

**Alexandra Palace & Park Board** on 9<sup>th</sup> May 2011

Report Title: **Governance Update**

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

**1. Purpose**

- 1.1 To report back on progress, following previous resolutions of the Board in the following areas:
- a) Recruitment of Independent Advisors to the Board
  - b) Structural changes to streamline processes and systems - the review of the APP Statutory Advisory Committee (APPAC) and Consultative Committee (APPCC).
  - c) The creation of a Finance, Audit and Human Resources Working Group
  - d) Executive Restructuring and the recruitment of a Chief Executive Officer for Alexandra Park and Palace.

**2. Recommendations**

- 2.1 That the Board notes the progress to date in implementing a number of its previous resolutions on Governance and Future Vision outlined in this report.
- 2.2 That the Board provides guidance to the Interim General Manager on its preferred timescale for the recruitment of Independent Advisors to the Board.
- 2.3 That the Board approves or otherwise amends the draft terms of reference for the Finance, Audit and Human Resources Working Group.
- 2.4 That the Board approves the creation of the Finance, Audit and Human Resources Working Group and appoints the Chairman and other members of the Working Group in accordance with the terms of reference.
- 2.5 That the Board notes that it will receive further reports on the matters covered in this report at future meetings of the Board.

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 updates the Board on progress in implementing a number of its previous resolutions on Governance and Future Vision and seeks further guidance from the Board in some of these matters.

- 3.2 On 4 April 2011 the Council resolved to grant the necessary delegated authorities to the Board to enable the recruitment, selection and appointment of the proposed independent advisors.
- 3.3 This report seeks guidance for the Board on the recruitment and selection process for the Independent Advisors to the Board.
- 3.4 This reports asks the Board to consider draft terms of reference for the new Finance, Audit and Human Resources Working Group and to approve or otherwise amend the terms of reference and to appoint the Chairman and other members of the Working Group.
- 3.5 The Charity Commission has been engaged regarding the possibility of having a single Alexandra Park and Palace Statutory Advisory Committee, and Alexandra Palace and Park Consultative Committee and dialogue continues with the Commission on this matter.
- 3.6 The first Joint Meeting of both the above Committees was held on 5 April 2011 and arrangements have been made for the respective Chairs to meet to review the Joint Meeting on 4 May 2011.
- 3.7 Work is progressing on the recruitment of a Chief Executive officer and the outline programme has been refined and is included in this report at section 6.7.5.

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

- 4.1 Resolutions made by the Board at previous meetings during 2010 and 2011.

#### **5. Local Government (Access to Information) Act 1985**

- 5.1 N/A

### **6. Description**

- 6.1 At its meeting on 6 September 2010 the Board resolved to adopt an 'interim' model for structural change, including the appointment of Independent Advisors to the Board and a review of the Alexandra Park and Palace Advisory Committee and Alexandra Palace and Park Consultative Committee as the most appropriate phased approach towards the longer term aspiration of legal/financial independence.
- 6.2 At its meeting on 15 February 2011 the Board received an update on the remaining key tasks associated with developing the Governance of the Trust. Since that date there has been progress in implementing a number of these tasks and this is outlined in the report below.
- 6.3 At its meeting on 28 March 2011 the Board received a report on Executive Restructuring and the Board approved the initial process for the appointment of a new Chief Executive for Alexandra Park and Palace. Since that date there has been progress in implementing the Board's decision.
- 6.4 **The Appointment of Independent Advisors to the Board.**
- 6.4.1 The Board has previously approved the terms of engagement, job description, candidate specification and recruitment process for the Independent Advisors and provided a steer to the IGM on these aspects of this task.

6.4.2 The Board has previously noted that the agreement of the Full Council of LB Haringey would be required prior to the appointment of Independent Advisors, as this was a variation to the Membership of the Board – albeit the Independent Members would only be appointed in a non voting advisory capacity.

6.4.3 At Full Council on 4 April 2011 the Council approved the recommendation from the Board to the Council;

“We ask that powers be delegated to our Alexandra Palace and Park Board to commence the recruitment, selection and appointment of the proposed independent advisors.”

6.4.4 The formal process of recruitment, selection and appointment of the Independent Advisors may therefore now commence.

6.4.5 The Board has previously approved a 6 Step Recruitment Plan for recruitment and selection of the Independent Advisors. The key Steps of the Recruitment Plan are summarised below;

Step 1 - Getting started, checking the legals and planning the process.

Step 2 - Who Are You Looking For? Do they exist? Defining the role, skills and experience, telling people about the role

Step 3 - Attracting the new Advisors, advertising the role, meeting with potential applicants, observing board meetings, dealing with queries etc.

Step 4 - Selection and Appointment, use of specialist recruitment agency, shortlist, interview, etc.

Step 5 - Welcoming the new Advisors, induction, assigning specialist roles, officer support etc.

Step 6 - What Next? Developing the Board, succession planning, etc.

6.4.6 The recruitment process is currently at Step 2 and the Board is asked to provide guidance to the IGM on its preferred timescale for the recruitment process. The Board may wish to take into account its decisions on other strategic priorities including regeneration of AP&P, the appointment of a new Chief Executive for AP&P and the cost of the recruitment process (estimated at £25K to £35K).

## 6.5 Structural changes to streamline processes and systems.

6.5.1 At its meeting on 15 February 2001 the Board resolved that approval be given in principle to the adoption of a two-stage process with stage one the immediate implementation of a joint Alexandra Park and Palace Statutory Advisory Committee, and Alexandra Palace and Park Consultative Committee (Model 1) and stage two a reconstituted Alexandra Park and Palace Statutory Advisory Committee (Model 2);

6.5.2 The Board instructed the Interim General Manager to investigate the practicalities of having a single Alexandra Park and Palace Statutory Advisory Committee, and Alexandra Palace and Park Consultative Committee and to seek legal and Charity Commission advice in order to advise further on this matter.

6.5.3 It is recognised that whilst the APP Statutory Advisory Committee (APPAC) is constituted in an Act of Parliament, there could be means of enhancing its current remit/membership. The Trusts' Solicitor has advised

6.5.4 “That the APPAC, as a creature of statute (the 1985 Act) can only be subject to change, either as regards membership or functions, by a change in the law. Such change could

only be made in a limited way. Paragraph 14 of Schedule 1 of the 1985 Act provides as follows:

Where it appears to the trustees and to the Advisory Committee expedient for the purpose of assisting the continuation of the Advisory Committee-

(a) to make such amendments to sub paragraphs (a) to ( f) of paragraph 2 of this Schedule as appear to be appropriate in the light of any alterations made or to be made in the names or areas of the wards therein mentioned or

(b) to amend the provisions of paragraphs 4 to 13 of this Schedule

then with the approval of the Charity Commission expressed in writing or of the Chancery Division of the High Court expressed by order, they may by resolution of the Trustees and of the Advisory Committee make such amendments."

In respect of the amendments above referred to, those in sub paragraphs (a) to (f) of paragraph 2 are the names of the wards to be represented and those in paragraphs 4 to 13 are essentially constitutional matters.

These provisions could permit changes to membership and constitution.

The Act does not contain any provision for amendment to the functions or terms of reference of the Committee.

If such changes were to be proposed, the Charity Commission might be prepared to permit them by a Charities Act Scheme. This could be a slow process and will almost certainly entail wide public consultation. Details would of course be considered with the Commission in accordance with recommendation 2.5 of the Report."

- 6.5.5 The Interim General Manager and the Trust's Solicitors have made contact with the Charity Commission regarding this matter and initial correspondence has been exchanged, updating the Commission on recent developments in the governance of the Trust in order to give the context for the request to consider permitting changes wider than those set out in the Act by a scheme. At the time of writing, dialogue with the Commission is ongoing.
- 6.5.6 Board Members will be aware that first of two joint meetings of both Committees was held on for 5 April 2011.
- 6.5.7 As requested by the Board, a review of the Joint Meeting of both Committees by the respective Chairs has been arranged for 4 May 2011. The Chair of the Board may wish to provide a verbal update to this Board meeting.

## 6.6 The creation of a Finance, Audit and Human Resources Working Group

- 6.6.1 At its meeting on 21 December 2010, the Board asked the IGM to draft terms of reference for a new Sub-Committee of the Board centring on Audit, Finance and Human Resources issues. The creation of such a group is identified as desirable in the NCVO Code of Good Governance.
- 6.6.2 Attached to this report at Appendix 1 are draft terms of reference for a new Finance, Audit and Human Resources Working Group for the consideration of the Board.
- 6.6.3 The Board of APTL already has a Finance, Audit and Risk sub-committee and a Human Resources sub-committee, with the members of the Committees being nominated by the

Board of APTL from among its Directors. Both sub-committees are supported and advised by senior management from APTL.

- 6.6.4 It is proposed by the IGM that the Board approves the creation of a single Working Group which would operate in a similar way to the APPRWG, i.e. it is not a formal Council Committee but it reports to the Board via the General Manager or Chief Executive of the Trust. The Working group would have no remit to make executive decisions on behalf of the Board.
  - 6.6.5 The primary focus of the new Working Group should be to ensure that the Trusts' spending is channelled on the Charitable Purpose and not on associated bureaucracy. To that end it may be desirable for AP&P to have only one such committee/working group but that is currently not possible given the separate decision-making bodies in the form of two separate Boards.
  - 6.6.6 In the interests of minimising bureaucracy and reducing the impact on Member/Officer time of the new Working Group, it is further proposed that meetings of the Working Group immediately precede or follow on from meetings of the APTL Finance, Audit and Risk Committee and that the Trustee membership is the same as those which sit on the APTL committee, currently Cllrs Egan and Scott.
  - 6.6.7 The membership of both groups would be different although there may be some 'overlap' between group members in that a Director of APTL who is also a Trustee may sit on both groups. It is proposed that the new Working Group may co-op other individuals with appropriate skills and experience e.g. a Non Executive Director of APTL.
  - 6.6.8 The Chair of the Finance, Audit and Human Resources Working Group would be a Trustee and ideally one who currently sits on the APTL Finance Audit and Risk Committee e.g. Cllr Nigel Scott.
  - 6.6.9 The Board is asked to consider draft terms of reference for the new Finance, Audit and Human Resources Working Group and to approve or otherwise amend the terms of reference and to appoint the Chairman and other members of the Working Group.
  - 6.6.10 Pending the Board's approval of the creation of the new Working Group, the Interim General Manager will seek further advice on the role the Working Group can play in terms of human resources issues,
- 6.7 **Executive Restructuring and the recruitment of a Chief Executive Officer for Alexandra Park and Palace.**
- 6.7.1 The Board was updated with the progress with the appointment process at the last Board meeting on the 28 March 2011 following the Executive Restructuring Report to Board on the 15 February 2011.
  - 6.7.2 In preparing this update report, the Interim General Manager has liaised with the Council's Director of Corporate Resources to whom the Board has delegated, acting on behalf of the Council's Chief Executive in his "charity capacity", and in consultation with the Chair of the Board, the finalisation of the interview process and the documentation required to commence and finalise the search and recruitment.
  - 6.7.3 The search process is well underway. Odgers Berndtson commenced the soft market searching during early April and at the time of preparing this report had identified a number of potential candidates whom had shown interest and have viewed this as a "very

interesting” and “unique” opportunity to be involved with one of London’s most famous venues.

- 6.7.4 The marketing document, the Candidate Brief, to attract other potential candidates has been prepared by Odgers Berndtson and was approved in accordance with 6.7.2 above. It is being published through an advert on line with the Times and the Guardian as well as Odgers own web site.
- 6.7.5 The Outline Programme has been refined to the activities below with the final dates for the final stages to be agreed and finalised:
- April/May – Search for Candidates by Odgers Berndtson
  - Advertisement placed – 21 April 2011
  - Closing date for Applications – 11 May 2011
  - Longlisting of Candidates - 19 May 2011
  - Initial interviews by Odgers Berndtson – w/c 23 May and 30th May 2011
  - Short listing of Candidates – w/c 13 June and 20 June 2011 (Date tbc)
  - Final Interviews - w/c 20 or 27th June 2011 (Date tbc)
- 6.7.6 The job description/person specification and remuneration package have been prepared with the assistance of Odgers Berndtson and are being finalised with further advice being sought from London Borough of Haringey.
- 6.7.7 The Council is considering the changes to the Constitution, so that the Trust may appoint its new Chief Executive in full accordance of The Local Authorities Standing Orders Regulations (S.I. 2001/3384), at the annual Council meeting on 26 May 2011.

## **7 Consultation**

- 7.1 There has been no specific consultation on this report beyond the liaison with the APP Statutory Advisory Committee and APP Consultative Committee and the Stakeholder meetings described in previous reports to the Board.

## **8 Recommendations**

- 8.1 That the Board notes the progress to date in implementing a number of its previous resolutions on Governance and Future Vision outlined in this report.
- 8.2 That the Board provides guidance to the Interim General Manager on its preferred timescale for the recruitment of Independent Advisors to the Board.
- 8.3 That the Board approves or otherwise amends the draft terms of reference for the Finance, Audit and Human Resources Working Group.
- 8.4 That the Board approves the creation of the Finance, Audit and Human Resources Working Group and appoints the Chairman and other members of the Working Group in accordance with the terms of reference.
- 8.5 That the Board notes that it will receive further reports on the matters covered in this report at future meetings of the Board.

## **9 Legal Implications**

- 9.1 The Trust's Solicitor's advice has been taken into account in the preparation of the report.

9.2 The Acting LBH Head of Legal Services has no comments on this report.

## **10 Financial Implications**

10.1 The cost of the recruitment and selection of the Independent Advisors, assuming that an executive recruitment agency is engaged is estimated in the region of £25K to £35K.

10.2 The cost of the Chief Executive recruitment exercises will be met from the Trust's 2011-12 revenue budget.

10.3 LBH Chief Finance Officer notes the content of this report.

### **10.4 Use of Appendices/Tables/Photographs**

**10.4.3** Appendix 1 – Draft Terms of Reference of the Finance, Audit and Human Resources Working Group.

## **APPENDIX 1**

### **ALEXANDRA PALACE & PARK CHARITABLE TRUST**

#### **DRAFT TERMS OF REFERENCE OF THE FINANCE, AUDIT AND HUMAN RESOURCES WORKING GROUP**

##### **Constitution and Purpose**

1. The Finance, Audit and Human Resources Working Group is established as a Working Group by the Alexandra Palace & Park Board (APPB). The Working Group's 'Terms of Reference' may be amended at any time by the APPB.
2. The Working Group has no executive power to make decisions but it will seek ratification of any recommendations by the Board or, where delegated authority exists, by officers of the Trust.
3. The purposes of the Working Group are to:
  - Take the lead on developing short, medium and long term financial plans, considering opportunities for investment and making recommendations to the Board on priorities for resource allocation;
  - Assist the Board in overseeing the Trust's financial policies and procedures, reporting to the Board as appropriate;
  - Monitor the Trust's financial performance;
  - Oversee the external and internal audit processes and compliance with statutory and regulatory requirements, ensuring a framework for accountability, reporting to the Board as appropriate
  - Examine and monitor the effectiveness of the Trust's risk management processes, reporting to the Board as appropriate.
  - Assist the Board in considering matters relating to Human Resources and advise the Board as appropriate.

##### **Membership**

4. The Working Group shall be appointed by the Board from amongst its members and shall consist of no less than two Trustees and no more than four members of the Board, including non-voting Board members and Independent Advisors to the Board.
5. The Board shall appoint the Working Group Chairman. In the absence of the Working Group Chairman, the remaining members present shall elect one of themselves to chair the meeting.
6. Appointments to the Working Group shall be for a period of one year and reviewed by the Board in June each year.



7. The Working Group may co-opt members with particular expertise or experience to serve on the Working Group on a time-limited basis.
8. The General Manager or Chief Officer of the Trust will act as secretary to the Working Group.

### **Attendance**

9. The General Manager or Chief Officer of the Trust and the Head of Finance will normally attend all meetings of the Working Group. The General Manager or Chief Officer of the Trust with the prior agreement of the Working Group Chairman may invite other managers or officers to attend to inform discussion on specific items.
10. Trustees who are not designated as Working Group members have the right to attend and to contribute to discussion at Working Group meetings.
11. The Working Group may also request the attendance of other experts from time to time

### **Frequency and Conduct of Meetings**

12. The Working Group will ideally meet at quarterly each year to consider appropriate business and make suitable recommendations to the Board via the General Manager or Chief Officer of the Trust. Otherwise, it is for the Working Group to decide both the frequency of meetings and how meetings are conducted.
13. Unless otherwise agreed by the Chairman of the Working Group, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed, shall be forwarded to each member of the Working Group and any other person required to attend no later than 5 working days prior to the meeting.

### **Authority**

14. The Working Group is authorised by the Board to investigate any activity covered by these terms of reference or otherwise delegated to it from time to time.
15. The Working Group is to seek the approval of the Board to obtain independent legal or professional advice and to secure the attendance of such professionals with relevant experience and expertise as may be considered necessary or expedient, when required.
16. As the Working Group is not a Panel or Sub-Committee of the Board as stipulated in the Local Government Acts 1972/1985, it is unable to make executive decisions on behalf of the Board.

### **Reporting Procedures**

17. The Minutes of Working Group meetings will normally be summarised and reported where appropriate at a subsequent Board meeting following the Working Group meeting.

18. The Chairman of the Working Group shall present any recommendations to the Board unless the Chairman chooses to delegate such presentation to the General Manger or Chief Officer of the Trust.
19. The Working Group Chairman will provide a summary of the activity of the Working Groups on an annual basis to the Board and may make further reports to the Board as may be deemed necessary or expedient.

### **Specific Duties**

20. The specific duties of the Working Group are:

**(a) In relation to financial strategy:**

- To provide the Board with an independent and objective view of key strategic issues and trends;
- To consider priorities for both resource allocation and for investment and to incorporate associated recommendations in annual revisions to the strategic plan;
- To analytically review business cases presented by officers and make recommendations to the Board, with particular reference to affordability and operational viability.

**(b) In relation to resources:**

- To scrutinise and evaluate the draft annual budget, ensuring it is compatible with, and supports, the Trust's strategic objectives, considering the inherent risks, and advising the Board accordingly;
- To review the capital investment programme and investigate innovative and effective means of fund raising
- To advise the Board on the financial implications and operational risks arising from strategic and financial decisions taken by the Board;
- To review quarterly management accounts, monitoring performance against the approved budget, and ensuring that financial information is presented in a way that facilitates both understanding and good governance;
- To review the Trust's financial procedures, making appropriate recommendations to the Board;
- To review any external bids fro external capital or revenue resources, advising the Board accordingly;
- To review the draft annual Trustees' report and audited accounts, and make recommendations to the Board as to their appropriateness.

**(c) In relation to external audit:**

- To consider the appointment of the external auditor, the audit fee, any question of resignation or dismissal, and the frequency of tendering for audit services;
- To scrutinise the external auditor's draft audit report and audit findings report, and the response of management thereto, to discuss any major issues or accounting judgments or levels of error identified, and to formulate any written representations that may be needed by the auditors in connection with the company's statutory accounts;
- To review the performance of the external auditors and advise the Board accordingly;

**(d) In relation to internal audit:**

- To consider the adequacy of the internal audit annual plan and review its effectiveness in the context of the overall risk management framework;
- To consider the detailed findings of internal audit and management's response thereto, and to make appropriate recommendations to the Board; and
- To meet with the Internal Auditors once a year without other management present to discuss their remit and any issues arising from their work.

**(e) In relation to risk management:**

- To review and monitor the processes for assessing and managing risk and to consider at least annually proposed revisions to the Risk Management Framework and the Risk Register, making appropriate recommendations to the Board;
- To consider and make a recommendation to the Board on the statement on risk management to be included in the Trustee's report;
- To investigate any issue relative to the Working Group's work which may put the Trust at significant risk and to report to the Board on actions taken or needed to be taken to mitigate any risk.
- To investigate and report on any fraud brought to the Working Group's attention, making suitable recommendations to the Board of Directors.

**(f) In relation to Human Resources**

- To review the Trust's Human Resources policy and procedures, making appropriate recommendations to the Board;
- To review the Trust's annual Human Resources Plan, making appropriate recommendations to the Board;
- To investigate and report on any fraud or serious misconduct brought to the Working Group's attention, making suitable recommendations to the Board.