

**MINUTES OF THE SPECIAL ALEXANDRA PALACE AND PARK BOARD
TUESDAY, 6 JANUARY 2009**

* Present

DRAFT (d)

Councillors *Egan (Chair), *Dogus (Vice-Chair), *Hare, *Oakes, *Peacock,
*Williams and *Stanton

Non-Voting V. Paley, *M. Tarpey, N. Willmott
Representatives:

Observer: *D. Liebeck

Also present: Mr D Loudfoot General Manager Alexandra Palace
Mr I Harris Trust Solicitor
Ms R Kane Director - Alexandra Palace Trading Limited (APTL)
Ms H Downie Finance Manager – Alexandra Palace
Ms J Parker Director of Corporate resources – LB Haringey
Mr C Hart Cttee Manager – LB Haringey (Clerk to the
Committee)

Ms S. Barrett Deloitte LLP

**MINUTE
NO.**

SUBJECT/DECISION

<p>APBO53.</p>	<p>APOLOGIES FOR ABSENCE</p> <p>There were apologies for absence received from N Willmott and V. Paley, and for lateness from Mr Liebeck.</p> <p>The Chair welcomed Councillor Stanton as newly appointed Board Member, to fill the vacancy arising from the appointment of Councillor Cooke as Cabinet Member for Community Cohesion and Involvement at the LB Haringey, and also advised that he had been appointed Chair of the Board of trustees as a result of the changes in membership, and Councillor Dogus had been appointed Vice-Chair.</p> <p>The Chair also welcomed Ms Kane as newly appointed Managing Director of Alexandra Palace Trading Limited (APTL).</p> <p>NOTED</p>
<p>APBO54.</p>	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>
<p>APBO55.</p>	<p>DECLARATIONS OF INTERESTS</p> <p>There were no declarations from board members.</p>

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	<p>Ms Kane declared an interest as Managing Director of APTL.</p>
APBO56.	<p>APPOINTMENT OF DIRECTOR TO ALEXANDRA PALACE TRADING LTD</p> <p>The Chair asked for a brief introduction of the report.</p> <p>The General Manager – Alexandra Palace informed the Board that following the resignation of Councillor Cooke as Chair of the Board, and his subsequent resignation as Director of APTL on 18 December 2008 as required under the terms of the articles of association it was a requirement to appoint a Member of the Board of Trustees to fill that vacancy.</p> <p>The Chair proposed that, and it was seconded by Councillor Peacock that Councillor Dogus be nominated to fill the vacancy on Alexandra Palace Trading Limited.</p> <p>There being no other nominations it was:</p> <p>RESOLVED</p> <p>That Councillor Dogus be appointed as Director of Alexandra Palace Trading Limited with immediate effect.</p>
APBO57.	<p>CHANGE OF BANKING ARRANGEMENTS AND SIGNATORIES</p> <p>The Chair asked for a brief introduction of the report.</p> <p>The Head of Finance Alexandra Palace – Ms Downie reminded the Board that at its meeting on 22 July 2008 it had resolved to transfer its bank account from the Co-operative Bank to the Royal Bank of Scotland. The Board’s newly opened current account will be linked to that of the LB Haringey, who has already transferred its banking arrangements to RBS..</p> <p>The purpose of the report was to seek approval for the new bank mandate and for the Chair of the Board and the General Manager to sign the mandate on behalf of the Board of Trustees. Currently the overnight balance on the account is retained at £100,000 and this will continue.</p> <p>The Chair asked if there were any points of clarification.</p> <p>Councillors Stanton commented that as a newly appointed Member of the Board he wished to be advised whether the change was a direct swap and what benefits there would be as a result.</p> <p>In response, the General Manager – Mr Loudfoot advised that there were additional benefits to the Board in that the new account offered better fraud protection as well as automating the overnight sweep to/from the Council’s current account to maintain the balance at £100k. This is currently being done manually by Council officers..</p> <p>Councillor Williams commented on the fact that the proposed change had been</p>

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agreed by the Board in July 2008 prior to the credit crunch crisis and he referred to the issue of the financial standing of RBS since July 2008. Councillor Williams referred to the issue of deposits with RBS and asked whether he could be given assurances that the accounts would be safe. He stressed that up till the summer of 2008 he would not have questioned the change of bank but nobody expected that the credit crisis would have happened, hence his subsequent concerns.

Ms Parker responded that the account was consolidated with the LB Haringey's accounts. The Council is reviewing the issues relating to RBS on an ongoing basis to ensure that risks are kept to a minimum. Ms Parker stressed that it was a general question in the current climate as to where in fact a Local Authority should place its accounts.

Councillor Williams thanked Ms Parker for her clarification and assured the Board that his point of clarification had been to ensure that the process was being undertaken.

Mr Tarpey clarified that the overnight balance was £100K and Ms Helen Downie confirmed this.

Mr Loudfoot referred the Board to the fact that the report had not specified that historically, the Chair and Vice-Chair were the usual signatories to the account.

The Chair, in seeking the Board's approval to the recommendations felt that the signatories should be increased to 3, and suggested that Councillor Hare be the 3rd.

The Board welcomed the suggestion.

RESOLVED

- i. that approval be given to the new bank mandate for the Royal Bank of Scotland and that the Chair of the Board and the General Manager Alexandra Palace be authorised to sign the mandate on behalf of the Charitable Trust;. and
- ii. that Councillor Egan (Chair), Councillor Dogus (Vice-Chair) and Councillor Hare be appointed to act as signatories on the account.

**APBO58. APPROVAL OF ANNUAL REPORT AND CONSOLIDATED ACCOUNTS
2007/2008**

In an introduction to the report the General Manager Mr Loudfoot commented that the 2007/08 accounts before the Board were the 12th annual set of accounts audited by a registered auditor. Mr Loudfoot reminded the Board of the process the previous year in considering the 2006/07 accounts and the fact that the Charitable Trust had been very late in approving them and had failed not only to meet the 31 January deadline but also the extension agreed by the Commission.. Mr Loudfoot informed the Board that the Charity Commission had now changed its procedures for reporting accounts on its website and any that had not been submitted by 31 January 2009 would be shown on the Charity Commission's

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website with a large red banner across the Charity's name indicating its failure to submit by 31 January.

Mr Loudfoot also referred to the requirement of the Board of Trustees to consider whether there were any declarations of interest or related party transactions that should be declared. If it were the case that none were required to be declared then each trustee was required to sign the relevant declaration to that effect, and each Trustee would do so at the end of the meeting.

The Head of Finance Ms Downie referred the Board to page 38 of the circulated report which details the incoming resources and resources expended for the year, highlighting the total income of £2.67m in 2008 compared with £7.1m in 2007, total resources expended of £5.6m in 2008 compared with £8.89m in the previous year and the closing deficit fund balance of £36.4m, an increase of £3m over the previous year.

Ms Downie also referred to the fact that the 2008 accounts included only four months trading results for APTL due to the temporary licence arrangement with Firoka, who also managed the ice rink during the licence period. For the first time, the accounts had been produced in accordance with FRS17, 'Retirement Benefits'. Accordingly, the pension fund deficit balance of £92k was included in the balance sheet.

Ms Downie explained that the balance sheet as detailed on page 40 of the report was a snap shot of the organisation's assets and liabilities at 31st March, and showed fixed assets reducing by £82K, stocks reducing by £53k, debtors increasing by £107k, short term creditors increasing by £1m and cash balances increasing by £734k.

The Chair thanked Mr Loudfoot and Ms Downie for their introduction and asked that Ms Barrett from Deloitte LLP give her report as the Trust's external auditors.

Ms Barrett advised the Board that the letter shown at appendix 3 of the report was the standard representation letter of the trust to Deloitte LLP and Para/point 10 detailed/referred to specific items, which were then clarified, particularly in relation to a possible claim by the Firoka Group.

(Mr Liebeck arrived at 19.24hrs).

Ms Barrett advised that the letter confirmed that all material items had been adjusted for. Pages 76 and 77 of the report showed the unadjusted errors but none of these were significant. Ms Barrett highlighted the Auditors' report detailed from page 79 and gave a brief clarification of those items detailed.

The Chair thanked Ms Barrett for her succinct and concise report.

The Chair then asked the Board if there were any points of clarification, or comment.

Councillor Hare commented on the fact that the past year had been a most extraordinary one in the history of the Palace. He referred to the licence entered into with the Firoka group and the consequences of this. Councillor Hare referred

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to the 6 points he had asked to be circulated earlier that day in relation to the report before the Board. He asked the Chair if he may ask the questions now, and the Chair agreed to this.

Councillor Hare referred to his first 2 questions relating to the Walklate report, and the further Walklate 2 (the findings of which were yet to be reported to the Board) and commented that in his view both should be submitted in accompaniment to appendix 3. Councillor Hare commented that whilst the actions of individuals as detailed in the Walklate report in relation to the temporary licence agreement were not fraud the agreement had cost a large amount of money.

In response, Mr Loudfoot commented that there was no need for the statutory accounts to include or append the text of the Walklate report and reminded the Board that the Walklate report had been considered in the public part of the Board meeting in September 2008, and the Board had agreed an action plan in response to a number of that report's findings. Mr Loudfoot advised that it would be possible to include a short reference to the work undertaken to bring the Board to a better footing, and this could added to the risk management section of the narrative in the Report of the Trustees.

The Chair felt that as the report was detailed and readily available on the Council's web site then a reference could be made to that location.

Councillor Hare commented that whilst a reference to the website may assist there needed to be some clear narrative on the Walklake report and that by including it this would show in a sense that the Charity had acted in terms of the temporary licence and that it had been dealt with and that the picture then painted showed that the Trust was moving forward positively. Councillor Hare further commented that the Walklate report had been exceptionally positive and very helpful in outlining what had happened in terms of the temporary licence..

The Chair asked whether the Board were in agreement to the placing of a reference to the Walklate report and point 3.15/3.16 of the risk management at page 30 of the report.

Mr Liebeck commented that if the Board were recognising the shortcomings of the licence then it was appropriate to make reference as suggested. Mr Liebeck referred the Board to page 74 1st point and quoted the point, and stated that the point was not correct as the Board of Trustees had not been consulted on the detail of the licence entered into and that the statement implied that the Board had in fact been party to arrangements entered into.

The Chair commented that the findings of the report had actually stated that no regulations had been breached.

Councillor Stanton commented that by way of balancing what was being commented upon it was the case that the Board was now looking forward and was learning lessons from past actions. In his view the Board needed to give a clear statement that left no ambiguity or question, by having 2/3 lines that succinctly reported the matter of the Walklake report.

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Councillor Hare confirmed that he was happy to have a reference in the narrative but he did think there did need to be reference to licence arrangement and that it had been very damaging.

The Trust Solicitor – Mr Harris advised the Board that in terms of the report before it, the making of, or alluding to reference of previous actions of the Board, given the possibility of proceedings against the Charitable Trust – if the Board draws attention to this issue it would in effect flag up a weakness. Given the sensitivities of the issue in question Mr Harris advised that it was a case of the less said the better, and the less attraction drawn the better. Mr Harris stressed that the accounts should not be focusing on the grant of licence.

The Chair asked that the exact wording to be inserted would be circulated for the Board's agreement.

Following further points of clarification regarding reference in the letter of representation and comment therein to the Walklate report Mr Tarpey clarified that this letter was a private letter which was not for public use and did not form part of the actual accounts.

Ms Barrett commented that it was important to understand the issue of the letter's detail and that the point about point 6 was understood and therefore it would be appropriate to have an acknowledgement of the issue but that would be all that was required.

The Board were in agreement to this reference.

Councillor Hare sought clarification in relation to the Walklate 2 report and where it would be reported to. Ms Parker confirmed that it would be reported to the Board when it was completed.

The Chair then asked that Councillor Hare ask his next question.

Councillor Hare referred to his 3rd question in terms of the breakdown of costs of the Firoka Licence and the need for a clear set of figures and statement was required.

Mr Loudfoot advised in response that he disagreed with Councillor Hare's assertion of their inclusion and that the breakdown of these figures was not needed within the annual report and suggested that the figures in question could be reported to a future meeting of the Board by the Head of Finance. Ms Parker then clarified that the second report from Mr. Walklate would cover the costs etc of the licence agreement.

Councillor Stanton commented that the advice of the Trust Solicitor should be heeded and that whilst he sympathised with the views expressed the advice given was clear professional advice which the Board should accept.

The Chair commented that as advised by the General Manager a report on the breakdown of the licence cost would be reported to a future Board meeting.

Councillor Hare commented as to whether there had been clarification as to the

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accuracy of the figures contained within the accounts, and also the reference to the trading partner, in respect of the accounts. Ms Downie advised that the figures had been thoroughly assessed during the audit process and were completely accurate. In terms of referring to the trading partner Mr Loudfoot commented that there had been some discussion during the account's drafting and that it had been thought appropriate to not make reference by name to the trading partner. However given that that information was known publicly there was no harm in actually report the name of the trading partner 'the Firoka Group' therein.

The Chair then referred Councillor Hare to his 4th question and asked him to clarify his question.

Councillor Hare advised that his question was in respect of the Ice rink and the profit reduction in its operation and that further clarification was required in terms of it being part of the Charity, then part of the Licence agreement with the Firoka Group, and then part of APTL during the 2007/08 financial year, and this needed to be detailed as a note within the accounts in order to clarify the loss in profit. He referred to page 45 and the point 5 – Incoming resources from charitable activities and that some reference should be stated at this comment.

Ms Downie and Mr Loudfoot clarified that at point 5 the income for the Ice rink was £108,426 in 2008, and £984,246 in 2007 and that therefore there could be some narrative within the accounts clarifying the source and breakdown of the 2007 figure. Councillor Hare felt that the figure of £287K post Firoka for the period January – March 2008 needed to be stated in point 5. Ms Downie commented that there could be a single line in the Trustees Report clarifying the cost breakdown.

The Chair then asked Councillor Hare to clarify his 5th question.

Councillor Hare advised that in terms of his 5th point of clarification this related to in addition to the APP debt and that in his view those costs of the licence which were not anticipated and approved by Trustees should be written off by the Council and not be added to the APP deficit owed to the Council. Councillor Hare advised that in his opinion in essence the Board of Trustees never actually approved the licence agreement in the form that it was entered into, at the point at which (in April 2007) there was reference to an agreement at a Board meeting, and that this fact had been reported on within the Walklake report, and that the licence agreement had been drawn up by officers and entered into, and although there had been reference to an agreement approved by the Board, it had never seen the contents of, or agreed to the resultant licence detail.

The Chair commented that in his view the Walklake report had not actually made that particular assumption and that that was a matter of conjecture. The Chair asked that Councillor Hare's assumption be further clarified.

Mr Harris referred the Board to its decision taken in September 2008 which had approved the commissioning of a further investigation by Mr Walklate, the results of this yet to be reported. In terms of the question of losses to the charity and the resultant likely action, and the reference to the second further investigation, Mr

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Harris advised that he was uncomfortable that reference and discussion was taking place in the public domain in relation to the outcome and that it was inappropriate for such discussions to continue when the finding of the report had yet to be concluded, and then reported to the Board. It was neither right nor proper to make reference to such findings at this juncture, and he urged the Board to desist from such discussions at this time.

Ms Parker referred to the shortfall of the Trust in 2007/08. It was the case that with shortfalls if they were shown for a particular year, and then the shortfall was subsequently recouped then the recouped monies were not shown against that reported figure for that year but added to the current year's income, and a note provided in the subsequent year's accounts.

In response to clarification from Councillors Hare and Williams Mr Loudfoot advised that there was not a viable alternative treatment and that there was no reason for an alteration to the accounting process.

Mr Liebeck commented that some felt that the profitability or not of the palace and park was debatable. Mr Loudfoot was able to refer to historic figures and clarify that without interest being taken into account the Charity had lost some £ 6.6m in the years 1997-2006. Mr Loudfoot also clarified that the last year an interest charge had been levied was the year ending march 2005.

Mr Liebeck also commented on the possibility of the trustees pursuing Firoka for some money back from the Licence period, Ms Barratt said that this at this point would not meet the requirements for income to be disclosed as a potential asset.

The Chair asked whether there was agreement to the narrative being amended to reflect the point. Councillor Hare felt that he was unable to comment at this stage as the deficit figure was uncommonly large and that there needed to be reference to the Walklate 2 report and its subsequent findings as it was the case that with a private company the shareholders would demand such clarification.

The General Manager commented that pages 46-48 gave adequate mention of the issue.

Following further discussions by the Board in relation to this particular issue, Mr Harris reiterated his earlier comments in relation to the mention of either Walklate report, the issue of the deficit and the potential legal claims.

Councillor Hare commented that there should be reference to the loss and the fact that it was not an issue of questioning the action of the Trust but that the steps were taking to address the deficit, which would be clarified further by the further report.

Councillor Stanton reiterated his earlier comments in that it was not appropriate to speculate on the likely findings of the further report and that such speculation was not helpful now in terms of the accounts.

In response to clarification from Councillor Oakes, Mr Harris commented that if the outcome of the recommendations of the Walklate report were to show a loss

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to the Charity as a result of the actions of officers then it would be for the Trustees to take a view as to the likely course of action in terms of proceedings etc. Any recouping of costs as a result of any such action would show in future accounting years and the debt then would show a reduction in that year. However, if no such costs were recouped, the accounts would remain as they were.

Councillor Oakes commented that he was therefore not in agreement as in his view the accounts were not accurately reporting the palace's correct financial position because of the deficit.

Ms Downie responded that the accounts did in fact accurately show the actual income received and expenditure incurred in the year in question.

In response to further clarification from Councillor Williams in terms of recovery of losses not in a sense relevant to the current set of accounts, Mr Harris responded that in broad terms this was a correct assumption and that if litigation was to result from the findings of the report, any recovered cost would be reported in future years.

The Chair asked Councillor Hare to state his remaining question. Councillor Hare referred to the cumulative deficit of £37.3 million and the decision of the Trustees in Mid 2008 to hold a meeting to consider making a request to the council that this be formally written off. Councillor Hare stated that this meeting had yet to take place and that some form of note needed to be added to the accounts to this effect.

Mr Loudfoot responded that there was no need to include such a note in this set of accounts, and that if the Board were mindful to consider and agree such an approach then the matter of how this would be reported to the Council would be considered. The matter of the issue was referred to in section 5.2 of the report.

Mr Harris concurred with the comment of Mr Loudfoot.

The Chair commented that the matter could be reported to a further meeting of the Board.

Following discussion by the Board as to the changes to the narrative, and a brief outline of the changes, the Chair agreed that the detailed wording of the resolution of the Board would be circulated by the Clerk to the Board to all Board members seeking their comments on the wording, and asking for a response by 12 January 2009.

The Chair then summarised each of the recommendations as detailed in the report and it was:

RESOLVED

- i. that, having reviewed the contents of the letter of representation, the Chair be authorised to sign the letter on behalf of the Charity for submission to the Charity Commission subject to the following amendment

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- a. that in respect of the letter of representations - paragraph 6 be amended to read as follows:

You as auditors have been advised of the LB Haringey's commissioned 'Walklake' report which has been considered by the Board and its recommendations endorsed and adopted into an action plan.

We are not aware of any actual or possible instances of non-compliance with laws and regulations, the effects of which should be considered when preparing financial statements.

- ii. that there being no matters or related party transactions to be declared the Trustees sign their relevant declaration to that effect;
- iii. that approval be given to the Annual Report and Consolidated Accounts for 2007/08 and the Chair be authorised to sign them on behalf of the Charity for submission to the Charity Commission , subject to minor amendments as follows:

in section 2 page 27 :

Revise trustee details to reflect changes in board since the drafting of the report.

In section 3.15 Insert text:

The trustees have considered an independent report on governance and other issues entitled 'the Walklate report' and have agreed an action plan to implement the recommendations.. These documents can be downloaded from [http://www.minutes.haringey.gov.uk/Published/C00000105/M00003375/\\$ADocPackPublic.pdf](http://www.minutes.haringey.gov.uk/Published/C00000105/M00003375/$ADocPackPublic.pdf)

in section 5.1 – page 33

Para 4 remove phrase 'trading partner' and replace with 'firoka'

para 7 amend text to read:

With specific reference to ice rink income, it should be noted that the ice rink was initially in the control of the charity, then for a period was part of the Licence agreement entered into with the Firoka Group, and finally, for the remaining three months of the year formed part of the activities of Alexandra Palace Trading Limited (APTL),

The trading company activities for generation of funds are shown in note 4 of the accounts. Income from events is shown as £1,550,935, of which £287,455 relates to the ice rink.

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	<p><i>The charity's incoming resources from charitable activities are summarised in note 5 of the accounts. This shows income from the ice rink of £108,426.</i></p> <p>iv. that approval be given to the Annual Return and that the Chair be authorised to sign it on behalf of the Board, and the General Manager be authorised to complete the annual return on line at the Charity Commission;</p> <p>v. that the contents of the management letter by Deloitte LLP in relation to the audit of the consolidated financial statements for the year ending 31 march 2008 be noted; and</p> <p>vi. that it be noted that the audit for the 2008/09 accounts will be undertaken by Deloitte LLP in accordance with the decision of the Alexandra Palace and Park Board of 19 March 2008, and that the future provision of audit of the accounts was in the process of being tendered for.</p>
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COUNCILLOR PAT EGAN

Chair