

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

PRESENT

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

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

Observer: Mr D. Liebeck

Also present: Councillor Neil Williams

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 Keith Holder – Consultant Development Manager – Alexandra
Palace
Mr Pesh Framjee – Deloitte and Touché, Charity Auditors

**MINUTE
NO.**

SUBJECT/DECISION

APBO57.	APOLOGIES FOR ABSENCE An apology for absence was received on behalf of Councillor Peacock due to her attendance at a pre-arranged meeting. NOTED
APBO58.	URGENT BUSINESS There were no items of urgent business. NOTED
APBO59.	DECLARATIONS OF INTERESTS There were no declarations of interests. NOTED
APBO60.	QUESTIONS, DEPUTATIONS OR PETITIONS ; TO CONSIDER ANY QUESTIONS, DEPUTATIONS OR PETITIONS RECEIVED IN ACCORDANCE WITH PART FOUR, SECTION B 29 OF THE COUNCIL'S CONSTITUTION

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

The Chair asked for the Board to be advised of the questions asked by the Public.

The Clerk to the Board – Mr Hart, advised that there had been 7 questions submitted by Ms Lyne Zilkha – on behalf of The Muswell Road Residents Association, and 2 questions from Mr Jacob O’Callaghan – one being from himself and one on behalf of the Save Ally Pally Campaign.

The questions were as stated below and asked in the order of priority advised by Ms. Zikha:

i. Questions received from Lynne Zilkha on behalf of The Muswell Road Residents Association:

The questions are listed in order of priority i.e no 1 being the highest priority and order.

- 1) Page 23 Trust Accounts- to identify and breakdown which is costs belong to the building and which to the park for the following:
 - Repairs and Maintenance of building/park direct costs £2,922,498 Ask the auditor to identify and breakdown building and park costs
 - Repairs and Maintenance of building/park support costs £ 368,708 Ask the auditor to identify and breakdown building and park costs

Answer :

The contracts and expenditure relating to repairs and maintenance are not structured in such a way as to be able to split the individual costs between the park and the building. However, the park has received direct spending of £1.19 Million of HLF grant. The grounds maintenance contract amounts to £0.268Million and additional grounds works of £0.124Million have been included in the above figures.

- Security of building/park direct costs £578,893 Ask the auditor to identify and breakdown building and park costs
- Security of building/park support costs £55,585 Ask the auditor to identify and breakdown building and park costs

Answer :

The security contract is one which covers the entire function and as such any allocated split between duties relating to the Park and to the building would be subjective. However, direct expenditure of £33,620 was incurred on the purchase of a partial service by the LBH parks police and this is reported in note 17 to the accounts.

- 2) Page 30 No 17 Provision

At the end of page 30, due to the large sums involved of public

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

money, can the auditors provide documentary evidence from the Attorney General that Haringey Council is entitled to be indemnified for (1), has agreed in principle to (2) and may be entitled to (3) and a breakdown of these expenses?

Answer :

A letter to the Local Authority's Chief Executive dated 1st May 1996 set out the following terms *that the charity will need to provide for the revenue deficit for four years from 1991/2 together with interest; any continuing revenue deficit and interest which the Council can show that they have funded reasonably and properly in 1995/96; and any further revenue deficits which may continue until payments are received from a developer....*

The provision 88/89 to 1990/91 is made up from the deficits of these years adjusted for change in working capital (£458k,£336k,£(39)k) total of £755k

The indemnification for 1991/2 to 1994/95 is made up from the deficits of these years again adjusted for change in working capital (£1,080 k, £1,754k,£1,405k,£766k) total of £ 5,005k.

The indemnification for 1995/6 onwards is calculated by application of the same principle.

Interest is accrued on the average amount of the accrued revenue deficit in each year and is shown separately on the accounts at note 17

- 3) Page 23 AP Trading Ltd - expenditure £4,044,448 in 2007 (£3,808,775 2006) an increase of £235,673 over the year, can I be provided with a profit and loss and balance sheet?

Answer :

The profit and loss sheet is at Page 22 of the accounts, in addition the sum of £25,500 is shown on page 25 under governance costs

The Balance sheet for APTL can be deduced from the information on page 17 by subtraction of the figures in the trust column from the figures in the group column and trust sheets.

- 4) Draft accounts page 10 clause 5.16 .

Some of the Charity's shortfall of £1.9m is to do with fees associated with selling the building as opposed to operating expenses. I should be grateful if the auditors would identify separately the expenses associated to selling of the asset (including PR, consultancy fees and

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

expenses, legal fees and surveyors fees)

Answer :

Development costs for the year 06/07 (of £281,042) are shown as part of the management accounts which are at appendix 4 of the report.

5) Page 29 No 17 Provision

Amount of £329466 charged to SOFA from The Group and Trust against £251722 (2006).

I should like to ask the auditor to explain this item in detail?

Answer :

The amount charged to the SOFA is the balance between the Charity payroll, associated payroll costs and the councils HLF contribution due from London Borough of Haringey

6) Page 29 No 17 Provision

Transfer to bank less VAT debtor of £1222328.

I should like to ask the auditor to explain what this item represents?

Answer :

The movement in the current account with the London Borough of Haringey representing operational deficits calculated as the deficit for the year before interest and the increase in working capital in the year.

7) Page 27 No 10 Staff Costs

Considering employee numbers were lower in 2007 (Group had average of 60 employees of which 32 were fulltime against 2006- 73 employees of which 40 were fulltime) staff costs in 2007 were £2750333 v £2666299 in 2006.

Can the manager of Alexandra Palace please advise what measures the Group are taking to reduce agency staff costs up by £153773 (+19.5%) (ie use of volunteers/fulltime staff recruitment for 2008/9? Can the auditor please advise the breakdown by function of agency staff costs of £943430?

Answer :

The operation of the events business requires a very flexible labour force. Whilst the number of permanent staff has reduced and the amount of flexible labour increased, the overall staffing cost has only risen by approximately 3% which is reflective of the general increase in wage inflation.

The majority of the agency costs are event related and are essential to the delivery of the event programme. No further breakdown is available.

ii. a.Question from J. O’Callaghan

In section 5.10 of “Background to the financial position” in the Annual Report and Consolidated Financial Statements it is alleged:

“The objective of a holistic lease ... was unanimously confirmed by a special meeting of the charity trustees on 10th October 2007”.

Is this statement still accurate?

Answer :

Paragraph 5.12 referring to the objective of a holistic lease is a statement of fact and this has not changed.

Since Oct 10th most of the details of the proposed lease have been made public under Fol requests. Can the chair confirm that the board is still committed to a holistic lease to Firoka Limited despite the facts which have emerged since the decision to lease the whole Palace, and to Firoka?

Answer :

There have been no further resolutions of the board on this matter since the resolution of the 10th of October and as such, holistic lease of the building remains the boards chosen strategy for dealing with the level of investment needed to bring the entire Palace back into use.

b. Questions asked by Mr J. O’Callaghan on behalf of Save Allypally Campaign

In section 5.6 of “Background to the financial position” in the Annual Report and Consolidated Financial Statements it is alleged:

“The charity remains a going concern only because the overall trustee uses its corporate funds to support the revenue deficit of the charity ...”

The alleged revenue deficits of the charity in previous years have

UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008

been in large part made up of huge interest charges levied on it by the council in respect of various contentious alleged debts, including debts the council alleges – without documentary proof – that the attorney general has expressly agreed;

What the QC and other counsel actually advised was that in voluntarily taking over trusteeship of the Palace and Park, the London Borough of Haringey was also accepting

- (a) that it had a duty to maintain uphold and preserve the Palace and Park
- (b) that it had a separate duty under the Open Spaces Act to pay for the Park, and probably the Palace as well

and so the Borough should never have paid interest to itself for duties it owed under law as trustee and under the Open Spaces Act. The trustees, as defender of the charity's funds against the council's claims, should ask the auditor to establish what amounts of interest have been wrongly paid in the past, and write back these into the accounts and balance sheet. Will they now do this?

Whether the Board agrees with my argument that paragraph 5.6 should be rewritten to reflect the salient facts above, of which some of them may be unaware, and whether the auditors would also agree?

Answer :

The position shown in the accounts as between the local authority and the charity reflects the rulings of the District Auditor in 1999 when similar issues to those posed were raised by other objectors to the accounts.

The Board does not accept Mr O'Callaghan's arguments set out in this question and as such no amendment to paragraph 5.6 is needed."

APBO61. AUDIT OF ACCOUNT 2006/07 - REPORT OF THE GENERAL MANAGER - TO RECEIVE AND CONSIDER THE AUDITED ACCOUNTS FOR 2006/07

The Chair asked for a brief introduction of the report.

The General Manager – Mr Loudfoot advised the Board that following on from its meeting on 26 February 2008 where it had agreed to adjourn consideration of the report pending submission of a number of points of clarification the report was now for further consideration. Mr Loudfoot advised of Mr Framjee's attendance, representing the Trust's Auditors – Deloitte and Touche.

Mr Framjee referred to the anticipated points of clarification that were expected as a result of the adjournment on 26 February 2008 and asked whether these

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

points of clarification had been submitted.

The Chair asked Councillor Hare as to the promised points of clarification.

Councillor Hare informed the meeting that he had only been able to clarify the questions and comments late that afternoon, and handed round the questions (A copy of which will be interleaved within the minutes).

The Chair commented on the lengthy and somewhat complex details of the questions circulated by Councillor Hare and expressed his concerns as to the lateness of receipt of the questions, the inadequate number of copies supplied for Members to have an individual copy, and asked why the questions could not have been submitted earlier – given that the Board on 26 February, almost 2 weeks previous, and deferred consideration in order for Councillor Hare to submit his comments/questions. This view was echoed by both Councillors Dogus and Egan, who commented on the discourteousness of Councillor Hare.

In response Councillor Hare apologised for the lateness in supplying the questions but that the questions had required some considerable effort in the compiling, and that as such had also required discussion with the Member responsible for Finance matters – Councillor Gorrie – in the finalisation.

Councillor Hare then sought clarification to a number of the points raised and were responded to in outline terms.

Following a lengthy discussion by the Board of the submissions the Chair clarified with Councillor Hare that in fact the questions were actually of a detail/presentation nature as opposed to actually querying the content. The Chair also stressed that Councillor Hare should be specific as to the main points of clarification on the actual content of the accounts, and not as such the detail, as the Board were being recommended to sign off the accounts and that the Auditors had given their sanction to the accounts being signed off as presented. Councillors Dogus and Egan commented on the discourteousness of Councillor Hare in submitting the questions in the manner that he had without prior notice and that he was not being specific as to his concerns.

With reference to the specific points of clarification Councillor Hare referred to Q. 5d which stated 'The accounting policies indicate that no value is placed on the Park and Palace as there are restrictions placed on its disposal. However improvements to the buildings are now being capitalised although as there are restrictions in the disposal of the asset they are improving which mean that the capital value of the improvement cannot be realised by disposal. How is this approach consistent? Alternatively if improvements can be capitalised then why does this not apply to park improvements as well?'

In response Mr Loudfoot advised that in terms of capitalisation it was the case that the trust capitalised certain works on either a ten year or four year basis depending upon the expected life of the asset. This policy had been adopted some years ago and had not changed. Pesh Framjee then said it was normal practice of FRS 15 and applied to the purchase of assets which would be being used

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

over 1 year, it was the case that policy included not setting a value on the building. Details of assets were to be found in note 12/13

Councillor Hare sought clarification in respect of question 1. C which stated 'The version of the APPCT accounts in Appendix A of the Haringey Accounts states on page 92 point 1 that "The charity has not complied with FRS 17 because of the impending transfer of its core staff to a new investor." Given the events subsequent to the balance sheet date that are described in the Trustees report and the fact that the adjustment to losses from FRS 17 treatment would be a significant reduction of more than £100,000 the accounts should either be corrected for this change or item 13 of the trustees letter to the auditors be amended to reflect knowledge of this significant change.'

Pesh Framjee responded that this was not the case and no adjustment was needed, he pointed out that whilst FRS17 had not been followed the trustees had disclosed the figures.

Councillor Hare commented that the accounts did not reflect what had happened following the year end 2006/07 in terms of the future of the asset, and that there should be a caveat to this effect. In response Mr Framjee commented that there was no requirement within the 2006/07 accounts for the subsequent events as to the future of the asset to be reflected and that these events had no actual bearing on the detail of the accounts as they stood. The Auditors would not request such information to be provided and therefore the accounts would not need to reflect this. If the Board wished to have reference within them then they could agree to this but it was not a requirement.

Councillor Hare commented on the Consultant costs that had been incurred during the development process and whilst he accepted that there was a general sum mentioned this required specific reference throughout the accounts. Mr Loudfoot responded that it was not necessary for the statutory accounts to separate out the individual consultants costs, this was a matter for the management accounts. Pesh Framjee confirmed that this was the case.

Following answers given to further points within the questions the Chair sought clarification as to whether Councillor Hare felt he was able to now consider and agree the accounts. In response Councillor Hare felt that whilst he had and was assured on some issues he did not feel able to sign the accounts off until further clarification had been given to the points he had raised, and as detailed in the body of the questions.

In response to comments of Councillor Oakes in relation to the period of time that that the Board should engage the services of Auditors Mr Framjee advised that whilst that may be the practice of a particular Charity there was no laid down statutory regulations that stated that a company/charity had to do this.

Councillor Egan commented that there had been considerable clarification given and that he MOVED that the Board vote on accepting the accounts. He further

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

reiterated his comment in respect of Councillor Hare's conduct in the manner in which the questions had been presented at this meeting without prior notification or sight of them by Board members.

Following advice from the Trust Solicitor – Mr Harris as to accepting the accounts by the Board, the Chair, in sharing the views expressed by Councillor Egan, felt that it would not be appropriate for the Board to consider and agree the accounts unless there was unanimous agreement. The Chair asked and Councillor Egan agreed to withdraw his MOTION.

Following further discussion the Chair then summarised and it was:

RESOLVED

- i. that consideration of the 2006/07 Accounts be deferred to a Special meeting of the Alexandra Palace and park Board on 19 March 2008 at 18.00hrs; and
- ii. that the special meeting on 19 March 2008 would only consider the 2006/07 Accounts and that in this respect Councillor Hare be requested to submit his questions and further queries no later than NOON 12 March 2008.

APBO62. TO RECEIVE THE MINUTES OF THE ADVISORY COMMITTEE HELD ON 5 FEBRUARY 2008 AND TO CONSIDER ANY RECOMMENDATIONS CONTAINED THEREIN

The Clerk reminded the Board that in respect of the resolutions of the Advisory Committee, at the previous meeting on 26 February the Board agreed to consider this item after the exempt item on the Future of the Asset, and whether the Board would follow the same practice this evening.

The Board agreed to consider this item after the exempt item 8 on the Future of the Asset nemine contradicente.

NOTED

APBO63. EXCLUSION OF THE PRESS AND PUBLIC:

RESOLVED

That the press and public be excluded the from the meeting for consideration of Item 8 as it contains 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 in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

**UNRESTRICTED MINUTES OF THE ALEXANDRA PALACE & PARK BOARD
10 MARCH 2008**

	<p>At this point in the proceedings 21.32hrs the Chair asked that the Board agree to an adjournment of 10 minutes, and also to agree the suspension of Standing Orders beyond 22.00hrs as it was unlikely that the Board would completed the business to be transacted before then. This was agreed nemine contradicente.</p> <p style="text-align: center;">SUMMARY OF EXMPT/CONFIDENTIAL PROCEEDINGS</p>
APBO64.	<p>FUTURE OF THE ASSET - REPORT OF THE TRUST SOLICITOR</p> <p>AGREED RECOMMENDATIONS</p> <p>There being no business to discuss the meeting ended at 22.35hrs.</p> <p>Councillor Matt Cooke Chair</p>

Chair