

Alexandra Palace

ALEXANDRA PARK AND PALACE **CHARITABLE TRUST BOARD** **2 NOVEMBER 2017**

Report Title: Alexandra Park and Palace Charitable Trust Financial Results with annual forecast

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N/A

Purpose:

This paper sets out the results for Alexandra Park and Palace Charitable Trust for July 2017 including the annual forecast of Incoming and Outgoing resources.

1. Recommendations

To note the financial performance of the Trust.

2. Executive Summary of 2017-18 Forecast

- 2.1 The Statement of Incoming and Outgoing Resources (Table 1) illustrates various activities undertaken by the Trust, including revenue and capital, funded from unrestricted income, restricted grants and loans.
- 2.2 The funding recognised as incoming resources in 2017-18 is £3.8m with no variance predicted on the budgeted amounts.
- 2.3 The outgoing resources on Direct Charitable expenditure, fundraising activities, strategic leadership and support costs, both revenue and capital, are budgeted at £21m with no significant variance currently projected.
- 2.4 The Finance, Risk and Audit Committee considered this report at its meeting on 3rd October.

3. Table 1 - Statement of Incoming and Outgoing Resources – 2017-18 forecast

APPCT At Month Ending 31st July 2017	Year 2017/18 Budget £	Year 2017/18 Forecast £	Year 2017/18 Diff £
Income			
Unrestricted	3,409,217	3,412,514	3,297
Capital Fund	270,000	270,000	0
East Wing & Activity Plan	0	28,304	28,304
West Yard Storage	200,000	200,000	0
Total Incoming Resources	3,879,217	3,910,818	31,601
Direct Charitable Expenditure			
Running and maintaining the Park	(528,704)	(535,438)	(6,734)
Running and maintaining the Palace	(2,239,463)	(2,231,441)	8,022
Learning & Community	(23,042)	(22,648)	394
Regeneration	(219,494)	(220,017)	(523)
West Yard Storage	(1,664,912)	(1,664,905)	7
East Wing & Activity Plan	(15,925,780)	(15,895,708)	30,072
Direct Charitable Expenditure	(20,601,395)	(20,570,156)	31,239
Raising funds	(115,079)	(115,079)	(0)
Strategic Leadership	(349,095)	(359,949)	(10,854)
Support costs	(177,139)	(180,669)	(3,530)
Total Outgoing Resources	(21,242,708)	(21,225,853)	16,855
Net Movement in Trust Funds	(17,363,491)	(17,315,035)	48,456
Balance Sheet extract:	1 April 2017	31 July 2017	
	£	£	
Resources available as total Reserves	27,052,451	26,442,403	
Represented by:	£	£	
HLF Grant Claims due	18,674,168	15,094,262	
Cash at bank:			
Main account - unrestricted	591,347	513,111	
HLF Project account - restricted	2,106,619	4,467,406	
West Yard Project account - restricted	2,217,353	1,360,242	
HC Capital Grant account - restricted	-	414,426	
Fixed assets/liabilities	3,462,964	4,592,956	
Resources available as total Reserves	27,052,451	26,442,403	

4. Incoming, Funding and Loans

4.1 Table 2 – 2017-18 Income - breakdown

APPCT	31/07/2017			Year 2017/18		
	Budget	Actual	Diff	Budget	Forecast	Diff
	All Activities					
Trust Income	£	£	£	£	£	£
HC Grant - Operational	1,350,000	1,350,000	0	1,950,000	1,950,000	0
HC Grant - Capital	470,000	470,000	0	470,000	470,000	0
Palace APTL Licence	100,000	100,000	0	300,000	300,000	0
Palace Leases and recharges	32,385	32,962	577	67,000	67,577	577
Park Leases and recharges	59,823	61,941	2,118	160,517	163,631	3,114
Learning & Community	4,540	4,146	(394)	11,700	11,306	(394)
Donations	0	28,304	28,304	0	28,304	28,304
Gift Aid	0	0	0	920,000	920,000	0
	2,016,748	2,047,353	30,605	3,879,217	3,910,818	31,601

- 4.2 The annual operational grant (unrestricted) from our Corporate Trustee in 2017-18 is £1,950,000. A schedule of drawdown has been agreed with the Council's Treasury before the start of the year and in the first 4 months of the year a total drawdown was £1,350,000. The drawdown has been front-loaded to enable the Trust to pay various annual insurance premiums (building insurance, content insurance, public and employer liability insurance) and to fund the cash flow for a period from April to December. Post December months will be funded from a transfer of Gift Aid due from the Trading subsidiary.
- 4.3 The Capital grant (restricted) in 2017-18 from our Corporate Trustee is £470,000 and all monies have been received. £200,000 has been allocated for the completion of the West Yard Project leaving £270,000 to fund the programme of annual repairs and maintenance.
- 4.4 The APTL licence fee is receivable from the Trading company (APTL) and is set at £300,000 for 2017-18. The licence permits APTL's commercial use of the Palace.
- 4.5 Park and Palace leases and recharges represent annual lease income receivable from the tenants and recharged facilities costs as well as accidental repairs if the Trust is entitled to recharge these costs under the terms of the lease. The 2017-18 annual income from this source (unrestricted) is budgeted at £227,000.
- 4.6 Learning and Community income represents fees receivable from community events and fees charged to schools for workshops and educational activities (2017-18 budget £11,000).

- 4.7 Donations are a restricted income for The Regeneration Project and had been given by individual donors to the 'Back to Life' campaign for the restoration of the Theatre. The estimated donations income from this campaign is £500,000.
- 4.8 Gift Aid of £920,000 represents the profits of APTL for 2016-17 which will be gifted in cash to the Trust later on in the year (by the end of December 2017 to take advantage of a corporate tax exemption).

5. Direct Charitable expenditure

- 5.1 Running and maintenance of the Park includes the Park maintenance contract and its management as well as maintenance and repairs of properties in the Park leased to the tenants and accidental other repairs in the Park area. The total annual cost is budgeted at £529,000 with a small variance of £6,700 which is partly due to late legal bills relating to the last financial year.
- 5.2 Palace running costs include the in-house maintenance team, third party contracts for maintenance of specialist areas for example the lifts, shutters, catering equipment, Ice Rink plant; it also covers the building insurance and rates. The annual cost is budgeted at £2.2m with no significant variance reported.
- 5.3 Learning and Community costs represent a proportion of salaries paid to the staff delivering these activities which are not funded by the HLF (Master Plan). The total annual cost is budgeted at £23,000 with no significant variance reported.
- 5.4 Regeneration spending represents costs for directly supporting the East Wing Project but not funded from the HLF budget, for example the Project Director fees and partly the salaries of the team and also various marketing and PR expenditure. The annual cost is £220,000 with no significant variance reported.
- 5.5 West Yard Project costs of £1,665,000 represent the costs budgeted for 2017-18 (the costs incurred in 2016-17 were £1.1m). The total cost of the Project is budgeted at £2.7m over the two years of construction works with no variance on this cost in total but with a noted variance of spending on the Project to date. This is because the original programme submitted by Kier Construction is now indicating that the Contractor is behind schedule by about 20 weeks. Therefore the spend to date reflects this slippage.
- 5.6 East Wing and Masterplan is fully funded by the HLF grant and the Corporate Trustee's grant. The main construction works cost of £15,925,000 are budgeted for 2017-18. Although there is no change in the overall annual budget of the Project, year to date there has been a slower drawdown of costs by the contractor than budgeted with a delay in payments noted and with no claim for costs in July 2017 at all, for example. Also, there have been no significant invoices from the professional design team as we transitioned from RIBA Stage 4 to 5.

6. Fundraising costs

This covers the costs of fundraising activity to raise funds for the East Wing Project. The budget of £115,000 has been allocated to fundraising with no significant variance reported.

7. Strategic Leadership costs

This represents the costs of the leadership team as well as costs of the Governance review Project and the Strategic Review Project; both have started in 2016-17; the current variance of £11,000 represents unbudgeted late legal bills from the previous legal advisors BWB relating to the prior year matters issued on a final reconciliation of their account with the Trust. It also represents costs of the Trust's PR agency which are shared with the Trading Company which will be phased out in the next forecast.

8. Support costs

This represents the costs of running the office including IT support and office administration and supplies. No significant variance is reported on these costs.

9. Annual Capital Expenditure

9.1 Capital Projects (outside the East Wing Project and the West yard Project) are funded from Haringey Council's capital grant. The 2017-18 grant is £470,000 in total and we have already allocated £200,000 to the West Yard Project to fund the installation of the goods and services lift which is outside of the original construction budget of £2.5m.

9.2 The remaining £270,000 has been allocated to: on-going roof works, replacement of 4th boiler and strengthening of the Panorama Room basement. The boiler has already been replaced and is operational for winter. Other works have been procured and will be undertaken later on in 2017-18.

9.3 To date we have carried out the works budgeted and procured in 2016-17, mainly painting and repairing trusses in the Great Hall (£100,000), investment in the Fire Alarm system (£67,000), West Hall Duct works (£14,000).

10. Loan commitments

APPCT 2017-18 Budget	capital amount due	annual interest	annual repayment	remaining term of loan	instalment payment due date
West Yard Loan	2,500,000	83,000	122,000	34 years	Paid 16th August 2017
Ice Rink main loan	1,576,000	52,000	164,000	9 years	Paid 25th May 2017
Ice Rink SIF loan	13,000	-	13,000	nil	Paid 25th May 2017
Lighting loan (SIF)	233,583	-	44,417	6 years	Paid 25th May 2017
	4,322,583	135,000	340,000		

All Trust's loan commitments are up to date with the next annual repayments due in 2018-19.

11. Legal Implications

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

12. Financial Implications

- 12.1 The Council's Chief Financial Officer has been consulted in the preparation of this report, and has no comments.

13. Use of Appendices

Appendix 1
Income and Expenditure – all funds

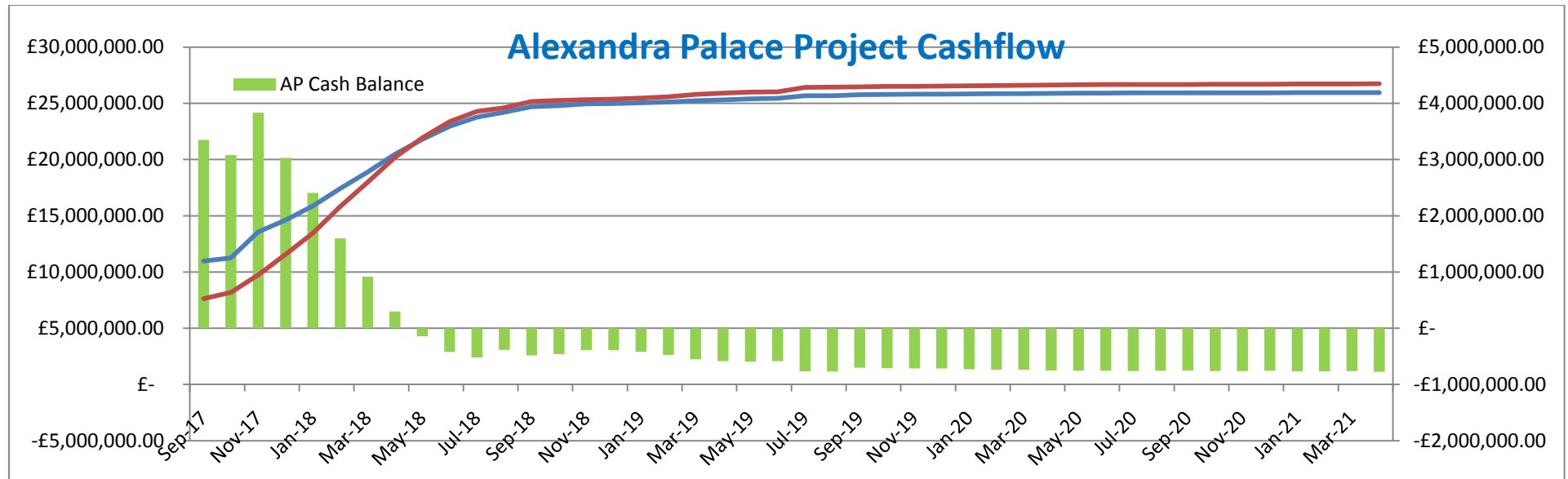
Appendix 2
East Wing Project – Forecast (as projected in September 2017)

Appendix 3
West Yard Project – Forecast (as projected in September 2017))

Appendix 1 – Income and Expenditure – all funds

APPCT YTD and Forecast For Month Ending 31st July 2017	Cumm 31/07/2017			Year 2017/18		
	Budget	Actual	Diff	Budget	Forecast	Diff
Total Trust						
Trust Income	£	£	£	£	£	£
HC Grant - Operational	1,350,000	1,350,000	0	1,950,000	1,950,000	0
HC Grant - Capital	47,000	470,000	0	470,000	470,000	0
Palace APTL Licence	100,000	100,000	0	300,000	300,000	0
Palace Leases	32,385	32,962	577	67,000	67,557	577
Park Leases	56,647	56,623	(24)	125,846	126,818	972
Learning & Community	4,540	3,628	(912)	11,700	10,788	(912)
Gift Aid	0	0	0	920,000	920,000	0
Other inc. Donations	3,176	34,140	30,964	34,671	65,635	30,964
Total Incoming Resources	2,016,748	2,047,353	30,605	3,879,217	3,910,818	31,601
Overheads						
Cost of Sales	0	4,335	4,335	1,500	5,835	4,335
Wages & Salaries (including pension & Ni)	305,800	295,100	(10,700)	938,544	931,522	(7,022)
Other Wage Costs (Agency,Welfare,Travel)	8,147	2,660	(5,487)	35,833	32,094	(3,739)
Maintenance Contract Palace	107,668	100,924	(6,744)	329,004	329,004	0
Maintenance - Park	120,835	120,837	2	329,550	329,552	2
Repair & Maintenance - other	41,798	26,870	(14,928)	178,794	180,529	1,735
Security Control Contract	166,448	168,966	2,518	488,648	500,416	11,768
Cleaning & Pest	3,000	1,400	(1,600)	9,000	9,000	0
Rates & Insurance	137,795	141,008	3,213	381,891	373,232	(8,659)
Office expenses (Hire,stationery)	38,775	41,863	3,088	179,987	185,518	5,531
Utilities	21,752	23,243	1,491	80,556	82,047	1,491
Software & IT	15,794	17,784	1,990	48,842	50,864	2,022
Sundries, Meeting & Subscriptions	9,187	4,295	(4,892)	35,725	36,312	587
Marketing, Advertising & Design	5,284	11,794	6,510	48,918	47,242	(1,676)
Legal & Professional	68,332	56,940	(11,392)	199,096	200,608	1,512
Construction Fees West Yard Project	802,619	467,079	(335,541)	1,664,912	1,663,851	(1,062)
Construction Fees Regeneration	2,885,407	973,683	(1,911,724)	15,599,140	15,583,355	(15,785)
Depreciation (Unrestricted are loan Assets)	134,584	128,387	(6,197)	478,760	471,968	(6,792)
Interest on Loan Assets	45,116	43,887	(1,229)	135,348	134,119	(1,229)
Banking Costs	200	323	123	600	723	123
APTL Cost recharges	26,020	26,020	0	78,060	78,060	0
Total Outgoing Resources	4,944,561	2,657,400	(2,287,161)	21,242,708	21,225,853	(16,857)
Result	(2,927,813)	(610,047)	2,317,766	(17,363,491)	(17,315,035)	48,456

Appendix 2 – East Wing Project Forecast



The above illustration has been prepared by the Project Manager as at end of September 2017. It indicates that if the profile of payments and claims from HLF remains as predicted then the Project will have a funding gap in May 2018. However, please note that the above projection does not include a profile of any fundraising income going forward as it remains very speculative to predict the outcome of the fundraising campaign in the future.

Appendix 3 – West Yard Project Forecast

West Yard Expenditure Profile

