

# **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON THURSDAY, 26<sup>th</sup> NOVEMBER, 2015, 7.00 - 9.50 pm**

## **PRESENT:**

**Councillors: Barbara Blake (Chair) Eddie Griffith (Vice-Chair),  
Gina Adamou, Emine Ibrahim, Felicia Opoku, Gideon Bull,  
Isidoros Diakides, Clive Carter (substitute), Sarah Elliot and Charles Adje**

## **20. 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.

## **21. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)**

Apologies for absence were received from Cllr Ejiofor.

Apologies for absence were also received from Cllr Ross. Cllr Carter substituted for Cllr Ross.

## **22. URGENT BUSINESS**

There Committee noted that there were two items of urgent business, which would be tabled at Item 11. The Committee noted that the reports were not available at the time of publication of the agenda.

- External Audit Progress Report (Report of Grant Thornton)
- Annual Audit Letter (Report of Grant Thornton)

## **23. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **24. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

There were no such items.

## **25. MINUTES**

### **RESOLVED**

That the minutes of the meeting of the Corporate Committee held on 24 September 2015 be approved as a correct record and signed by the Chair.

## 26. FOLLOW UP FOLLOWING SCHOOLS NOT COMPLYING WITH AUDIT RECOMMENDATIONS

The Committee received the follow up report on schools failing to comply with audit recommendations; presented by Chris Kiernan, Interim Assistant Director Schools and Learning.

In response to a question from the Committee regarding the reasons why schools failed to implement audit recommendations, Mr Kiernan advised that there was a great deal of training and support available to schools including instances when they offered limited or no assurance. Mr Kiernan further advised that the purpose of the report was to highlight those schools that failed to engage in the process and offer satisfactory assurances of appropriate plans being in place.

In response to a question from the Committee, Mr Kiernan commented that the council was ultimately responsible for any maintained school because there was no legal separation between a maintained school and the Council. The Council was legally responsible for the running of maintained schools.

The Committee enquired about whether the council could adopt a 'zero tolerance' approach. In response, Mr Kiernan advised that the procedures set out in the report were very robust. The current escalation process, as outlined in the report, involved the issuance of an initial informal warning notice that would be followed up by a formal warning notice. Mr Kiernan advised that he would be very reluctant to progress straight to a formal warning because this may result in an Ofsted inspection that, if it was found that the school required improvement or was placed in special measures, could have a detrimental impact on the school and the wider community. The Committee were advised that the current process worked and that, to date, there had been no instances of formal procedures being instigated.

In response to further concerns raised by the committee around developing a more robust approach, Mr Kiernan commented that the Schools and Learning service had experience of issuing informal warning notices in the context of school improvement which had a rapid and positive effect on improving performance. In this context, the procedures and escalation process set out in the report were seen as sufficient in Mr Kiernan's view.

The Committee noted that schools would be informed of the procedures and the existence of an escalation process through the Schools Bulletin. The next steps in this process were then around monitoring implementation of these procedures. In addition, the schools audit programme would be monitoring compliance over the next quarter. The Committee requested that a follow up report outlining how many schools had not complied, response times and what action had been taken would be brought back to a future meeting of the Committee.

**Action: Chris Kiernan and Anne Woods**

The Head of Audit & Risk Management advised that in 2014/2015 around half of the schools achieved limited assurance and around half achieved substantial assurance, which was a significant improvement from the position three years ago.

## **RESOLVED**

I). That, in cases where audit and risk management officers follow up a school audit report and find that there is non-compliance with any priority one and two recommendations, the auditor concerned should inform the school, in writing, of the requirement to demonstrate compliance within 15 working days; either by providing evidence to confirm the recommendation has been fully implemented, or an action plan that set out the timeframe and means of implementation..

II). That should the auditor fail to receive evidence of compliance that she or he finds satisfactory, at that point, school governor services should be informed.

III). That the head of governor support will liaise directly with the head teacher and chair of governors to ensure compliance with all recommendations. Compliance will be enforced through an escalation process as follows:

- The first stage of escalation will be a letter to the head teacher and chair of governors stating the requirement that they offer assurance that appropriate action is being taken to address recommendations made within a specified time, to be specified by the head of governor services (following consultation with the head of audit and risk management);
- should appropriate assurance not be given within the timescale set, an informal warning notice will be sent to the school by the assistant director, schools and learning, stating the requirement for the school to offer assurance of action to comply with audit recommendations within a specified time – this will generally be the same as for a formal warning notice (15 working days), but the assistant director, in consultation with the head of audit and risk management, may vary this;
- should appropriate assurance not be provided within the timescale set in the informal notice, a formal warning notice, under section 60 (2) (b) of the Education and Inspections Act, 2006) will be sent to the head teacher and chair of governors by the director of children's services, which must be responded to within 15working days;
- should appropriate assurance still not be forthcoming, the Director of Children's Services will consider what action should be taken using powers set out in section 63, 64, 65 or 66 of the Education and Inspections Act, 2006.

## **27. INTERNAL AUDIT Q2 PROGRESS REPORT**

The Committee received the Internal Audit Progress Report 2015/16 Quarter 2 report presented by Anne Woods, Head of Audit and Risk Management.

In presenting the report, Ms Woods gave an overview of the performance to date. The Committee noted that in 2015/16 to date, there had been 17 properties recovered through investigations into tenancy fraud and that 22 of the 88 ongoing investigations were with Legal Services and progressing towards tenancy recovery. The Committee also noted that in 2015/16 to date, 49 Right-to-Buy applications have been withdrawn or refused either following the applicants' interview with the Fraud Team, further investigations and/or the requirement to complete money laundering processes; 11 applications had been cleared for progression; and 255 applications were currently under investigation.

Ms Woods advised the Committee that HfH continued to fund the seconded officer directly after the end of the DCLG grant, and that this agreement had been extended to 31 December 2015. Ms Woods further advised that Housing Benefit investigations transferred to the DWP's Single Fraud Investigation Service (SFIS) on 1 August 2015. A final total of 26 cases which related to benefit fraud were transferred to SFIS.

The Committee raised concerns that HfH may decide to cease funding the seconded Tenancy Management Officer and might bring the service back in house, due to a perception that HfH lacked the capacity to undertake this work. The Committee asked for clarification on the issue of fraudulent succession, particularly in light of the current Housing Allocations Policy that removed the ability for residents to claim succession rights, unless in extenuating circumstances and questioned why cases of fraud were still ongoing. Ms Woods acknowledged that under the current policy, Homes for Haringey's (HfH) Decisions Panel were responsible for issues around succession but clarified that some of the cases being investigated were 2 or 3 years old and predated the 2015 Housing Allocations Policy.

The Committee requested further information about what powers were available to the authority in respect of tackling fraud and in particular the illegal subletting of Council property. Ms Woods advised that the Council could use the Prevention of Social Housing Fraud Act 2013 for cases which were identified after the enactment of the legislation, to reclaim the profit made by an individual through the fraudulent subletting of Council property. The Committee noted that there were a number of cases currently in the pipe line to do just that. The Committee was also advised that the Fraud Act 2006 could also be used.

The Head of Audit and Risk Management clarified that even in instances where the person/s had paid back the debt owed through fraudulent behaviour, the Council would still proceed with prosecution proceedings. However, the fact that they had paid some or all of the money back may be taken into account in respect of sentencing.

The Committee requested that HfH were invited to the next meeting to discuss tenancy fraud in more detail. The Committee also requested that HfH should be invited to future meetings on a regular basis.

**Action: Chair / Clerk**

The Committee noted a typo on page 57 of the agenda pack, under the heading number of cases proven at 30/09/16. The Committee were advised that this should have been 30/09/15.

## **RESOLVED**

That the Committee noted the audit coverage and counter fraud work completed.

### **28. PROGRESS UPDATE TRESURY MANAGEMENT MID YEAR UPDATE**

The Committee considered the Treasury Management mid year activity and performance report, presented by George Bruce, Head of Finance – Treasury and Pensions. In addition, the Committee was asked in particular to note the investment strategy for 2016-17 to be incorporated into the Treasury Management Strategy Statement.

In response to a question from the Committee regarding overseas deposits in default (apart from those held in the Icelandic banks), Mr Bruce advised that there were no direct overseas investments but there were some overseas investments through the money market funds. The Committee noted that all of the deposits through the money markets were sterling denominated but that there would be range of foreign institutions within those. Mr Bruce clarified that 96% of deposits within the Icelandic banks had been reclaimed, with a further 2% expected to be reclaimed.

In response to a question around governmental guidelines limiting the size of deposits in a particular investment, Mr Bruce advised that following the collapse of the Icelandic banks the government brought in the Prudential Code which introduced a framework for local authorities to design their investment framework which replaced previous guidelines but did not set any defined limits. It was the role of the Committee and Full Council to set the limits through the Treasury Strategy.

The Committee requested further explanation behind the reasons why a particular bank's credit rating might be upgraded or downgraded. Mr Bruce advised that the Council used the lowest score for a particular bank from the three credit rating agencies, hence Barclays' credit rating had been downgraded from A to A- to reflect the fact that one of the three agencies had downgraded its credit score. The scores themselves were based upon an assessment of the ability of that bank to repay its debt. A downgrade in the credit score reflected that the bank was in a slightly weaker financial position and therefore the probability of the bank defaulting was slightly higher than previously. Mr Bruce also advised that as the credit rating of a bank was reduced so was the maximum maturity period in which the Council was prepared to invest in a particular bank.

The Committee noted that following the government's bail out of a number of banks in 2008, the UK government and foreign governments passed legislation to prevent governments assisting failing banks unless in the first instance deposits were transferred into share capital. This was not applicable to retail banking or non-financial customers, but did affect local authorities for instance. Mr Bruce commented that the result was that if a bank looked as though it was going to fail the Council's deposits could be turned into share capital. The authority was therefore looking to diversify its investment portfolio into a wider range of, and using the most secure, counterparties.

Mr Bruce advised the Committee that as part of the Investment Strategy there were a number of overseas and supranational banks who had been brought in as counterparties, each of these banks was at least AA rated and was also from a country that was AAA rated.

In response to a question on the reasons behind why local authorities were no longer guaranteed by the government, Mr Bruce responded that governments effectively collectively agreed that they would never again be responsible for bailing out financial institutions on such a scale again; as a result depositors would have to suffer. Individuals, small business and trading companies were exempted, while organisations that were considered savvy enough to understand the risks of lending to banks were left to bear the risk of a bank failing; including local authorities.

The Committee enquired about the justification behind the suggested maturity period for the Council's list of counterparties investments. In response, Mr Bruce commented the particular maturity period was based on a combination of factors which reflected the quality of the banks; such as the credit rating of the bank and the financial risk of investing in the country in which the bank was based.

In response to a question around the fluctuations in the authority's investment balance over the year, Mr Bruce advised that this was reflection of the fact that most of the authorities income came in during the first three months of the year, whilst the expenditure was more evenly spread. This cycle was true for each year and also for all local authorities. The Council had also been building up reserves in recent years to cushion the impact of the expected £70m of savings that were due to be implemented over the next three years.

In response to questions relating to the amount of money held by the authority, the Chief Operating Officer clarified that there were two types of cash; one was a cash reserve, which was akin to a savings account and the other type which was generated through grants and other sources of income and was spent on an ongoing basis. The Treasury and Pensions team only invested the cash reserves and their role was to invest that money as quickly as possible to accrue interest on it and to then bring it back in when the authority needed to spend the money.

The Chief Operating Officer advised that the Council agreed its three year medium Financial Strategy in February 2015 and that provided the plan was implemented, the Council would be able to make the savings required. The Committee noted that the issue was that the plan required a number of savings to be made in this financial year, which had not been made and that if those savings weren't made this year then some of the cash reserves would have be used as a cushion. The Chief Operating Officer advised that as long as this year's savings that had not been made were made next year along with the planned savings for next year, then the Council would be in a financially robust situation and should not need to further use its cash reserves. The cash reserves were made up of un-earmarked funds.

**RESOLVED**

I). That the Treasury Management activity undertaken during the six months to 30th September 2015 and the performance achieved be noted; and

II). That the investment strategy for 2016-17 be incorporated into the Treasury Management Strategy Statement.

## **29. INDIVIDUAL ELECTORAL REGISTRATION**

The Committee considered the update report on individual electoral registration transition in year 2, as presented by George Cooper, Head of Electoral Services. Mr Cooper advised the Committee that the transition to Individual Electoral Registration was completed and that the electoral registration system was now significantly different to where it was two or three years ago. The Committee noted that the register published on the 1<sup>st</sup> December would be used to define parliamentary boundaries in 2020 and that constituency boundaries would be drawn on the basis of each constituency needing to be within +/- 5% of a national average. Mr Cooper advised that this, combined with a reduction in the overall number of MP's, would likely affect Haringey's current position of having two parliamentary constituencies entirely within its borough boundaries.

The Committee noted that there was still some money available from the Cabinet Office to get more people signed up to the new electoral registration system given that there would be at least one election held next year. The Committee were asked to endorse the continuation of pro-active registration campaigning after the 1st December deadline.

In response to a question from the Committee, Mr Cooper advised that his service were finding that a number of people were submitting information in the old format and then officers were having to write back to request additional information due to the higher burden of evidence that was now required to enter somebody onto the electoral register. Examples of additional information required included, date of birth and national insurance number.

The Committee enquired whether Haringey had done as much as neighbouring boroughs to get as many residents registered. Mr Cooper advised that a huge amount of data matching had been undertaken by Haringey and that in his opinion the level of data matching would stand up favourably in relation to any other local authority. In addition, the Committee noted that campaigning had begun in August and that 70 canvassers had been employed to knock on doors.

In response to a request for clarification around parliamentary constituency boundaries, Mr Cooper advised that at present Haringey was slightly under-represented because Hornsey and Wood Green was a larger than average parliamentary constituency. Mr Cooper advised that the rule around constituencies being +/- 5% of the national average could have a number of impacts, for instance the average ward size was around 8000 electors which would be more than 5% of a parliamentary constituency and so individual wards could potentially be split across different parliamentary boundaries. It remained to be seen what the precise recommendations of the Boundary Committee would be.

The Committee enquired whether there were any rewards or sanctions available for use against those that, for instance, falsely claimed to be living alone for Council Tax purposes or those who did not return the form all together. In response Mr Cooper advised that credit reference agencies used the electoral register for referencing purposes and that this in some way provided an incentive. The committee noted that the only sanction available was a civil penalty, which was unlikely to be used due to the amount of time and effort required and the relatively small penalty available.

The Committee asked whether the canvassers employed could be specialised into small teams that could focus on specific ethnic/national groups. Particularly as it was felt, that translation booklets would not always be suitable for say, elderly residents. Mr Cooper agreed that he would like canvassing teams to reflect their location but advised that it could be difficult to recruit canvassers due to the late time of year that the canvassing took place and the resultant dark nights. Mr Cooper also commented on the difficulties involved with the number of languages spoken in the borough; it was always the aspiration to have a canvass force closely matching the diversity of the Haringey community, but as canvassers were assigned to canvass patches, each diverse in itself, it would often be the case that a canvasser who may have a variety of language skills would meet customers from a much wider background than their own.

## **RESOLVED**

That the Committee noted the actions taken in pursuit of Electoral Registration thus far, and endorsed the determination of the Electoral Registration Officer to continue pro-active registration campaigning beyond 1 December 2015.

### **32. ANY OTHER BUSINESS OF AN URGENT NATURE**

There Committee received two items of urgent business, an External Audit Progress Report and the Annual Audit Letter, presented by Paul Dossett from Grant Thornton. The Committee noted the contents of the report and the progress to date.

The Committee asked for the reasons behind the Council continuing to process a large number of benefit claims incorrectly and there being a high number of errors identified in those claims. In response, officers responded that work was ongoing and that cases were becoming more complicated with more people working part time and on zero-hour contracts, for instance. Officers also advised that a process review was in place to examine the reasons behind the large number of benefit claims handled incorrectly but that this had a limited effect. A renewed focus on getting the process right would be prioritised and this would include turning all of the agency staff into permanent staff and an accompanying training programme.

The Committee also requested clarification on the reasons behind delays in the implementation of the Council's OneSAP system and the resulting backlog of approximately £30m worth of invoices that needed to be paid. The Chief Operating Officer advised that issues arose with both the system itself and also staff failing to operate the system correctly and that an extensive lessons learnt exercise was undertaken as a result.



The Committee noted that an Overview and Scrutiny report was being prepared around the Business Infrastructure Programme. The Committee requested that a report on the OneSAP backlog be brought back to the next Committee meeting, with a particular focus around what was being done to reduce the impact on small businesses. The Chief Operating Officer advised that she did not know the exact current figure for the backlog or the figure for late payment fees, but agreed to circulate that information to the Committee. The Chief Operating Officer also agreed to bring the lessons learned on OneSAP back to the Committee.

**Action: Tracie Evans**

The Committee noted that the grant claim certification pool would be prepared for the next meeting which would go into more detail around issues with housing benefit claims.

**Action: External Auditors/ Tracie Evans**

The Committee thanked Mr Dossett and Grant Thornton for their work and all of their contributions to the Committee over the previous meetings.

The Committee requested that an update was brought to the next meeting which gave an update on the financial picture of the Council as a whole, including balances, reserves and contingencies. The Committee also requested a dissection of ear-marked & non ear-marked funds and an analysis of what happens with those invested funds when they reach their maturation period.

**Action: Tracie Evans**

### **33. DATE AND TIME OF NEXT MEETING**

8th February 2016, 7pm.

CHAIR: Councillor Barbara Blake