

Report Title: **APPCT Financial Results for period to 31/08/2015 and annual forecast**

Report of: **Dorota Dominiczak, Director of Finance and Resources, Alexandra Palace Charitable Trust**

1. Purpose

1.1 This paper sets out the results for Alexandra Park and Palace Charitable Trust for 5 months to 31/8/2015 and annual forecast.

2. Recommendations

2.1 That the Board is asked to note the performance of the Trust

Report Authorised by:

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3. Executive Summary

3.1 The Trust performed on budget to deliver its charitable objectives.
3.2 2015-16 forecast of financial position has been updated to reflect over-performance of its trading subsidiary and a projected increase in 2015-16 gift aided profits from APTL to the Trust.

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 5 MONTHS TO 31/08/2015

6.1 Table 1: Incoming Resources – LBH Grant

YTD the Trust has been financed by LBH under the on-going arrangement of a financial support rather than by an Operational Grant. The new banking facility is now operational which will enable LBH to fund the Trust's operations through the grant arrangement as per the prior agreement. Once the grant arrangement is in place it will be phased monthly and show in Incoming Resources (see annual forecast) to confirm a health financial position. By way of explanation as at 31/08/15 the total cash support from LBH to the Trust was £1,823,411. To date the LBH funding has supported the daily operations of the Trust. This financing has provided cash flow for specific projects including the East Wing Restoration prior to the first Heritage Lottery Drawdown which was submitted in September and the LED lightening project in the Great Hall prior to drawdown from the Sustainability Infrastructure Fund.

6.2 Table 1: Incoming Resources – Gift Aid

The Trading Company Gift Aid target has been revised to £1,300m (£200k up on budget) due to exceptional performance of all trading activities, in particular because of additional income from events and associated catering offers.

6.3 Table 1: Overheads

YTD expenditure is on target with an exception of Palace maintenance and legal and professional fees. The under-spend on Palace maintenance in the summer has been re-allocated for emergency repairs during the winter. Potential saving on legal and professional fees is due to slower than anticipated start of the hotel project. No other significant variances are expected.

6.4 Table 2: Designated Funds (Fixed Assets)

Capital Grant from LBH for 2015-16 is £400k and in addition there is an agreed under-spend from 2014-15 of £116k making an available amount of £516k in 2015-16. YTD actual expenditure was £35k with a committed £200k on gas pipes replacement. £150k of this allowance is expected to be spent on Fabric maintenance for the areas outside the Restoration Project.

The Trust has been advanced a SIF loan of £270k for a replacement of lighting in the Great Hall. The project is now completed and a new LED lighting will enable annual saving in maintenance and energy usage.

6.5 Table 3. Restoration Project (Restricted Funds)

2015-16 Incoming resources have been re-phased to reflect the HLF and LBH support for the Project as well as a prudent expectation of a matching funding (fundraising). YTD expenditure shows underspend due to fees for Design and Project Management to date. As per the HLF Agreement 70% of the Project's expenditure is funded by HLF and 30% by LBH and fundraising. The start of Phase 2 of the Project (since April 2015) has been positively received by HLF Monitor who expressed his confidence in the Trust's Project team as well as his understanding to challenges faced by the fundraising team at this early stage of the Project. The 1st drawdown claim was successful, and cash funds were received in September for expenditure incurred in a period to 31st August. Phasing of a cash flow is under review to ensure that, following the Contractor's works in December/January, there are sufficient funds available to support the Project before the quarterly drawdowns claims are settled by HLF.

Table 1: APPCT Unrestricted Funds

APPCT YTD and Forecast For 5 Months Ending 31st August 2015	Cum 31/08/2015			Year 2015/16		
	Budget	Actual	Diff	Budget	Forecast	Diff
Trust Income	£	£	£	£	£	£
LBH Grant – Operational	790,000	-	(790,000)	1,900,000	1,900,000	-
Palace APTL Licence	79,165	79,165	-	190,000	190,000	-
Palace Leases	39,250	19,395	(19,855)	78,500	58,645	(19,855)
Park Leases	21,642	39,594	17,952	86,566	104,518	17,952
Learning & Community	2,250	8,287	6,037	3,200	9,237	6,037
Gift Aid	-	-	-	1,096,202	1,300,924	204,722
Other	17,655	36,574	18,919	47,830	66,749	18,919
Total Incoming Resources	949,962	183,016	(766,948)	3,402,298	3,630,073	227,775
Overheads						
Cost of Sales	-	2,769	2,769	-	2,769	2,769
Wages & Salaries (including pension	233,190	235,951	2,761	582,440	585,201	2,761
Other Wage Costs (Agency, Welfare, Travel)	20,545	7,856	(12,689)	48,460	35,771	(12,689)
Maintenance Contract Palace	229,750	182,622	(47,128)	495,450	496,322	872
Maintenance Contract Park	147,193	147,193	-	294,386	294,386	-
Repair & Maintenance Other	56,251	62,363	6,112	162,908	169,020	6,112
Security Control	196,400	184,273	(12,127)	464,100	451,973	(12,127)
Cleaning & Pest	1,000	41	(959)	2,000	1,041	(959)
Rates & Insurance	142,498	137,813	(4,685)	342,000	337,315	(4,685)
Office expenses (Hire, stationery)	44,443	30,042	(14,401)	107,410	93,009	(14,401)
Utilities	51,435	46,733	(4,702)	125,300	120,598	(4,702)
Software & IT	27,750	20,818	(6,932)	58,900	51,968	(6,932)
Sundries, Meeting & Subscriptions	17,660	10,962	(6,698)	41,845	35,147	(6,698)
Marketing, Advertising & Design	42,665	6,224	(36,441)	97,060	60,619	(36,441)
Legal & Professional	176,519	62,509	(114,010)	328,164	214,154	(114,010)
Depreciation (Unrestricted are loan Assets)	56,230	51,099	(5,131)	134,952	129,821	(5,131)
Interest on Loan Assets	26,500	32,608	6,108	63,595	69,703	6,108
Banking Costs	-	19	19	-	19	19
APTL Cost recharges	32,085	54,169	22,084	77,000	99,084	22,084
Contingency	-	-	-	35,000	35,000	-
Total Outgoing Resources	1,502,115	1,276,065	(226,050)	3,460,970	3,282,919	(178,050)
Result	(552,153)	(1,093,051)	(540,898)	(58,672)	347,154	405,826

Table 2: APPCT Designated Funds (Fixed Assets)

APPCT YTD and Forecast For 5 Months Ending 31st August 2015	Year 2015/16		
	Budget	Forecast	Diff
Trust Income	£	£	£
LBH Grant – Capital	400,000	400,000	-
Total Incoming Resources	400,000	400,000	-
Overheads			
Depreciation (Unrestricted are loan Assets)	284,000	263,131	(20,869)
Total Outgoing Resources	284,000	263,131	(20,869)
Result	116,000	136,869	20,869

Table 3: APPCT Restoration Project

APPCT YTD and Forecast For 5 Months Ending 31st August 2015	Year 2015/16		
	Budget <i>(super-seeded by forecast)</i>	Forecast	Diff
Trust Income	£	£	£
LBH Regeneration grant	500,000	500,000	-
HLF Grants	957,460	1,162,792	414,646
Match Funding	839,875	-	-839,875
Total Incoming Resources	2,297,335	1,662,792	-354,379
Overheads			
Wages & Salaries (including pension & Ni)	69,644	61,124	-8,520
Legal & Professional	1,883,530	1,600,000	15,870
Banking Costs	-	7	7
Contingency	-	-	-
Total Outgoing Resources	1,953,174	1,661,131	7,357
Project Reserves Carried Forward	344,161	1,661	-361,736

Table 4: APPCT (Total Incoming and Expended resources)

APPCT YTD and Forecast For 5 Months Ending 31st August 2015	Cum 31/08/2015			Year 2015/16		
	Budget	Actual	Diff	Budget	Forecast	Diff
Trust Income	£	£	£	£	£	£
LBH Grant - Operational	790,000	-	-790,000	1,900,000	1,900,000	-
LBH Grant - Capital	166,665	-	-166,665	400,000	400,000	-
Palace APTL Licence	79,165	79,165	-	190,000	190,000	-

Palace Leases	39,250	19,395	-19,855	78,500	58,645	-19,855
Park Leases	21,642	39,594	17,952	86,566	104,518	17,952
Learning & Community	2,250	8,287	6,037	3,200	9,237	6,037
Gift Aid	-	-	-	1,096,202	1,300,924	204,722
Other	17,655	36,574	18,919	47,830	66,749	18,919
	1,116,627	183,014	-766,948	3,802,298	4,030,073	227,775
Regeneration Grants (HLF & LBH)	500,000	-	-500,000	1,457,460	1,662,792	205,332
Match Funding	152,000	-	-152,000	839,875	0	-839,875
	652,000	-	-652,000	2,297,335	1,662,792	-634,543
Total Incoming Resources	1,768,627	183,014	1,585,613	6,099,633	5,692,865	-406,768
Overheads						
Cost of Sales	-	2,769	2,769	-	2,769	2,769
Wages & Salaries (including pension & Ni)	262,210	256,451	-5,759	652,084	646,325	-5,759
Other Wage Costs (Agency, Welfare, Travel)	20,545	7,856	-12,689	48,460	35,771	-12,689
Maintenance Contract Palace	229,750	182,622	-47,128	495,450	496,322	872
Maintenance Contract Park	147,193	147,193	-	294,386	294,386	-
Repair & Maintenance Other	56,251	62,363	6,112	162,908	169,020	6,112
Security Control	196,400	184,273	-12,127	464,100	451,973	-12,127
Cleaning & Pest	1,000	41	-959	2,000	1,041	-959
Rates & Insurance	142,498	137,813	-4,685	342,000	337,315	-4,685
Office expenses (Hire, stationery)	44,443	30,042	-14,401	107,410	93,009	-14,401
Utilities	51,435	46,733	-4,702	125,300	120,598	-4,702
Software & IT	27,750	20,818	-6,932	58,900	51,968	-6,932
Sundries, Meeting & Subscriptions	17,660	10,962	-6,698	41,845	35,147	-6,698
Marketing, Advertising & Design	42,665	6,224	-36,441	97,060	60,619	-36,441
Legal & Professional - Trust	176,519	62,509	-114,010	328,164	214,154	-114,010
Legal & Professional – Restoration	411,229	308,415	-102,814	1,883,530	1,600,000	-283,530
Depreciation (Unrestricted are loan Assets)	174,565	148,565	-26,000	418,952	392,952	-26,000
Interest on Loan Assets	26,500	32,608	6,108	63,595	69,703	6,108
Banking Costs	-	26	26	-	26	26
APTL Cost recharges	32,085	54,169	22,084	77,000	99,084	22,084
Contingency	-	-	-	35,000	35,000	-
Total Outgoing Resources	2,060,699	1,702,452	-358,247	5,698,144	5,207,182	-490,962
Result	-292,072	1,519,438	1,227,366	401,489	485,683	84,194

7. LEGAL IMPLICATIONS

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

8 FINANCIAL IMPLICATIONS

8.1 The Council's Chief Financial Officer has been consulted in the preparation of this report, recognises the improved estimated outturn position and will want the new Chief Executive to consider the implications of this moving forward.

9 APPENDICES

9.1 There are none.