

ALEXANDRA PARK AND PALACE **CHARITABLE TRUST BOARD**

20th February 2018

Report Title: Alexandra Park and Palace Charitable Trust Financial – 2018-19 draft Budget overview

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Purpose: This paper sets out the draft 2018-19 Budget for Alexandra Park and Palace Charitable Trust.

Local Government (Access to Information) Act 1985

N/A

1. Recommendations

To note and comment on the draft APPCT Budget. The final 2018-19 Budget for approval will be presented to the Board in March 2018.

2. Executive Summary of 2018-19 Budget

- 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. The table demonstrates changes in the level of different activities and their financial impact on the Trust.
- 2.2 The 2018-19 incoming resources are £4,765,000; included in this amount are unrestricted funds of £3,545,000; £470,000 is for restricted use to support capital maintenance of the Palace and Park; and £750,000 is the underwritten balance of the fundraising campaign for the Restoration project. In addition to these sources of annual funding the Trust will also draw funds from its reserves which at the end of 2017-18 are estimated to be £9.7m. The reserves brought forward (estimated at £9.7m in total) are represented mainly by the HLF funds committed to the Regeneration Project (restricted). The unrestricted reserves remain at a very low level as the Trust expends all of its unrestricted funding on the maintenance of the Park and Palace.

2.3 Against these reserves the Trust has budgeted a spend of £10.7m on direct charitable expenditure, fundraising activities, strategic leadership and support costs and capital projects.

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

APPCT At Month Ending 30th November 2017	Year 2017/18 Budget £	Year 2017/18 Forecast £	Year 2018/19 Budget £
Income			
Unrestricted	3,409,217	3,413,297	3,545,052
Capital Fund	470,000	470,000	470,000
East Wing & Activity Plan	0	153,066	750,000
Total Incoming Resources	3,879,217	4,036,363	4,765,052
Direct Charitable Expenditure			
Running and maintaining the Park	(528,704)	(534,440)	(556,125)
Running and maintaining the Palace	(2,239,463)	(2,218,714)	(2,186,650)
Creative Learning	(23,042)	(20,304)	(25,024)
Regeneration	(219,494)	(223,276)	(251,629)
West Yard Storage	(1,664,912)	(1,665,761)	(108,000)
East Wing & Activity Plan	(15,925,780)	(15,828,450)	(6,863,407)
Direct Charitable Expenditure	(20,601,395)	(20,490,946)	(9,990,826)
Raising funds	(115,079)	(115,106)	(132,700)
Strategic Leadership	(349,095)	(351,850)	(352,041)
Support Costs	(177,139)	(192,295)	(214,701)
Total Outgoing Resources	(21,242,708)	(21,150,196)	(10,690,267)
Net Movement in Trust Funds	(17,363,491)	(17,113,833)	(5,925,215)
Balance Sheet extract:	1 April 2017	30 Nov 2017	31 Mar 2018
	£	£	£
Resources available as total Reserves	27,052,451	20,464,620	
Including:	£	£	
HLF Grant Claims due	18,674,168	13,529,891	
Estimated Reserves at 31 March 2018			£9,688,960

4. Incoming, Funding and Loans

4.1 Table 2 – 2017-18 Income - breakdown

APPCT	Trust's total income		
	Budget	Forecast	Budget
	2017-18	2017-18	2018-19
Trust Income	£	£	£
HC Grant - Operational	1,950,000	1,950,000	1,950,000
HC Grant - Capital	470,000	470,000	470,000
Palace APTL Licence	300,000	300,000	300,000
Palace Leases and recharges	67,000	67,577	67,000
Park Leases and recharges	160,517	167,634	172,052
Creative Learning	11,700	8,086	6,000
Donations – Regeneration Project	0	153,066	750,000
Gift Aid	920,000	920,000	1,050,000
	3,879,217	4,036,363	4,765,052

- 4.2 The 2018-19 annual operational grant (unrestricted) from our Corporate Trustee is £1,950,000.
- 4.3 The 2018-19 Capital grant (restricted) from our Corporate Trustee is £470,000.
- 4.4 The APTL licence fee is receivable from the Trading Company (APTL) and is set at £300,000 for 2018-19. 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 2018-19 annual income from this source (unrestricted) is budgeted at £239,000. The increase on 2017-18 is due to renegotiated lease from Cufos and rental income from Go Ape.
- 4.6 Creative Learning income represents fees receivable from events and fees charged to schools for workshops and educational activities and such activities are not expected to break even. The budget accommodates a loss of £20,000 annually.
- 4.7 Donations are a restricted source of income for The Regeneration Project. Up to the end of December 2017 all voluntary funding secured for the project amounted to £345,184. The target of the Trust's fundraising required to balance the spending on the Regeneration Project is £1,094,000. This therefore means that the Trust will now request that Haringey Council underwrite a balance of £750,000 as agreed by the Council in their Letter to HLF dated 15 February 2016.

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 £556,000; this is £22,000 higher on 2017-18 because of an additional provision for Park security (for example on New Year's Eve) and a provision for legal costs for re-negotiations with tenants.
- 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.
- 5.3 Creative Learning 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 £25,000.
- 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 2018-19 cost is £251,000 and is higher on previous year as it now includes a provision for professional fees of a Curator (cost not supported by the HLF funding).
- 5.5 West Yard Project construction works started in 2016-17 and the project is due to be completed by the end of 2017-18. £108,000 represents annual depreciation on a completed storage unit and loan interest payable on £2.5m loan which financed the Project.
- 5.6 East Wing and Masterplan was budgeted to be fully funded by the HLF grant, the Corporate Trustee's grant and fundraising. At this point the fundraising has only raised £345k against a target of £1,094k. The shortfall is to be met through drawing on a reserve. The main construction works have taken place in 2017-18 with a budgeted cost of £15.9m. As the Project is progressing towards its completion (expected in summer 2018) the 2018-19 budgeted costs are significantly lower on 2017-18 and are £6.8m.

6. Fundraising costs

This covers the costs of fundraising activities to raise funds for the Regeneration Project. The budget of £132,000 (£17,000 increase on 2017-18) has been allocated for fundraising costs as the Trust remains committed to fundraising and a need to invest in this activity for the future.

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; in total £352,000 with an allowance for legal and consultancy fees as the governance review is progressing; both projects have started in 2016-17;

8. Support costs

This represents the costs of running the office including IT support and office administration and supplies.

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 2018-19 capital grant agreed by the Council is £470,000. The works planned for 2018-19 are being costed and a schedule of proposed projects will be available in March as part of the final 2018-19 Budget for approval.

10. Loan commitments

APPCT 2018-19 Budget	capital amount due	annual interest	annual repayment	remaining term of loan	instalment payment due date
West Yard Loan Ice Rink main loan Lighting loan (SIF)	2,500,000	83,000	122,000	33 years	Due August 2018
	1,576,000	52,000	164,000	8 years	Due April 2018
	233,583	-	44,417	5 years	Due April 2018
	4,322,583	135,000	340,000		

The Trust has annual loan commitments of £340,000.

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. The report sets out the anticipated expenditure and income to the Trust for the coming financial year as well as information on the anticipated year end position for this financial year. The overall position is one of a balanced budget, albeit one that relies upon the drawing down of a reserve due to the failure to achieve the fundraising target for the East Wing Restoration Project.

13. Use of Appendices

Appendix 1- Income and Expenditure – unrestricted funds

Appendix 1 – Unrestricted – Budget 2018-19

APPCT

2018-19 Budget

Unrestricted Income and Expenditure		
Budget	Forecast	Budget
2017-18	2017-18	2018-19

Trust Income

	£	£	£
HC Grant - Operational	1,950,000	1,950,000	1,950,000
Palace APTL Licence	300,000	300,000	300,000
Palace Leases	67,000	67,577	67,000
Park Leases	160,517	167,634	172,052
Learning & Community	11,700	8,086	6,000
Gift Aid	920,000	920,000	1,050,000

Total Incoming Resources

3,409,217	3,413,297	3,545,052
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Overheads

Cost of Sales	0	4,715	0
Wages & Salaries (including pension & Ni)	749,756	736,590	771,007
Other Wage Costs (Agency,Welfare,Travel)	5,916	12,609	17,595
Maintenance and Repairs - Palace	329,004	327,248	329,004
Maintenance Contract Park	329,550	329,555	329,556
Maintenance and Repairs - Park	178,794	189,231	195,860
Security Control Contract	488,100	500,677	507,800
Pest Control	9,000	9,000	6,000
Rates & Insurance	381,891	372,350	375,000
Office costs (tel, postage, stationery, copiers)	96,150	112,837	120,000
Utilities (15% allocation)	80,556	80,573	86,596
Software & IT	48,842	47,854	51,910
Sundries, Meeting & Subscriptions	35,725	35,709	45,930
Marketing, Advertising & Design	26,868	26,441	28,900
Legal & Professional	199,096	197,947	267,850
Depreciation (Unrestricted are loan Assets)	120,468	120,468	120,468
Interest on Loan Assets	52,356	48,648	44,820
Banking Costs	600	267	1,500
APTL Cost recharges	78,060	78,060	78,060

Total Outgoing Resources

3,210,732	3,230,779	3,378,212
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Result

198,485	182,518	166,840
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