



ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD

30 September 2021

Report Title: FRRAC Chair's Report

Report of: Cllr Elin Weston, Chair of the Finance, Resource, Risk and Audit Committee (FRRAC)

Local Government (Access to Information) Act 1985 N/A

1. Introduction

- 1.1 FRRAC is a non-decision making committee established by the Trust Board to support the Board in delivering its finance, resource, risk and audit responsibilities.
- 1.2 The minutes of FRRAC meetings are circulated to the Trustee Board Members in their information pack.
- 1.3 This report highlights relevant considerations of the FRRAC at its meeting held on 10 August 2021 and makes recommendations to the Trustee Board.
- 1.4 The meeting on 10 August 2021 was attended by: Cllr Elin Weston (Chair), Cllr Bob Hare, Cllr Dana Carlin, Cllr Anne Stennett, Claire Pape, Louise Stewart, Emma Dagnes, Dorota Dominiczak and Nat Layton (clerk).

2. Recommendations

The Trustee Board is recommended:

- i. To note this report;
- ii. To approve the 2020/21 End of Year Report and Accounts.

3. Audit Findings Report *included in Trustees Information Pack*

- 3.1 We noted the Auditor's Report, which concluded with an unqualified opinion for both sets of accounts (Trading Subsidiary and Consolidated Group statutory accounts) subject to:
 - review of the 12-month cashflow by FRRAC and the APTL Board
 - sign-off of the accounts
 - letters of representation signed by the APTL and Trustee Board chairs.
- 3.2 We discussed the key risks and noted that:
 - the auditors had been satisfied that the 12 month cashflow was based on reasonable assumptions to demonstrate going concern;
 - the loan balances requested by the auditors would be included in the Corporate Trustee's confirmation of funding letter;

- the £51m historic liability to the Council was regularly reviewed and well documented between the Trust and the Corporate Trustee.

3.3 We discussed the key control points, which are noted in the FRRAC minutes in the Trustee Information Pack

4. 2020/21 Trustees' Annual Report & Accounts

4.1 Following FRRAC meeting in June 2021, we recommended to the Trustee Board (in July) that the 2020/21 End of Year Report and Accounts be approved when presented in September 2021, subject to there being no further queries or comments raised by FRRAC.

4.2 The Annual Report and Accounts were circulated to the Board on 15 July 2021 to provide trustees with an opportunity to feedback at an early stage.

4.3 At our meeting in August, we were presented with the final version of the consolidated financial statements in which the accompanying notes in sections 11, 24c, 26, 27 had been completed.

4.4 We sought clarity on a number of non material issues, as noted in the FRRAC minutes in the Trustee Information Pack.

4.5 We asked for the Gift Aid, note 14, (£615k, showed profit and loss) to be explained more clearly as distribution from accumulated taxable reserves (a contribution) which has been completed.

4.6 We also reviewed the Trading Subsidiary Statutory Accounts and subject to the APTL Board's approval of these, we therefore:

Resolved to recommend to the Trustee Board that the 2020/21 Trustees' Annual Report and Accounts be approved and signed by the Chair of the Trustee Board.

5. Financial Position

5.1 We considered a report on the current financial position and updated Medium Term Forecast (provided in the Trustees Information Pack) for the Trust which forecast a year end deficit of £1.4m year end deficit and had not changed since last reported to Trustees.

5.2 The Trust will run out of available cash in November 2022. We noted the new income streams such as car park charging and that, following the pandemic and loss of Gift Aid from the trading subsidiary, this income would not fill the increased gap in the Trust's operating budget and more work would be done to understand possible efficiencies or reduced activities.

5.3 We discussed our concerns about the impact that the deferred annual loan repayments would have on the growing deficit and emphasised the need to clarify the arrangements with the Corporate Trustee as soon as possible, to be satisfied that the projections were reliable.

5.4 FRRAC asked to receive regular progress updates on reducing the funding gap including the future of Creative Learning activity and how any decisions would be made.

6. Other Items

- 6.1 We received a Health and Safety Update, included in the Trustee Information Pack.
- 6.2 We noted the Human Resources update report on how the organisation was transitioning from post pandemic into recovery and were given assurances that a gentle approach was being taken with staff about returning to the work place.
- 6.3 We also noted progress on the implementation of the new HR/ Finance system other projects that had been planned pre-Covid to strengthen the organisation, which were moving forward but would not have been possible without the Culture Recovery Fund.
- 6.4 We reviewed the Strategic Risk Register (in the Trustee Information Pack) and:
- in observing Risk 2.3 (Fraud and misuse of charitable funds) were reminded that FRRAC would be considering Cyber Security in more detail in November. assess if the risk needs to be drawn out in more detail in the Risk Register.
 - Requested that:
 - The mitigations relating to emergency funding in Risk 1.6 (Governance) be replaced in Risk 1.3 (Inability to attract funding).
 - The Corporate Trustee loans (administration/ agreement) be acknowledged in the Governance risk actions.
 - Risk of cashless operations to be included in the risk register.
 - The previous practice of providing a cover report with the risk register be resumed, to flag significant changes since the last report so that FRRAC may discuss and ask questions around increased risks.

End