

Report Title: **FINANCE UPDATE**

Report of: **Nigel Watts, Director of Finance, Alexandra Palace**

1. Purpose

1.1 To advise the Board of the results for the nine months to 31st December 2011 and of the forecast to year end.

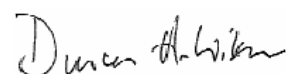
2. Recommendations

2.1 The Board is asked to note the results for the nine months to 31st December 2011.

2.2 The Board is asked to note that the Trust is expecting to make a £500k reduction to its £2.102m deficit budget for 2011/12, subject to the risks set out in 7.4 below, and to reinvest the £500k saved into the regeneration programme, including capital improvements.

2.3 The Board is asked to approve the Trust's budget for 2012/13, which also shows a £500k saving against an original deficit position of £2.1m, with the £500k saving being reinvested in regeneration as above.

2.4 The Board is asked to add Nigel Watts, the new Finance Director, to the list of approved cheque signatories.



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

Contact Officer: Nigel Watts, Director of Finance, Alexandra Palace, Alexandra Palace Way, Wood Green, London N22 7AY. Telephone number 0208 365 4310.

3. Executive Summary

3.1 The results for the Trust for the period ended 31st December 2011 are tabulated against budget at Appendix 1. Unrestricted income is £15k above budget and unrestricted expenditure is £99k below budget. The net unrestricted deficit is £1.866m, which is £114k below budget.

3.2 The Trust is forecasting to reduce its deficit for 2011/12 by £500k against the

£2.102m budget allocation, subject to the risks as outlined in Section 7.4 to this report.

3.3 The £500k deficit reduction in 2011/12 will be reinvested in regeneration. The Trust forecasts that £139k of this will be spent in 2011/12 and the balance carried over into 2012/13, subject to approval.

3.4 The Trust proposes a budget for 2012/13 in which its deficit is reduced from £2.1m to £1.6, with the £0.5m reduction again being reinvested in regeneration.

3.5 We have taken a holistic view of the regeneration programme, so that it includes not just the cost of planning and preparing the way for consultation and tendering, but also where affordable making capital improvements and long term repairs which we will need to complete before taking the regeneration programme to the next stage.

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 December 2011

6.1 The results for the Trust for period ended 31st December 2011 are tabulated against budget at Appendix 1. Unrestricted income is £15k above budget and unrestricted expenditure is £99k below budget. The net unrestricted deficit is £1.866m, which is £114k below budget.

6.2 Income is £15k above budget overall. Community events income is £12k above budget due to additional income 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 lessees regarding other back rents.

6.3 Salaries are £28k below budget due to reduced administration costs. Contracted services are £9k over budget due to additional expenditure on repairs and maintenance.

6.4 Fixed overheads are £6k below budget due mainly to a £4k underspend in insurance. Variable overheads are £14k underspent overall mainly due to lower expenditure on legal fees.

6.5 The regeneration budget is £99k underspent (see separate paper.) We will need this money later in 2012 on current forecasts.

7. Forecast for the year to 31 March 2012

7.1 The Trust's current forecast for the year is shown in Table 1 below and compared against its operating budget and the Haringey approved budget. Trading performance is now forecast at £791k compared to a budget of £562k following a strong performance this year.

7.2 In addition, if the Trust is able to recover £112k of back rents it will achieve its target saving of £500k against the Haringey approved budget, giving a Deficit before Regeneration of £1.602m.

Table 1 – 2011/12 Forecast for the Year vs Budget

£'000	Haringey Approved Budget A	Operating Budget B	Forecast C	Variance D=C-A
Trust deficit before Regeneration & Gift Aid		(2,505)	(2,505)	
Possible additional rental income		-	112	
APTL Trading result		562	791	
Trust Deficit before Regeneration	(2,102)	(1,943)	(1,602)	500
English Heritage Grant	-	52	34	34
Haringey Contribution	65	65	65	-
Regeneration Expenditure	(65)	(276)	(238)	(173)
Deficit Funding approved by Haringey	(2,102)	(2,102)	(1,741)	361

7.3 In the revised forecast the Trust has reduced its estimate of Regeneration Expenditure for 2011/12 to £238k and deferred of some grant income into next year as a result of the slippage of part of the programme. Together with the deficit reduction, this would allow £361k to be carried forward into 2012/13, subject to approval, which we will need for next year's Regeneration budget.

7.4 The key risks to achieving this forecast are:

- The liability to pay the additional back rent has yet to be acknowledged by the lessees and may prove difficult or costly to recover
- The gift aid forecast depends on the continuing commercial success of the Trading Company.
- The assumption that the Palace and Park do not require unforeseen emergency repair work.

8. Budget for 2012/13

8.1 The Trust's proposed budget for 2012/13 is to achieve a Deficit before Regeneration costs of £1.602m. With the Trading Company generating an

expected £1m of gift aid, the Trust's deficit before gift aid and Regeneration will be £2.602m, which is £97k (3.9%) above the forecast for 2012/13. The principal reason for the increase is contractual price rises for utilities of £28k, maintenance of £29k and security of £14k. Other costs are budgeted to rise on average by 1.6%.

Table 2 – 2012/13 Budget vs 2011/12 Forecast

£'000	2011/12 Forecast	2012/13 Budget
Trust deficit before Regeneration & Gift Aid	(2,505)	(2,600)
Possible additional rental income	112	-
APTL Trading result	791	1,000
Trust Deficit before Regeneration	(1,963)	(1,600)
English Heritage Grant	34	18
Haringey Contribution	65	50
Regeneration Expenditure	(238)	(850)
surplus brought forward		361
surplus carried forward (subject to approval)	(361)	(79)
Deficit Funding approved by Haringey	(2,102)	(2,100)

8.2 The Board is asked to approve this outline budget.

9. Bank Mandate

9.1 The Board is asked to approve the appointment of Nigel Watts as a signatory to the Trust's bank mandate. The approved signatory list will be as follows:

Cllr Cooke	Trustee
Cllr Scott	Trustee
Cllr Hare	Trustee
Duncan Wilson	Chief Executive
Nigel Watts	Finance Director

10. Legal and Financial Comments

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

10.2 The LBH Head of Legal Services has no comments on this report.

10.3 The London Borough of Haringey Chief Finance Officer notes the content of this report and asks the board to note that the Council will have to formally approve any carry forward request as part of its year end process.

11. Equalities Implications

11.1 There are no perceived equalities implications

12. Use of Appendices / Tables / Photographs

12.1 Appendix I – Results for the period to 31st December 2011

Appendix 1

ALEXANDRA PALACE AND PARK CHARITABLE TRUST

ACTUAL VERSUS BUDGET FOR THE NINE MONTHS ENDED 31ST DECEMBER 2011

£'000	TOTAL TRUST FUNDS			Budget	UNRESTRICTED			Annual Budget
	Unrestricted	Restricted/ Designated	Total		Actuals	Variance	Variance %	
	£	£	£		£	£	£	
Concessions/Leases	251,579	0	251,579	247,308	251,579	4,271	2%	337,920
Community Events	38,582	0	38,342	27,056	38,582	11,526	43%	29,096
Other	1,599	0	1,599	2,000	1,599	(401)	-20%	150
TOTAL INCOME	291,760	0	291,520	276,364	291,760	15,396	6%	379,166
EXPENDITURE								
Salaries	243,107	0	243,107	271,134	243,107	28,027	10%	366,598
Contracted Services	790,569	0	790,569	781,805	790,569	(8,764)	-1%	1,020,284
TOTAL PRIME COSTS	1,033,676	0	1,033,676	1,052,939	1,033,676	19,263	2%	1,386,882
Fixed overheads	249,678	0	249,678	244,093	249,678	(5,585)	-2%	331,592
Variable overheads	834,225	66,237	900,462	820,672	834,225	(13,553)	-2%	1,166,289
TRUST BEFORE GOVERNANCE COSTS	(1,825,820)	(66,237)	(1,892,297)	(1,841,340)	(1,825,820)	15,271	-1%	(2,505,597)
Regeneration project	39,735	0	33,893	138,955	39,735	99,220	0%	158,607
TOTAL TRUST OPERATION	(1,865,555)	(66,237)	(1,926,190)	(1,980,295)	(1,865,555)	114,491	-6%	(2,664,204)
Contribution from trading								562,000
Net funding requirement								(2,102,204)