

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE AND PARK BOARD
WEDNESDAY, 19 MARCH 2008**

PRESENT

*attendee

Councillors *Cooke (Chair), *Egan (Vice-Chair), *Beacham, *Dogus, *Hare,
 *Oakes and *Peacock

Non-Voting Ms v Paley, Mr M. Tarpey, Mr N. Willmott
Representatives:

Observer: Mr D. Liebeck

Also present: Councillor Robert Gorrie

Mr David Loudfoot – General Manager Alexandra Palace
Mr Iain Harris – Trust Solicitor
Ms Julie Parker – Director of Corporate Resources – LB Haringey
Mr Clifford Hart – Clerk to the Board – Non-Executive Committees Manager – LB
Haringey

Mr Pesh Framjee – Auditors to the Board – Deloitte and Touché

In the absence of the Chair, the Vice-Chair took the Chair.

COUNCILLOR P. EGAN IN THE CHAIR

MINUTE NO.	SUBJECT/DECISION
APBO65.	APOLOGIES FOR ABSENCE Apologies for absence were received on behalf of Mr Liebeck, Ms Paley, Mr Tarpey, and Mr Willmott, and for lateness from Councillor Cooke.
APBO66.	URGENT BUSINESS The Chair asked if there was any urgent business in relation to Item 4 on the agenda. The Clerk to the Board – Mr Hart advised that there were no urgent business matters as such in relation to Item 4 however a revised set of the 2006/07 accounts had been circulated to the Board on 18 March 2008, together with a letter of clarification in relation to the revised accounts, and also written responses to questions raised by Councillor hare in relation to the audit of accounts 2006/07.
APBO67.	DECLARATIONS OF INTERESTS There were no declarations of interests.

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APBO68.	<p>AUDIT OF ACCOUNT 2006/07 - REPORT OF THE GENERAL MANAGER - TO RECEIVE AND CONSIDER THE AUDITED ACCOUNTS FOR 2006/07</p> <p>The Chair asked for an introduction of the report.</p> <p>The General Manager – Mr Loudfoot referred to the documents circulated in original and revised form, and advised that it was not his intention to take the Board through the narrative, but rather to ask the external auditor – Mr Pesh Framjee from Deloitte and Touche to go through his management letter, previously circulated.</p> <p>Mr Framjee highlighted the contents of his circulated letter as detailed, highlighted certain matters relating to the audit of the consolidated financial statements of Alexandra Palace and Park (‘the Trust’) for the year ended 31 March 2007 which were considered to be brought to the attention of the Trustees. A draft of this report had been discussed with the management and their comments had been incorporated where appropriate. Also highlighted were specific matters on which the Trust’s written representation was sought. Having attended two meetings of the Board which were convened to agree the accounts and it would appear that there was need for clarification on certain accounting principles and these are covered in the section on financial reporting issues. The matters raised in this report were only those which came to the Auditor’s attention during the course of its audit and were not necessarily a comprehensive statement of all the weaknesses that may exist or all improvements that might be made. Recommendations for improvements should be assessed by the Trust for their full commercial impact before they were to be implemented. The report has been prepared solely for use by trustees in relation to the governance of the Trust and should not be quoted in whole or in part without the Auditor’s prior written consent. No responsibility to any third party was accepted as the report had not been prepared, and was not intended, for any other purpose.</p> <p>Mr Framjee placed on record the Auditor’s appreciation for the co-operation received from management and staff during the course of our audit.</p> <p>The Chair thanked Mr Framjee for his brief and succinct clarification. The Chair then advised the Board that it was his intention to proceed next with dealing with the detail of the narrative.</p> <p>Councillor Hare referred to the points of clarification he sought and that Councillor Gorrie (in attendance) had been advising him, in his capacity as the lead financial person on the Liberal Democrat Group, and that he had had a number of points upon which he required clarification.</p> <p>The Chair, in advising that he would allow Councillor Gorrie to seek clarification on a few points, asked if Councillor Hare was now satisfied with the ‘number’ detail as contained.</p> <p>Councillor Hare responded that he was satisfied now with the detail of</p>
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numbers.

In response to a point of clarification from Councillor Oakes that he wished to raise particular point of clarification, the Chair, responded that as the matter was not in relation to the narrative that it be asked after questions relating to the narrative had been answered.

The Chair asked Councillor Hare and Councillor Gorrie to put their points.

Councillor Gorrie, in thanking the Chair for his indulgence, referred to the responses and clarifications to the questions posed and in particular referred to FRS17 and its exclusion, and commented that the answer clearly showed the reasons for the FRS 17 treatment. Whilst its restating was not being asked as such it was a fact that it related specifically to the proposed transfer of the asset and that this should be reflective. The narrative referred to the Ice-Rink being transferred into to the management of APTL and that this was actually a nil impact on the P and L, and that FRS 17 would actually impact on the P and L but there was no mention of this. Councillor Gorrie felt that at least there should be some comment that this would be reflected in the future.

Mr Framjee responded that the point was indeed a valid one and Mr Loudfoot also commented that it had been referred to in the answers to the posed questions, but not within the narrative. The Board could amend the narrative for the inclusion of a form of words to that effect.

Councillor Gorrie referred to the subject of the debt, and whilst it may not perhaps be the most appropriate moment to raise the issue, he felt that in accounting terms it was only appropriate for this to be qualified and removed from the accounts as it had, and continued to raise number of questions both publicly and from Councillors. He sought clarification whether this was in fact a real debt that incurred interest or was not, as it sat as a 'dark cloud' and should be paid in the best interest of the Charity. Since the legal advice obtained in 1997 was that it had been be resolved

The Trust Solicitor advised that the eminent counsel's advice and advice of the Attorney General in 1996 was that the so called "debt issue" had to be resolved at that point in order for the trust to know exactly the amount it had to repay. It was a fact that the Trust did not, or had not had the means to repay, but that before any future lease or development arrangement could be settled the debt issue had to be resolved. It was a matter for the LB Haringey to resolve the issue of how the debt was accounted for.

The Chair commented that it could be an issue to be addressed at a future Board meeting.

(Councillor Cooke arrived at 18.37hrs.)

Upon Councillor Cooke's arrival, Councillor Egan relinquished, and

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Councillor Cooke took the Chair.

Councillor Matt Cooke in the Chair

Councillor Gorrie commented that there was a need for the accounts to be true and fair and he appreciated that this was not actually defined in law, but that this point was not still clear. Cllr Gorrie commented on fair and accurate reporting, and about significant events, and the issue of loss of £1.7 million and bad debt of £400K all of which he felt should be commented on at greater length in the narrative.

Mr Framjee responded that it was neither necessary nor a requirement of the SORP for the accounts to be presented as management accounts and that in respect of the bad debt issue this was a significant point, but in terms of written off debt he gave as an example a booking for an event which was cancelled. He stressed that it was not normal to record bad debt and he was unable to recollect the recording of bad debts in a Trustee's report previously.

The Chair, in apologising for his lateness, commented that whilst he had the deepest respect for Councillor Gorrie's knowledge and expertise, it was the case that the questions posed by Councillor Hare as a Trustee had been responded to. It was a fact that it was Trustees, and Trustees alone who were the only people whose duty it was to consider the accounts and sign them off, and whilst he appreciated that some form of independent scrutiny had taken place by Councillor Gorrie, on behalf of Councillor Hare, this was an extremely odd state of affairs and indeed quite a dangerous precedent to set.

Councillor Hare responded that as Trustee he was able to seek independent advice and that Councillor Gorrie, as the opposition finance spokesperson was advising him. He also commented that in effect it was the responsibility of all Council Members to act as Trustees wholesale and whilst powers to act had been delegated by the Council to the Trustees, all Members should take an interest and that this was the case with Councillor Gorrie.

The Chair commented that the notion of all Councillors of the LB Haringey being Trustees was not correct and that trusteeship had been delegated to the Board of trustees – this body, to act solely, and independently. It was dangerous and incorrect to suggest otherwise.

Mr Harris, in echoing the concerns of the Chair further stated that he was concerned that as a Charity Trustee a third party was being consulted and giving a view to a Trustee when in fact the accounts, and any other matter should only be considered by the Trustees collectively. No other Councillor of the LB Haringey indeed had the responsibility in this respect, and should not be seen to be influencing or commenting on the actions of the Trust, and he advised Board Members of the potential conflict that could arise by such actions, and the Members should proceed bearing this advice in mind.

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The Chair also commented that the whole issue of the accounts had been drawn out and should now be brought to a close. He reminded Councillor Hare of his actions since the meeting of the Board on 26 February, and 10 March respectively and the extension given in order for officers to be able to respond to the considerable number of points, which had been answered in full. Whilst he appreciated that some of the answers may fall short of Councillor Hare's expectations it was now time to consider the accounts for 2006/07 and come to a decision.

Councillor Oakes commented that he felt it was appropriate to allow Councillor Gorrie to continue with 2/3 further points through the Chair, as the 2 previous concerns had been clarified and had made it easier for the Board to understand certain issues.

The Chair further commented that whilst he appreciated that Members other than trustees were, within the Council's constitution, able to attend and through the Chair seek points of clarification he reiterated his early comments, and that in terms of perceived influence and subsequent transparency, in taking decisions as Trustees the actions of Board members in a public arena could be misconstrued and if challenged in any manner could lead to an ultra vires judgement. The Chair also stated that Councillor Hare had already commented earlier to his acceptance to the actual figures within the report, whilst having some further concerns in relation to the narrative.

Mr Harris further commented that expert legal advice had been given to the effect that non Board Members would and should not have anything to do with the Board's business and this should be conducted by Board members only, and whilst questions on detail of the account were admissible non Board Members should not actually take part in the debate.

Councillors Hare and Gorrie commented that they had only a small number of points of clarification.

Councillor Dogus commented that she was happy for Councillor Gorrie to seek further small points of clarification as his earlier points had given rise to clear answers from officers.

Councillor Peacock commented that in her view such questioning should cease, based on the advice of Trust Solicitor, and that it was evident to her that Councillor Hare did not understand the accounting process, and the requirement of the trustees.

The Chair advised that whilst he was mindful of allowing some minor points of clarification he reiterated his earlier comments and that Councillor Gorrie should not be seen to be influencing or acting in a scrutiny capacity and influencing in any way individual Trustees.

Councillor Gorrie, in thanking the Chair for his further indulgence, referred to the point on 'fair and true' and the issue identifying significant matters within the narrative, in particular the issue of

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adoption of FRS 17 would make a £100K improvement.

Mr Loudfoot commented that the deficit referred to related to the following year and that the narrative indicated that the change in the deficit would actually be negative as opposed to positive.

Mr Framjee confirmed that the net assets would actually be negatively affected by £302K.

Following further points of clarification arising from the responses to the questions and answers given thereto, the Chair asked if the Board felt that it was now able to give its unanimous support to recommendations 2.1 – 2.3 as detailed.

Councillor Hare commented that he took the matter of signing off the 2006/07 accounts very seriously, and that in his view the narrative of the accounts gave a more bleak outlook and that the narrative needed to be clearer in the sentiments it expressed. He raised further point of clarification in respect of paras 5.6/5.7 and also points of clarification in relation to note 4/5, which officers responded to.

The Chair clarified that Councillor Hare was able to confirm that he felt that the numbers as detailed were acceptable, and asked the Council's Director of Corporate Resources – Ms Parker to comment on certain issues in relation to the revenue support.

Ms Parker advised that in terms of revenue support the Council had no particular requirement on the narrative and that the Council saw this as being appropriately audited, and that the Council would support the point of value for money and was satisfied that this was case. Mr Framjee added that point 5 also in essence confirmed this.

Following further discussion the Chair **MOVED** the resolution as detailed below.

On a vote there being 7 for and nil against and no abstentions it was

RESOLVED

- i. that the audited accounts (including the annual report) and the audit opinion for 2006/07 be agreed;
- ii. that there being no matters or related party transactions to be declared the Trustees sign their relevant declaration to that effect;
- iii. that, having considered the accounts (including the annual report) and audit opinion, Councillor Cooke be authorised to sign the accounts on behalf of the Charity for submission to the Charity Commission together with letter of representation;
- iv. that in respect of (i) above, that the following phrases be incorporated into the narrative:

'that the Alexandra Palace Trading Company activities for the generation of funds are shown at note 5, and the Charity's income

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resources from Charitable activities are summarised at note 4'

- v. That for the following year and beyond that the board would adopt FRS 17;and
- vi. that in respect of the 2007/08 accounts the process for considering the detail be commenced at an earlier stage in their compilation and that a series of informal briefings be arranged to review the proposed content in order for Board members to clarify points of contention and concern, prior to the submission of the final accounts.

At this point in the proceedings (19.20hrs) Councillors Beacham and Dogus advised of other meeting commitments and left the proceedings. Mr Framjee also left the proceedings.

The Chair then referred to the remaining recommendation for the Board to consider in respect of the re appointment of Deloitte and Touche LLP as the auditors for the Charity, and asked that the General Manager comment on this recommendation.

Mr Loudfoot advised the Board that he wished to make the point that the services of Deloitte and Touche, and indeed the assistance of Mr Framjee and service had been one of extreme support and that their input and comment had always been clear and concise.

Ms Parker advised the Board that in terms of the consideration of the appointment of Deloitte and Touche it was the case that the Board had gone through a considerable process in the signing off of the 2006/07 accounts, which were now late in submission. The Board would shortly embark on the process of considering the 2007/08 accounts and whilst it seemed that 9 months was a considerable time before approval was required considered, given the staffing situation at the Palace and there not being any one person in situation to solely assist , the need for continuity should be borne in mind.

Mr Harris reminded the Board that indeed since 1995 the current auditor had been involved in the process, was familiar with Trust, and its requirements, the process of selecting a new Auditor may be a drawn out one and in his view wholly unfeasible within the available time scale. If it assisted the Board, it may be as well for it to agree to review the appointed of new Auditors for 2008/09 accounts in the autumn of 2008, and stay with the current for 2007/08.

The Chair asked if there were any points or comments.

Councillor Oakes referred to the point he expressed at the previous Board meeting on 10 March in respect of a 5 year period, and that this did relate to the use of an individual partner as opposed to the actual Firm itself.

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Councillor Hare commented that his personal position in reappointing the current Auditors – it was the case that the auditor's role was to act as in an independent capacity and he questioned whether, given the actual time that the current auditor had carried out this job, there maybe a perceived view that this was not actually independent. Councillor Hare also commented on the need to ensure value for money and that it was the case that the costs in this and the previous year had risen twofold. He was of the view that the Board needed to have a fresh pair of eyes to do its auditing.

In response to Councillor Hare's comments in relation to value for money and an increase in costs Mr Loudfoot advised that the costs had increased partly due to the drawn out process of the 2006/07 accounts which had in effect increased the bill, together with additional work required due to the staffing uncertainties at the Trust during the last 12 months.

In response to further comments from Councillor Hare, Ms Parker stated that Mr Loudfoot's comment was an extremely valid one and it was the case that if staff had been in place with up to date knowledge and expertise then the auditing process would be kept to a minimum, and the lack of this support would subsequently be reflected in the fees charged by the auditors. Ms Parker reiterated her earlier point that this did require consideration in reaching a decision. Ms Parker added that it was the case that the accounts were compiled by the Trust, not the Auditor, but that the auditor had a specific task to perform, but this did not include the actual drawing up of the accounts.

Mr Loudfoot advised that the management at the Trust prepared the accounts and the auditors audited them. In assisting for future years it was intended to circulate the draft accounts much earlier and give Members the opportunity to raise their concerns though a series of informal meetings where the narrative could be discussed along with the SORP analysis.

In response to further points of clarification Mr Loudfoot commented that it would be difficult to obtain as expert an auditor as Mr Framjee given that in the profession he was recognised as the leading auditor with regard to charity and trust accounts, and that he had indeed written and published the manual/books that all other auditing companies adhered to.

Councillor Hare responded that despite the practicable advice given in terms of an accounting requirement he still felt it was appropriate to seek the services of a new auditing practice.

The Chair commented that it was not wholly acceptable for Councillor Hare to give such comment without giving any practical reasons why he took this view, and asked that if there were any reasons then Councillor Hare should state them.

Councillor Hare responded that he had struggled, in considering the

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accounts, and that this in part had been due to the lack of clarity to points he had raised. He therefore felt it was appropriate to consider the use of a new auditor and whilst this may cause some difficulties in the consideration of the 2007/08 accounts, he was of the view that Mr Framjee, in the position as auditor to the Board, was hopelessly, and indeed absurdly compromised.

Mr Harris clarified that in terms of the accounts before the Board these were not prepared by the Auditors but by officers of the Trust and that, should the Board choose not to select the current Auditors at this stage, it jeopardised the process for 2007/08 and future years.

The Chair asked Councillor Hare to elaborate on his comment in relation to M Framjee being absurdly compromised, particularly 'absurdly'.

The Clerk to the Board Mr Hart through the Chair, advised the Board that Members were commenting on the work/ and performance of an individual who was employed by the Board to carry out a service to it. In this respect the Board was discussing these matters in the public/unrestricted part of the proceedings. Mr Hart advised the Board that it should either desist in this line of questioning/comment, or else, pass a resolution, under the auspices of Local Government Act 1972, as amended by Access to information Act 1985 to exclude the public and press from the proceedings.

The Chair thanked Mr Hart for his advice which was duly noted.

Mr Harris concurred with the advice of the Clerk to the Board, and commented that the phrase "absurdly compromised" could have considerable ramifications in that it had been stated in the public part the proceedings and made against the reputation of an individual. He further added that there could be grounds on the individual's behalf to take action for libel in the High Court.

The Chair MOVED and it was:

RESOLVED

That the press and public be excluded the from the meeting for consideration of the remainder of the discussion as the matters to be discussed contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); namely information relating to the business or financial affairs of any particular person (including the authority holding that information), and information relating to any individual.

SUMMARY OF THE EXEMPT/CONFIDENTIAL PROCEEDINGS

AGREED RECOMMENDATIONS (i) & (ii) AS MOVED BY THE

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	<p>CHAIR</p> <p>Councillor Hare asked that his dissent be recorded against recommendation (i).</p>
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The meeting ended at 20:08hrs.

COUNCILLOR MATT COOKE

Chair