

 the low tax borough	London Borough of Hammersmith & Fulham WORMWOOD SCRUBS CHARITABLE TRUST COMMITTEE 7 OCTOBER 2013
WORMWOOD SCRUBS CHARITABLE TRUST FINANCIAL FORECAST 2013/14	
Report of the Director for Finance and Resources, ELRS	
Open Report	
Classification: For Information Key Decision: No	
Wards Affected: (Give the Wards directly affected. If all then state "All".) College Park and Old Oak	
Accountable Executive Director: Lyn Carpenter, Executive Director for ELRS	
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1. EXECUTIVE SUMMARY

- 1.1. This report sets out the financial forecast for Wormwood Scrubs Charitable Trust for the financial year 2013/14.

2. RECOMMENDATION

- 2.1 That the Committee note the report.

3. FINANCIAL FORECAST 2013/14

- 3.1. The financial performance of Wormwood Scrubs Charitable Trust ("the Trust") for 2012/13 and the forecast for 2013/14 as at the end of August is summarised below and detailed in Appendix A.

	Outturn 2012/13	YTD 2013/14	Forecast 2013/14	Movement between years
Pay and Display Parking Meters	313,378	81,779	326,804	4%
Hammersmith Hospital Car Park Licence	226,000	56,500	226,000	0%
Other income from activities for generating funds	6,823	0	6,717	-2%
Tota Incoming Resources from Generated Funds	546,201	138,279	559,521	2%
Grounds Maintenance	667,200	667,743	667,743	0%
Contribution to Linford Christie Stadium	31,812	0	31,517	-1%
Other Expenditure	18,841	0	18,841	0%
Total Resources Expended	717,854	667,743	718,101	0%
Net Incoming Resources	(171,652)	(529,464)	(158,580)	-8%

- 3.2. In 2012/13 resources expended exceeded incoming resources, resulting in a drawdown from the Trust's cash balances of £171,652.
- 3.3. The opening cash balance for 2013/14 is £411,403 and the forecast at the end of August anticipates a drawdown of £158,580 (39% of the current cash balance). This would give a cash balance of £252,823 to carry forward to 2014/15.

4. SIGNIFICANT ITEMS

- 4.1. For the year to date pay and display income is £5,332 (0.07%) better than as at the same period last year. The average daily collection rate has marginally increased and 2013/14 also has 3 more parking days than 2012/13. Parking income is difficult to forecast due to the numerous factors which affect the demand for parking spaces. Pay and display income has been volatile in recent years and has varied between £402,414 in 2008/09 and £313,378 in 2012/13. As such, and given that pay and display income is the anchor income for the Trust, a degree of risk exists here although income is expected to remain broadly in line with last year.
- 4.2. The Hammersmith Hospital car park licence is a fixed annual charge as set out in the rental agreement. Rent is received quarterly in advance (£56,500 has been received for quarter 1). The contract does not currently allow for an annual inflationary uplift so income will be the same as last year. The licence agreement is being reviewed, as set out in section 4 below. Other income includes interest receivable, some small rents from other tenants and filming income.
- 4.3. The grounds maintenance cost for 2013/14 is £667,734, payable to the Council's grounds maintenance contractor, Quadron Services Ltd. The charge for 2013/14 has marginally increased as the contract was inflated by 0.08% in 2013/14.
- 4.4. The Trust contributes to the up-keep of the Linford Christie athletic stadium located on the Trust grounds, in furtherance of the objectives of the Trust to support recreation. Whilst the Charity contributes to the running costs of the stadium, the Council does not seek to generate a profit from this arrangement and only draws down from the Trust any year end budget variance on the Linford Christie account. The maximum draw

down from the Trust, currently set at £110,000 per annum, has previously been reviewed annually by the Audit and Pensions Committee. The forecast contribution to Linford Christie Stadium in 2013/14 is currently £31,517, representing a £295 decrease from last year. Section 106 and corporate planned maintenance funding of £304,000 has been approved to fund capital improvement works to the stadium this year, which will include upgrading the clubhouse kitchen, general internal refurbishment of the changing rooms, remedial works to roof coverings and refurbishment and upgrade of the toilets. There may be additional revenue spend on the stadium once the works are completed (publicity and equipment), which might affect the required contribution from the Trust this year, but it is reasonable to expect that the improved facility will generate additional income to offset this.

4.5. Other expenditure includes audit and legal fees and governance costs.

5. TARGETED ACTION TO ADDRESS THE SHORTFALL

5.1. Given the significant forecast draw down from the Trusts cash balances this year and the resulting reduced cash balance to carry forward to next year, Council officers are focussing on actions to reduce the net operating cost of the Trust in the short, medium and long term.

5.2. Increased income is being targeted through a review of the existing car park lease with the hospital as well as plans to optimise use of the scrubland through commercial lets. However, increased income as a result of these reviews is not expected to have a positive impact until 2014/15.

5.3. Expenditure reductions for 2013/14 and 2014/15 are focussed on minimising the contribution to Linford Christie Stadium as well as reviewing the grounds maintenance requirements for the scrubland, within the parameters of the existing grounds maintenance contract. It is expected that some positive impact may be able to be delivered within 2013/14, although this is unlikely to remove the draw down from the Trust's cash balances in full this year. Work will continue to reduce the net cost of the Trust throughout the remainder of the year.

Appendix A

As at Period 5			
Wormwood Scrubs Charitable Trust			
Statement of Financial Activities for Year ended 31 March 2014			
Income and Expenditure	2013/14 YTD	2013/14 PROJECTION	2012/13
		£	£
Incoming Resources from Generated Funds			
Pay and Display Parking Meters	81,779	326,804	313,378
Hammersmith Hospital Car Park Licence	56,500	226,000	226,000
Other income from activities for generating funds	0	4,703	4,703
Interest Receivable	0	2,014	2,120
Total Incoming Resources from Generated Funds	138,279	559,521	546,201
Resources Expended			
Costs of generating Parking Income	0	0	0
Contribution to Linford Christie Stadium	0	31,517	31,812
Non Routine Maintenance of Wormwood Scrubs	0	900	900
Routine Grounds Maintenance of Wormwood Scrubs	667,743	667,743	667,200
Charitable activities	0	0	0
Audit Fees	0	12,000	12,000
Legal Fees	0	22	22
Administration (Finance & Governance)	0	5,919	5,919
Governance costs	0	17,941	17,941
Other resources expended	0	0	0
Total Resources Expended	667,743	718,101	717,854
Net Outgoing Resources	(529,464)	(158,580)	(171,652)
Reconciliation of Funds			
Total funds brought forward		5,399,404	5,571,056
Total funds carried forward		5,240,824	5,399,404
WSCT Cash balance at end of 2012/13		411,403	
Anticipated 2012/13 drawdown		(158,580)	
Cash balance to be carried forward to 2014/15		252,823	