

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 six months to 30th September 2011 against budget and of the forecast to year end.

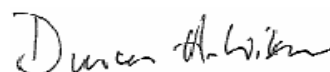
2. Recommendations

2.1 The Board is asked to note the results for the six months to 30th September 2011 against budget.

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.

2.3 The trust to approach the Council requesting that the savings found in 2011/12 can be redirected to the regeneration programme support and also essential works that will support the future regeneration activity.

Report Authorised by: **Duncan Wilson, Chief Executive**



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3. Executive Summary

3.1 The results for the Trust for period ended 30th September 2011 are tabulated against budget at Appendix 1.

3.2 Unrestricted income is £14k above budget and unrestricted expenditure is £15k below budget. The net unrestricted deficit is £1.214m, which is £29k below budget.

3.3 The Trust is forecasting to outturn within the £2.102m budget allocation, with a view to any savings and/or additional income redirected towards Regeneration.

3.4 The key risks impacting the Trust's financial resources are outlined in Section 6.7 to this report.

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 30th September 2011

6.1 The results for the period to 30th September 2011 are presented at Appendix 1. Unrestricted income is £14k above budget and unrestricted expenditure is £15k below budget. The net unrestricted deficit is £1.214m, which is £29k below budget.

6.2 Income is £14k above budget overall. Community events income is £8k above budget due to additional income from Mannings for rental and utilities recharges. Lease income is £5.6k above budget due to £5k 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 £8k below budget due to reduced administration costs. Contracted services are £10k below budget due to an underspend on security and PPM (Planned Preventative Maintenance). This is offset by a £58k overspend on reactive repairs (see 6.5 below).

6.4 Fixed overheads are £2k below budget due to an underspend in admin recharges from the Council.

6.5 Variable overheads are £5k overspent overall with the main variances being:

Category	(Over)/Underspend	Explanation
Repairs and maintenance	(£58k)	Increasing demands on this budget from non cyclical maintenance works e.g. emergency lighting, lifts and boilers; partly offset by £10k underspend in fixed costs
Legal fees	£13k	Largely due to timing; this budget is not expected to be underspent by year end although every effort is being made to reduce expenditure in this area
Path, road and lighting repairs	£23k	Expenditure limited to essential works
Training	£2k	No staff training carried out in current year
Utilities and telephones	£6k	Lower consumption and lower call charges in new telephone contract.
Other	£9k	Various smaller underspends
Net position	(£5k)	

- 6.6 The Regeneration budget has been re-phased to reflect the likely timing of expenditure.
- 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. 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 contribution 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. There is more detail on the trading company's financial position in the exempt Finance Update report to this meeting.
 - As previously reported, our forecasts for utility costs are very much at risk from increased usage due to harsh winter conditions. This would have the greatest impact on the contribution from the Trading Company, which absorbs most of the cost.
 - 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.

8. Legal and Financial Comments

- 8.1 The Trust solicitor has no comment on 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 financial position. It is noted that any savings made are to be earmarked for regeneration activity, subject to Council approval.

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 30th September 2011