

Report Title: **Trust Budget for the 12 months ended 31 March 2015**

Report of: **Nigel Watts, Finance and Resource Director, Alexandra Palace Charitable Trust**

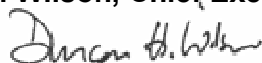
1. Purpose

1.1 This paper requests approval for the Trust's budget for 2014/15.

2. Recommendations

2.1 The Board is asked to approve the Trust's budget for 2014/15.

Report Authorised by: **Duncan Wilson, Chief Executive Alexandra Place and Park Trust**



Contact Officer: **Nigel Watts, Director of Finance and Resources, Alexandra Palace & Park, Alexandra Palace Way, Wood Green N22 7AY Tel No. 020 8365 4340**

3. Executive Summary

3.1 The Trust is budgeting a cash deficit before Regen and after loan repayments of £1,605k. This is in line with parameters previously agreed with LBH.

3.2 .Regeneration costs, budgeted at £1,285k, can be financed using LBH's annual allocation supplemented by brought forward underspends, as previously agreed with LBH

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 N/A

6 Results for the year – Trust and Trading combined

The Trust's budget for 2014/15 is summarised in Table 1 below.

Table 1 – Trust budget for the year to 31 March 2015

2012/13 <i>Actual</i>	£'000	2013/14 <i>Actual</i>	2014/15 <i>Budget</i>	<i>Change</i>
	INCOME			
56	Palace	320	280	-40
144	Park	209	136	-73
(0)	Learning, Theatre & BBC Studios	6	2	-4
380	Total Before Regen	534	418	-116
-	Regen - Project team	4	-	-4
-	Regen - HLF Phase 1	95	750	+655
380	TOTAL INCOME	633	1,168	+535
	EXPENDITURE			
(1,383)	Palace	(1,735)	(1,648)	+87
(201)	Ice Rink Dep'n and Interest	(201)	(200)	+1
(503)	Park	(535)	(463)	+72
(1)	Learning, Theatre & BBC Studios	(21)	(23)	-2
(0)	Office Management	(105)	(110)	-5
(690)	CEO's Office	(335)	(340)	-5
-	Provision for pay increases	-	(14)	-14
(2,779)	Total Before Regen	(2,931)	(2,798)	+133
(491)	Regen - Project team	(360)	(372)	-12
(74)	Regen - HLF Phase 1	(152)	(1,211)	-1,059
(20)	Regen - Hotel/Market Testing	(65)	(177)	-112
-	Regen - Panorama Rm project	-	(50)	-50
-	Fundraising	-	(75)	-75
-	Fabric Maintenance plan	-	(133)	-133
(3,364)	TOTAL EXPENDITURE	(3,508)	(3,170)	+338
	DEFICIT			
(1,327)	Palace	(1,415)	(1,368)	+47
(201)	Ice Rink Dep'n and Interest	(201)	(200)	+1
(360)	Park	(327)	(327)	-0
(1)	Learning, Theatre & BBC Studios	(15)	(21)	-6
(0)	Office Management	(105)	(110)	-5
(509)	CEO's Office	(335)	(340)	-5
-	Provision for pay increases	-	(14)	-14
(2,399)	Total Before Regen & gift aid	(2,397)	(2,380)	+17
(491)	Regen - Project team	(356)	(372)	-16
(74)	Regen - HLF Phase 1	(57)	(461)	-404
(20)	Regen - Hotel/Market Testing	(65)	(194)	-129
-	Regen - Panorama Rm project	-	(50)	-50
-	Fundraising	-	(75)	-75
-	Fabric Maintenance plan	-	(133)	-133
(2,985)	TOTAL DEFICIT before gift aid	(2,876)	(3,665)	-789
580	Capital Expenditure	979	780	-199
(73)	less EH and HLF Grants	(302)	-	+302
507	Total	677	780	+103

Income

Trust income before Regen is budgeted at £418k. This comprises rentals from Park and Palace leases, the Trading Company licence fee and Park events. It is lower than in 2013/14 because that year's income was bolstered by the 150th Anniversary event and backlog rent following some lease renegotiations

Regen income of £750k represents the balance of the HLF Phase 1 project grant.

Expenditure

Trust expenditure other than Regen is budgeted to increase by two per cent to £2,994k.

Palace costs, which comprise mainly buildings maintenance, security and insurance, are budget to reduce by £87k. This is partly the result of lower staff costs, partly the result of the transfer of costs to the Fabric Maintenance Plan budget and partly some cost reductions

Park costs in 2013/14 included the cost of running the 150th anniversary event which will not be repeated in 2014/15. This is the main reason for the decrease of £72k.

A provision has been made for a pay increase in October. Separate Board approval will be sought before the pay review is implemented.

A three per cent increase has been allowed for in the cost of the Regen project team. The increase in costs of the HLF Phase 1 project reflects the current estimate of cost to complete this work. Provisions have also been made for fees associated with the Hotel market testing and for developing a business plan for the Panorama Room replacement, as agreed in the business plan.

An allowance has been made in the 2013/14 budget for costs associated with implementing our fabric maintenance plan which was drawn up in 2013/14. £133k of revenue costs have been allowed for, including the cost of a building surveyor, and £100k in the capital budget (see below).

In the business plan approved by the Board in February we included the costs of a fundraising team for which £75k has been allowed in the 2014/15 budget. Money raised by this team is likely to be in the form of capital or revenue grants ring-fenced for specific projects rather than for administration or fundraising costs, so we need to provide for this cost. It is assumed that the lead time for any significant grants brought in by the team will be at least a year so it has been assumed there will be no increase in grant income in 2014/15.

Capital Expenditure

The Trust capital budget for 2014/15 comprises £555k for basic maintenance, £100k for the implementation of the fabric maintenance plan and a £125k provision for essential work on utility supplies. In addition, the Trading company has a capital budget of £200k focused on supporting revenue generation in the areas of the Palace where it operates.

7 Funding from Haringey

Table 2 shows how the budget will be funded. Taking into account the budgeted £900k of gift aid from the Trading Company and the increased loan repayments, the Trust's net deficit excluding Regen remains within the £1,650k target previously agreed with LBH. The £1,069k brought forward, together with the £2,150k allocation for the year, is sufficient to finance the deficit, the Regen costs and a £150k virement to supplement the capital budget, leaving an underspend of around £180k to be carried forward into 2015/16.

The capital budget will be funded by the £137k underspend brought forward, the £500k capital grant from LBH and the £150k virement from revenue.

Table 2 –Haringey funding summary

£'000		2013/14	2014/15
		Provisional	Budget
REVENUE			
	Revenue underspend b/f	870	1,069
	LBH Revenue Allocation	2,150	2,150
	Resources available	3,020	3,219
	Trust cash deficit excl Regen	(1,472)	(1,605)
	Gift Aid	956	900
	Trust excl Regen	(2,397)	(2,380)
	Add back depreciation	122	122
	Ice Rink loan repayments	(140)	(200)
	SIF repayments	(13)	(47)
	Regen	(478)	(1,285)
	Vire to capital	-	(150)
	Revenue underspend c/f	1,069	179
CAPITAL			
	Trust capital underspend b/f	314	137
	LBH Capital Allocation	500	500
	Vire from Revenue	-	150
	Resources available	814	787
	Trust Capital expenditure	(677)	(780)
	Trust capital underspend c/f	137	7
	APTL Capital	152	200

8 Legal Implications

- 8.1 The Council's Assistant Director, Corporate Governance has been consulted in the preparation of this report, and has no comments.

9 Financial Implications

- 9.1 The Council's Chief Financial Officer notes the proposed budget for 2014/15 and confirms the assumptions around funding from Haringey are in line with the Council's plans.