

Report Title: **EXECUTIVE BRIEFING**

Report of: **Andrew Gill, Interim General Manager, Alexandra Palace & Park Charitable Trust**

1. Purpose

- 1.1 To advise the Board on the management priorities for the Trust's team during 2009/10, including the management of risks and legislative compliance.
- 1.2 To advise the Board on progress since the report of the Interim General Manager in October 2009 on the outstanding internal audit recommendations.
- 1.3 To advise the Board of the strategy for developing a draft three-year Business Plan for the Charity to commence in April 2010.

2. Recommendations

- 2.1 The Board is asked to note the content of the report and appendices.
- 2.2 The Board is asked to endorse the Draft Risk Register and provide guidance on timescale and priorities where necessary.
- 2.3 The Board is asked to endorse the proposal for developing the three-year Business Plan.
- 2.4 The Board is asked to consider abandoning the Trusts' current strategic objective to grant a long lease to a single developer, pending agreement on and adoption of a new objective.

Report Authorised by: **Andrew Gill, Interim General Manager**



Contact Officer: Andrew Gill, **Interim General Manager, Alexandra Palace & Park, Alexandra Palace Way, Wood Green N22 7AY Tel No. 020 8365 4340**

3. Executive Summary

- 3.1 This report informs the Board of the key priorities for action identified by the Interim General Manager and actions taken to date, including the management of risks and legislative and regulatory compliance.
- 3.2 While much progress has been made since June 2009 on the key priority areas,

this report highlights some areas of further development and capacity building.

3.3 In addition to a specific risk register for health and safety, the Trust has adopted a Compliance Matrix to monitor and record the current status and compliance level of key features, operations and facilities.

3.4 This report brings to the attention of Board Members a draft Risk Register which Register identifies the key risks to the Trust, quantifies those risks in terms of probability and severity of impact, lists the controls necessary for mitigating risks, identifies an Action Plan to deliver the controls and scores the risks before and after mitigation.

3.5 The Trust has a Business Plan for 2009/10 and APTL has a Business Plan which is reviewed annually. The IGM is working on a draft Business Plan to cover 3 years from April 2010 to April 2013.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 N/A

5. Local Government (Access to Information) Act 1985

5.1 No specific background papers were used in compiling this report.

Description

6.1 The Board has been informed by previous reports (in June and October 2009) of progress toward completing the actions arising from the recommendations in the Follow-up Internal Audit report in April 2009.

6.2 Several of the audit recommendations have been addressed by action taken by the Interim General Manager's (IGM) team. Of the original twelve recommendations, ten have been addressed and/or in progress. The remaining two recommendations (Corporate Governance and Risk Management Framework) are being addressed by the Review of Governance & Branding Project and the Business Planning work in train. Consideration is being given to the Trust adopting the NCVO "Good Governance Code".

6.3 In addition to the tasks and activities that trustees will be aware of, the Interim General Manager (advised by expert consultants in the fields of Facilities Management and Healthy and Safety) identified the following key priority areas for his team during 2009/10;

- skills and resources
- legislative, regulatory and health and safety compliance

- finance – capital and revenue budgets
- establishing and quantifying the extent of dilapidations
- governance and organisational issues
- practical and proactive support of APTL in meeting their business objectives (facilities management)

For each of these key priorities, further details of the issues, action taken to date and remaining actions is given below and in the Draft Risk Register at Appendix 1.

6.4 Governance and organisational issues are the subject of another report to this Board Meeting

6.4 Skills and Resources

6.4.1 In June 2009 the management structure of the Trust reflected the plan for a major developer to operate the site, with the Trust retaining a modest 'client' function with limited operational capacity. The Trust had lost personnel with key knowledge of the history and operational functionality of the site. There was a lack of capacity in the areas of facilities and contract management and considerable scope for improvement in record keeping and management information. Key policies and procedures were either absent or out of date. There was major reliance on the assistance of external consultants in the areas of management of health & safety and contract management. There was a backlog of Planned Preventative Maintenance work and other maintenance works had been held over from the previous financial year.

6.4.2 The new term contract for Security Manned Guarding had been awarded to a contractor, Work Place Facilities, which had gone into administration. The work was being undertaken by Europa Workspace Solutions Ltd

6.4.3 Since June 2009 the following actions were taken to address the above issues;

- Interim Facilities Manager appointed (Les Myers)
- Interim Office Manager/PA appointed (Joanne Hawitt-Phillips)
- Expert FM consultant appointed (John Barnett)
- 3 Tier Contract Review process and introduced
- Good practice adopted for project management and Procurement
- Key record systems computerised
- Office filing system reviewed and rationalised
- Microsoft Exchanger Server installed across AP to enable sharing of Outlook calendars, etc.
- Blackberry Enterprise Server installed to improve connectivity for senior management
- Security Managed Guarding contract formally novated to Europa
- Repairs and Maintenance contact with Integral formally extended
- Both above contracts are now co-terminus, ending on 31 August 2010
- Updated existing policies and procedures and introduced several new ones (see section 6.5 below)

- Reduced reliance on external consultants (retaining two)
 - Clarified reporting lines and improved communications with APTL
- 6.4.4 The Trust's team now have regular 1-2-1 meetings, clear performance targets, with their line manager, monthly Team Meetings (in addition to the monthly AP wide team meetings).
- 6.4.5 Training and development of the Trusts' officers is continuing and all Managers have specific projects that stretch and develop their skills and experience.
- 6.4.6 Of the 6 posts in the Trusts' establishment 3 of the incumbents are interim officers. In the medium to long term the Trust should consider recruitment of permanent officers to these or similar posts.
- 6.4.7 The Trust's Senior Fire Officer has been on sick leave since July 2009 and the bulk of his work is being covered by the Interim Facilities Manager.
- 6.4.8 The Trust lacks capacity around procurement and capital project management. In the short-term these shortages will be addressed by buying in capacity through existing framework agreements approved by LBoH Corporate Procurement.

6.5 Legislative, Regulatory and Health and Safety Compliance

- 6.5.1 Since June 2009 the following actions have been taken to improve the compliance of the site;
- Introduced a Compliance Matrix (attached at Appendix 2) to monitor and record the current status and compliance level of key features, operations and facilities.
 - Developed the Health & Safety Risk Register which records risks, control measures and responsible officers for the following sections of Alexandra Palace;
 - Catering
 - Events & Operations
 - Facilities
 - Finance
 - General
 - Ice Rink
 - Park
 - Sales and Marketing.
 - The H & S Risk register is reviewed monthly at the Health & Safety Steering Group meeting, attended by all Section Heads (including term contractors) and chaired alternatively by the IGM and MD of APTL.
 - Developed a Risk Register which identifies the Trust's key risks and control measures in the areas of;
 - Governance & Management
 - Operational Risks
 - Financial Risks

- External Risks
- Compliance with Laws & Regulations
- Additional Risks

(More details on the Draft Risk Register are below in section 6.9 of this report)

- Updated the 2006 Fire Risk Assessment for the entire site in line with new regulations on fire safety
- Issued the following policy and procedure documents;
 - Health, Safety, Welfare and Environment Policy and Procedures
 - Contractors Handbook
 - HSE Induction
 - Fire Emergency Plan
 - Incident Management Procedures
 - Significant Areas of Hazard (Coloured maps of the site which have been marked Red/Amber/Green on hazards)
 - AP Smoking Policy
 - APTL Event Services Handbook
 - H & S Training Matrix

Nb all of the documents listed above are available to Board Members upon request to the Trust office.

6.5.2 Most importantly, the culture of good safety management has been enhanced throughout the site through greater involvement of managers, improved awareness among staff and contractors and rigid enforcement of rules such as the wearing of hard hats during major event build-ups.

6.5.3 The development and refinement to the following policy and procedure documents is in progress;

- Safety Inspections – Procedure, Checklist & Report form
- Communications (data capture & reporting) procedure
- Induction Checklist (2 part – HR and Line Manager)

6.5.2 The Compliance Matrix is attached to this report at Appendix 2

6.6 Finance – Capital and Revenue Budgets

6.6.1 In June 2009 there was an outstanding budget review which had been requested by LBoH, which had allocated less money than the Trust had estimated it needed for 2009/10.

6.6.2 The IGM completed the budget review, identifying savings of £235K. While these savings were achieved, unfortunately the bulk of them were offset by a single payment of £202K due to the former Security Contractors for pension liability.

- 6.6.3 The IGM requested that the LBoH Chief Financial Officer treat the £202K as an exceptional item (i.e. removing it from the revenue budget) but this was not possible.
- 6.6.4 The actual financial performance of the Trust is reported separately to this Board meeting. While the revenue budget is overspent it should be noted that the areas of overspend (management and repairs and maintenance) were identified early in the financial year and were expected.
- 6.6.5 Until June 2009 the Trust had maintained a separate bought ledger system from the accounting systems used by the Finance Section of Alexandra Palace. This system has now been abandoned and the accounting process has been simplified.
- 6.6.6 The IGM receives monthly finance reports from the Head of Finance, including;
- Summary accounts
 - Reforecast
 - Management Accounts
 - Transaction Listing

These reports are discussed at a monthly meeting between the IGM and Head of Finance Updated the 2006 Fire Risk Assessment for the entire site in line with new regulations on fire safety

- 6.6.7 There are separate budget monitor reports and meetings to/with the budget holders of the largest spending sections; Facilities Management and Parks.
- 6.6.8 Regular Budget Monitor Meetings are held by senior management at Alexandra Palace with a senior representative of the LBoH CFO.
- 6.6.9 The Trust has submitted a bid to the Council in respect of the Trust's revenue budget for 2010/11. The bid represents the estimated additional funding requirement, over and above the £1.7m allocated by the Council in 2009/10. The bid was prepared on a prudent basis and assumes that the dilapidations capital bid is not successful but that the ice rink capital bid is successful. This represents the 'worst case scenario' in terms of the impact on next year's revenue budget.
- 6.6.10 The revenue growth bids are:

Core budget uplift - £243k

This represents the uplift required in the Trust revenue budget to bring it up to current operating levels and to fund facilities management support to deliver essential repairs and maintenance works. The Council allocated £1.728m revenue funding to the Trust in 2009/10. The Trust's internal budget, approved by the Board of Trustees, stands at £1.967m. The increased funding requirement is largely due to a reduction in the anticipated gift aid payment from Alexandra Palace Trading Limited due to the difficult economic climate and the increasingly dilapidated state of the building. It has not been possible to reduce

Trust expenditure to cover the shortfall in gift aid income due to the requirement to maintain the building to legally required standards.

Repairs and maintenance - £250k

If the bid to secure £3m capital (£1m p.a.) to address critical dilapidations is not approved, it is anticipated that additional £250k revenue expenditure will be required in 2010/11 to ensure the building remains compliant with relevant legislation and can continue to function as a venue. This expenditure will be targeted towards the fire main, fire alarm system and key areas of buildings dilapidation. However this makes no allowance for uplift in general maintenance and decoration within the building and will continue to impact on APTL's ability to sell the space.

Reduction in APTL gift aid payment - £211k

This represents the anticipated reduction in APTL's profit for 2010/11 due to the need to close the ice rink for a period of six months to carry out the refurbishment work, on the assumption that the ice rink capital bid is approved. However, it is estimated that by 2012/13, the refurbished facility would generate a net increase in income of £188k.

Master Plan for Alexandra Palace - £150k

This investment will enable the Trustees (with delegated authority from LBoH) to articulate a master-plan for the site which can then be tested and a fundraising strategy agreed for executing the required development. The funds would provide for a Project Manager to lead this work and commission the necessary reports to test such proposals.

6.6.11 The above bid will be considered by Cabinet and a formal decision will be taken in February 2010.

6.6.12 The £300K capital investment awarded to the Trust by LBoH in June 2009 has enabled improvements to the lettable space and the outright purchase of equipment which was previously rented.

6.6.13 Most of the £300K has been spent or committed and the table below shows the current status of the capital works;

<u>Item</u>	<u>Current Status at the 23/12/09</u>
○ West Hall flooring	Work completed
○ Cleaning machines	Equipment operational
○ Kiosks in Great Hall	Work completed
○ Improve Palm Court 2/3 meeting room	Tenders received`
○ Portable AV	Specification being finalised
○ Dishwasher	Completed
○ Motorised pallet truck	Completed
○ Crockery / cutlery / glassware	Completed
○ Ice Rink catering	Work completed

○ Ad hoc catering Equipment	Completed
○ Automated answering service	Quotes invited
○ Information point in Palm Court	Works Held
○ General site signage	Works Held
○ Phoenix Bar Furniture	Added 03/09/09
○ Palace Suite Entrance	Added 03/09/09
○ Pump Priming for Ice Rink	Added

6.6.14 As Board Members Trustees are aware, the IGM and his team have worked closely with APTL to prepare and submit a £2M capital bid for replacement of the Ice Rink. It is believed that this may be suitable for funding by prudential borrowing and the result of the bid will be known in February 2010.

6.6.15 APTL has identified several further investment needs for which it has no capital funds, including the possible replacement of the Panorama Room.

6.7 Establishing and Quantifying the Extent of Dilapidations

6.7.1 In 2005 a detailed condition audit of the site was commissioned by APPCT from King Sturge LLP in preparation for the proposal to let the Palace on a long term repairing lease. The FM Consultant has updated this report by the RPI index to bring it to current day costs.

6.7.2 A sum of £26 to £33 million is required to put the buildings into a weather proof, structurally sound condition with the primary mechanical and electrical systems being fit for purpose.

6.7.3 Since the 2005 report few works have taken place to arrest the continuing deterioration of the Palace and the IGM's FM team believe that the Trust has a limited period before it becomes very difficult for it to operate the site in its current form as it would be unable to demonstrate compliance with health, safety and fire regulations.

6.7.4 A further capital bid for £1.0 million year on year for the financial periods 2010/11, 2011/12 and 2012/13 (£3.0 million total) has been submitted to address general building & services dilapidations and compliance issues across Alexandra Palace.

6.7.5 The key objectives of this capital bid are to address critical repairs/replacement within the following key areas:-

- Leaking external hydrant water service by the installation of a plastic liner into the 250mm underground ductile iron pipe work
- Faulty and unreliable fire alarm system by system replacement

- Leaking roof in the Great Hall and degradation of the external brickwork, render and fenestration
- Theatre repairs to make the facility safe and ready to mothball to protect the Victorian assets.
- BBC Studios, Ancillary Parts of the East Entrance, Sub-basement repairs to make them safe
- Address the dilapidation of internal Fabric, decoration and cleanliness by a programme of decoration and cleaning.
- Building services replacement of faulty controls and repairs/replacement of corroded heating and ventilation systems
- Replacement and upgrading of telephone & IT systems

6.7.6 The result of the capital bid will be known in February 2010.

6.8 Support to APTL and Facilities Management

6.8.1 In addition to the capital works described above, the IGM and the FM team hold monthly Facilities Meetings with the MD and senior colleagues of APTL. These meetings identify problems and potential improvements on site which assist APTL to 'sell the space' such as the partial redecoration the Great Hall.

6.8.2 The Facilities Manager role is crucial to the effective operation of the site, providing liaison between APTL, contractors, suppliers and Trust staff. The Facilities Manager is the client at Contract Manager level for the contracts with Europa and Integral.

6.8.3 The FM Consultant has advised on improvements to the way the repairs and maintenance contract with Integral is managed and this has resulted in;

- Clearing the backlog of PPM works
- A cost model for R & M works which is updated monthly
- A fixed monthly sum for reactive works, resulting in better profiling of works and costs throughout the year.
- Provision of a Handyman on site 5 days per week to tackle jobs identified by APTL and its customers
- The Integral Contract Manager has been replaced

6.8.4 Since June 2009, the FM team have also;

- Completed an Energy Efficiency survey (funded by The Carbon Trust)
- Reduced utility costs by 40% through buying into framework agreements

- Updated the space analysis for the site using AutoCad – this confirms the commonly used 60:40 analysis of usable/unusable space
- Resolved the immediate problem of the fire main leaking owing to being operated at too high pressure
- Completed a review of the site's CCTV system
- Implemented a range of control and management measures, including new Assignment Instructions for security staff and a permit to Work system for visiting contractors

6.9 Draft Risk Register

- 6.9.1. Board Members may recall that a Risk Register (attached at Appendix 1) was one of the outcomes of the Governance Action Plan. The IGM has liaised with colleagues to populate a 'top level' Risk Register. The Risk Register is complimented by a separate H & S Risk Register and the Compliance matrix mentioned above.
- 6.9.2. The draft Risk Register identifies the key risks to the Trust, quantifies those risks in terms of probability and severity of impact, lists the controls necessary for mitigating risks, identifies Action Plan to deliver the controls and scores the risks before and after mitigation.
- 6.9.3. Subject to the approval of the Board, the IGM will further refine the Risk Register to assign a timescale to each of the Action Plans and to identify for each risk as which point further action may be required to mitigate risks.

6.10 Business Plan

- 6.11 The Trust has a Business Plan for 2009/10 and APTL has a Business Plan which is reviewed annually. The IGM is working on a draft Business Plan to cover 3 years from April 2010 to April 2013.
- 6.12 The Business Plan would set out strategic objectives for the Trust and show how Alexandra Palace contributes to the Council Plan outcomes.
- 6.13 Board Members are aware that the Trust's present strategic objective is the grant of a long lease to a single developer. While it may take some time to develop new strategic objectives, it may now be appropriate for the Trustees formally to resolve that their strategic objective is no longer the grant of a long lease to a single developer. The existing strategic objective could therefore be abandoned pending agreement on and adoption of a new objective.
- 6.14 The Trust Business Plan would resemble the Council Plan in that it will be a strategic and overarching document that sits above APTL's Business Plan, the Parks Management Plan and the Action Plans of key partners such as Integral, Europa and John O'Connor.

6.15 It is proposed that the Trust's Business Plan broadly follow the LBoH template, which quite rightly requires business planning to be linked to financial planning and budgeting. Thus the Business Plan will incorporate a Financial Plan for the Trust and will have sections for;

- The Trustees' Vision
- Key Objectives for 2010 to 2013 (including Governance & Branding)
- Service Context (how AP links to and complements the Council's services)
- Service Delivery (what we do, how and why)
- Challenges to the Service
- Annual Performance Review
- Human Resources Plan (including Equalities)
- Finance and Resources (including VFM)

6.16 The Board is asked to endorse the above proposal for developing the 3 year Business Plan, a draft of which would be brought to a Board Meeting in Spring 2010.

7. Consultation

7.1 N/A

8. Legal and Financial Comments

8.1 The Trust's Solicitor has been sent a copy of this report and his comments have been reflected in the text,

The LBoH CFO has been sent a copy of this report.

The LBoH Head of Audit has been consulted on the draft Risk Register and her comments have been reflected in the document.

9. Equalities Implications

9.1 There are no perceived equalities implications in this report.

10. Use of Appendices / Tables / Photographs

Appendix I – Draft Risk Register
Appendix II - Compliance Matrix