

## **ALEXANDRA PARK AND PALACE** **CHARITABLE TRUST BOARD**

**20<sup>th</sup> February 2018**

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

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

### **Local Government (Access to Information) Act 1985**

N/A

#### **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 In 2017-18 the Trust's reserves were £27m in total of which £23.6m were represented by cash at bank and the HLF committed grant funding for the Restoration Project. We are reporting receipts of £153,000 of restricted grants and donations in addition to the budgeted funds for the year of £3.8m.
- 2.3 Against these reserves the Trust has budgeted a spend of £21.2m on direct charitable expenditure, fundraising activities, strategic leadership and support costs and capital projects. The expenditure is currently tracking with some immaterial variances which are fully explained in Section 5 of this report.

### 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 2017/18 Diff £
<b>Income</b>			
Unrestricted	3,409,217	3,413,297	4,080
Capital Fund	470,000	470,000	0
East Wing & Activity Plan	0	153,066	153,066
<b>Total Incoming Resources</b>	<b>3,879,217</b>	<b>4,036,363</b>	<b>157,146</b>
<b>Direct Charitable Expenditure</b>			
Running and maintaining the Park	(528,704)	(534,440)	(5,736)
Running and maintaining the Palace	(2,239,463)	(2,218,714)	20,749
Creative Learning	(23,042)	(20,304)	2,738
Regeneration	(219,494)	(223,276)	(3,782)
West Yard Storage	(1,664,912)	(1,665,761)	(849)
East Wing & Activity Plan	(15,925,780)	(15,828,450)	97,330
<b>Direct Charitable Expenditure</b>	<b>(20,601,395)</b>	<b>(20,490,946)</b>	<b>110,449</b>
<b>Raising funds</b>	<b>(115,079)</b>	<b>(115,106)</b>	<b>(27)</b>
<b>Strategic Leadership</b>	<b>(349,095)</b>	<b>(351,850)</b>	<b>(2,755)</b>
<b>Support Costs</b>	<b>(177,139)</b>	<b>(192,295)</b>	<b>(15,156)</b>
<b>Total Outgoing Resources</b>	<b>(21,242,708)</b>	<b>(21,150,196)</b>	<b>92,512</b>
<b>Net Movement in Trust Funds</b>	<b>(17,363,491)</b>	<b>(17,113,833)</b>	<b>249,658</b>
<b>Balance Sheet extract:</b>	<b>1 April 2017</b>	<b>30 Nov 2017</b>	
	£	£	
<b>Resources available as total Reserves</b>	<b>27,052,451</b>	<b>20,464,620</b>	
<b>Represented by:</b>	£	£	
HLF Grant Claims due	18,674,168	13,529,891	
Cash at bank:			
Main account - unrestricted	591,347	1,100,610	
HLF Project account - restricted	2,106,619	817,234	
West Yard Project account - restricted	2,217,353	1,089,065	
HC Capital Grant account - restricted	-	336,507	
<b>Fixed assets/liabilities</b>	<b>3,462,964</b>	<b>3,591,313</b>	
<b>Resources available as total Reserves</b>	<b>27,052,451</b>	<b>20,464,620</b>	

## 4. Incoming, Funding and Loans

### 4.1 Table 2 – 2017-18 Income - breakdown

APPCT	30/11/2017			Year 2017/18		
	Budget	Actual	Diff	Budget	Forecast	Diff
<b>All Activities</b>						
<b>Trust Income</b>	£	£	£	£	£	£
HC Grant - Operational	1,950,000	1,950,000	0	1,950,000	1,950,000	0
HC Grant - Capital	470,000	470,000	0	470,000	470,000	0
Palace APTL Licence	200,000	200,000	0	300,000	300,000	0
Palace Leases and recharges	55,750	56,327	577	67,000	67,577	577
Park Leases and recharges	96,078	99,897	3,819	160,517	167,634	7,117
Creative Learning Donations – restricted for Regeneration Project	7,400	4,746	(2,654)	11,700	8,086	(3,614)
Gift Aid	0	138,782	138,782	0	153,066	153,066
	0	0	0	920,000	920,000	0
	<b>2,779,228</b>	<b>2,919,752</b>	<b>140,524</b>	<b>3,879,217</b>	<b>4,036,363</b>	<b>157,146</b>

- 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 the grant was received in full by the end of November 2017 to enable the Trust's to cash flow its operations between April and December. (Post December 2017 months are cash-flowed from a transfer of Gift Aid 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 and is currently tracking 3% higher than anticipated on repairs recharged to tenants.
- 4.6 Learning and Participation (renamed 'Creative Learning') income represents fees receivable from events and fees charged to schools for workshops and educational activities (2017-18 budget £11,000). The set budget was too high considering a very limited space available for the chargeable community events in 2017-18 as many areas available previously in the Palace were not accessible due to construction works.
- 4.7 Donations are a restricted income for The Regeneration Project. To date we have received £100,000 grant from the Garfield Weston Foundation and just over

£38,000 from individual donors. In the second half of 2017-18 we anticipate no more income from trusts and foundations and an additional £15,000 from individual donors. There was no budget set for Donations in 2017-18 as the receipts remain uncertain and speculative.

- 4.8 Since the start of the Project in spring 2015 and to the end of December 2017 the total of grants and donations secured for the East Wing Project is £345,184 against a target of £1,094,000. This leaves a shortfall of £750,000. In February 2016 the Council has agreed to underwrite any fundraising shortfall and, as the construction works are near completion, the shortfall will have to be met through drawing on a reserve.  
The Trust will continue its fundraising efforts.

## **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 £6,000 which is mainly due to overspend on road repairs (budgeted £12,000 vs actual cost £23,000). Year to date (see Appendix 1) reports underspending of £20,000 due to delayed road lighting maintenance £9,500 and delayed gully cleaning £9,000.
- 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 and is currently tracking with a saving of £20,000, or less than 1%, for a number of reasons: unutilised provision for insurance claims, staffing changes in Facilities department which temporarily reduced salaries costs but also cause a delay in committing to some maintenance works.
- 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 £23,000 with a small cost variance reported as some activities had not taken place as planned due to lack of available spaces.
- 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 total cost of the Project is budgeted at £2.7m over the two years of construction works) As per the Construction contract with Kier the contract is to be delivered within budget or all risks of additional costs are passed on to Kier. To date the original programme had been significantly delayed and as a result the additional costs and liquidated damages rebates have been quantified at £52,750. There is no impact of these damages on the cost of the Project.
- 5.6 East Wing and Masterplan was budgeted to be fully funded by the HLF grant, the Corporate Trustee's grant and our own fundraising campaign (see 4.8 for

explanation). Due to changes in phasing of construction works the current projection of cost in 2017-18 shows that £97,000 will be delayed to 2018-19; this is subject to on-going revisions of schedules works over the next few months.

**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 projects have started in 2016-17; no significant cost variance is reported.

**8. Support costs**

This represents the costs of running the office including IT support and office administration and supplies. A budgeted saving in the office running costs (telephone and photocopying) have been budgeted but will not be achieved in 2017-18 – this has resulted in overspend on budget of £15,000. However going forward we have procured a new supplier for these services and a new arrangement will result in an annual saving of £12,000.

**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 capital grant is £470,000 and after a commitment to the West Yard and Regeneration Projects the available monies for capital works in 2017-18 is £417,155.

9.2 The works scheduled for the last quarter of 2017-18 are mainly at a stage of obtaining quotes or tendering – the amounts shown in the Table are provisional and likely to vary slightly when the final tenders are submitted.

West Hall Duct works – we are obtaining prices at present and works should be able to go ahead in February/March 2018.

Roof access – Tenders due on 16/1 to obtain a final cost of the roof access installation and the Great Hall glazing and roof repairs in February/March 2018 and to assess what allowance in 2018-19 is needed for redecorations of the Great Hall spaceframes.

Basement works schedule is almost complete and due to go out for quotes, in small packages (clearance, structural investigations, asbestos testing etc.). It is most likely that from the estimate of £59,230 a spend will be up to £30,000 in February/March 2018, with enhancements to drainage, ventilation and damp proofing in spring 2018 at approx. £29,000.

South West Colonnade survey as part of the works will be carried out in February 2018.

**Table – capital works**

Balance of funds available at 1/4/2017		182,155
2017-18 HC capital grant		470,000
		652,155
Allocated to the West Yard Project	-	200,000
Allocated to Regeneration Project	-	35,000
<b>Funds available till 31/3/2018</b>		<b>417,155</b>
Works completed already in 2017-18:	2,295	
Park drainage repairs	12,285	
Hard surface repairs	8,570	
Palace basement works	2,100	
Level 3 additional works	70,103	
4th boiler replaced	11,915	
roof access works	63,043	
works completed to 30/11/2017	170,311	
<b>works scheduled for December 2017 to March 2018:</b>		
West Hall Duct	14,000	
Roof access installation	172,504	
Basement works	59,230	
SW Colonnade	2,500	
	248,234	
<b>Capital works against available budget</b>		<b>418,545</b>

## 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. The overall results appear to be in line with the budgeted position. A continued focus on budget management will be needed to deliver the results forecast.

## **13. Use of Appendices**

Appendix 1 - Income and Expenditure – unrestricted funds

Appendix 2 - Unrestricted funds cash flow

## Appendix 1 – Income and Expenditure – unrestricted funds only

APPCT

YTD and Forecast

For 8 Months Ending 30th November 2017

	Cumm 30/11/2017			Year 2017/18		
	Budget	Actual	Diff	Budget	Forecast	Diff
<b>Unrestricted Activities</b>						
<b>Trust Income</b>	£	£	£	£	£	£
HC Grant - Operational	1,950,000	1,950,000	0	1,950,000	1,950,000	0
Palace APTL Licence	200,000	200,000	0	300,000	300,000	0
Palace Leases	55,750	56,327	577	67,000	67,577	577
Park Leases	88,752	93,970	5,218	125,846	131,564	5,718
Learning & Community	7,400	4,228	(3,172)	11,700	7,418	(4,282)
Gift Aid	0	0	0	920,000	920,000	0
Recharges of costs to Park tenants	7,326	12,387	5,061	34,671	42,680	8,009
<b>Total Incoming Resources</b>	<b>2,309,228</b>	<b>2,316,912</b>	<b>7,684</b>	<b>3,409,217</b>	<b>3,439,239</b>	<b>10,022</b>
<b>Overheads</b>						
Cost of Sales	0	4,335	4,335	0	4,715	4,715
Wages & Salaries (including pension & Ni)	499,832	500,826	994	749,756	736,590	(13,166)
Other Wage Costs (Agency,Welfare,Travel)	1,042	332	(710)	5,916	12,609	6,693
Maintenance and Repairs - Palace	215,336	223,230	7,894	329,004	327,248	(1,756)
Maintenance Contract Park	241,670	241,675	5	329,550	329,555	5
Maintenance and Repairs - Park	88,825	68,853	(19,972)	178,794	189,231	10,437
Security Control Contract	327,000	336,107	9,107	488,100	500,677	12,577
Pest Control	6,000	2,620	(3,380)	9,000	9,000	0
Rates & Insurance	259,843	256,238	(3,605)	381,891	372,350	(9,541)
Office costs (tel, postage, stationery, copiers)	66,236	65,969	(267)	96,150	112,837	16,687
Utilities (15% allocation)	49,279	48,360	(919)	80,556	80,573	17
Software & IT	32,698	32,004	(694)	48,842	47,854	(988)
Sundries, Meeting & Subscriptions	18,364	7,659	(10,705)	35,725	35,709	(16)
Marketing, Advertising & Design	9,701	25,316	15,615	26,868	26,441	(427)
Legal & Professional	108,664	139,798	31,134	199,096	197,947	(1,149)
Depreciation (Unrestricted are loan Assets)	80,312	80,312	(0)	120,468	120,468	(0)
Interest on Loan Assets	34,904	32,432	(2,472)	52,356	48,648	(3,708)
Banking Costs	400	217	(183)	600	267	(333)
APTL Cost recharges	52,040	52,040	0	78,060	78,060	0
<b>Total Outgoing Resources</b>	<b>2,092,146</b>	<b>2,118,324</b>	<b>26,178</b>	<b>3,210,732</b>	<b>3,230,779</b>	<b>20,047</b>
<b>Result</b>	<b>217,082</b>	<b>198,588</b>	<b>(18,494)</b>	<b>198,485</b>	<b>208,459</b>	<b>(10,026)</b>



## Appendix 2 – Unrestricted Funds cash flow

