

APPENDIX 28

21 St Michaels Close
Stoke St Michael
Radstock
BA3 5LF

20 September 2010

John Suddaby Esq
Head of Legal Services and Monitoring Officer
London Borough of Haringey
5th Floor, River Park House
225 High Road
Wood Green
N22 8HQ

By email: john.suddaby@haringey.gov.uk

Dear Mr Suddaby

Standards Committee Referral Relating to Councillor Charles Adje ("CCA")

1. I am writing with my comments on the draft extracts from Martin Walklate's report to the Council's Standards Committee. Although I was asked by him to restrict my comments to issues of fact I have reviewed the whole document and have a number of serious concerns with the "facts" and the conclusions thereon. However, I have some introductory remarks and am numbering paragraphs in this letter for easy reference:

2. Introduction

- 2.1. I have taken legal advice on the document and this letter has been drafted with the assistance of my lawyer, who is a local government specialist, and has seen much of my paperwork including Walklate 1 and 2. Unfortunately, I did not take legal advice on either document, and I am advised that their conclusions are flawed in a number of respects as indicated below. Indeed I was never given the opportunity to comment upon either document before publication which, in the case of Walklate 2, was probably contrary to natural justice.
- 2.2. Whilst I am addressing extracts from the draft report, it would have considerably assisted me to have had both the full report and all the documentation referred to some of which is not in my possession.
- 2.3. As Mr Walklate correctly acknowledged there was no necessity for me to respond to his investigations (para 13), but I am in this letter clarifying some of the "unusual and ambiguous responses" mentioned in the draft (para 14).

3. Fundamental Issues

- 3.1. My lawyer advises me that both the draft report under consideration and Walklate 1 and 2 are seriously flawed in some key respects and failed to take into account the nature of Alexandra Park and Palace Trust ("APPT") and its relationship with London Borough of Haringey ("LBH").
- 3.2. APPT is statutory charitable trust whose principal regulator is, and has always been, the Charity Commission. In that capacity APPT is independent of LBH and, as a charity,

cannot as a matter of law, be controlled by any person, or entity. This is an issue which has been the subject of legal advice from time to time which has robustly confirmed the nature and substance of this independent body.

- 3.3. In the light of its charitable status, LBH is a corporate trustee and any member of the board of trustees of APPT whether appointed by LBH or in accordance with the legislation (and any officers (seconded or otherwise)) has certain obligations:
 - 3.3.1. he/she must always act in the best interests of the charity;
 - 3.3.2. consequently, the prime duty of any trustee is to the trust itself and not to a body, or bodies which appointed the trustee; and
 - 3.3.3. in the case of elected members appointed by LBH to fulfil the role of trustee they have added responsibilities and obligations by virtue of the Council's Code of Conduct. This has implications for the conduct of CCA in this matter to which I refer below.
- 3.4. It follows from the above that LBH's locus so far as APPT is concerned is limited to such scrutiny as is provided in the legislation or any grant-funding agreement. Consequently I have been advised that many of the issues raised in both Walklate 1 and Walklate 2 plus the governance issues raised in your current report are matters more properly within the preview of the Charity Commission.
- 3.5. At all critical stages of the affairs under review, I obtained external legal advice from the two firms of lawyers approved by APPT. For the avoidance of doubt, this included the licence signed between APPT and Firoka (Alexandra Palace) Limited ("Firoka").

4. Genesis of the licence

- 4.1. Both Walklate 1 and Walklate 2 take a very simplistic view of the licence and overlook some key issues which are contained in the annual report and accounts of APPT for the year ended 31 March 2009 [See Appendix A to this letter].

LBH has for many years been seeking substantial investment in the facility and has been unsuccessful in attracting interest as indicated in the annual report (para 4.6) and the following steps were taken:

- in autumn 2005 the APPT board resolved to appoint an investment partner
- following an open selection process Firoka were appointed as preferred partner on 30 January 2006
- the APPT board resolved on 24 July 2006 to seek Charity Commission consent to a 125 year lease
- an agreement of lease was negotiated by our lawyers with Firoka being entered into in late 2006. This was subject to three conditions including granting of the Charity Commission consent
- the consent was received on 4 May 2007
- the licence was entered into on 9 May 2007 ie after receipt of the consent and not on 4 May 2007 as all the Walklate reports indicate.

A summary of the history of the dealings with Firoka was included in a report to the Leader of the Council in Appendix B to this letter.

- 4.2 Shortly after completion of the Agreement for lease was entered into Firoka's employee (a Mr Ommrod) was permitted on site to oversee the activities in readiness for transfer. Over the ensuing weeks Firoka were becoming concerned about the delay in acquiring the 125 year lease and the perceived run down of the business hitherto conducted under licence by APPT's trading subsidiary.
- 4.3 Firoka was keen to have rather more control over the business and, whilst they realised their obligations under the agreement for lease, concerns were raised as to their commitment to the project which have been reflected both in my comments to Mr Walklate but also those made by other parties.
- 4.4 My note to CCA of 16 April 2007 was intended to reassure him as to the legal obligations upon Firoka under the agreement for lease and my note was a factual/legal statement of the position including confirmation of the three conditions precedent. It advised that there was no need to take any earlier action particularly when the Charity Commission consent (without any conditions) was received.
- 4.5 in the event CCA took it upon himself to conduct negotiations with Firoka who would have preferred to proceed to the lease immediately upon the receipt of the consent. However, we received the following legal advice:
- 4.5.1 Firoka could have had "occupation" of the facilities under the agreement for lease by simple exchange of letters.
- 4.5.2 in view of the threatened judicial review it was inadvisable to complete the lease and consequentially the licence was preferable.
- 4.5.3 a period of three months (from the date of the consent) was considered as the appropriate period as any judicial review had to be commenced within such timeframe. The legal advice received by us indicated that proceedings were unlikely to be successful as reflected in para 3.4 of my 16 April 2007 note.
- 4.5.4 in summary, Firoka had a binding obligation to proceed to the 125 year lease the granting of which would be delayed and the suggested short-term licence would reflect the position in the lease rather than the APPT subsidiary's licence.

5. General Clarification Issues

- 5.1. Whilst CCA did indeed seek my advice as the lead officer of APPT (para 56 of the draft report), as chair he kept close control of both the decision-making process and the decisions of the trustees. Throughout his period as chair of APPT he was very much in control of the charity making it clear that he had senior political support in negotiations with Firoka.
- 5.2. Furthermore, in the Firoka case he had political discussions with the Leader of the Council (Walklate 2 para. 35) and direct one-to-one discussions with Firoka [see Appendix C to this letter]. If the owner of Firoka had given evidence he would certainly have confirmed that CCA had a number of conversations with him involving negotiations on the terms of the licence.
- 5.3. These discussions led directly to the report required by CCA to the trustees at its meeting on 24 April 2007. CCA made it clear following discussions with Firoka that the suggested licence was a pre-condition of Firoka maintaining its interest in the further development of Alexandra Palace. CCA made it clear to me that he considered my note was unhelpful but that neither he nor the Leader of the Council wanted the transaction "to fall on his watch". As indicated by CCA there was a time constraint as he was expecting political preferment at his party's group meeting on 15 May 2007 which would be achieved as the

person who transferred Alexandra Palace to a keen and committed investor. He duly became Lead Member for Resources.

- 5.4. Although I provided the first draft(s) of the licence, legal advice was sought. However, negotiations of its key terms were undertaken by CCA direct with Firoka and I simply received instructions on the outcome up to 30 April 2007. Thereafter this continued with David Loudfoot who concluded the licence on 9 May 2008. Evidence of CCA's involvement and knowledge is apparent in Appendix C to this letter and is surprising in the light of the last line of his Council statement in Appendix 2 of Walklate 2 where he states that "changes to the terms of the licence were not brought to my attention". He was negotiating it.
- 5.5. My role as General Manager terminated on 30 April 2007 and the residual functions passed to David Loudfoot. After that date I became a consultant to APPT and my involvement with the licence and Firoka, insofar as the licence was concerned, ceased. Indeed my role became increasingly more marginalised until I was given notice under my contract for service and my increasing mobility problems which eventually necessitated a hip replacement.
6. **Comments upon the extracts of the subject report**
I make a number of comments upon the report to the Standards Committee and will utilise the same numbering:
- 6.1. Paragraph 3 refers to the "culpability" of Keith Holder. For reasons outlined above I consider that the comments continued in all three Walklate reports unfairly attribute blame. This is particularly relevant in the light of the paper produced by a "concerned group of Council officers" to the APPT board meeting of 16 April 2009 when they considered Walklate 2 [Appendix D].
- 6.2. Paragraph 4 (which is an extract from Walklate 1) provides a highly subjective view as to the circumstances leading to the granting of the licence which view, in the light of the above, I do not accept for the following reasons:
- the short-term (3-month) licence was considered the appropriate way forward and was promoted by CCA
 - the document had legal scrutiny before completion
 - the key terms of the licence were negotiated by CCA after board approval
 - the paper presented to the APPT board had the prior support of CCA's political colleagues who were aware of its contents and its consequences
 - as far as "other mechanisms" were concerned, there were no other alternatives which would not have prejudiced LBH for reasons mentioned above
- 6.3. Paragraph 5 refers to Walklate 2 which, for the reasons mentioned above, is an extremely subjective and unfair statement as to my professional competence and judgment.

During my career as General Manager of Alexandra Park and Palace I have served five chairs of the charity. When CCA assumed this role he was more pro-active than his predecessors and was determined to conclude some arrangements for Firoka to take over the facilities. I reluctantly accepted his role in negotiating the terms of the licence as there would be continuity after my retirement on 30 April 2007.

As I had no role in respect of the APPT relationship with Firoka after 30 April 2007, issues relating to the licence and its extension, termination or otherwise were outside my area of involvement and my advice was never sought on the matter.

- 6.4. In paragraph 8 CCA indicated that he "was not prepared to confirm whether he knew these positions to be subject to the member's Code of Conduct". As a leading member of the Council, this will be particularly disturbing to LBH as his role, I am advised, would give rise to a prejudicial interest under paragraph 10 of the Code of Conduct such that his negotiating of the licence and close contact with both the contractor and LBH's political leadership must give rise to concern.

- 6.5. Paragraphs 11 to 14 – I have dealt with the comments in these paragraphs above.

- 6.6. In paragraphs 18 to 23 it is stated that the licence was signed on 4 May 2007. It was not completed until after the Charity Commission consent had been received. Between 30 April and 4 May 2007, any further changes would have been agreed by CCA.

As mentioned above the licence was never intended to replicate the APPT subsidiary's licence – which was entirely inappropriate – but rather the lease subject to amendments agreed by CCA in respect of seconded staff.

- 6.7. Paragraph 26 records the arrangements for my consultancy. Comments about my stewardship were recorded in the minutes of the APPT board minutes of 24 April 2007 [Appendix E to this letter].

- 6.8. I confirm my remarks contained in paragraph 29 which accord with the comments referred to above.

- 6.9. Paragraphs 34 to 68 deal with the issue of integrity or impartiality under paragraph 3(2)(d) of the Code of Conduct. In so far as not incorporated in my remarks above, I outline my general comments on these paragraphs.

- 6.9.1. CCA took the lead in both promoting a licence arrangement with Firoka and negotiating its key provisions. He was entitled to take the view, despite my note of 16 April 2007, that access for Firoka to the facilities should be formally evidenced in a licence rather than an exchange of letters.

- 6.9.2. I accepted that CCA had appropriate political support for his actions although I did resent the extent of the negotiating undertaken by him.

- 6.9.3. My note of 16 April 2007 was essentially a statement of the legal position under the agreement for lease and whilst the granting of a licence was not considered by me as essential, such a document clearly set out the position of the parties.

- 6.9.4. I strongly dispute the comment made by CCA in paragraph 50.

He made it clear that some arrangements to permit access for Firoka to run the facilities had to be agreed as quickly as possible. This is entirely consistent with my comment in paragraphs 52 and 72.

- 6.9.5. I strongly dispute paragraph 56. CCA was his own person. Whilst he did listen to advice he chose to promote the licence arrangement and handle the key negotiations direct with Firoka which they would confirm if they had been prepared to give evidence.

- 6.9.6. The "financial benefit" referred to (if there was one) was negotiated by CCA as evidenced in the email at Appendix C to this letter.

- 6.9.7. The Chief Executive was indeed aware of the licence arrangements and no doubt acquiesced in its completion.
- 6.9.8. I have commented above on issues relating to my integrity. CCA was entitled to take over negotiations for the licence arrangements which were supported by the APPT board although the minutes of the 24 April 2007 meeting (which were not vetted by me) are not particularly accurate.
- 6.10. In the penultimate complaint (incorrectly numbered 8), I consider that CCA's conduct did indeed bring LBH into disrepute. He failed to understand the separation of his roles as chair of an independent charity (to whom in law he owed his principal duty) and as an elected member of LBH. Further I consider that the Standards Committee needs to address other potential breaches of the Code of Conduct arising from his duties to the APPT under charity law and possibly refer them to the Charity Commission.
- 6.11. The last complaint dealt with the suggestion that "the financial benefit for Firoka was above normal commercial arrangements". It is important to note that CCA indicates knowledge of the licence staffing arrangements and effectively confirms that the document was intended to put the parties in the same position as the lease had the latter been completed.

7. Conclusion

I consider that there is a perfectly logical explanation for the events and decisions leading to the completion of the licence between APPT and Firoka including the terms of the document itself.

The initial drafts of the licence were prepared by me and vetted by external lawyers and key terms were negotiated by CCA who maintained contact with both leading politicians and the Chief Executive of LBH.

I consider that both Walklate 1 and Walklate 2 are inaccurate and seriously flawed and are a travesty of justice so far as impugning my professional integrity. I had always acted in the best interests of APPT throughout my years as General Manager. Had I not been seriously incapacitated at the time of Walklate 2, I would have devoted more time and legal costs to ensure the wording of the document more accurately reflected my good service to APPT.

8. Postscript

I noted with interest that in Sunday Times Rich List entries of 2009 and 2010 the following words appear in the entry for Firoz Kassam, the owner of Firoka:

"Kassam owns the land on which London Alexandra Palace stands but has failed ... to redevelop the site as a hotel".

I am happy to provide any further information in respect of this letter as the Committee requires.

Yours sincerely

Keith Holder

APP. A:

EXTRACT FROM ANNUAL REPORT Y/E 31/3/2009

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

The Consultative Committee

- 3.13 The trustees have established a Consultative Committee which does not have a statutory role but whose existence allows those organisations who have an interest in Alexandra Park and Palace to exchange views with and receive information from the Trust. The objects of the Consultative Committee are set out in its constitution as:

- 1) *To give representatives of appropriate local and national organisations the opportunity of full discussion on general matters affecting Alexandra Park and Palace;*
- 2) *To give the Board of Charity Trustees the opportunity of discussing and explaining to the organisations matters affecting the overall policy and efficient management of Alexandra Park and Palace;*
- 3) *To promote better understanding between the Board of Charity Trustees and local organisations;*
- 4) *To enable appropriate local (and national) organisations to participate in decisions of direct concern to them; and*
- 5) *To further Alexandra Park and Palace as a conservation area.*

Group Structure and Relationships

- 3.14 The charity has a wholly owned non-charitable trading subsidiary, Alexandra Palace Trading Ltd. whose objectives and performance are described in paragraph 5.1 below.

Risk Management

- 3.15 The trustees have overall responsibility for ensuring that adequate systems of control, financial and otherwise, exist. They are responsible for safeguarding the assets of the charity, taking reasonable steps for the prevention and detection of fraud and other regularities and providing reasonable assurance that;

- The charity is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposal
- Proper records are maintained and financial information is reliable
- The charity complies with relevant laws and regulations

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 the following website address; [http://www.minutes.haringey.gov.uk/Published/C00000105/M00003375/\\$\\$ADocPackPublic.pdf](http://www.minutes.haringey.gov.uk/Published/C00000105/M00003375/$$ADocPackPublic.pdf)

- 3.16 The system of internal financial control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting systems with an annual budget which is agreed by the Board of trustees;
- regular monitoring by the trustees of periodic and annual financial reports which show performance against budget forecasts at each meeting of the Board;
- setting targets to measure financial and other performance; and
- the trustees agreeing the expenditure on the building and park to ensure its appropriateness in meeting the basic objects of the charity

The systems can only provide a reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The charity plans to introduce a more formal Risk Management Framework in the 2008/09 financial year.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Volunteers

- 3.17 The charity employs a number of volunteers in the conservation area and the Information Centre and plans to develop further volunteering opportunities over the coming years. The charity would like to thank all its volunteers for their very valuable contribution to Alexandra Palace during the year.

4. OBJECTS AND ACTIVITIES

Charitable Objects

- 4.1 The principal object of Alexandra Park and Palace Charitable Trust is the maintenance as an open space and provision of the Park and Palace for the free use and recreation of the public in perpetuity, as defined in the 1985 Act.

Activities

- 4.2 The Trust's core areas of activity include:
- a) The provision and maintenance of the park;
 - b) The establishment and replacement of park footpaths and trails, the provision of a nature/wildlife conservation area, the planting of arboreta, ornamental flowerbeds and rose gardens, upkeep and improvement to a boating lake, children's zoo, children's play area, a pitch and putt course, a skateboard park, cricket pitches, football fields and associated car parking;
 - c) The provision of the ice-skating rink (undertaken through the trading subsidiary during the year) and its associated activities which include pantomimes on ice and ice discos;
 - d) The provision of free outdoor events, including bonfire night fireworks display, school tours, and other entertainment, a bicycle trail, together with children's funfairs, bank holiday funfairs and the provision of displays and mini exhibitions; and
 - e) The continued expenditure on the Victorian building, including the original theatre and organ; the original high definition television studios and the maintenance of areas within the Palace to provide a safe environment for users.

Achievements for the year

- 4.3 The 196 acres of parkland continues to be a strong public attraction for both formal and informal recreation purposes. The trustees were successful in their application to the Heritage Lottery Fund (Urban Parks Programme) for a grant of £2.7 million over five years to refurbish the park and replicate where possible the original 1870's McKenzie layout and use. The project was successfully completed in December 2007.
- 4.4 The Trustees welcome the award of this grant and recognise the major contribution made by the Heritage Lottery Fund ("HLF"). The main component parts of the project supported by this investment were:

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

Achievements for the year (continued)

- Redesign and refurbishment of the children's playground ;
- Dredging of the lake, works to the embankments and refurbishment of the lakeside cafe;
- Upgrading and extensions to the animal enclosures;
- Traffic calming measures and a "softening" of both the visual and physical impact of the through road;
- Rationalisation of the tree belt;
- Enhancement of the conservation area;
- Improvements to Grove Cafe and gardens;
- Redesign of the approach to the east of the Palace including rationalisation of the car parks;
- Increased security including security officer patrols; and
- Improvements to signage, park furniture and lighting.

As part of its commitment to the HLF restoration of the park, the Charity employs a full time park manager to ensure the park is properly maintained and the long term benefits provided by the HLF restoration project are not lost. The trustees recognise the importance of this role and intend to continue this permanent post.

- 4.5 In pursuance of its basic objects, the charity provides a number of permanent facilities including a boating lake, animal enclosures and cycle routes. The charity also organises an annual fireworks display attended by some 50-70,000 members of the public each November. The charity continues to work with other community and voluntary organisations to deliver low cost, high quality events.

Other developments during the year

- 4.6 In autumn 2005, the Board resolved to appoint an investment partner with the aim of securing sufficient investment to enhance and develop the charity's principal building (which is currently 40% derelict) and bring it into more effective use. Following an open selection process, the Firoka Group was appointed as preferred investment partner on 30 January 2006. On 24 July 2006, the Board formally resolved to seek an order from the Charity Commission consenting to the grant of a 125 year lease to the Firoka Group. The Charity Commission sealed the Order consenting to the lease on 4 May 2007. On 9 May 2007, a short-term licence was agreed between Alexandra Park and Palace Charitable Trust and the Firoka Group in order to facilitate the efficient transfer of the business and staff to the Firoka Group.
- 4.7 However, the Charity Commission Order of 4 May 2007 was subsequently challenged in proceedings seeking a judicial review. On 5 October 2007, the court declared that the Charity Commission Order of 4 May 2007 was unlawful. In the light of this decision, it became apparent that progress on the project would not be possible before the end of the financial year and the Board therefore resolved in early December 2007 to give 28 days notice determining the short-term licence arrangement in January 2008. On 18 August 2008, the Firoka Group gave notice that they were withdrawing their interest in the project.
- 4.8 Clearly, the turn of events resulting in the overturning of the Order by judicial review were not the expectation of the trustees when the transfer was set in motion. However, the Trust has embarked on a recovery plan with the full support of the corporate trustees, London Borough of Haringey. On 7 January 2008, the Trust granted a new four year licence to Alexandra Palace Trading Limited, its wholly owned trading subsidiary, which traded very successfully between January and March 2008, transferring £713,000 in gift aid to the Trust for the financial year 2008/09.

ALEXANDRA PARK AND PALACE CHARITABLE TRUST

5. FINANCIAL REVIEW

- 5.1 The charity continues to benefit from substantial funding from its corporate trustee, London Borough of Haringey. All the available net revenue income is directed toward the provision and maintenance of the assets, namely the 196 acres of parkland and the Grade II listed Victorian property. The charity does not have any capital reserves or alternative sources of funding and has not therefore considered it necessary to develop a formal reserves policy. Trust expenditure is guided by the basic objects of the Trust and aimed toward maximising public benefit from the provision of the Palace and Park. The decisions on items of expenditure are made with independent professional advice, where necessary, in the overall context of the available budget.

Alexandra Park and Palace Charitable Trust is a going concern due to the ongoing financial support of the corporate trustee. It is the Council's current policy to continue to provide funding to the Alexandra Park and Palace Charitable Trust until such time as the support of the Council is no longer required. The Council has confirmed in writing that it has considered and approved within its budgets for 2008/09 sufficient funding, including ongoing revenue support, for the Trust.

The charity's trading company, Alexandra Palace Trading Limited, has as its core activity the exhibition, event and hospitality business. This core activity has its roots in the activities previously carried out directly by the charity and transferred to the trading company on its incorporation in 1999. The trading company continues to explore new areas of business to generate tax free funds to covenant to the charity.

The trading subsidiary total income of £2 million fell by £2.6 million from the previous year due to the reduced period of activity during the temporary licence with Firoka. The trading company gift aid to the charity this year was £0.71 million.

Overall, the peak trading period from January to March was very successful and the final out-turn position was very much better than anticipated. Despite the worsening economic outlook, the Directors of the trading company remain confident of being able to provide an improved covenant for the financial year ahead in line with the company's business plan.

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. The charity's incoming resources from charitable activities are summarised in note 5. This shows income from the ice rink of £108,426.

The charity's running costs are calculated at £4.2 million and include substantial expenditure on repairs, maintenance and security. Total income generated of £1.3 million results in an overall funding shortfall of £3 million. This shortfall is met by the London Borough of Haringey.

- 5.2 In addition there is a cumulative sum of £37.3 million representing cumulative operating deficits of £20 million and associated accumulated interest charges of £17.3 million for the years 1989-2004.

The corporate trustee has previously made arrangements for the funding of the deficit on an annual basis but has now written off that sum in its accounts. However, as disclosed in the London Borough of Haringey accounts the Council has not discharged this debt on the basis that it will still collect should the trust be in a position in the future to fully or partially repay. On this basis the trustees have continued to carry the liability in the trust's accounts.

APPENDIX

C

Main Identity

From: "Cllr Adje Charles" <Charles.Adje@haringey.gov.uk>
 To: "David Loudfoot" <david.loudfoot@appct.org>
 Sent: 11 April 2008 12:40
 Subject: RE: Firoka.

David,

I refer to your email below and our subsequent telephone conversation. As discussed, I confirm that following confirmation with Cllr Meehan, as none of us wanted Firoka to walk as the sole preferred partner in the scheme, we agreed to second the staff and continue to pay their salary prior to transfer.

Whilst the sum of 120 was mentioned in terms of salary costs of the seconded staff, I do not recall discussing with Mr Kassam or with anyone for that matter that we would give him money regarding seconded staff as they are our staff and remain so and therefore our responsibility pending TUPE.

It certainly does not make any sense to give Firoka any money for the seconded staff as we agreed to pick up this element and were paying their salary. I would not have accepted the scenario outlined in your email as it doesn't make sense anyway. I'm struggling to understand why we should pay him money for the staff which we are already paying their salary directly to them (the staff).

Am I or have I missed something?

I hope the above is helpful.

Kind regards.

Charles

Sent from a wireless device

Cllr Charles Adje
 Cabinet Member for Resources
 Labour Member for White Hart Lane

email: charles.adje@haringey.gov.uk

~~-----Original Message-----~~

From: "David Loudfoot" <david.loudfoot@appct.org>
 To: "Cllr Adje Charles" <Charles.Adje@haringey.gov.uk>
 Sent: 10/04/08 15:43
 Subject: Firoka

Charles,

Andy Briggs and I have just returned from a meeting with Firoka representatives to discuss the repayment of outstanding money due to AP (both the charity and/or APTL).

The discussions were reasonably amicable until it came to the issue of staff costs.

In a nut shell, Firoka are claiming that the discussions between you and Firoz were to the effect of

"pay to Firoka the difference between the actual expenditure and £120K " and that in addition Keith was aware of this arrangement.

I was unable to comment as I had not been part of those early discussions but it took me somewhat by surprise that this was their position. A more logical interpretation would appear to be "AP charity and APTL would pay their current monthly staff salary bill up to a maximum of £120K per month".

Firoka have estimated our staffing cost to have been £653K and as such are trying to claim from us £307K (£120K x 8 minus £653K).

The staff costs were in fact £779K so there figures are wrong but it is the principle that concerns me.

I urgently need your confirmation of what your intentions were at that time to enable me to progress matters.

Kind regards,

David Loudfoot

General Manager

Alexandra Palace and Park Charitable trust

Telephone 0208 365 4321

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Rec'd 15.04.09
APPENDIX D

To all Members of the Alexandra Palace and Park Board

Dear Member

Special APP Board Meeting – 16 April 2009

We write to express our grave concern over the vilification of Keith Holder in the report you will receive and consider next Thursday.

Keith Holder was an Officer and Manager who demonstrated exemplary conduct throughout his employment with Haringey since 1990. Between 1990 and 1995 he worked tirelessly to ensure the Council's direct labour organisation was not closed by the Department of Environment and eventually had a secure future through repeated successes in competitive tendering. This remained the case until the ALMO took over responsibility. In 1995 the Chief executive seconded Keith to Alexandra Palace and gave him 2 key objectives.

The first was to reduce the Palace's annual deficit which was running at about £2.5 million at that time and was and still is supported by the council tax-payer. Whatever else has happened, this sum was reduced as was taxpayer funding.

The second was to search for a development partner following the Charity Commission's agreement to promote a parliamentary scheme giving the wider powers to engage in the granting of a lease.

The second group of objectives was also met. The wider powers of leasing were granted at the beginning of 2004. The search for a development partner then began in earnest with the appointment of a professional team to support both the charity and council officers. A Europe wide advertising campaign took place and a developer appointed who would engage in the complete refurbishment of the Palace, take on its business and the transfer of staff under the TUPE regs. The lease and building agreement was drafted by the professional team and the premium to be received certified as the best offer. It was Keith Holder who drove and managed this process to fruition.

So far, so good.

In 2006 the preferred developer stated that he was not prepared to carry the entire costs arising from a TUPE transfer of the staff and in particular it was the pension provision and the requirement to become an admitted body under the scheme that was proving the stumbling block. The then Director of Finance gave the developer an undertaking that if he would agree to become an admitted member he would not have to pay any sum above 10% of the total cost of the on-going pension payments and that the Council as pension provider would make the required capital payments into the pension fund. This amounted to some £1+ million on completion with continuing revenue charges until every member of staff who transferred had died.

When it came to signing the master agreement for the deal in November 2006 the developer would not do so until he had received in writing the commitment on limiting pension contributions.

This created a dilemma because prior approval/authorisation had not been received. The matter had not been before the APP Board because it is the Council who is the scheme administrator. However the matter had also not been put before the Council or any of its member either. The Council's Legal Service Team hastily produced a report which justified the payments to be made by the Council as pension scheme administrators using 'well being' powers. Once completed the report was taken to the Leader who whilst in one of his surgeries accepted the report, its basis of using 'well being' powers, the costs arising in such a move and signed off the report thereby bypassing the need for any other form of authorisation.

Not to put too fine a point on it, the Director of Finance gets off the hook without question as to where the authorisation came from. This is to be contrasted with the treatment of Keith Holder being proposed in the report you will consider next week.

We remain convinced that any actions by Keith Holder were authorised at the highest political level. As someone who has left employment Keith is an easy target. As officers we are now concerned about the effect of continuing financial support to the Palace being demanded from the local taxpayer and the effect on jobs and services. There are also concerns that this and similar witch hunts will damage Member/Officer relations. Any one of us could be innocently caught in similar circumstances. We would also urge you to examine the process by which you as charity trustees have now ditched any form of development and decide whether you have placed yourselves in a position capable of challenge for breach of trust given the lack of any structured advice on this subject.

Forgive us for not signing our names but in the current atmosphere repercussions could easily follow.

Signed :An extremely concerned group of Council Officers.

c.c. Ham & High Muswell Hill Journal
Keith Holder Charity Commission

MINUTES OF THE ALEXANDRA PALACE AND PARK BOARD
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	February 2007 contained in the report and summarised at Appendix 1.
APB008.	<p>FUTURE OF THE ASSET - PROGRESS/UPDATE</p> <p>The General Manager, in a brief introduction of the TABLED update, advised that the Order from the Charity Commission had been agreed in principle and the reasons would be formulated by the Commissioners at a further meeting on Friday 27th April 2007. Once the reasons had been finalised they would be communicated and then or shortly thereafter the Order would be sealed. The Trust Solicitor advised that the sealing of the order and its issue would be matters for officers of the Commission to progress. However there may be a delay, hopefully only short, in the formal legal completion.</p> <p>Mr Holder advised that it was now some 12 months beyond the originally proposed completion date that Firoka had anticipated in their October 2005 concept submission. The delay had and would continue to have detrimental effect on the continuing business of the charity's trading company with consequential effects on profit generation. The business plan on which the Firoka concept was developed was now 18 months old and the construction costs were rising on a monthly basis faster than the rate of general inflation. Mr Holder also commented on the morale of staff which in general terms had also suffered, caused by the uncertainty in the intervening period. In these circumstances it would appear that a measured and phased approach would be necessary to the successful transfer of the business and the staff whilst maintaining the terms of the lease, project agreement, employment and pensions agreement and the umbrella master agreement.</p> <p>With respect to the issue surrounding the CUFOS building the Trust Solicitor stated that the Firoka Group had agreed to grant the security of Tenure the CUFOS trustees were seeking. It was now a matter for CUFOS to formally consider and accept or reject the offer to abrogate the 'contracted out' term.</p> <p>The Board was being asked for its agreement to begin the phased transfer process once the Order was confirmed on Friday 27th April 2007.</p> <p>(Councillor Thompson arrived at 19:10hrs)</p> <p>Mr Holder further advised that a number of measures would be implemented in advance of legal completion which would smooth the path for other sequential actions to take place. The contracts for events under signature but not yet delivered for the next month could be novated in Firoka's favour. Further Firoka could assume the terms of the APTL licence. In addition a management arrangement for the operation of the ice rink could be concluded. It would be appropriate for staff to be seconded for the interim period during which effect can be given to the formal arrangements to ensure continuity of employment and length of service. None of these actions would be irrevocable but will assist in a smoother transfer. The Directors of the charity's wholly-owned subsidiary, Alexandra Palace Trading Ltd., did require to be similarly advised to enable appropriate action to be taken on their behalf.</p>

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	<p>RESOLVED</p> <ul style="list-style-type: none"> i. That the General Manager, after taking appropriate legal advice, be authorised to begin the process of a phased transfer of the charity business, staff and contracts to the Firoka Group following the approval of the lease; and ii. That the General Manager be authorised to advise the directors of the wholly owned trading company that the premises will shortly not be available for their use and similar action on the phasing of action prior to formal transfer will be necessary on their behalf.
APBO09.	<p>HERITAGE LOTTERY FUNDED LANDSCAPE DEVELOPMENT PROJECT UPDATE – TO RECEIVE A FURTHER PROGRESS REPORT.</p> <p>In a succinct introduction to the circulated report the Facilities Manager, Mr Loudfoot, gave a brief update of each of the areas of HLF work and answered points of clarification. Mr Loudfoot also advised that the newly appointed Parks Development Manager – Mark Evison would commence his duties on 8 May 2007.</p> <p>Councillor Egan commented on the current by-laws regulating the Park and suggested that these be examined and reviewed as there were a number of issues requiring attention – particularly dog walking and fouling etc. Councillor Egan felt it was appropriate for the matter to be reported to the Statutory Advisory Committee, and Consultative Committee as part of the review.</p> <p>The Chair then summarised and it was:-</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. that the progress of the park project be noted; and ii. that current by-laws regulating the Park be examined and reviewed, particularly dog walking and fouling etc, and that the review be reported to the Statutory Advisory Committee, and Consultative Committee for comment prior to consideration by the Board.
APBO10.	<p>LONDON CYCLE NETWORK: PROPOSED ROUTING OF LINK 81 VIA ALEXANDRA PALACE</p> <p>Following a brief introduction of the report by the Facilities Manager – Mr Loudfoot, the Chair summarised and it was:</p> <p>RESOLVED</p>