

Committee/Meeting: King George's Fields Charity Board	Date: 29th January, 2014	Classification: Unrestricted	Report No: 6.1
Report of: Corporate Director, Communities, Localities & Culture Originating officer: Stephen Adams		Title: King George's Fields Charitable Trust Annual Accounts, 2012/2013 Wards Affected: All Wards	

1. **SUMMARY**

- 1.1 This report provides details of the annual accounts of the King George's Field Mile End and King George's Field Tredegar Square charities for the 2012/2013 financial year.

2. **DECISIONS REQUIRED**

King George's Fields Charity Board is recommended to:

- 2.1 Agree the annual report and accounts for the King George's Field, Mile End Charity (registered number 1077859) for the 2012/2013 financial year set out at Appendix 1.
- 2.2 Agree the annual report and accounts for the King George's Field Tredegar Square charity (registered number 1088999) for the 2012/2013 financial year set out at Appendix 2.
- 2.3 Authorise the mayor to sign the annual reports and accounts for submission to the Charity Commission.
- 2.4 Agree to grant to the Council a lease of the land at Mile End Leisure Centre for a term of years expiring on 1st May 2019 at an annual rent of £104,000 with consent for the Council to sublet to Greenwich Leisure Limited for a term of years expiring on 30th April 2019. It is noted that the Council's subsidy to the costs of maintenance of the Trusts land will reduce by £104,000 making this a cost neutral position.

3. **BODY OF REPORT**

- 3.1 The accounts relate to the King George's Field, Mile End charity (registered number 1077859) (which includes Stepney Green and Whitehorse Road Open Space) and King George's Field Tredegar Square charity (registered number 1088999). From the accounts attached in the appendices, the Board will see that King George's Field Mile End produced a deficit of

£55,428, and that King George's Field Tredegar Square achieved a balanced position. The deficit of £55,428 was offset against the surplus of £75,000 that had been carried forward from 2011/2012. The remaining balance of £19,572 has been carried forward to meet any shortfall in subsequent years. However, the Board will note that the General Fund contribution to King George's Field, Mile End fell from £298,236 in 2011/2012 to £249,670 in 2012/2013. There were increases in the various sources of income (which are analysed in more detail in paragraph 3.6) and variations in expenditure (the most significant of which are analysed in more detail in paragraph 3.7).

- 3.2 The figures for 2011/2012 have had to be restated to exclude the income and expenditure from the railway arches, and the adjacent land, since this area of land does not form part of King George's Field Mile End, although the expenditure and income does form part of the Mile End Park, within the Council's accounts.
- 3.3 The financial reports are prepared from the information contained in the audited Council accounts for 2012/2013.
- 3.4 In October, 2013, after the closure of the Council's accounts, a report was submitted by a firm of valuers, appointed by the Council, in respect of the land, which forms part of King George's Field Mile End, but which has been used to construct the stadium, leisure centre and smaller games pitches at the Mile End Leisure Centre. The valuers were asked to provide an appropriate market rent level for the land element only (i.e. assuming it is undeveloped) and assuming it is available for leisure use only. The market rent is as defined by the RICS (Royal Institute of Chartered Surveyors) Valuation – Professional Standards. The valuers were of the opinion that the market rent of the land on the basis of these assumptions was £104,000 per year. It should be noted that the Council paid the costs of building the leisure facilities on the site.
- 3.5 The Trustees are requested to agree to grant to the Council a lease of the land on which the Mile End Leisure Centre and facilities are situated for a term expiring on 1st May 2019 at an annual rent of £104,000 and to give permission in that lease for the Council to sub lease the land to the Council's leisure operator Greenwich Leisure Limited until 30th April 2019 the expiry date of the leisure contract. As the Council currently subsidises the costs of maintenance of the Trust land it is proposed that the amount of subsidy is reduced by £104,000 to achieve a cost neutral effect. In future years the accounts will reflect this position.
- 3.6 The major expenditure and income are outlined within the account as follows:

Salaries-

These relate to the Parks Service and support staff who assist in managing the facilities.

Employee Related Expenditure-

This relates to insurance of staff engaged in the activity of managing the facilities, as well as training.

Repairs and Maintenance-

This includes all repairs to buildings, trees and fences, and grounds maintenance costs.

Energy and Water-

This relates to electricity, gas and water services.

Other Services-

This relates to refuse collection and disposal, transport, printing and cleaning.

Communications-

This relates principally to telephones and mobile phones. Expenditure in 2012/2013 is lower than in 2011/2012, as a result of the new contractual arrangements with Agilisys.

Stock and Equipment-

This relates to the purchase of equipment and materials.

Fees and Insurance-

This relates to the insurance of the park buildings and fees payable to consultants.

Receipts-

The major income items are commercial rents generated from shop lettings at Mile End Park, and a contribution from the Council's General Fund Public Realm and Cultural, Learning and Leisure Services budgets.

- 3.7. The figures referred to below are shown on page 8 of the report on King George's Field Mile End. The major variations in income, for King George's Field, Mile End, between 2011/2012 and 2012/2013, are shown in the table below, together with a brief explanation of the major changes:

Source Of Income	2011/2012 Actual £	2012/2013 Actual £	Variance £	Changes
Rentals	333,386	359,338	+25,952	Reduction in bad debt provision, £8,926. Full-year of new tenants, with end of rent-free periods, offset by vacancy, and new rent-free period.
Other Lettings	106,693	83,084	-23,609	Letting of Arts and Ecology pavilions to University of London for exams, not repeated at the same level in

				2012/2013
Sponsorship & Donations	42,323	28,930	-13,393	Completion of BMX track, with consequent reduction in funding (£10,000). Other smaller net reduction in level of sponsorship & donations, £3,393
Other Income	23,013	113,270	+90,257	Insurance recovery, £97,686, with other smaller variations in income

3.8. The figures referred to below are shown on page 8 of the report. The major variations in expenditure, for King George's Field, Mile End, between 2011/2012 and 2012/2013, are shown in the table below, together with a brief explanation of the major changes:

Type Of Expenditure	2011/2012 Actual £	2012/2013 Actual £	Variance £	Changes
Repairs & Maintenance	287,343	469,254	+181,911	Mile End Park: higher spend on routine horticultural maintenance, £18,354, and higher spend on responsive building and other maintenance £184,975, including work covered by insurance recovery. Completions of multi-pitch work in Stepney Green, reduced spend £26,313. Other minor variations, £4,895
Energy & Water	75,159	56,030	-19,129	Lower level of metered usage, including delays in submission of bills by utility companies.

3.9 The outturn position for King George's Field Mile End was a deficit of £55,428, which was funded from the 2011/2012 surplus that had been carried forward. King George's Field Tredegar square recorded a breakeven position. To comply with the Charity Commission's requirements, the Board are asked to note and endorse these accounts, and agree their submission to the Charity Commission.

4. COMMENTS OF THE CHIEF FINANCIAL OFFICER

4.1 The comments of the Chief Financial Officer have been incorporated into this report.

5. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

5.1 The Council is the Trustee of the Mile End Charity pursuant to the Governing Document which is a scheme dated 28th February, 2000. The Council's constitution establishes the King George's fields Charity Board to administer the charity's affairs and discharge the Council's trustee functions.

5.2 The trustees have a duty to keep the accounting records and must prepare a statement of accounts in respect of each financial year. The attached statements of accounts comply with the requirements of the Charities Act 1993 and the Statement of Recommended Practice- Accounting and Reporting by Charities, and the Charities (Accounts and Reports) Regulations 2008.

5.3 As reported last year Officers have been working to resolve the use of the Mile End Leisure Centre by GLL under the Leisure contract. The Council has historically subsidised the Trust on an annual basis but no set off rent has been applied for the use of the land on which Mile End Leisure Centre is built. A court ruling indicates that such arrangements need to be clearly set out in the accounts of the Trust. The value of the land has now been determined and the lease arrangements proposed in this report will regularise the situation.

5.4 The Trustees have the power to grant a lease of up to 7 years by virtue of the Scheme dated 28th February 2000 approved by the Charity Commission. The proposed lease is for less than 7 years and the proposed rent has been assessed by an independent valuer according to RCIS standards. It is therefore within the powers of the Trustees to agree this proposal without reference to the Charity Commission.

6. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

6.1 There are no direct sustainability implications in this report.

7. RISK MANAGEMENT IMPLICATIONS

7.1 Managing financial risk is of critical importance to the Directorate and maintaining financial health is essential to sustaining and improving service performance. Specific risks are project managed, recorded and progress is monitored through the directorate risk register process.

8. CRIME AND DISORDER REDUCTION IMPLICATIONS

8.1 There are no direct crime and disorder reduction implications in the report.

9. EFFICIENCY STATEMENT

9.1 Efficiency improvements inform the ethos of the Mile End Park Annual Management Plan and the running of the other parks and open spaces that form part of King George's Fields.

10. APPENDICES

Appendix 1 – Annual Report and Accounts, King George's Field Mile End charity
Appendix 2 – Annual Report and Accounts, King George's Field Tredegar Square charity

Appendices should not contain electronic watermarks. Excel documents and pictures (.jpg; .tif; .gif etc) should all be converted to .pdf format

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
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File of working papers	Bob Knoyle ext. 5231
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Report authors should refer to the section of the report writing guide which relates to Background Papers when completing this section. Please note that any documents listed in this section may be disclosed for public inspection. Report authors must check with Legal Services before listing any document as 'background papers'.