

Report Title: Response to Governance Review

Report of: **Duncan Wilson, Chief Executive, Alexandra Palace Charitable Trust**

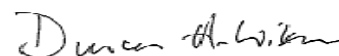
**1. Purpose**

1.1 This paper summarises Alexandra Palace's response to the internal audit report on the governance arrangements for the Regeneration Programme, as reported to the FRAC on 7 July.

**2. Recommendations**

2.1 The Board is asked to note the progress made by LBH, APPCT, and APTL in implementing the recommendations of the report and approve the new proposed Terms of Reference of the Regeneration Working Group.

Report Authorised by: **Duncan Wilson, Chief Executive Alexandra Place and Park Trust**



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**3. Executive Summary**

In response to the internal Audit review

- 3.1 financial procedures have been updated although there is still more work to do
- 3.2 further work is needed on detailed specification of key roles
- 3.3 Regen Working Group membership will be increased
- 3.4 the Project Initiation Document is being rewritten as
- 3.5 New Terms of reference for RWG are included for approval

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

4.1

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

5.1 N/A

## 6. Background

- 6.1 A Gateway Review of the regeneration project in July 2012 identified the need to “develop a unified and credible client”, by which it meant that the respective roles and responsibilities of LBH, APPCT, the Regeneration Working Group (RWG) needed clarifying and working relationships needed to be improved. In the light of this, Deloitte were commissioned to undertake their internal audit review of governance arrangements.

The report, which was completed in May 2013, gave limited assurance and made recommendations in five key areas. It is reproduced in full in Appendix 1 with management response.

### • **KEY RECOMMENDATIONS AND PROGRESS IN IMPLEMENTING THEM**

A commitment has been given that all five recommendations will be addressed by the end of July 2013. A summary of progress to date is given below.

#### **Recommendation 1: Updating financial procedures**

The following items are being reported in detail to the Finance Resources and Audit Committee on 9 July:

- Procurement procedures for both APPCT and APTL have been updated in the light of current public sector procurement rules and LBH requirements.
- A budgetary framework with clearly identified budget holders and supporting management reporting is in place for both APPCT and APTL.
- A system of delegated authority and authorisation limits for individual purchase transactions is in place and maintained within the Exchequer accounting system.
- Detailed manuals for the use of the new Exchequer system are in the process of being finalised. They will be completed by the end of July 2013.

APPCT and LBH are still in discussion about Service Level Agreements for LBH services such as procurement at the time of writing. An oral update will be given at the meeting.

The conclusions of the FRAC discussion will be reported orally at the Board meeting.

#### **Recommendation 2: Clear identification of key roles**

The internal audit report focusses on the importance of clear identification of a “Programme (Project) Sponsor” and a “Senior Responsible Officer (SRO)”.

Definitions are as follows:

- (i) From the governance review:

*“The Project Sponsor is ultimately responsible and will:*

- (i) Show active commitment by leading from the front*
- (ii) Review and approve project documentation*

- (iii) Receive project highlight reports and review progress against the plan and business case*
- (iv) Resolve project risks and issues*
- (v) Provide overall direction to the project manager*
- (vi) Monitor and manage cost and*
- (vii) Report to the Management Team on progress”*

(ii) from Cabinet Office guidance on Prince 2 methodology:

*“The Senior Responsible Owner role is the individual responsible for ensuring that a project or programme of change meets its objectives and delivers the projected benefits. The person should be the owner of the overall business change that is being supported by the project. The SRO should ensure that the change maintains its business focus, that it has clear authority, and that the context including risks is actively managed. The individual must be senior and must take personal responsibility for successful delivery of the project. The SRO should be recognised as the owner throughout the organization”*

**There is clearly significant duplication in the two roles as defined above, which must be avoided if there is to be a clear line of control and responsibility. For the present the CE (Trust)’s responsibility to the Trust Board for delivery of the regen. programme and projects within it is clear. The CE (LBH)’s overall responsibility for the Borough’s relationship with APPCT is also clear. It is proposed that these roles are detailed before the next Board meeting and put to the Board for approval in October.**

### **Recommendation 3: Membership of Regeneration Working Group**

The membership of the RWG currently comprises:

Lyn Garner, LBH Director of Place and Sustainability (chair)

Julie Parker, LBH Director of Corporate Resources

Rick Wills, NED of AP Trading Limited, with a background in the commercial leisure industry

In addition the CE APPCT/APTL, the Commercial Director APTL, the Finance and Resource Director, the Regen. and Property Director and other members of the regen team also attend.

Originally when set up in September 2009 the Board had seven members, of which two have been replaced and five have left their posts. **Additional members will be invited to join the group over the next three months to broaden membership to include new areas of expertise. Progress will be advised to Board at the next meeting.**

The RWG meets monthly. A wider Regen Strategy Group set up by APPCT regen team has also met at roughly 6-monthly intervals, bringing together external experts stakeholders and Board members. This wider group is now embedded in the new RWG Terms of Reference.

### **Recommendation 4 Update the Programme Initiation Document (PID)**

The project initiation document (PID) sets out the framework within which the project is to be run, including its objectives, governance structure, roles of key individuals, business case, key metric and budget.

APPCT and LBH are still in discussion at the time of writing. A revised version is being worked on and will be circulated in draft as soon as available, for approval at the next meeting.

## **Recommendation 5 Update the RWG's Terms of Reference**

The RWG's Terms of Reference were set at the Trust Board meeting in September 2010 and now need updating. A draft revised version is attached at Appendix 2, for comment and approval.

### **7.0 Recommendations**

7.1 That the Board notes the contents of this report

### **8.0 Legal Implications**

8.1 The Council's Head of Legal Services has been consulted in the preparation of this report, and has no comments.

### **9.0 Comments of LBH Chief Financial Officer**

9.1 The audit report on the governance review gives limited assurance to the Trust Board, with 4 priority 1 recommendations and 1 priority 2 recommendations.

9.2 It is important that these recommendations are addressed in the timescales set out in the audit report. Failure to address the recommendations could put the regeneration objectives at risk.

9.3 The Council's CFO notes the progress to date in addressing the recommendations.

### **10.0 Appendices**

10.1 LBH Internal Audit report on Governance Review

10.2 Revised draft Alexandra Park & Palace Regeneration Working Group

## **Appendix 1**

Attached under a separate cover

## 10.2 **Appendix 2: Revised draft Alexandra Park & Palace Regeneration Working Group**

Terms of Reference (July 2013)

### **Context**

Alexandra Park & Palace is an iconic cultural and leisure destination for domestic and international visitors. Its rich historic background and special setting have resulted in both the Palace and grounds being protected by heritage listings and Parliamentary acts, preserving the status of this important Haringey landmark.

Haringey Council is the charitable trustee of APP, and discharges its functions through a charitable trust with a board of elected members of the Council, and other appointments representing stakeholders and external advisers. It currently provides an annual funding package of approximately £2.5 million to the Trust, made up of a deficit subsidy of £1.5m regeneration subsidy of £0.5m and capital spending of £0.5m. Alexandra Palace Trading Limited (APTL) generates up to £1m per annum through commercial activities, which contributes to the overall running cost of the Park and Palace and meets the cost of progressing the initial stages of the regeneration project.

In May 2013 the Trust was awarded a Stage 1 Pass by the Heritage Lottery Fund for its £24m project to refurbish the Victorian theatre and historic TV Studios. Delivering this project will be a priority for the Trust's regeneration team for the next few years, whilst continuing to pursue commercial partnerships to generate revenue and investment for other parts of the Palace.

A sizable portion of the Palace is in a poor state of disrepair. A long term prioritised maintenance plan is being commissioned to address this situation within current funding constraints.

The 196 acre Park benefitted from HLF funding in 2007 and has won the Green Flag award for several consecutive years. The potential of the Park to contribute to the regeneration strategy is being assessed.

### **Role of Regeneration Working Group (RWG)**

The role of the Working Group is advisory to both the Trust and the Council. It will report its findings and recommendations to the Alexandra Palace and Park Trust Board (APPB) for its consideration via the Trust's Chief Executive. The Working Group will oversee the design, formulation and implementation of a sustainable regeneration strategy for Alexandra Park & Palace, which will include the delivery of a strategic master plan providing an integrated framework for the Palace and Park. This framework will deliver public benefit in accordance with the Trust's charitable objectives and develops commercial potential to make the whole enterprise more financially sustainable.

### **RWG Responsibilities**

- To explore opportunities to maximise the regeneration potential of the Palace, promoting its iconic presence in London and identifying substantial investment in the building and park for the benefit of the people of Haringey;

- To oversee and advise on the overall management, and co-ordination of an integrated regeneration strategy and master plan for the Palace and surrounding Park;
- To advise on the approval and commissioning of work and/or agencies to undertake work as required in order delivering the overall objectives, and endorse (or otherwise) any such proposals to the Board;
- To support and challenge key work streams within the programme and monitor agreed outputs via a common project management framework approach;
- To identify and seek to mitigate /resolve risks and issues as identified by either Working Group members or related project/steering groups;
- To commission Gateway Reviews as appropriate;
- To assist with the promotion of the project to potential strategic partners;
- Within the overall agreed strategy to seek endorsement from and lobby external agencies for technical, resource and funding support;
- To provide the APPB with independent reassurance on the strategic direction of the project and to bring relevant external expertise to bear on RWG's discussions;
- To foster strong links with Council departments to ensure a collaborative, coordinated approach to regeneration which accords with Council financial regulations, contract standing orders, EU procedures and fits with strategic direction, whilst facilitating delivery of the AP regeneration plans.

### **Role of the Chair**

- To oversee and direct the strategic objectives of the working group.
- To report to the Alexandra Park & Palace Board of Trustees via the Trust's Chief Executive
- To report to CEO LBH's Director's Group and other relevant Council groups

### **Meetings**

- The Working Group will meet once a month.
- At approximately six-monthly intervals the RWG will meet as part of a wider forum, the Regeneration Strategy Group, which will include Trust and Trading Company board members, stakeholders, and independent experts
- The agenda papers will be sent out at least five working days prior to the meeting.

### **Decision Making and Recommendations**

- Wherever possible, decisions will be made on the basis of consensus.
- However, to make decisions, the agreement of the chair or vice chair must be given.
- The working group will make recommendations via the Chief Executive to the APPB, where decisions are made.
- The working group has the authority to escalate any relevant issues for discussion to APPB Board and the Chief Exec LBH.
- Ultimate authority for the working group is derived from the APPB who have created this working group.