

Report Title: Alexandra Park and Palace Charitable Trust Financial Results

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

1. Purpose

This paper sets out the results for Alexandra Park and Palace Charitable Trust for the 11 month period ending 29th February 2016.

2. Recommendations

2.1 To note the performance of the Trust and the attached timetable for submitting the annual accounts.

2.2 To approve a salary increase of 2% for all Trust employees effective from 1st April 2016.

Report Authorised by: Louise Stewart, Chief Executive Officer, Alexandra Park and Palace

Contact Officer: Natalie Layton, Executive Assistant, Alexandra Park and Palace
Email: Natalie.layton@alexandrapalace.com , Telephone: 020 8365 4335

3. Executive Summary

3.2 The report provides the financial results for the period ending 29th February. Variations since the figures were presented to the Board in February, include:

- An increase of £615k Gift Aid from Alexandra Palace Trading Limited, which will increase a balance of unrestricted reserves carried forward to 2016-17;
- £516k capital grant funds carried forward from 2014-15 and 2016-17 spent as planned on capital projects;
- Re-allocation of HLF project costs of 250k from 2015-16 to 2016-17 to allow for removal of asbestos before the works can continue.

3.3 The report recommends a 2% staff salary increase in accordance with the salary increase agreed by APTL in February for Trading Company staff. Staff salaries have not increased since October 2014.

4. Reasons for any change in policy or for new policy development (if applicable)

N/A

5. Local Government (Access to Information) Act 1985

N/A

6. Table 1 – Incoming Resources

- 6.1 All sources of unrestricted income are shown in Table 1 below. The main source of income is the LBH's (London Borough of Haringey) operating grant of £1,900k.
- 6.2 £180k of income from Park and Palace leases is on target to be achieved. Income from Park Leases shows additional £48k income which represents the cost of maintenance and repairs recharged to tenants (see corresponding over-spending in maintenance expenditure).
- 6.3 APTL (Alexandra Palace Trading Limited, 'the Trading Company') is charged £190k for the use of the Palace premises. The Licence Agreement is due for a renewal in 2016-17 and an increased licence fee is being considered to reflect 1) use of the Palace premises as well as the Park for commercial activities and 2) increased commercial benefit (turnover) generated by APTL .
- 6.4 The Trading Company Gift Aid target has been revised to £1,712k (£615k up on budget) due to the exceptional performance of all trading activities, in particular because of additional income from events and associated catering offers.

7. Table 1 – Overheads

- 7.1 For the year-to-date most budgeted expenditure is on target. Under-spending on Legal and Professional fees is attributable to the hotel project as well as a Governance Review project and a Strategic Vision review – both were provisionally booked to start by the end of 2015-16 but have been delayed until 2016-17 (hence funds will be carried forward in reserves).
- 7.2 The Marketing, Advertising and Design budget has been under-spent due to a lack of resource in the Trust and the expenditure has been partly borne by the Trading Company.

8. Table 2 – Designated Funds (Fixed Assets)

- 8.1 Capital Grant funding from LBH for 2015-16 was £400k and in addition there was an agreed balance carried forward from 2014-15 of £116k making a total of £516k available. To date spending and committed projects are on target to expend this budget in 2015-16 – refer to Table 2 below for details.

9. Table 3. Restoration Project (Restricted Funds)

- 9.1 The current forecast of incoming resources for the Heritage Lottery Fund (HLF) sponsored project in 2015-16 is £1,570k. In accordance with the HLF Agreement 70% of the Project's expenditure is funded by HLF and 30% by LBH and fundraising - £500k from LBH and £1,070k from the HLF.
- 9.2 The estimated total expenditure including pre-construction works carried up to 31/3/2016 was £250k higher than originally forecast but these works are now phased into 2016-17 pending asbestos removal and obtaining a clearance of asbestos-contaminated areas.

10. HR matters – Trust staff

- 10.1 Alexandra Palace aims to promote a culture of working as one organisation, whether our employees are contracted with the Trading Company or the Trust. In recent years many contractual benefits have been aligned in both areas to ensure consistency in salaries offered and the benefits package.
- 10.2 Since a salary increase of 2% for all Alexandra Palace employees (APPCT and APTL) in October 2014 there has been no review of salaries until February 2016.
- 10.3 In February 2016 FRAC recommended and APTL Board approved a 2% salary up-lift for all APTL employees.
- 10.4 APPCT Board is asked to approve a salaries up-lift for all Trust employees effective from 1st April 2016 on the same basis i.e. 2%.

11. Annual Accounts

Appendix 1 provides a timetable for submission of the 2015-16 Annual Accounts for information. Trustees are required to attend a workshop to consider the accounts and strategic risk register in detail at 6pm on 19th July 2016, prior to the Board meeting on the same evening.

Table 1 – Incoming Resources and Overheads

| APPCT YTD and Forecast For 11 Months Ending 29th February 2016 | YTD 29/02/2016 | | | Year 2015/16 | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|
| | Budget | Actual | Diff | Budget | Forecast | Diff |
| Unrestricted Activities | | | | | | |
| Trust Income | £ | £ | £ | £ | £ | £ |
| LBH Grant - Operational | 1,738,000 | 1,889,620 | 151,620 | 1,900,000 | 1,889,620 | (10,380) |
| Palace APTL Licence | 174,163 | 158,330 | (15,833) | 190,000 | 190,000 | - |
| Palace Leases | 78,500 | 79,734 | 1,234 | 78,500 | 79,734 | 1,234 |
| Park Leases | 64,925 | 113,930 | 49,006 | 86,566 | 135,472 | 48,906 |
| Learning & Community | 3,150 | 22,601 | 19,451 | 3,200 | 22,651 | 19,451 |
| Gift Aid | - | - | - | 1,096,202 | 1,712,128 | 615,926 |
| Other | 33,300 | 41,369 | 8,069 | 47,830 | 55,729 | 7,899 |
| | 2,092,038 | 2,305,584 | 213,546 | 3,402,298 | 4,085,333 | 683,035 |
| Total Incoming Resources | 2,092,038 | 2,305,584 | 213,546 | 3,402,298 | 4,085,333 | 683,035 |
| Overheads | | | | | | |
| Cost of Sales | - | 15,643 | 15,643 | - | 15,643 | 15,643 |
| Wages & Salaries (including pension & Ni) | 513,018 | 516,837 | 3,820 | 582,440 | 568,165 | (14,275) |
| Other Wage Costs (Agency,Welfare,Travel) | 45,683 | 21,505 | (24,178) | 48,460 | 50,632 | 2,172 |
| Maintenance Contract Palace | 460,450 | 375,487 | (84,963) | 495,450 | 445,376 | (50,074) |
| Maintenance Contract Park | 274,760 | 274,761 | 1 | 294,386 | 294,386 | 1 |
| Repair & Maintenance Other | 145,735 | 171,886 | 26,151 | 162,908 | 200,796 | 37,888 |
| Security Control | 425,850 | 417,899 | (7,951) | 464,100 | 456,149 | (7,951) |
| Cleaning & Pest | 2,000 | 241 | (1,759) | 2,000 | 241 | (1,759) |
| Rates & Insurance | 313,496 | 311,748 | (1,748) | 342,000 | 340,252 | (1,748) |
| Office expenses (Hire,stationery) | 98,337 | 102,134 | 3,797 | 107,410 | 108,910 | 1,500 |
| Utilities | 114,105 | 100,794 | (13,311) | 125,300 | 117,589 | (7,711) |
| Software & IT | 54,450 | 68,691 | 14,241 | 58,900 | 72,941 | 14,041 |
| Sundries, Meeting & Subscriptions | 38,823 | 16,632 | (22,191) | 41,845 | 18,317 | (23,528) |
| Marketing, Advertising & Design | 89,486 | 35,430 | (54,056) | 97,060 | 40,054 | (57,006) |
| Legal & Professional | 312,440 | 197,273 | (115,167) | 328,164 | 223,210 | (104,954) |
| Depreciation (Unrestricted are loan Assets) | 123,706 | 112,394 | (11,312) | 134,952 | 123,640 | (11,312) |
| Interest on Loan Assets | 58,300 | 63,595 | 5,295 | 63,595 | 63,595 | 0 |
| Banking Costs | - | 504 | 504 | 0 | 504 | 504 |
| APTL Cost recharges | 70,587 | 65,050 | (5,537) | 77,000 | 78,060 | 1,060 |
| Contingency | 20,000 | - | (20,000) | 35,000 | 0 | (35,000) |
| Total Outgoing Resources | 3,161,226 | 2,868,502 | (292,723) | 3,460,970 | 3,218,459 | (242,511) |
| Result | (1,069,188) | (562,919) | 506,269 | (58,672) | 866,874 | 925,546 |

Table 2: APPCT Designated Funds (Fixed Assets)

| | £ | £ | £ |
|---|----------------|----------------|----------------|
| LBH Capital Grants | Received | Committed | Total |
| LBH Grant - Capital 2015/16 | 100,000 | 300,000 | 400,000 |
| LBH Grant - Agreed Carried Forward 14/15 | - | 115,991 | 115,991 |
| Total Grants | 100,000 | 415,991 | 515,991 |
| | | | |
| Capital Expenditure | Spent | Committed | Total |
| AC Units | 6,461 | - | 6,461 |
| Fire Alarm System | 108,362 | - | 108,362 |
| Roof Works | 1,114 | - | 1,114 |
| Sundries | 412 | - | 412 |
| Furniture | 2,395 | - | 2,395 |
| Generator – replacement of electric battery | 12,577 | - | 12,577 |
| Trend Control Ice Rink | 13,674 | - | 13,674 |
| Gas Main Replacement | 200,000 | - | 200,000 |
| Roof Repair Package Phase 1 | - | 85,096 | 85,096 |
| Fabric maintenance | - | 85,900 | 85,900 |
| | 344,995 | 170,996 | 515,991 |

Table 3. Restoration Project (Restricted Funds)

| APPCT YTD and Forecast For 11 Months Ending 29th February 2016 | YTD 29/02/2016 | | | Year 2015/16 | | |
|--|----------------|-----------|-------------|--------------|-----------|-----------|
| | Budget | Actual | Diff | Budget | Forecast | Diff |
| Regeneration RE6 | | | | | | |
| Trust Income | £ | £ | £ | £ | £ | £ |
| Other | - | 7,178 | 7,178 | - | 7,178 | 7,178 |
| | - | 7,178 | 7,178 | - | 7,178 | 7,178 |
| Regeneration Grants | 1,457,460 | 1,197,807 | (259,653) | 1,457,460 | 1,562,394 | 104,934 |
| Match Funding | 759,950 | - | (759,950) | 839,875 | - | (839,875) |
| | 2,217,410 | 1,197,807 | (1,019,603) | 2,297,335 | 1,562,394 | (734,941) |
| Total Incoming Resources | 2,217,410 | 1,204,985 | (1,012,425) | 2,297,335 | 1,569,572 | (727,763) |
| Overheads | | | | | | |
| Wages & Salaries (including pension & Ni) | 63,844 | 46,928 | (16,916) | 69,644 | 50,997 | (18,647) |
| Legal & Professional | 1,679,506 | 1,198,466 | (481,040) | 1,883,530 | 1,466,702 | (416,828) |
| Banking Costs | - | 7 | 7 | - | 7 | 7 |
| Total Outgoing Resources | 1,743,350 | 1,245,401 | (497,949) | 1,953,174 | 1,517,706 | (435,468) |
| Result | 474,060 | (40,415) | (514,475) | 344,161 | 51,866 | (292,295) |

11. Legal Implications

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

12. Financial Implications

The Chief Finance Officer has been consulted on this report. The estimated financial impact of implementing the proposed salary increase is c£6,000 and the Trust has confirmed that this cost can be accommodated within their overall financial resources.

13. Use of Appendices

Appendix 1 – Annual Accounts timetable

Appendix 1

Alexandra Palace and Park annual accounts timetable

| DATE | Event |
|----------------------------|---|
| 12 April 2016 | CEO & Director F&R meeting with Deloitte auditors |
| 23 rd May 2016 | Deloitte audit begins (2 weeks information gathering) |
| 21 st June 2016 | Closure meeting with Deloitte Audit Team |
| 30 th June 2016 | Deloitte auditors present draft accounts to FRAC |
| 19 th July 2016 | 6pm – Annual accounts and strategic risk register workshop for Board members 7.30pm – Approval of accounts at Board meeting |