

MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON TUESDAY, 21ST MARCH, 2017, 7.00 - 9.10 pm

PRESENT:

Councillors: Barbara Blake (Chair), Eddie Griffith (Vice-Chair), Charles Adje, Patrick Berryman, Isidoros Diakides, Joseph Ejiofor, Gail Engert and Reg Rice

126. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

127. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

Apologies for absence had been received from Cllr Adamou, Cllr S Mann, Cllr Peacock and Cllr Ross. Apologies for lateness had been received from Cllr Ejiofor.

128. URGENT BUSINESS

There were no items of urgent business.

129. DECLARATIONS OF INTEREST

There were no declarations of interest.

130. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were no such items.

131. MINUTES

RESOLVED

That the minutes of the meeting of the Corporate Committee held on 31 January 2017 be approved as a correct record and signed by the Chair.

132. TREASURY MANAGEMENT UPDATE - Q3

The Committee received a presentation on the Treasury Management update for quarter 3 from Thomas Skeen, Head of Pensions, which set out the general background and an update on the Council's borrowing and investment positions. The Committee noted that all treasury management activity during the quarter had been in

line with the approved Treasury Management Strategy Statement and that, due to the maturity of existing loans, the Council's borrowing had reduced by £9.7m between 31/3/2016 and 31/12/2016, to £273.6m.

The Committee asked whether the proposed transfer of assets to the Haringey Development Vehicle (HDV) would have an impact on the Council's ability to borrow in future. The Chief Operating Officer confirmed that, as the assets to be transferred were land assets, this would have no impact on the Council's borrowing ability.

RESOLVED

- i) That the Committee note the Treasury Management activity undertaken during the nine months to 31st December 2016 and the performance achieved.
- ii) That the Committee note that all treasury activities were undertaken in line with the approved Treasury Management Strategy: in particular the prudential indicators with fixed limits as shown in appendix 1 of the report.

133. HARINGEY COUNCIL SMOKING POLICY

The Committee considered the report on the Haringey Council Smoking Policy, as presented by Deborah Millward, Healthy Public Policy Officer. Following a refresh of the Council's existing policy, the Committee was asked to approve a number of changes, as set out in the report.

The Committee expressed concern that the proposed policy did not allow for any designated smoking areas in the vicinity of Council property, and felt that this was unreasonable; Ms Millward confirmed that the proposed policy was in line with the Council's corporate priorities, the work to support staff wellbeing and the Local Government Declaration on Tobacco Control, and had received strong support from the workforce boards who had considered the report as it was being developed. In response to a question from the Committee, it was confirmed that staff had not been consulted in the formulation of the policy, however it had been considered at the workforce boards, by Human Resources and by the Trade Unions. The Committee also expressed concern that it was draconian not to permit staff to smoke during paid working hours; it was confirmed that this was a point that the Chief Executive had been very clear about when the report had been considered at the Staffing and Remuneration Committee.

The Committee asked about the reference to criminal sanctions in the policy, and it was reported that this related specifically to breaches of the Smoke-Free (Premises and Enforcement) Regulations 2006 rather than the policy in general. It was confirmed that the policy applied to Members as well as employees and contractors working for the Council.

The Committee asked whether it was possible to see the formal comments provided by the Trade Unions with regard to the proposed policy changes – the Committee noted the engagement process as set out in the report, and the confirmation from

officers that the policy had been co-designed by the Trade Unions, but felt that it was important to see the specific feedback from the unions in considering this policy.

In response to concerns from the Committee regarding the level of consultation with staff and Members, it was agreed that it would be useful for wider discussions with both these groups to be undertaken around the implementation of the policy.

The Committee asked about the areas covered by the policy, and it was confirmed that it related to workplaces such as office buildings and children's centres – it did not cover areas such as parks. The policy set out a restriction on smoking within 20m of such workplaces, in order to prevent people congregating near Council buildings to smoke, and was in line with the promotion of the Haringey Values. The Committee expressed concern that it was not entirely clear who would be affected by the restrictions and when, as the definition of 'working hours' was different for different groups of staff, and that it would not be fair to impose sanctions on people when the policy itself was not sufficiently clear.

In response to a question from the Committee regarding the sanctions that could be imposed under the policy, it was noted that Fixed Penalty Notices or Court Fines of up to £200 were applicable specifically for improper disposal of cigarette stubs, but that general failure to comply with the smoke-free workplace legislation could lead to the instigation of disciplinary procedures, as set out in paragraph 9.1 of the report.

The Committee did not feel able to endorse the proposed changes to the policy until they had considered the response from the Trade Unions, and requested that the item be brought back to a future meeting of the Committee once this information was available. It was also agreed that wider discussion with staff and Members on the implementation of the proposed policy be undertaken. It was noted that the report had previously been agreed by the Staffing and Remuneration Committee and would therefore also need to go back to that Committee.

RESOLVED

That the report be brought back to a future meeting of the Committee for consideration, and that the Committee be provided with the comments from the Trade Unions on the proposed policy changes.

134. INTERNAL AUDIT PLAN AND INTERNAL AUDIT STRATEGY

The Committee considered the report on the draft internal audit plan for 2017/18 and internal audit strategy, as presented by Anne Woods, Head of Audit and Risk Management. The report set out the way in which the internal audit plan was devised, the internal audit strategy and the proposed audit plan.

The Committee noted the days allocated for audit work on the HDV, and asked for more details on what this work would cover. It was reported that this would primarily be around the processes in place for managing the key risks that had been identified in relation to the HDV at this stage, but it was noted that there were further decisions to be taken around entering into the HDV and there would therefore be ongoing

monitoring of the key areas of risk to ensure that resources were allocated accordingly.

The Committee asked why only one secondary school was listed on the plan for the coming year; it was reported that all schools were audited on the basis of a 3-4 year cycle rather than every school being audited each year, for example this year three secondary schools had been covered and the year before it had been two. In response to a question about the audit work planned for Osborne Grove, it was confirmed that this was specifically in relation to weaknesses identified by the recent CQC inspection in respect of financial and non-financial management arrangements – no issues had been identified in relation to the quality of care at the centre. The Committee asked where audits of 51°N would be covered, and it was confirmed that this would be in the Homes for Haringey internal audit plan.

The Committee asked about audit work on commercial buildings, and whether this was planned as an area to look at in the next year. It was confirmed that this was not an area planned for the coming year but had been undertaken as part of the Commercial Property internal audit undertaken either last year or the year before and would have been reported up to the Committee in the usual way. It was agreed that the internal audit report on Commercial Property be circulated to the Committee for information.

Action: Head of Audit and Risk Management

RESOLVED

- i) That the Committee approve the Internal Audit strategy.
- ii) That the Committee approve the Annual Internal Audit Plan for 2017/18.

135. PROCUREMENT - UPDATE ON RECOMMENDATIONS IN AUDIT WAIVER REPORT

The Committee received a presentation from Stephen McDonnell, Assistant Director, Commercial and Operations, on the actions taken in response to the recommendations arising from the internal audit waiver report. The presentation set out the key findings of the audit report, the progress that had been made since 2015/16 and what these meant in practice, and the outcomes from the measures that had been put in place.

The Committee noted with concern the audit finding regarding the lack of justification for over half of waivers tested, and sought assurance that the new processes that had been put in place represented a genuine change in practice and did not simply make it easier for waivers to be granted without good reason. Mr McDonnell gave his opinion that significant improvement had been made in this area as the result of the focus on addressing this issue, and the fact that there had been a significant reduction in the number of waivers overall indicated that improvements had been made and that services were not seeking to circumvent the procurement rules. The changes to the Contract Standing Orders strengthened the framework for ensuring compliance with the rules, and the service had worked directly with officers and suppliers to effect a

culture change around this area. It was hoped that the follow-up audit planned for 2017/18 would reaffirm that this was the case.

The Committee asked about the reported change in the Contract Procedure Rules relating to contracts below £160k; it was confirmed that for contracts between £10k and £160k in value, at least three competitive quotes would be required, and anything above the £160k threshold would require a full tender process. Mr McDonnell advised that the previous Procedure Rules required a full tender process for contracts exceeding £25k in value.

The Committee asked about the sample of waivers that had been looked at in the audit, and it was confirmed that the audit had covered 20 of the total of 80 waivers for 2015/16. In terms of value, it was confirmed that the audit had aimed to look at as wide a range of waiver values as possible in the sample. The Head of Audit and Risk Management advised that in line with the Internal Audit Plan for next year, a continuous audit approach was planned for Accounts Payable, meaning that reports would be generated on a quarterly basis and would enable much closer monitoring of all expenditure. In response to a request from the Committee, it was confirmed that the total cash value of all 80 waivers from 2015/16 would be provided, to establish a baseline figure.

Action: Assistant Director, Commercial and Operations.

The Committee asked about the resources in place to undertake the work outlined, as this had been a concern previously. Jane West, Interim Head of Financial Administration, confirmed that there was now a Compliance Manager and a Management Information Officer, two support officers and Vendor Management Officers in place to support this work and that all these posts, with the exception of one Vendor Management Officer post which was covered by a temporary member of staff, were filled on a permanent basis. Mr McDonnell advised that three of the four Strategic Procurement Partner posts were filled, and recruitment was taking place currently for the one vacant post.

In response to a question regarding the structure of the procurement service, Mr McDonnell confirmed that there was a centralised Procurement function, who provided strategic support and advice to the Commissioners based in each of the service areas. The central procurement team worked with the service areas to develop their commissioning strategies from the outset, as this was felt to deliver better outcomes than waiting until services reached the point of entering the actual procurement process. Members welcomed this approach.

RESOLVED

That the update be noted and that the Committee would continue to seek assurance from the service in respect of its progress.

136. HOUSING BENEFIT SUBSIDY: 2015-16 GRANT CLAIM - REPORT ON ACTIONS TAKEN FOLLOWING EXTERNAL AUDIT OF SUBSIDY CLAIM

The Committee considered the report on the actions taken following the external audit of the Housing Benefit Subsidy Grant Claim for 2015-16, presented by Mark Rudd,

Assistant Director, Shared Services. It was noted that the Council should get an update on the final subsidy position at the end of April 2017; in response to a question from the Committee regarding this, it was clarified that the Council had been undertaking further testing of housing benefit claims subsequent to the work undertaken by external audit and would be providing further evidence in respect of the errors identified as part of this additional testing to the DWP, with the anticipation that this may reduce the impact on the amount of subsidy received by the Council. The Committee noted, however, that there was the risk that a greater number of errors may be identified as a result of the additional testing. The Committee asked to be informed of the final decision in respect of the level of subsidy to be received directly, rather than waiting to be reported to the next meeting and it was agreed that this would be done.

Action: AD Shared Services / Head of Benefits

The Committee noted the 6-9 month training period required for staff working in the benefits team, and asked whether there was a risk to the Council that staff may leave to work elsewhere, once they had been trained. It was confirmed that this was the case, and that the retention of trained benefits staff was one of the resourcing challenges the Council faced. In response to a question from the Committee regarding the undertaking of a cost-benefits analysis and potential review of pay grades in order to improve retention rates, Mr Rudd confirmed that this was one of the options being considered. Also being considered was the recruitment of permanent home-workers who could be based outside of London, in areas where the salary offered by Haringey may be more attractive.

The Committee welcomed the report that staff were now in place actively working on addressing the backlog of cases, but noted that home-working had previously been undertaken in the benefits team with good results and asked why this had not been carried on. Mr Rudd advised that the team still had a number of home-workers, following on from the successful introduction of this model, however they had previously been required to come into the office at least one day a week, meaning that they had to be relatively local. New systems, however, meant that it would be possible to employ people working from home on a full-time basis, and this would therefore not restrict staff from being based further away from the borough. It was confirmed that that trade unions were aware that this was one of the options being looked at in response to the challenge of recruiting experienced staff, and it was also confirmed that any staff recruited to work from home on a full-time basis would be subject to the same terms and conditions as other employees.

RESOLVED

- i) That the Committee note the content of the report.
- ii) That the Committee note the on-going work now being undertaken by officers to address the concerns of the external auditors.

137. AUDIT PLAN

The Committee considered the report on the Audit Plan, presented by Leigh Lloyd-Thomas, BDO. The report set out the expected key issues to be covered by the

external audit, the scope of the work, the level of materiality, Group matters, and the external auditors' statement of independence and fee summary. A further report on the audit work would be brought back to the Committee at its next meeting.

The Committee asked about the work the external auditors would be doing on the HDV. Mr Lloyd-Thomas advised that BDO would be looking at the governance arrangements and management controls and processes the Council had in place to protect itself in relation to any decisions it was to take, to ensure that any decisions were taken on the basis of appropriate advice having been received, that risks were fully understood and that adequate controls were in place to manage those risks. It was confirmed that the external auditors were currently looking at the HDV issues and that if they had any significant concerns, these would be flagged up immediately with the Committee via the Chair – any more general findings would then be reported up as usual in the report to the Committee at its September meeting.

The Committee noted reference in the report (under Sustainable finances) to a council tax freeze grant for 2017/18, but had understood that this grant had finished in 2016/17 – it was agreed that the external auditors would check this point.

Action: BDO / Chief Operating Officer

The Committee asked about the mechanism for raising concerns with the external auditors, as it used to be the case that they could write directly to the district auditor under the previous arrangements. Mr Lloyd-Thomas advised that Members were able to write directly to the external auditors with any concerns and were encouraged to do so; the external auditors retained the functions and powers of the former district auditors.

RESOLVED

That the content of the report be noted.

138. AUDIT PROGRESS REPORT

The Committee considered the regular progress update from the external auditors.

RESOLVED

That the content of the report be noted.

139. DELEGATED DECISIONS, SIGNIFICANT ACTIONS AND URGENT ACTIONS

The Committee considered the report on delegated decisions and significant actions taken since the previous meeting of the Committee.

In relation to the Treasury Management Strategy Statement which was attached to the report, the Committee asked about the possibility of identifying opportunities for paying off higher-rate loans held by the Council. The Chief Operating Officer advised that monitoring was undertaken on a continual basis to identify any opportunity to pay off such debt, however the penalties for doing so were generally set at a level such as

to be prohibitive. It was confirmed that financial modelling was undertaken to identify any areas where the early repayment of debt may be financially beneficial to the Council. It was noted that the current maturity profile of the Council's LOBO loans, and early repayment premium for each, was set out at appendix 3 to the Treasury Management report on the agenda for this meeting.

RESOLVED

That the content of the report be noted.

140. ANY OTHER BUSINESS OF AN URGENT NATURE

There were no new items of urgent business.

141. DATE AND TIME OF NEXT MEETING

25 July 2017, 7pm.

The meeting closed at 9.10pm.

CHAIR: Councillor Barbara Blake

Signed by Chair

Date