

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE AND PARK BOARD
MONDAY, 7 JUNE 2010**

* Denotes attendance

Councillors Egan* (Chair), Strickland* (Vice-Chair), Hare*, Peacock*, Scott*, Stewart, Williams*,

Non-Voting Representatives: Val Paley, Mike Tarpey, Nigel Willmott*

Observer: David Liebeck*

Also present:

Mr A. Gill – Interim General Manager – Alexandra Palace
Mr I. Harris – Trust Solicitor
Ms H. Downie - Head of Finance – Alexandra Palace
Ms R. Kane – Managing Director – Alexandra Palace Trading Limited **
Ms J. Parker – Director of Corporate Resources – LB Haringey**
Mr C. Hart – Committee Manager (Clerk to the Board) LB Haringey

** attended for public meeting and part of the exempt proceedings

**MINUTE
NO.**

SUBJECT/DECISION

<p>APBO06.</p>	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received on behalf of Mike Tarpey, and Councillor Stewart, and for lateness from Nigel Willmott and Councillor Williams.</p> <p>NOTED</p>
<p>APBO07.</p>	<p>URGENT BUSINESS</p> <p>The Clerk to the Board – Mr Hart advised that there was an item of urgent business which would be considered at agenda item 16 in the exempt part of the proceedings in relation to an update regarding capital projects.</p> <p>The Chair agreed to accept the Item as urgent business and consider it under Agenda Item 16.</p> <p>NOTED</p>
<p>APBO08.</p>	<p>DECLARATIONS OF INTEREST</p> <p>The Clerk to the Board – Mr Hart advised the Board that those members who sat as Directors to the Board of Alexandra Palace Trading Limited were required to declare a personal interest and prejudicial interest with regard to agenda item 14 and to leave the proceedings for Item 14.</p> <p>Councillors Egan, Hare and Scott respectively declared a personal interest and prejudicial interest with regard agenda item 14.</p>

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	<p>Ms Parker – Director of Corporate Resources – LB Haringey also declared an interest in Exempt Item 14 as Director of Alexandra Palace Trading Limited.</p> <p>Ms Downie – Head of Finance – Alexandra Palace declared an interest in Exempt Item 14 as Head of Finance Alexandra Palace Trading Limited.</p> <p>Ms Kane – Managing Director Alexandra Palace Trading Limited declared an interest in Exempt Item 14 as Managing Director Alexandra Palace Trading Limited.</p> <p>NOTED</p>
<p>APBO09.</p>	<p>QUESTIONS, DEPUTATIONS OR PETITIONS : TO CONSIDER ANY QUESTIONS, DEPUTATIONS OR PETITIONS RECEIVED IN ACCORDANCE WITH PART 4, SECTION B29 OF THE COUNCIL'S CONSTITUTION</p> <p>NIL</p>
<p>APBO10.</p>	<p>APPOINTMENT OF DIRECTORS TO THE BOARD OF ALEXANDRA PALACE TRADING LIMITED</p> <p>The Chair asked for a brief introduction of the report.</p> <p>The Head of Finance – Alexandra Palace – Ms Downie advised the Board of the resignation of former Cllr Thompson from the Board of Directors of Alexandra Palace Trading Limited (APTL) on 24th May 2010. Following on from this resignation it was now necessary for the Board to consider and seek a nomination and agreement of such nominee to fill the resultant vacancy of Director of APTL. It was also necessary for the Board to formally, as sole shareholder of APTL, to appoint such nominee as director under clause 8 of the Memorandum and Articles.</p> <p>The Chair thanked Ms Downie for her succinct introduction and the Chair nominated Councillor Alan Strickland to fill the vacancy of Director of APTL.</p> <p>There being no further nominations the Chair MOVED and it was:</p> <p>RESOLVED</p> <ol style="list-style-type: none"> i. That the resignation of former Councillor Thompson as Director of Alexandra Palace Trading Limited be noted; ii. that Councillor Strickland be nominated to be appointed a Director of Alexandra Palace Trading Limited to replace former Cllr Thompson; and iii. That the Alexandra Palace and Park Board, as sole shareholder of Alexandra Palace Trading Limited, and following the confirmed agreement of Councillor Strickland to accept nomination to be

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	<p>appointed a Director of Alexandra Palace Trading Limited, formally appoints Councillor Strickland as a director of Alexandra Palace Trading Limited.</p>
<p>APBO11.</p>	<p>FINANCE UPDATE</p> <p>The Chair asked for a brief introduction of the report.</p> <p>The Head of Finance – Alexandra Palace Ms Downie reported that the purpose of the report was to detail the draft, unaudited results for the 2009/10 financial year, and also to obtain the Board’s approval for a change to the Trust’s accounting policy relating to the capitalisation of fixed assets.</p> <p>Ms Downie referred the Board to Appendix 1 of the report which detailed the draft results for the year ended 31st March 2010 which had been split between restricted and unrestricted funds. Ms Downie commented that restricted funds were funds secured for a specific purpose which may only be utilised for that purpose. During the year, the Trust secured £18k for work to the boating lake conservation area, £3k for maintenance work to the organ and £311k restricted capital funding from LB Haringey. Any unspent restricted funds were carried forward to future periods but could only be used for the specific purpose for which they were provided.</p> <p>Ms Downie further reported that the deficit on unrestricted funds represented the Trust’s funding requirement from LB Haringey, with unrestricted income £24.5k above budget due to rent reviews on some of the Trust’s leases, and community events income was £19k above budget. The latter included public donations for the fireworks, which were £6k above budget.</p> <p>Ms Downie commented that prime costs were £84k or 5% over budget for the year, with salaries £96k above budget due to higher management costs and increased staff costs during the secondment period. Contracted services were £12k below budget in park security (£3k underspent) and park maintenance (£9k underspent). With regard to fixed overheads these were £27k above budget due to a £57k overspend in legal costs offset by a £22k underspend in central admin charges and an £8k underspend in audit fees. Legal fees include fees from LBH Legal Services Team as well as Howard Kennedy. Some central admin charges had been charged to professional fees although overall, the costs were much lower than budgeted. The underspend in audit fees had been achieved via the tender exercise during the year. Also variable overheads were £72k above budget overall and the chart at the bottom of para 6.3 detailed the over and underspends.</p> <p>Ms Downie also commented that Development (governance) costs were on budget. With regard to the anticipated gift aid payment from the trading company this was £200k below budget and £50k below forecast, with APTL having faced an extremely difficult trading environment in 2009/10 as both the events and leisure industries were hit hard by the recession. Ms Downie advised that it was the case that two major bookings were lost as a direct result of economic climate, with an estimated combined loss to bottom line profit of £112k. Due to the</p>

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reduction in household spending, increasing footfall and spend per head in the pub and the ice rink was particularly challenging. In addition to this, the coldest winter on record for 30 years had a significant impact on energy consumption due to the nature of the building which was particularly difficult to heat. Most of the utility costs for the site are recharged to the trading company whose utility costs were £44k above forecast for the year.

Ms Downie went on to explain that the final gift aid payment may change as a result of audit and tax adjustments. The audit fieldwork commenced earlier that day for two weeks. Following completion of the audit, a draft of the consolidated statutory accounts would be sent to trustees for review and comment prior to approval at a future Board meeting.

Ms Downie then referred to the capital expenditure policy for Alexandra Palace and advised that the trust currently capitalised all items that fell within the statutory definition of a fixed asset, regardless of their value. The items were added to the fixed asset register and depreciated monthly over four or ten years, depending on the nature of the asset. This created unnecessary work for the Finance team as depreciation was being calculated monthly on items with a value of as little as £50. Ms Downie commented that most organisations had a threshold below which items were treated as revenue expenditure in the year of purchase. For an organisation of the Trust's size, a threshold of £500 was deemed appropriate and its impact would be to marginally increase equipment expenditure in 2010/11 though existing budgets would be sufficient to cover this.

Ms Downie concluded that there would be no impact on the £500k capital works budget for 2010/11, and the change would take effect from 1st April 2010 with no requirement to effect a prior period adjustment in the accounts. Individual assets would continue to be log and tagged with a value over £200, ensuring that these items can be properly tracked and monitored even if they did not appear on the fixed asset register.

The Chair thanked Ms Downie for her detailed introduction and asked if there any questions or points of clarification.

Councillor Hare sought clarification as to the main elements of the maintenance budget and whether it would be possible to be given a break down of this now. In response the Interim General Manager Alexandra Palace – Mr Gill advised that it was not possible to give a maintenance break down as there were various different charges etc. Mr Barnett advised that specifically there were costs for compliance especially for items such as asbestos in all areas of the Palace. Mr Gill added that the forecast overspend for maintenance had been high though in effect this had been below £100K but he reassured Members that nothing specific had been left out of the planned maintenance works on site.

In response to points of clarification from Councillors Peacock and Scott Mr Gill advised that in terms of the winter of 2009/10 being the coldest winter on record for 30 years, the effects of this on the overall maintenance cost of the Palace did have an effect coupled with the fact that it was the case that the building was very difficult to heat. However every effort was made to ensure that adequate heating was provided in those areas that required heating and no wastage in those areas

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	<p>that did not. In respect of certain parts of the building being heated during the summer it was the case that certain areas required heating all year round due to the contents of equipment of storage held in those areas, and that certain areas were continually heated due to damp.</p> <p>In response to further points of clarification Ms Downie briefly outlined the reasons for the introduction of a £500.00 de minimis limit on the capitalisation of fixed assets, and advised that any items purchased below this value would be treated as revenue expenditure in the year of purchase.</p> <p>Following further clarification the Chair summarised and it was:</p> <p>RESOLVED</p> <p>i. That the draft unaudited result for the 2009/10 financial year be noted; and ii. That approval be given to introduction of a £500.00 de minimis limit on the capitalisation of fixed assets, with any items purchased below this value being treated as revenue expenditure in the year of purchase.</p>
<p>APBO12.</p>	<p>INVESTMENT CONSIDERATIONS 2010/11</p> <p>The Chair asked for an introduction of the report.</p> <p>The Interim General Manager Alexandra Palace – Mr Gill informed the Board that the purpose of the report was to update the Board on the progress with the Ice Rink replacement project, and to seek approval for the priorities for capital and revenue spends on dilapidations and maintenance repairs. Mr Gill advised the Board of the sum of £2.0 million which had been secured from LB Haringey via prudential borrowing to replace the Ice Rink. Mr Gill referred to the special Board meeting on 4th May 2010 which had given its approval to awarding the contract to Lengard Ltd on the basis that the tender represented the overall best value to Alexandra Palace and was within the allocated cost plan for this element of the project (£1.7m). Following the issuing of a letter of intent to Lengard on the 6th May 2010, and completion of contract documentation on 14th May 2010, work was commenced. The Ice Rink was closed to the public on 5th May 2010 and the facility decommissioned over the following days.</p> <p>Mr Gill reported that bore holes into the ground had been completed and the depth of ice penetration and soil condition analysed, which had at the time of writing shown no areas for concern. In order to minimise the loss of revenue to Alexandra Palace Trading Limited (APTL) and the Trust during the 6 months construction period the replacement had been scheduled across the summer low season of the Ice Rink. Mr Gill also advised that a bid had been submitted to Haringey Council’s Sustainable Investment Funding (SIF) programme for a low emissivity ceiling for the ice rink at a cost of £51,461. This sum would be repaid to Haringey Council from the resulting energy cost savings over a five year period.</p> <p>Mr Gill referred to the professional project team working in conjunction with Haringey Council, mobilised for the contract and a Design and Build contract and tendered under the Haringey Council Framework Agreement for the Provision of Major Works Construction Services value in the range £1,000,000 to £3,499,000.</p>

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The Alexandra Park and Palace Charitable Trust (APPCT) had been allocated a CAPEX dilapidation budget for 2010/11 of £500,000 and an R&M Security and Maintenance budget of £1,237,295. Mr Gill advised that the £500,000 capital grant represented only half of the requested sum for 2010/11, and had been realigned on the basis of the priority of the compliance and dilapidation works defined within the original bid paper. Mr Gill referred the Board to para 6.2.2 of the report which gave a breakdown of the works.

Mr Gill went on to explain that the £1,237,295 R&M Security and Maintenance budget would fund Site Security, Planned and Reactive Maintenance and a proportion of the utility costs of the site. The term contracts with Europa and Integral were in place until the 31st October 2010, after which the new Integrated Facilities Management contract would be in place at which time the cost plans would be reviewed. The current cost plan was as follows:-

- Site Security with term contractor £ 432,708
- Planned Maintenance with term contractor £331,389
- Reactive Maintenance £270,900
- Equipment Maintenance £116,380
- Balance of Budget: Funding a proportion of the utility costs of the site

Mr Gill advised that the above sums did not include variable repairs and maintenance budgets for the park, winter maintenance, roads and park security, which were included in the Budget Report approved by the Board at its meeting on 2 March 2010. Mr Gill concluded that he was proposing a memorandum of understanding between the Trust and APTL that effectively 'ring-fenced' the additional profit from the ice rink to enable the £2.05m capital and interest to be repaid to the Council over a ten year period. However Mr Gill advised that the Board not to consider the recommendations as detailed in the report at this stage and that these recommendations would come back to the Board at a future meeting. There were also a number of issues that would require consideration under the proposed exempt urgent business item later in the agenda.

The Chair thanked Mr Gill for his introduction and in noting that there the Board were being asked to now not agree the recommendations before it, asked if Board Members had any points of clarification.

Following points of clarification from Councillors Hare and Strickland Mr Gill and Mr Barnett responded that the new plant was very much more energy efficient and waste heat would probably be used for the heater mats which were underneath the base of the Ice Rink.

(Councillor Williams and Mr Willmott arrived at 20.00hrs)

The Chair then summarised and it was:

RESOLVED

That consideration of the recommendations before the Board be deferred to a future meeting of the Board noting consideration of an urgent exempt business

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	item in relation to Investment Considerations for 2010/11.
APBO13.	INTEGRATED FACILITIES MANAGEMENT CONTRACT The Chair asked for a brief introduction of the report. The Interim Facilities Management Consultant – Mr Barnett advised the Board that the delivery of the Integrated Facilities Management contract was proceeding to programme. The contract would be tendered over the period 10 th June to the 19 th July 2010 and following tender evaluation, a Special Board meeting would be convened on 6 th September 2010 to review the tender evaluations and consider approving the award of contract. Following the ‘Alcatel period’, the award of contract is programmed for the 27 th September 2010. This would require the existing contracts with Europa and Integral to be extended past the 31 st August 2010 for a period of 2 months allowing 25 days for mobilisation of the new contract. TUPE discussions had been held with the incumbent suppliers and staffing information had been passed to the Interim General Manager and himself. The Chair thanked Mr Barnett for his introduction, and in asking if the Board had any points of clarification, advised that there would be the opportunity to ask contractual points of clarification during the consideration of the item in the exempt proceedings. Councillor Strickland sought clarification as to the likely savings from entering into a contract , and also if there any difficulties in meeting any additional costs as referred to in the finance comments at par 8.3 of the report. In response Mr Barnett advised that a professional project team had been established for the project comprising the Haringey Council Construction Procurement and Legal Team members together with expertise from within Haringey Council’s Consultants Framework agreement and key APPCT & APTL staff. The team would be looking at the overall costs of the project and best value. The costs of the project team had also been included in the 2010/11. The Chair then summarised and it was: RESOLVED i.. That the progress reported on the procurement of a single contract for the provision of Security and Facilities Management Services; ii. that approval be given, in accordance with Contract Standing Order (CSO) 13.02, to the extension of the existing Mechanical Services contract with Integral UK Ltd until the end of October 2010; and iii. that it be noted that the Interim General Manager Alexandra Palace would approve, in accordance with CSO 13.01(a)(ii), the extension of the existing Security contract with Europa Workspace Solutions Ltd until the end of October 2010.

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APBO14.	UNRESTRICTED MINUTES RESOLVED that the minutes of the meeting of the Alexandra Palace and Park Board held on 2 March 2010, and the minutes of the special meeting of the Alexandra Palace and Park Board held on 4 May 2010 be agreed and signed by the Chair as an accurate record of the proceedings.
APBO15.	NEW ITEMS OF UNRESTRICTED BUSINESS The Chair advised that there were not items of urgent business. Councillor Hare asked if he could raise a number of points in relation to the Palace and park, the first being the issue of rat bait boxes in and around the Palace and park and the need for some form of warning to place on them, as well as a clear idea of where they were placed. The Chair, following advice from the Clerk to the Board – Mr Hart, referred to the issue posed and the subsequent other queries that Councillor Hare wished to rise. He asked that these matters be put in writing directly to the Interim General Manager Alexandra Palace, and answers could then be given and circulated to Councillor Hare and all other Board Members. NOTED
APBO16.	EXCLUSION OF THE PUBLIC AND PRESS RESOLVED That the press and public be excluded the from the meeting for consideration of Items 12, 13, 14, 15 and 16 as they contain exempt information as defined in paras 1,2, and 3 of Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); namely information relating to an individual, information which is likely to reveal the identity of an individual, and information relating to the business or financial affairs of any particular person (including the authority holding that information). At this point in the proceedings (20.15hrs) the Chair moved the meeting adjourn for a period of 5/7 minutes. The motion was agreed nemine contradicente. The Board adjourned and reconvened at 20.23hrs. NOTED

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SUMMARY OF EXEMPT/CONFIDENTIAL PROCEEDINGS	
APBO17.	EXEMPT MINUTES AGREED - the exempt minutes of the meeting of the Alexandra Palace and Park Board held on 2 March 2010, and special meeting of the Alexandra Palace and Park Board held on 4 May 2010 At this point in the proceedings the Chair MOVED that the order of business be varied to consider agenda items 15 and 16 after Item 13, and then Item 14 as the last agenda item. The MOTION was carried nemine contradicente.
APBO18.	STAFFING MATTERS AGREED recommendations as detailed.
APBO19.	INTEGRATED FACILITIES MANAGEMENT CONTRACT AGREED recommendations as detailed.
APBO20.	NEW ITEMS OF EXEMPT URGENT BUSINESS Alexandra Palace Ice Rink Replacement Project and specifically the Ice Rink Substructure Design, and the location and duration of the Temporary Ice Rink. AGREED to note update.
APBO21.	APTL LICENCE FEE At this point in the proceedings Councillors Egan, Hare, Scott and Strickland, Ms Kane, and Ms Parker, having made an earlier declaration of interest, left the proceedings. COUNCILLOR PEACOCK IN THE CHAIR

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	AGREED recommendations as detailed.
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The meeting ended at 21.10hrs

COUNCILLOR PAT EGAN
Chair