

Report Title: **FINANCE UPDATE**

Report of: **Helen Downie, Head of Finance, Alexandra Palace & Park**

1. Purpose

- 1.1 To advise the Board of the results for the five months to 31st August 2011 and of the forecast to year end.
- 1.2 To obtain the Board's approval to add the new Chief Executive, Duncan Wilson, to the Trust's bank mandate.

2. Recommendations

- 2.1 The Board is asked to note the results for the five months to 31st August 2011.
- 2.2 The Board is asked to note that the Trust is still forecasting to remain within the £2.102m budget allocation for the year and to note the key risks outlined in section 6.7 of this report.
- 2.3 The Board is asked to approve the removal of Andrew Gill and the appointment of Duncan Wilson to the bank mandate.

Report Authorised by: **Andrew Gill, Interim General Manager**



Contact Officer: Helen Downie, Head of Finance, Alexandra Palace & Park, Alexandra Palace Way, Wood Green, London N22 7AY. Telephone number 0208 365 4310.

3. Executive Summary

- 3.1 The results for the Trust for period ended 31st August 2011 are tabulated against budget at Appendix 1.
- 3.2 Unrestricted income is £10k above budget and unrestricted expenditure is £6k above budget. The net unrestricted deficit is £1.024m, which is £4k below budget.
- 3.3 At this point in the financial year, the Trust is forecasting to outturn within the £2.102m budget allocation. However, the Trust budget is subject to a number of risks as outlined in Section 6.7 to this report. The Trust's resources are being effectively prioritised and its finances are kept under close scrutiny by management.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 N/A

5. Local Government (Access to Information) Act 1985

5.1 No specific background papers were used in compiling this report.

6. Results for the period to 31st August 2011

- 6.1 The results for the period to 31st August 2011 are presented at Appendix 1. Unrestricted income is £10k above budget and unrestricted expenditure is £6k above budget. The net unrestricted deficit is £1.024m, which is £4k below budget.
- 6.2 Income is £10k above budget overall. Community events income is £9k above budget due to additional income from Mannings for rental and utilities recharges. There is also additional income from Arquiva for the Trust's share of profits relating to one of the new services on the mast, in line with the contract. The Trust is still in negotiations with Arquiva regarding other outstanding commission.
- 6.3 Salaries are £8.6k below budget due to reduced administration costs. Contracted services are £4k over budget due to an overspend on repairs and maintenance.
- 6.4 Fixed overheads are £3k below budget due to a £1k underspend in insurance together with a £2k underspend in admin recharges from the Council.
- 6.5 Variable overheads are £1k underspent overall with the main variances being:

Category	Year to Date (Over)/Underspend	Explanation
Repairs and maintenance	(£28k)	Increasing demands on this budget from non cyclical maintenance works e.g. emergency lighting, lifts and boilers.
Legal fees	£10k	Every effort is being made to reduce expenditure in this area, although it is largely dependent on issues arising in the year.
Path, road and lighting repairs	£9k	Expenditure limited to essential works
Training	£2k	No staff training carried out in the current year
Other	£8k	Smaller underspends across various budget lines
Net position	£1k	

- 6.6 The Regeneration budget is £15k overspent due to timing. However, there is still a projected £90k funding gap in the current year, which will need to be met by savings and/or increased income in the Trust or APTL.
- 6.7 The forecast deficit for the year remains unchanged at £2.102m. However, the trustees are advised of the key risks against this forecast as follows:
- The past six months have seen an acceleration of maintenance issues affecting key services within the Palace, such as lighting, boilers and lifts. As previously reported, most of the Palace's key services are now well beyond their design life and require significant investment. The current approach is to 'patch up' services when necessary whilst pursuing the regeneration strategy. However, APTL's business is dependent on such key services remaining operational and a major systems failure would result in significant expenditure being incurred to keep the building compliant and the business operational.
 - The Trust's budget assumes a gift aid payment from APTL of £562k. Whilst the outlook for the company in 2011/12 remains positive, APTL is a profit centre, not a cost centre, and profit levels can never be guaranteed, particularly in the current volatile economic environment.
 - Utility costs constitute a substantial proportion of the Palace's expenditure. We are expecting an increase of 22 – 25% when the new contract price takes effect on 1st October. Whilst this increase has been factored in, our forecasts are still at risk from increased usage due to harsh winter conditions.
 - Any contingency in the Trust's budget has now been allocated to the Regeneration Project and there are no surplus funds to deal with emergency road repairs, for example.

7. Bank mandate

- 7.1 The Board is asked to approve the appointment of Duncan Wilson as signatory to the Trust's bank mandate and the removal of Andrew Gill with immediate effect. The approved signatories will be as follows:

Cllr Cooke	Trustee
Cllr Scott	Trustee
Cllr Hare	Trustee
Duncan Wilson	Trustee

- 7.2 The authority limits are to remain unchanged i.e. any one signatory below £5k and any two above.

8. Legal and Financial Comments

- 8.1 The Trust solicitor's advice has been taken into consideration in the preparation of this report.

- 8.2 The LBH Acting Head of Legal Services has no comments on this report.
- 8.3 The London Borough of Haringey Chief Finance Officer notes the content of this report.

9. Equalities Implications

- 9.1 There are no perceived equalities implications

10. Use of Appendices / Tables / Photographs

- 10.1 Appendix I – Results for the period to 31st August 2011