

**ALEXANDRA PALACE & PARK BOARD**

**On 17<sup>th</sup> July 2007**

**Report Title: 2 MONTHS RESULTS TO THE END OF MAY 2007**

**Report of: David Loudfoot, General Manager, Alexandra Palace & Park**

**1. Purpose**

1.1 To advise the Board of the 2 months result to the end of May 2007.

**2. Recommendations**

2.1 Members are asked to note the income and expenditure for 2 months to end of May 2007 contained in the report and summarised at Appendix I.

Report Authorised by: **David Loudfoot, General Manager**.....

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**3. Executive Summary**

3.1 The 2 months result is tabulated against budget at Appendix I.

**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. Description**

- 6.1 The Board at its meeting on 6<sup>th</sup> February 2007 agreed to set its net budget estimate for 2007/08 at £740,000. This estimate reflected the limited direct activity of the charity post the transfer of the asset and mainly comprised the maintenance of the parkland, maintenance of the through road, maintenance of the buildings within the park (excluding the Palace), security within the park and professional fees.
- 6.2 Arising from the uncertainty in respect of the actual date of receipt of the Order and subsequent transfer to the Firoka Group at that time the Board was advised that a further £65,000 per month was likely to be required for each month that the transfer of the asset was delayed beyond 31<sup>st</sup> March 2007. This sum was calculated on the basis of the local authority's agreed forward financial plan less the £740,000 shown in the previous paragraph and calculated on a pro-rata basis for the whole year.
- 6.3 These sums were discussed informally and agreed in the context of the local authority budget.
- 6.4 The Board resolved:
  - i. That the 2007/08 estimates as detailed in the appendices to the report be noted and the levels of expenditure as proposed be agreed;
  - ii. That the London Borough of Haringey be formally requested to agree to provide the £740,000 required to balance the budget for 2007/08 out of its corporate resources; and
  - iii. That in addition to (ii) above, the London Borough of Haringey be formally advised that due to the effect of protracted negotiations with the Firoka Group, this may impact on and require additional revenue funding support into 2007/08 from the London Borough of Haringey of £65,000 for each month that completion were to be delayed.
- 6.5 The local authority subsequently and formally agreed to provide financial support in accordance with that resolution.
- 6.6 The actual cumulative results for the accounting period to May 2007 (2 months) show a positive variance on the budget estimate of £ 8K (6.5%) before the inclusion of transfer delay costs.
- 6.7 The transfer delay costs have been incurred directly as a result of the continuing delay in the transfer of the whole operation. These costs are specific in nature being attributable to repairs and maintenance arising from the terms of the lease which require all assets to be maintained at the level described in the measured survey on an on-going basis.

- 6.8 The inclusion of the additional costs incurred as a result of the delay in transferring the Palace building adds a further net £181,000 to the deficit which is offset by the £130,000 additional funding being provided over the two months as shown above. The net effect on the budget at month 2 therefore is a negative variance of £43,000.
- 6.9 The tabulation at Appendix 1 summarises this financial information.
- 6.10 However because of the uncertainty relating to the timing of the transfer there is the possibility that future expenditure arising from continuing delays may well exceed the profile of £65,000 per month. In addition the budget does not allow for legal fees arising from any continuing delays in the transfer process. Advice should be taken on the ability to recover any legal costs incurred through such delays.
- 6.11 Further there are a number of areas where additional workloads are now apparent which impact on the ability to provide the detailed information normally submitted to the Board. These are:
- i. the audit of the 2006/07 accounts;
  - ii. preparation of the trading company for MVL;
  - iii. staff resignations; and
  - iv. preparation work for the transfer.

The position in relation to these matters is being closely monitored and any further issues arising will be reported consequently.

## **7. Consultation**

7.1 N/A

## **8. Summary and Conclusions**

8.1 The 2 months result is tabulated against budget at Appendix I. The 2+10 forecast is tabulated against budget at Appendix II.

## **9. Recommendations**

9.1 Members are asked to note the income and expenditure for the 2 months to the end of May 2006 contained in the report and summarised at Appendix I

## **10. Legal and Financial Comments**

10.1 The Trust's Solicitor and Director of Finance have been sent a copy of this report.

## **11. Equalities Implications**

11.1 There are no perceived equalities implications in this report.

## **12. Use of Appendices / Tables / Photographs**

12.1 Appendix I – Summary of the budget versus actual for 2 months to May 2007.

**ALEXANDRA PALACE**  
**BUDGET VERSUS ACTUAL**  
**2007-08**  
**£000's**

	Cumulative BUDGET MONTH 2	Cumulative ACTUAL MONTH 2	VARIANCE
Concessions/Leases	8	13	5
Community events	0	0	0
Sundry	2	2	0
<b>TOTAL INCOME</b>	<b>10</b>	<b>15</b>	<b>5</b>
Salaries	(23)	(24)	(1)
Contracted services	(52)	(40)	12
<b>PAYROLL &amp; CONTRACTED SERVICES</b>	<b>(75)</b>	<b>(64)</b>	<b>11</b>
<b>COSTS BEFORE OVERHEADS</b>	<b>(65)</b>	<b>(49)</b>	<b>16</b>
Fixed Overheads	(11)	(16)	(5)
Variable Overheads	(48)	(51)	(3)
<b>TRUST</b>	<b>(124)</b>	<b>(116)</b>	<b>8</b>
Additional net costs arising from delay in transfer	(130)	(181)	(51)
<b>TOTAL TRUST OPERATION</b>	<b>(254)</b>	<b>(297)</b>	<b>(43)</b>