We hope to make the catch up in busier months.
5. Leases: We are now 4% behind budget. This is due to Go Ape footfall for the year being less than budgeted. Budget was based on prior year footfall.

6. APTL licence: There is no change to the budgeted position. Any uplift would have a corresponding negative impact on future gift aid. It is more critical to secure third-party income.
7. Creative Learning: On target for 2025/26.
8. Donations: We are showing a 18% upside, £16k, This is an under accrual relating tobanking 2023 donation car park that had been kept in onsite safes. Donations are however on target less this one off inflow. This is still an emerging income stream which requires the foundations to be built to see larger sums in future years. Progression is positive, we anticipate ending the year being slightly ahead of budget.
9. New licences and leases are now showing as 22% down vs budget for 2025/26. This is due to the unexpected delay of the opening of Wire in the Sky, now expected to open in February 2025. This has resulted in an adverse loss of income of £25k..
   This is reduced by a £10k favourable variance, which was due to a one-off recharge to a tenant. This has been net by the same spend within maintenance costs though.

Unrestricted expenditure:

Expenditure within the Trust is 2%, £107k, behind budget.

10. Operating costs: Operating costs are higher than budget by 4%. This is mainly due to an unexpected increase in rates. Discussions are being had with the Business Rates team to see if we can reduce this cost.
11. Salaries are currently running 5% behind budget. This is mainly due to agency staff covering vacant full time roles, as well as unrestricted funds currently covering one role in Creative Learning usually covered by restricted funds. As projects emerge and funds are secured throughout the year, this role is expected to be covered by those restricted funds.
12. Maintenance: Are running 1% behind target for 2025/26. There is a challenge to remain within budget with inflationary increases, where grant funding from Corporate Trustees remains at the same level and grants cannot be used for all aspects of Park and Palace maintenance.
13. Security: 4% down vs budget. Costs are coming in £3-4k higher than budgeted. This has now been forecast across the rest of the year, with expectation that the cost is absorbed by savings in other areas of the business.
14. Insurance: Small saving made against budget, as insurance for 2025/26 came in less than budgeted.
15. Utilities: 9% favourable to budget due to prior year credit notes being received for gas and water over estimations.

7 Risks

7.1 As set out above the Trust has worked hard to ensure effective financial management and taken a proactive approach to identifying and mitigating potential budgets risks. However, that does not mean there are no risks, and the Trustees should note the following:

- Income shortfalls: Potential underperformance in fundraising and car park charging which are predicated on footfall and spend per head.
- Cost overruns: Unexpected increases in costs due to unforeseen emergencies in particular relating to the building and its infrastructure.
- Economic Challenges: Impact of external economic factors such as inflation, war, global turmoil impacting supply chains and utilities.
- Regulatory and Compliance Changes: Changes increasing financial obligations and pressures.

- Supplier & Contractual Dependencies: The Trust has several large contracts that will be re-tendered this year. The aim will be to keep costs in line with past expenditure, however there may be increases which to mitigate would require service cuts.

7.2 While budget risks are inherent, the Trust remains committed to sound financial management and reporting and will continue to keep all stakeholders and trustees appraised of shifts in risk through our risk management reporting.

8. Legal Implications

The Council's Director of Legal & Governance has been consulted in the preparation of this report and has no comment.

9. Financial implications

The Council's Chief Financial Officer has been consulted in the preparation and has no comments

10. Appendices

None

11. Background Papers

None