



Haringey Council

Corporate Committee

MONDAY, 20TH JUNE, 2011 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, LONDON N22 8LE.

MEMBERS: Meehan(Chair) Watson, Griffith, McNamara, Amin, Khan(Vice Chair) Gorrie, Whyte, Jenks, Williams.

AGENDA

1. APOLOGIES FOR ABSENCE(IF ANY)

2. URGENT BUSINESS

The Chair will consider the admission of any of any late items of urgent business. (Late items will be considered under the agenda item where they appear. New items will be dealt with at items 2 & 19 below).

3. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest **and** if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct **and/or** if it relates to the determining of any approval, consent, licence, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

4. DEPUTATIONS/PETITION/ QUESTIONS

To consider any requests received in accordance with Part 4, Section B, Paragraph 29 of the Council's Constitution.

5. MINUTES (PAGES 1 - 66) - [7.05]

To consider and approve the following minutes:

General Purposes Committee 29 March 2011
Special General Purposes Committee 18 April 2011
Special General Purposes Committee 04 May 2011
Special General Purposes Committee 19 May 2011

Audit Committee 19th April 2011
Pensions Committee 12th April 2011

Remuneration Committee 14 April 2011

6. CORPORATE COMMITTEE TERMS OF REFERENCE & PROTOCOLS (PAGES 67 - 74) – [7.10PM]

To note the terms of reference for the Corporate Committee, agreed at full Council on the 23 May 2011 and note the Protocols for how the Committee will operate.

7. QUARTERLY PENSION FUND UPDATE INCLUDING INVESTMENT STRATEGY REVIEW UPDATE (PAGES 75 - 82) – [7.15PM]

To report the following in respect of the quarter to 31st March 2011:

- Investment asset allocation and strategy
- Investment performance
- Responsible investment activity
- Budget management
- Late payment of contributions

8. PENSION FUND GOVERNANCE COMPLIANCE STATEMENT (PAGES 83 - 90)- [7.30PM]

The committee to consider an updated draft of the Pension Fund Governance Compliance Statement in compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and to consider the appointment of an independent adviser to the Committee in relation to Pension Fund matters.

9. ACADEMIES – DEFICIT RECOVERY PERIODS - [7.45PM]

The Committee to consider options for the deficit recovery period for new Academies joining the Pension Fund as separate employers. **Report to follow**

10. GRANT THORNTON GRANT REPORT FOR 2009/10 (PAGES 91 - 132) –[8.05PM]

To report to the Committee the outcomes of the annual grant work by Grant Thornton and to obtain approval for the action plan resulting from the report of the auditors.

11. PROGRESS UPDATE (PAGES 133 - 150) [8.35PM]

To consider Grant Thornton's Audit Progress report for June 2011.

12. DRAFT ANNUAL GOVERNANCE STATEMENT 2010/11 (PAGES 151 - 164) – [8.45PM]

To inform the Corporate Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to 2010/11 for review and approval.

13. ANNUAL AUDIT REPORT AND ASSURANCE STATEMENT 2010/11 (PAGES 165 - 178) [9.00PM]

The report will inform members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2010/11 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies. The report also fulfils the requirements of the Committee's terms of reference.

14. TREASURY MANAGEMENT 2010/11 OUT-TURN & QUARTER 1 2011/12 UPDATE (PAGES 179 - 190) –[9.15PM]

The committee will receive information in accordance with the CIPFA Treasury Management Code of Practice and the Prudential Code on the following matters:

- details of capital financing, borrowing, debt rescheduling and investment transactions in 2010/11;
- an assessment of the risk implications of treasury decisions and transactions;
- details of the outturn position on treasury management transactions in 2010/11;
- Compliance with treasury limits and Prudential Indicators.

The report will further update members on treasury management activity during the first quarter of 2011/12.

15. RESTRUCTURING OF THE PLANNING REGENERATION & ECONOMY SERVICE (PR&E) [9.25PM]

The Committee will be asked to agree to the proposed restructuring of the Planning Regeneration and Economy Service (PRE) following formal consultation with staff and their Trade Unions. **Report to follow**

16. ESTABLISHING A SHARED ECONOMIC SERVICE (PAGES 191 - 226) [9.40PM]

The report will seek approval to establish the new shared Economic Development Service for Haringey and Waltham Forest following the formal consultation with staff and their Trades Unions.

17. EXEMPT ITEMS OF BUSINESS

The following items were subject of a motion to exclude the press and public from the meeting as they contained exempt information as defined in Section 100a of the Local Government 1972; namely information likely to reveal the identity of an individual, and information relating to any individual.

18. EXEMPT MINUTES (PAGES 227 - 258) [9.55PM]

To consider the Exempt minutes of the following meetings

Special Committee 29 March 2011
Special Committee 04 April 2011
Special Committee 19 April 2011

Special General Purposes Committee 19th May 2011

Pensions Committee 12 April 2011

Council and Employee Joint Consultative Committee 01 Feb 2011 & 31 March 2011.

Remuneration 14 April 2011

Minutes of Staff Disciplinary Appeals and Grievance Hearings

7 April 2011
03 May 2011
09 May 2011

19. NEW ITEMS OF URGENT EXEMPT BUSINESS

The Committee to consider any new items of exempt urgent business.

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**MINUTES OF THE GENERAL PURPOSES COMMITTEE
TUESDAY, 29 MARCH 2011**

Councillors Meehan (Chair), Khan, Waters and Whyte

Apologies Councillor Wilson, Bloch and Rice

Also Present: Councillor Williams, Councillor Browne, Stuart Young, Mun Thong Phung, Anne Lippitt, Steve Davies, Jean Croot, Martin Tucker.

MINUTE NO.	SUBJECT/DECISION
GPCO110	<p>APOLOGIES FOR ABSENCE (IF ANY)</p> <p>Apologies for absence were received from Councillor Rice, Wilson and Bloch. Councillors Browne and Williams substituted in accordance with the Constitution rules on substitutions as set out in part 4, rules of procedures, section B, Committee rules, and paragraph 55.</p>
GPCO111	<p>URGENT BUSINESS</p> <p>There were no items of urgent business submitted.</p>
GPCO112	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest</p>
GPCO113	<p>DEPUTATIONS/PETITIONS</p> <p>None</p>
GPCO114	<p>MINUTES AND MATTERS ARISING</p> <p>The minutes of the meetings held on the 11th January, 25 January, 07 February, 15 February, 22 February, 10th March, and 22 March were agreed as correct records.</p>
GPCO115	<p>NEW ITEMS OF URGENT BUSINESS</p> <p>There were no new items of urgent business to be considered under this item.</p>
GPCO116	<p>STAFFING RESTRUCTURE REPORT FROM ADULTS, COMMUNITY AND CULTURE SERVICES</p> <p>The Director of Adult, Culture and Community introduced the report which set out the proposed restructure of Adult services and Commissioning business unit and Safeguarding & Strategic Services. Essentially these two services were merging to become a single Adults service which would mean the deletion of one head of service post. The new structure of the service would respond to :</p> <ul style="list-style-type: none"> • Promoting a borough where every adult had an equal chance of having a

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	<p>healthy safe and fulfilling life</p> <ul style="list-style-type: none"> • The current challenges placed on adult social care which involved considerable reductions in grant funding • Changes within a framework of new policy directives from central government <p>The service would in turn develop a clear balance within available resources, of universal targeted and specialist provision, including the introduction of personalisation. The report further set out the strategic direction and the priorities for the service and listed the staffing restructures to be undertaken. Some of these decisions were to be considered at a future committee meeting and others proposed to be taken by delegated authority by the Director of the service in consultation with the Chair of the General Purposes Committee. However, following distribution of the report and consultation with the Employee side the Director of Adults, Community and Culture service proposed that these delegated decisions also be considered by the General Purposes Committee.</p> <p>The Chair advised the Committee that this report should be treated as an interim report as a number of the restructures outlined in the report were subject to statutory consultation and decisions would, as previously reported, come back to the Committee. The Committee were advised that further fuller report on the staffing structures of the new directorate, Adults and Housing services would follow to the Corporate Committee in late June /July.</p> <p>RESOLVED</p> <ol style="list-style-type: none"> i. That the overview of the current and proposed future shape of the service and summary of the proposed restructures set out in appendix 1 be noted. ii. That the following reports be considered by the Committee on staffing restructures and unit closures, on the conclusion of staff and public consultation: <ul style="list-style-type: none"> • Alexandra Road Crisis unit • Adult Services drop in centres • The Haven • Woodside Day Centre • Six8Four Centre • Cranwood • The Red House • Broadwater Lodge • Whitehall Street • New Reablement Service • Realignment of the assessment and Personalisation Service
GPCO117	<p>LOCAL DEMOCRACY AND MEMBER'S SERVICES REVIEW</p> <p>The Assistant Chief Executive presented the report which set out the reorganisation of Local Democracy and Member's Services with the timetable for</p>

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implementation outlined in paragraph 7.5 of the report. The proposals involved deleting 13 posts and the remaining structure provided 17 posts with greater or lesser degrees of changes to job descriptions. The service offer to be provided by the new structure was set out in page 54 of the agenda pack and a visual presentation of the reorganised structure was also set out in Appendix 2 of the interleaved report for members to consider. Staff consultation information along with the trade union response to the consultation was also attached. Members noted that ,where there were staff ringfenced for more than one position, they would still undertake one interview and be asked to state their preference order for the positions. The interview questions would be wide ranging to also reflect the positions that were being applied for.

Members enquired about the future plans for mayoral transport .It was noted that there would be a forthcoming review of mayoral transportation. The service had already utilised on the expiry of the existing car lease by altering the arrangements to allow less usage of motor transport. Travel to future mayoral engagements, where motor transport was the only option, had been looked at and it had been calculated that there would need to be provision of this to 70 engagements. The majority of the remaining engagements the Mayor was envisaged to make independent transportation plans for.

The Committee were advised that a member appointment panel had that morning, following an interview process, appointed David McNulty, to the post of Head of Local Democracy and Member Services .

RESOLVED

- i. That the Member support Service offer from LDMS at appendix 3 be noted.
- ii. That the staffing structure at appendix 2 be agreed taking into account the responses to formal consultation detailed in paragraph 11 and appendix 5 and also paying due regard to the authority's public sector equalities duties.

GPCO118 HUMAN RESOURCES RESTRUCTURE

Members were asked to consider proposals for the restructure of the Council's Human Resources service in order to meet a Council approved level of savings of £884k for the Human Resources and Personnel Services. The Committee were advised that as a result of the Finance and HR Support Functions Reviews and the Children's business support and development review it had been identified that the best configuration for these HR related services was to bring them together and enable them report to the Head of Human Resources. It was noted that as a result of this amalgamation the Head of Human Resources would be responsible for :

- Schools Personnel
- Payroll work of officers in Leisure, Catering, Transport and Parking /Enforcement services
- Schools Health and Safety Work
- SAP establishment maintenance work from the financial systems team in Corporate Finance.

Members noted the current structure of the service set out in pages 84-86 and

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proposed structure set out on page 88. The post which had been deleted were further highlighted in Appendix B which were a summary of changed posts including deleted posts.

The Head of Human Resources communicated some minor anomalies in the report which did not impact on the final recommendations of the report. These included:

- Appendix A - HR Support - there should be an additional scale 4 post included in the new structure.
- Schools Payroll & Employee Admin – Schools Pay and admin team – the single PO1 post should read PO2/3, SO2 post should be removed and there were 5xSc6/SO1 in the new structure.

The Committee noted that Appendix F of the report contained mainly union comments from Unison with some comments from the GMB union.

Members enquired about potential increased income for the service from sharing recruitment services with Waltham Forest. It was noted that these discussions were at an early stage with £20k of funding secured to take this investigation of shared activity further forward.

Following the reduction in posts responsible for health and safety provision, Members further sought assurances that the level of health and safety management provision provided to schools would be maintained. It was explained to the Committee that, the reduction in these posts was responding to feedback in the consultation where this was highlighted as a savings area. The Committee were informed that the Corporate Health and Safety manager would be covering these duties and this post holder would ensure that the necessary health and safety regulations were met.

The Committee were advised the due to pressing timescales to complete the report the equalities impact assessment enclosed was not fully completed. The Committee agreed to consider and agree the recommendations of the report subject to considering the completed equalities impact assessment at their meeting on the 19th May 2011.

RESOLVED

- i. That the revised post changes and deletions detailed in Appendix B be approved, taking into account the outcome of the consultation outlined in Appendix F and paying due regard to the authority's public sector equalities duties.
- ii. That the revised service offer outlined in Appendix A be noted.
- iii. That it be noted that the revised structure will predominantly be implemented with effect from 1 October 2011 in recognition of the considerable people change work that HR are supporting across the Council. Where posts can be deleted in advance of 1 October without impacts on service delivery support these will be actioned earlier.

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	<p>iv. That the level of savings levels to be achieved from the review in 2011/12 outlined in paragraph 11 be noted.</p> <p>v. That the completed equalities impact assessment be considered at the Committee meeting on the 19th May 2011.</p>
<p>GPCO119</p>	<p>YOUTH OFFENDING TEAM RESTRUCTURE</p> <p>The report set out proposals for the restructuring of the Youth Offending Service which was required to achieve the financial savings and remain within budget. The Youth Justice Board had contributed to the compilation of the report and recommendations . Several projects were due end by the end of March 2011 due to the expiry of external grants and there was no alternative funding to continue these projects. The staff involved were on fixed term contracts. The Youth Justice Grant for 2011/12 has been reduced and the new structure has been drawn up to reflect these reductions. The re-structure has been designed to have the least effect as possible on services to young offenders and their families and to achieve the Youth Justice Board indicators in relation to reducing the number of first time entrants to the criminal justice system, reduce re-offending and reduce the use of custody</p> <p>There were 7 members of staff leaving the organisation through voluntary redundancy and under the new structure the remaining staff would have a new generic and flexible support role. The operational managers managing the service would be reduced from three to two.</p> <p>The Committee noted that the timing of the review did allow displaced staff from the Youth Service to be considered for roles in the Youth Offending Service. The Equalities Impact Assessment had been distributed to key stake holders including Children and Young People’s Service. Responses had included a strong recommendation to provide a Turkish speaking part time support worker to assist with the contact. A further recommendation from the consultation was to convert the part time reception worker to a full time post as there was a need to securely and appropriately meet the young people who were attending the service. These suggestions had been accommodated in the restructure proposals.</p> <p>Clarification was sought on redundancy arrangements for the employees on fixed term yearly contracts which were due to end. The Committee noted that these employees would not receive a redundancy payment as they had been on fixed term contracts for less than two years. Further to questions from the committee on the number of these staff displaced , according to the previous structure this would mean that 3 fixed term contract staff would be leaving the organisation.</p> <p>The Committee noted that the revised grant allocation, that would contribute to funding the service, was not ringfenced and expressed concern about the future sustainability of the service should this funding not be agreed for this area. The Committee were informed that there were strong recommendations for youth justice work to continue to be funded and for it to remain a key priority of the Council. It was also a legislative requirement to provide a health related post</p>

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	<p>working with young people and the PCT related funding would hopefully contribute to funding a mental health worker in the Adults outreach team. The service would nonetheless prepare for any eventuality together with making strong recommendations to the Council and agencies to keep to previous commitments to fund this vital service.</p> <p>The Committee enquired about how staff in the new structure with a changed role would be supported meet the requirements of their new generic job descriptions. In response it was noted hat there would be in house training provided to staff to help with the transition to their new roles.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That in principle the Youth Offending Service be restructured subject to the outcome of consultation and consideration of the authority's public sector equality duties . Seven of the Youth Offending Staff had applied for and been accepted for voluntary redundancy. ii. That the staff consultation which started on the 1st of March 2011 involving staff members affected be completed, in line with the Council's policy and procedure, and comments received will be considered and responded to accordingly. iii. That agreement be given for delegated decision making to the Chair of the Committee in consultation with the Director of Urban Environment, taking into account the consultation process and the authority's public sector equality duties, and providing nothing of a substantive matter arises during or from the consultation period and process.
GPCO120	<p>ESTABLISHING A SHARED ECONOMIC DEVELOPMENT SERVICE</p> <p>The report considered by the Committee sought approval for establishing a new Shared Economic Development Service for Haringey and Waltham Forest including the 30 day consultation period with staff and their Trades Unions. The outline service description and proposed organisational chart and ring fenced recruitment schedule were appended to the report for the Committee's consideration. This was potentially the first shared service with Waltham forest to begin to be established. Work areas to be shared were programme management team and core economic development with a reconfigured Haringey Guarantee Delivery Team. There would be a total of 17 posts in the new shared service with additional delivery and programme management posts to be created if and when sub contracts for local delivery of the Work Programme were secured. Delivery Team and Programme Officers, and the Film Officer posts would be Haringey posts with Head of Economic Development, Economic Development Manager, Economic Development Officers and Economic Development Support Officer being shared service posts open to officers from Haringey and Waltham Forest.</p> <p>The Committee enquired about the total cost of this shared service and what amounts each borough would be contributing to the cost of the service. There was further discussion on the work of the programme delivery team who had been successful in generating funding for Haringey related programmes and</p>

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clarification was sought how they would work on Waltham Forest projects. It was reported that there were a lesser number of delivery projects in Waltham Forest. It was further estimated that there would be £500k allocated for Haringey delivery programmes with £340k expenditure on staff. In terms of the Haringey Guarantee programme, there would be additional programme management posts created if the shared service was successful in obtaining sub contracts for local delivery from the Government's Work Programme scheme. It was noted that the organisation of the Haringey Work Guarantee programme would remain in Haringey. The Committee felt that it would be useful to have an understanding of counterpart member views on this shared service and on its distribution of responsibilities to understand if they were in favour of them or had concerns. It was noted that there had been close working between Waltham Forest Council and the Councils HESP team in compiling these proposals with both Council Cabinets agreeing to the development of this shared service.

The members of the Committee were in agreement that the final report to Committee which would be considered on the 19th May would need to contain information on :

- Cost of the service and likely future cost
- The division of funding to the shared service and which part of the service each borough's funding will contribute to
- The percentage of the work completed by the Shared Service for Waltham Forest Council.
- Clarification on who the members of staff in the shared service will ultimately be employed by.
- The benefits of being a partner in this shared service

The discussion indicated a strong need for a set of principle information in reports on shared services which would respond to points such as those raised above. The Chair agreed to discuss this further with the Chief Executive.

RESOLVED

- i. That the ongoing work on developing the new shared service including the reduced Haringey Guarantee Delivery, Programme management and core Economic Development service teams be agreed.
- ii. That due regard be given to the authority's public sector equality duties in relation to the agreement of the recommendation.
- iii. Following the completion of consultation the final proposals for this shared service be the subject of a further report to the Committee on the 19th May 2011.

GPCO121 PROPOSED RESTRUCTURE OF FRONTLINE SERVICES

The Cabinet agreed on the 25th January to the amalgamation of Frontline

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	<p>Services with the elements of services provided by Safer Stronger Communities business unit into a new single Frontline Service. Within this report Cabinet agreed that a further report setting out the details of the reorganisation should be presented to the General Purposes Committee. The report containing this information was now provided to the Committee and contained details of the savings to be made by the Council as a result of this reorganisation . A proportion of these savings £1.4million(of the total 3.6 million savings to be made) had been predicated on the disestablishment of the Neighbourhood Management Service which had previously been considered at General Purposes Committee meetings on the 15th February and again following consultation , on the 10th March 2011.The proposed restructure within this report sought to deliver the remaining savings, a net reduction of 2.2m from the existing Frontline Services structure. Section 6.15 of the report set out the numbers of staff affected by the restructure and members noted that the emphasis was on a reduction of management posts.</p> <p>In considering the report, the Committee further discussed the new title of the directorate, Place and Sustainability, and felt it should be proposed to the Chief Executive, that there should be a re-evaluation of it and a new name proposed which provided more understanding of the services that would be provided by the directorate.</p> <p>RESOLVED</p> <ol style="list-style-type: none"> i. That in principle the proposed Single Frontline Business Unit Structure for consultation as set out in Appendix B , taking into account the attached draft equalities impact assessment be agreed. ii. That it be noted that the formal consultation with staff started on the 21st of March and would be completed in line with the Council's Policy and procedures . It was further noted that all comments received would be considered and responded accordingly. iii. That a further final report on the proposed reorganisation , following formal consultation with staff, be presented to the General Purposes Committee on the 19th May. iv. That members note the timetable for the delivery of the new Frontline services.
GPCO122	<p>ITEMS OF EXEMPT BUSINESS</p> <p>NONE</p>
GPCO123	<p>MINUTES OF GENERAL PURPOSES COMMITTEE SUB-BODIES</p> <p>Exempt minutes of the General Purposes Committee in the 07 February were agreed.</p> <p>Minutes of Staff Disciplinary Appeals and Grievance hearings for the 15th Feb, 04 March, and 01 March were noted.</p>

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GPCO124	NEW ITEMS OF URGENT EXEMPT BUSINESS NONE
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Councillor George Meehan
Chair

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MONDAY, 18 APRIL 2011**

Councillors Meehan (Chair), Khan, Waters, Whyte, Wilson, Rice (Vice-Chair) and Bloch

Apologies None

Also Present: Ian Bailey, Belinda Evans, Stuart Young, Diana Edmonds, Dave Burn, Ros Cooke and Michael Wood.

MINUTE NO.	SUBJECT/DECISION
GPCO125	APOLOGIES FOR ABSENCE (IF ANY)
GPCO126	<p>URGENT BUSINESS</p> <p>There were no items of urgent business submitted.</p>
GPCO127	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Wilson declared a personal interest, as part of the discussion on item 8, After School Childcare, by virtue of his position as a school governor at Weston Park Park Primary School.</p>
GPCO128	<p>DEPUTATIONS/PETITIONS</p> <p>The Committee received deputations from Sean Fox and Andrea Holden (Employee side Representatives) on agenda items: 6) – Restructure of Haringey Early Years Service. 8) Procurement Service Function Review. There was also a deputation received from Gwen O’Garrow, a parent from Hornsey Ridge school, in relation to agenda item 7) After School Childcare. Details of their comments and representations are recorded under the relevant minute below.</p> <p>There were two petitions received by the Committee. The first is in relation to the agenda item 6, Restructure of the Early Years and the second on item 7, After School Child Care.</p> <p>In accordance with the Council Constitution, Part 4, Council Procedure rules, paragraph 11.1 – Petitions - . The Petitions were handed to the Chair of the Committee and recorded as received by the representative of the Head of Local Democracy & Member Services with no further debate. The Chair of the Committee would report the Council’s response to the petition at the next ordinary meeting of the Committee. A copy of this response would be sent to the Petitioners.</p>
GPCO129	FEEDBACK AND INFORMATION GOVERNANCE STRUCTURE

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	<p>The Committee considered proposals for the centralisation of the management of all Council complaints, Member's enquiries, Freedom of Information and data protection enquiries function. In addition, an information governance function would be established to be based within the new centralised Feedback and Information Governance team. There were currently 26 officers located across the Council covering feedback and complaints functions and following the centralisation this function it would be reduced to 13. The Committee noted the consultation exercise undertaken and the inclusion of the Records Management functions and staff into this restructure. The Committee were further referred to the findings of the equalities impact assessment and union responses which were appended to the report.</p> <p>The restructure was estimated to make savings of £270k, a majority of these savings had already been achieved due to directorates making reductions to these posts as part of their own restructures, and pre agreed savings and reviews. Therefore these savings were not cashable as they had already been taken by individual services.</p> <p>The Committee were advised that the inclusion of the additional posts allocated to Records Management was a positive step as it would enable the Council to keep this expertise and help ensure that information is managed as legally required; enable effective filing/archiving practices to be developed, where needed, and used consistently across the Council.</p> <p>The Committee enquired about how the priority of improvement and efficiency would be kept to given the reduction in posts dealing with Member's enquiries and complaints. In answer to this, the Committee noted that existing processes would be reengineered to ensure that efficiency was the key priority. This was exemplified by the changes made to the complaints process, the three stage complaints process would be reduced to two with all stage two complaints to be investigated by the centralised team. There would now also be a single centralised port for receiving and processing complaints from across the Council.</p> <p>RESOLVED</p> <p>That the proposed centralisation of feedback and information governance functions as outlined in the report and appendices be agreed.</p>
<p>GPCO130</p>	<p>RESTRUCTURE OF HARINGEY EARLY YEARS SERVICES</p> <p>The Committee considered proposals for the restructure of teams employed centrally by the Children and Young People's Service to support the delivery of early year's provision. It was noted that at present, staff were spread across a number of service areas .The key proposal was to replace these teams with a single smaller team that would provide essential statutory services.</p> <p>In response to the consultation with staff and key stakeholders, some changes have been made to some of the roles. A revised structure chart and list showing the posts in the new structure was attached at Appendix 6. There was however no change to the proposed level of saving or the role and function of the service. The</p>

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changes listed in paragraph 6.4 were as follows:

- Line management arrangements have been altered and conveyed in the structure chart at Appendix 6.
- Two deputy head of service posts had been redesignated as lead officers for their respective areas – Early Years Lead for Early Intervention & Prevention and Early Years Lead for Vulnerable Children with Multiple & Complex Needs.
- The Childcare Support Officer Job Description had been revised to have a stronger focus on business support and contract monitoring. The job title was now a Business Support Officer.
- The 0.5 FTE 2-year old pilot project co-ordinator roles had been expanded to incorporate additional duties supporting the work of the team. The post was now full-time and the job title was now Early Years Support Officer. The grade remained at PO1.

The Employee side addressed the Committee and highlighted their deep concerns about the restructure of his service . They pointed to references in the report about the work and connections of the Early Years service to Children's Centres. The restructure of this latter service was the subject of a separate exercise. The public consultation on which would end on the 20th April and staff consultation begin. The Employee side, as communicated previously at Committee meetings, requested that the restructure of the Early Years team be deferred and considered alongside the Children's Centres restructure report by the Committee in June. This would allow staff from the Early Year's provision to be considered for posts in the Children's Centres structure. The Employee side further expressed their anxiety about the feasibility of the restructured service to deliver an Early Year's service given the reductions being made and were concerned about the future condition of the Family Information Service.

In answer to these concerns, the Deputy Director for Business Support in Children's Services explained that delays to the restructure processes in both services would have severe financial impacts with delays leading to more staff reductions. There were a small number of staff that had been identified which could be considered for posts in the Children's Centres structure and the employment ringfences would be held to accommodate these eligible staff. This delay would have a relatively small impact on the budget target for this area. In terms of the concerns expressed on the outreach work of the service, it was hoped that once the Children's Centres structure was finalised and viewed by the Employee side, they would be assured that this was a key priority for the new service. The Family Information Service would still fulfil its basic statutory function and the service was hopeful of keeping its best attributes. Information on services would be assessable with web links to the service examined to ensure maximum accessibility. The Employee side were assured that the previous job descriptions of employees subject to the early years restructure were being examined in relation to single status rulings. This was to understand if there were compensation requirements to be met. Responding to concerns about the workload of the new team, it was noted that the staff likely to be working in the new structure would be those that would be experienced and equipped to work across agencies and departments. A key task for the new service was the prioritisation of work for which management would be responsible for and

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ensuring that staff would not be overstretched. The service would prioritise support to newly registered childminders and those with weak OFSTED ratings.

The Committee learned that service provided courses for childminders on developing their educational skills with the children they looked after. These courses were run by a combination of teachers and experienced childminders. These officers worked across a spectrum of services i.e. schools, play groups, private nurseries and were primarily concerned with delivering early years foundation one (this was a key deliverable and likened to key stage 1 achievements but in an early years setting). The current service ,where applicable, was charging for this facility which was also offered to the private sector. Although, the proportion of income received from this charge was small, the Committee were assured that the service would utilise on any available options for recharging of services and generation of funding.

Some members raised queries regarding the pay scale of managers in this restructured service. In reply to this, the Committee noted that pay scales would need to reflect the increased complexities of the positions and grades and job description requirements.

The Committee noted that the new structure following changes made, as a result of the consultation, were set on page 103 of the agenda pack.

The Chair enquired about the progress of the Children and Families restructure and was advised that this was planned for completion and consideration by Committee in June along with the Children's Centres Report. The Chair requested that the Children's Centres report contain a timetable for recruitment to provide the Committee with a fuller understanding of the final shape of the service.

RESOLVED

- i. That the Committee note that the formal consultations on these proposals began on 03rd February 2011 and was concluded on the 14th March.
- ii. That the comments received from staff and trades unions and the management responses to these in appendix 5 be noted.
- iii. That the proposed restructure as set out in Appendix 1 and summarised in section 6 of the report, taking account the outcome of the staff consultation and management response , be agreed with due regard given to the Council's public sector equalities duties.
- iv. That Cllr Bloch's opposition to the above recommendations be noted.

GPCO131 AFTER SCHOOL CHILDCARE

The Committee received a deputation from a group of parents from Hornsey Ridge School who wanted to speak against the transfer of the after school provision at their school to St Aidens . This transfer of provision was a

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consequence of the Council's curtailment of funding to borough wide after school provision. The spokes person for the group was Gwen O'Garrow who reported to the Committee the exceptional current facilities provided to children at Hornsey Ridge school which were to a very high standard. On behalf of the deputation, Gwen O' Garrow expressed concern about the facilities on offer at St Aiden's which she felt were not on par with the current facilities at Hornsey Ridge school. She proposed that the school should be given the opportunity to try and increase the numbers of children attending the after school club to make the service more financially viable. The Committee heard that as part of the consultation, parents had not been given the option of considering an increase to the fees for this provision. This may have been acceptable to them given the value and necessity of the service. The deputation called on the Committee to reconsider the recommendations of the report which were to reduce Council employed staff providing after school childcare and consider their duties as an authority to provide childcare for parents and in turn allow them to work or access education. The deputation further asked the Committee to consider the need for this service by the community in Hornsey and thanked the Committee for listening to their views.

The Committee welcomed the deputation and enquired about the activity previously undertaken to address the declining numbers of children attending this after school provision. At this point, in the meeting, Cllr Wilson also declared a personal interest in his subject by virtue of his school governor position at the neighbouring school, Weston Park. Members of the deputation explained that there was little effective advertisement of the after school provision provided by Hornsey Ridge school. Following research, by the parents, there was found to be no information on government websites or local websites on this after school provision. Parents at the nearby schools of Rokesly and Weston Park had been spoken to and they showed little knowledge of the existence of this provision which further highlighted the need for effective advertising of this school service. The deputation believed that the opportunity should be given for this as this would impact on the number of children attending this provision. The Committee noted that the concept of improved PR had been suggested in the consultation period by the parents and sought further understanding of the number of children attending the after school provision. This was reported to be seventeen with children aged four and upwards.

The Deputy Director of the Children's Service was asked to introduce the report which contained proposals to curtail the Council's direct delivery and subsidy of after school childcare and to which the deputation spoke in relation to. It was important to keep in mind the context of which the reductions to a number services provided by the Children's service were predicated. This was the requirement for the Children's service to make £14.1 million of savings immediately in 2011/12. This saving target was to be met through a restructure of the service and would inevitably mean that direct services, such as after school provision and were not a statutory services could no longer be resourced by the local authority. Funding from central government was no longer provided directly to local authorities for this service. Whilst the impact was unfortunate on Hornsey Ridge school, the local authority were examining the priorities for services across the borough as a whole. It was noted that there were currently 14 after school providers in the borough which would be affected by the proposals to cease funding of these services. The Schools Forum had agreed to additional resources

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for 2011/12 only, to assist with supporting the transition of the service to those schools that are able to provide the service on a sustainable long term basis. There had been discussions with Weston Park school on taking over the after school provision to Hornsey Ridge school children but the school did not feel able to subsume this service. The local authority had held discussions with the YMCA about continuing this after school service for Hornsey Ridge pupils. This centre was located near the school and provided after school provision. The YMCA service had recently been assessed as a "good" service by OFSTED and they were able to assist and admit the children from Hornsey Ridge after school club. Arrangements could also be made for the children to be walked to the centre from the school by a teacher / school officer.

Understanding was sought by the Committee on the previous activities of the Council to increase numbers at this after school provision given that the funding was £45 per head ,a high amount compared to funding of places in other parts of the borough. It was explained that there had been previous benchmarking exercises undertaken to examine the cost of after school provision per child per head and it had found that the subsidy provided by the local authority was higher when compared to other boroughs. There had been past consultation with parents at Hornsey Ridge School on this provision. Whilst parents were eager to initially register their commitment to using the provision , this was not fully followed up by all parents. Currently there were 17 parents signed up to the service.

In responding to the deputation's concerns about the facilities at St Aidens, the local authority committed to re-examine this provision as it was understood that St Aiden's had previously had an OFSTED report 3 years ago.

The Committee were advised that ,following the commitment of the Schools Forum to fund the transitional arrangements for after school provision, this would assist with funding the walker who would be responsible for safely transporting the children from Hornsey Ridge school to their new provision.

The Committee were advised that guidance was available from the Council to the deputation party about the requirements of setting up a voluntary group to possibly manage and continue this service if they wished to explore this as an option.

The Committee noted the findings of the equalities impact assessment on the disproportionate effect of the proposals on female staff and those aged between 44-55. The Committee were advised that the Council would continue to work with schools to, where possible and an option, continue the employment of the displaced Council funded staff under different management conditions.

The Committee shared the deputations and union's sadness at the deletion of this service which had in the past been recognised nationally as setting the example for childcare provision. However, the Council were required to reduce their budget by 41 million and were not in a position to fund direct or non statutory services. It would also be difficult to fund services on the assumption of increased uptake or increased funding by users as unfortunately the reductions to the Children's Services budget needed to be made in a short term. The Chair reiterated the offer made by the service to provide advice the deputation party in examining the option of setting up a voluntary group to manage this service.

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RESOLVED

- i. That the Committee note that formal staff consultation on these proposals began on 8th February 2011 and was concluded on the 9th March and that public consultation began on the 14th February and concluded in 8th April 2011.
- ii. That the comments received from staff and trade unions and the management response to these in Appendix 5 be noted.
- iii. That the proposed reduction in staff as set out in the consultation document (appendix 1) taking into account the outcome of the staff consultation be agreed with due regard given to the Council's public sector duties.

GPCO132 PROCUREMENT SERVICE FUNCTION REVIEW

Members were informed that as part of the Haringey Efficiency and savings Programme(HESP) a review of the Procurement function (including transaction processing across the Council had been undertaken in order to arrive at a revised Procurement structure and new model of delivery of the Procurement function .

The Head of Procurement provided Members with the context behind the proposals being made which was essentially to centralise the Procurement structure. The Council had currently 960 live contracts, therefore this was a high spend and high risk area where good management was crucial. The department had been set the savings target of £416k which was to be achieved over the next two years with £312k allocated for delivery in this financial year. The proposed model for the Procurement function would include transactional processing, procurement of supplies and services, construction, property, commercial contract management, category management and energy management. The consultation period with staff had been completed on the 08th April and there was appended to the report a log of the changes to job titles and descriptions made in response to feedback. The service offer was set out on page 100 of the agenda pack and this had not changed since consideration by the Committee on March 22 2011. The equalities impact assessment had been updated to further reflect feedback from the consultation.

The Employee side spoke to the Committee about their concerns on the application of ringfences which they felt had been indifferently applied. They felt that the exercise had favoured procurement staff already working in central procurement and therefore there were seen to be little opportunities for directorate staff to be successful in obtaining a procurement post. They compared the Procurement review to the Finance service function review which had used more open ringfences and contributed to staff feeling that the process was fairer with an equal prospect of a job. They highlighted the lack of information provided on

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the recruitment procedure , with only the standard information provided to staff in the review which did not indicate the methods to be used in the recruitment procedure i.e. interviews or tests, limiting staff preparation. There was also substantial responses received from officers involved in the review in the consultation period which suggested that the manner of the process followed was not favoured. In response to these issues raised, The Head of Procurement advised that the function review of Procurement had followed the same process as the Finance review. The difference being that officers which had 20% of procurement duties involved in their posts were part of the review. In the Finance review officers with 50% of finance duties were included in this. The Procurement service had followed Finance and Human Resources advice at every aspect of the review .

Due to the nature of the concerns raised by the Employee side, the Committee wanted to ensure that employees felt that they were treated fairly in the recruitment process and it was important that all posts were recruited to without leaving any vacancies. The Assistant Chief Executive offered to review the ringfence proposals contained in the review in detail and update the Committee on these outcomes at their meeting on May 19th. The Committee agreed in principle to the recommendations of the report subject to receiving this update.

The Committee were informed that the revisions to contract standing orders which would reflect the changes to financial thresholds, would be for agreement by Full Council, following consideration by the Constitution Review Working Group.

RESOLVED

- i. That the proposed new centralised Procurement structure be approved subject to a further report back to Committee on the 19th May from the Assistant Chief Executive on the review of employment ringfences to be applied in the recruitment process to posts in the new structure.
- ii. That the timetable for implementation of the review be noted.

GPCO133 CULTURE LIBRARIES AND LEARNING

The Committee considered proposals for staff changes in Libraries, Archives and Museum Services in order to meet Council approved budget reductions and the loss of ABG funding from 2011/12. The proposals had been subject to full staff and public consultation . Union comments had useful and in some cases their suggestions were taken forward in the restructure. Clarification was sought on the total number of staff remaining in the service after the restructure and the Assistant Director for Culture Libraries and Learning agreed to provide this information to all Committee members following the meeting.

The Committee commented on recommendation 3.2 which sought approval to revised weekend opening hours for the Libraries service . This decision was agreed to not be within the remit of the General Purposes Committee's terms of reference and understanding was sought on whether this issue had been

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	<p>discussed as part of a previous Cabinet report? It was noted that this decision was required as a result of the withdrawal of Area Based Funding which supported the provision of this weekend service. The Committee recommended that the Assistant Director for Culture, Libraries and Learning seek advice on the correct decision making body to enable this decision.</p> <p>RESOLVED</p> <ul style="list-style-type: none">i. That the revised post changes and deletions detailed in Appendices A and B taking into account the outcome of the consultation outlined in Appendix C be approved with due regard given to the authority's public sector equalities duties.ii. That the revised structure to be implemented from the 01 May 2011 be noted.iii. That the level of savings to be achieved from the review in 2011/12 outlined in paragraph 11 be noted.
GPCO134	ITEMS OF EXEMPT URGENT BUSINESS

Councillor George Meehan

Chair

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Councillors Khan, Waters, Whyte, Wilson, Rice (Chair), Bloch and Browne

Apologies Councillor Meehan

Also Present: Councillor Browne, Jan Doust, Ian Bailey, Dave Burn, Steve Davis

**MINUTE
NO.**

SUBJECT/DECISION

GPCO135	<p>APOLOGIES FOR ABSENCE (IF ANY)</p> <p>Apologies for absence were received from Cllr Meehan, Chair of the Committee. In accordance with the Constitution rules on substitutions as set out in part 4, rules of procedures, section B, Committee rules, and paragraph 55, Cllr Browne substituted. Cllr Rice in his role as vice chair chaired the meeting.</p>
GPCO136	<p>URGENT BUSINESS</p> <p>There were no items of urgent business submitted.</p>
GPCO137	<p>DECLARATIONS OF INTEREST</p> <p>The Committee were handed a letter by a representative of the NUT, Tony Brockman, in reference to agenda item 6, Trade Union Facilities, Duties, Activities and Time off Arrangements. The letter claimed that there was a financial benefit to schools as a result of the proposed reduction in the Council funding of time off facilities for union branch officers. Julie Davies, representative of the NUT, advised the meeting that she was currently seconded to the union branch officer post and following proposals to reduce the time off facilities for union work she would return to her teaching post. This would mean that her school would have an additional funded teacher and would mean that other schools that have a teacher seconded to branch officer posts would be in similar beneficial position. Tony Brockman along with Julie Davies claimed that this constituted a prejudicial interest for some members of the Committee who were also governors at schools in the borough which they believed should be declared together with withdrawal from the meeting. The Chair asked the legal representative at the meeting to provide advice on the assertions made in the letter and Committee member's positions in relation to agenda item 6 as school governors. The Committee were informed, by the legal representative, that there was not a requisite degree of financial impact on schools or a financial gain to members personally to deem this a prejudicial interest. Further, the decision recommended from the Committee involved only an allocation of paid time to the NUT, which would then be the subject of further decisions by the NUT before its implementation at the level of any school. The legal representative advised that these were therefore personal interests as opposed to prejudicial interests. In response, to a query on legal advice provided at Planning Committees on personal and prejudicial interests when considering planning applications, the Committee were advised that in the consideration of some planning applications there could be circumstances where</p>

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	<p>there was a direct impact on the financial position of the members involved or organisations that they, or close family members, were affiliated with which would need declaration and non participation in the meeting. In this case the direct financial effect on schools was not sufficient to warrant members of the Committee to declare a prejudicial interest. In response to the advice provided, Cllr Wilson declared a personal interest by virtue of his position as a school governor at Western Park Primary School. Cllr Rice declared a personal interest as a School Governor at John Loughborough School and Northumberland Park Secondary School and Cllr Waters declared a personal interest as a school governor at Risley Primary School. Cllr Browne declared a personal interest by virtue of his membership of National Union of Journalists, Equity (the performers' union) and sought advice from the legal representative on whether his lifelong honorary membership of the GMB, which was not active, would constitute a prejudicial interest. In answer to the latter declaration, the legal representative advised that this was a personal interest and not a prejudicial interest as this was not an active membership and not employment connected.</p>
<p>GPCO138</p>	<p>DEPUTATIONS/PETITIONS</p> <p>The Committee received deputations from Chris Taylor and Andrea Holden (Employee Side Representatives) on Agenda item 5) Youth Connexions and Participation - Agenda Item 6) Trade Union Facilities, Duties, Activities, and Time Off Across the Council. Deputations were also received from the Teaching side of the Employee side – Tony Brockman and Julie Davies in relation to Agenda Item 6) Trade Union Facilities, Duties, Activities, and Time Off Across the Council.</p> <p>Details of their comments and representations are recorded under the relevant minute below.</p>
<p>GPCO139</p>	<p>YOUTH CONNEXIONS AND PARTICIPATION</p> <p>Members of the Committee considered a report on the proposals for the restructure of the Council's Youth, Connexions and Participation services. The context behind the recommendations and necessity for this report were the requirement for the local authority to make savings of over 84 million over the next 3 years. As part of this, the Children and Young People's service were required to restructure the service to reduce spending by 14.1m whilst ensuring that it fulfilled its statutory duties and protected services to the borough's most vulnerable children. The proposition was to reorganise the Council's Youth Service, Connexions Service, and Children and Young People, Parent & Community Participation Service into a revised Youth, Participation and Community service to achieve required savings of £3,298,443 whilst keeping to the following responsibilities:</p> <ul style="list-style-type: none"> • Delivering statutory responsibilities for the Local Authority • Prioritising provision for at risk vulnerable groups • Meeting the needs of the community and the aspirations of young people <p>It was noted that 105 staff were affected by the review which equated to 85.9 Full Time Equivalents. It involved the deletion of 44 vacant posts (30.9 Full Time Equivalent posts). The full employment position of the staff members included in the restructure was set out in section 5 of appendix 1. The Committee learned</p>

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that the restructure had sought to achieve a balance between full and part time posts as working in youth service involved flexibility and working outside normal working hours.

The key aim of the new service was to target children most at risk. This would be achieved through maximising frontline services so that through partnership with statutory and community organisations there was focus on working with young people and families which were known to the Council to have enhanced risk factors. A further priority of the new service would be community development and quality assurance which would entail developing, agreeing and monitoring clear quality standards in conjunction with young people for services that were managed by the Council, commissioned, or those that the Council signposted to in the voluntary, community and third sector. The Council would be seeking to develop relationships with these sectors to ensure that there was a shared understanding of the meaning of quality services across the borough. This would further include: addressing professional issues where required, training, staff development, ensuring safeguarding protocols were in place and that tracking systems, which provided schools with and other agencies with data information on learning, and employment destinations of young people were maintained to a high level. The third key priority was citizenship and involvement of young people and ensuring that they were routinely involved and engaged in decision making, shaping, and planning the service. This would include working with children and young people through the Youth Council and CIC Council and ensuring that consultation on broader developments of the service included young people. In relation to the connection of this priority to the Voluntary Sector this would involve liaising with HAVCO to make sure that there were skilled and trained workers in the voluntary sector. In terms of volunteering, the new service would record young people's volunteering and offer accredited training if appropriate.

Members were pointed to the new staffing structure of the service which was set out in Appendix A and asked to agree the recommendations of the report.

The Employee side were invited by the Chair to address the meeting and raise their concerns about the report and its recommendations. They began by expressing their immediate concern; on how the prevention agenda would continue to be adhered to as they felt it would be hindered greatly by the level of budget reductions to this service and they felt that in the long term there would be a greater cost to the community and the local authority. In response to this it was noted that prevention would continue as a key aim of the service and would include working with children in care colleagues to provide targeted services rather than a broad service. The Employee side referred to the formal feedback provided by Unison to the consultation which was appended to the report as part of Appendix 5 and sought the following clarifications.

- Youth Development Officer post was marked as an open ring fence post – The Deputy Director Prevention and Early Intervention agreed to review this ringfence proposal.
- Single status evaluations for Frontline workers - the consultation period had been extended to allow evaluations for single status to be undertaken. Any potential payments associated with single status claims would be met

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within the budget for the service.

- New Job Descriptions for Connexions employees indicated working 4 evenings a week which had implications for the work life balance of these employees. In response it was noted that the job descriptions were compiled on the pretext of meeting the needs of young people. The figure of 4 evenings a week was a guide and it was not envisaged that this many working evening would be needed per week. The previous job descriptions for this role set evening work at one evening per week and this was altered to reflect Youth workers job descriptions which indicated as a guide working 4 evenings per week. In response to this clarification, the Employee side pointed to the difference between part time youth workers and the Connexions post holders who were working full time hours and expected to work evenings. The committee noted that the need to meet the availability of young people made it essential for these post holders to be available in the evenings. However, it was reiterated by Officers, that 4 evenings was a guide and it was unlikely that post holders would be expected to work this number of evenings per week.
- Participation Strategy Officer and Community Participation Officer Job description changes - It was explained that these two posts had been transferred from Children and Young People service along with their budget to be located in the proposed new structure of the Youth, Connexions and Participation service. There were no changes currently proposed to these job descriptions and therefore no current issues to resolve on ring fences. There would follow, in future, a review of these posts.

Following the Employee side deputation, members of the Committee put forward further questions on the restructure of the service to officers. The Committee understood that there would be a significant reduction in the size of the service and this would necessitate effective targeted intervention with children most in need of the service. The Committee sought assurances on the effectiveness of the evidence source of the Children's service to ensure that young people most in need of the new Youth, Connexions and Participation service were located and service provided. They also sought clarification on how the reliability of this source would continue to be monitored and asked how examples of previous good practices were to be shared in the service and referred to as to ensure the success of the new service going forward. The Committee were informed that the main feedback received from young people about the service was their satisfaction with the one to one support given and there were good working relationships developed with their workers; however this was not measurable in the quantitative format. The key information source used by the service was the database which recorded the number of Children Not in Education or, Employment or Training (NEET). This database assisted the service greatly in knowing the location and situation of all young people in the borough. The information on this database was monitored consistently as there was an overriding aim to keep the number of children classed NEET low. This was also information which was reported to the Government on a regular basis. Where there was uncertainty about the employment, training and education situation of a young person, there were efforts made to contact them to ensure that overall the

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data was continually robust.

Clarification was sought on how the services provided by the Youth Offending Service would be continued in the new service. It was reported that the Youth Offending service had transferred to the Children and Young People's service recently following the overall Council re-organisation report on the Council, Rethinking Haringey. A further task would be to examine the working relationship of the Youth Offending team and the new Youth, Connexions and Participation service over the coming year.

In response to a Committee question on the responsibility for young people with disabilities, it was reported that they would be one of the groups targeted by the new service for support.

Members referred to Appendix 6 of the report which set out the structure of the service and enquired how many of the staff listed were frontline staff. It was noted that all staff listed could be thought of as frontline staff; including the management staff as they would all in some capacity have contact with the users of the service. It was clarified that the team leader's primary function was to lead the teams, whilst also supervising case loads to ensure that they were manageable. They would themselves also retain a small number of cases. The tracking assistants listed in the structure also had a frontline role as part of the interface with young people was through the youth space website where feedback from young people was collected. In response to a query on the geographical areas in the borough covered by the teams, it was clarified that the children's network geographical model had been used to mark the responsibility for areas. Assurances were given that no area of the borough had been missed.

Having considered the information provided at the meeting and further to considering the report, the following resolutions were made:

RESOLVED

- i. That it be noted the formal consultation on the proposals contained in the report began on 11 February 2011 and was concluded on the 20 April 2011.
- ii. That the comments from staff and trades unions and the management response to them set out in appendix 5 be noted.
- iii. That the Equalities Impact Assessments relating to these proposals set out in appendices 2 and 3 be noted.
- iv. That the proposed staffing restructure as set out in the consultation document in Appendix 1 be agreed. This decision took account of the outcome of the staff consultation and management response (appendices 5&6) and gave due regard to the Council's public sector equalities duties.

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The Head of Human Resources introduced the report which sought the Committee's agreement for amendments to trade union facilities, duties activities and time off arrangements across the Council with a view to reducing expenditure on current time off provision. The Head of Human Resources referred to paragraph 6, which reported that a number of meetings had taken place between himself and the Head of Schools Personnel, Deputy Director of Business Support & Development, Children and Young People's service and representatives on the trades unions. The Head of Human Resources had allocated reasonable time off for branch officer roles to all trades unions by taking into account the following criteria:

- Union Membership numbers
- The volume and complexities of Corporate and Local Industrial Relations issues taking place in the organisation
- A minimum of 0.1 facility time would be granted to each recognised trade union. In addition for unions with 0.1 or 0.2 facility time reasonable time off will be also granted in recognition of casework preparation and representation at meetings.

The Committee learned that the total current time off allocated to all the trades unions was 12.1 Full Time Equivalent posts which were proposed to be reduced to 7.5 Full Time Equivalent posts, a reduction of 4.6 full time equivalents. It was clarified to the Committee that, the figure of 0.1 (the number of days off allowed to deal with Union duties) was equitable to half a day off per week.

The Chair asked the deputation from the NUT to address the meeting and raise their views in regards to the report and its proposals.

Tony Brockman, representing the NUT, voiced opposition to the proposals contained in the report as they would mean a reduction in Council funding to teaching unions. Tony Brockman proposals were not seen as equitable in comparison to the reductions proposed to the other non teaching unions and the deputation asked the proposals to be repelled. Tony Brockman expressed concern that there had not been prior discussion of the proposed reductions through the form of a negotiating body or through the CEJCC. He disputed the membership numbers listed in the report and pointed to the lack of provision given to time off facilities for branch officers undertaking national union duties. Allocation of Health & Safety duties were also matters for resolution between the Council and the teaching unions as there was currently no provision in schools rules to accommodate these functions. Therefore there was a need to resolve the allocation of school safety issues and the learning representative duties which were now to be allocated to schools but which were previously carried out by the Council.

Tony Brockman further challenged the membership figures set out in the report and claimed that they were not accurate. The teaching unions had a higher number of members than listed in the report and advised the figure to be 2067. He further questioned the benchmarking exercise undertaken with other boroughs on their membership numbers and used as a basis to form recommendations. Anecdotal research had found that other boroughs were increasing their facilities for teaching unions instead of decreasing them.

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Julie Davies continued with the deputation and highlighted the number of duties, representative roles, meetings attended as well as national duties carried out by the teaching union representatives. This would often entail working above and beyond Council funded union time off arrangements. She pointed to their key roles in relation to resolving grievances at an early stage and limiting the number of grievances. Further she referred to the allocation of time off for health and safety work and the union learning representative roles which she contended were better provided to schools by one person with full time off arrangements.

The deputation in summary requested that the recommendations contained in the report should not be agreed as the formula used to calculate the allocation of union branch officer full time equivalents was not accurate. They believed the process had not been transparent or fair to all of the unions concerned.

Chris Taylor from Unison was the spokesperson for their deputation. He began by concurring that the NUT had been treated in a dissimilar manner to the other non teaching union trade unions. He requested that the implementation of the reduction in time off for Unison take effect from March 2012 instead of January 2012 to coincide with the annual trade union elections and enable the changes to be implemented following the annual meeting. Chris Taylor referred to the report which advised that the provisions for union time off facilities would be reviewed annually by the Head of Human Resources and he requested, on behalf of the Unison, that issues regarding provision are raised through the Employment Joint Consultative Committee (CEJCC). There was further reference to paragraph 4.4, Appendix A, which provided information on how time off arrangements would be applied for trade unions duties in relation to staffing restructures, attending meetings with members related to staff changes, attending steward meetings and representing members at formal meetings. The paragraph further advised that 2 hours would be allocated per week to these duties which the Employee side asked this is reconsidered because it was not a sufficient time to carry out these duties. They asked for some flexibility with time allocations and gave an example of situations when employees may prefer to be represented at certain meetings with a steward who they are familiar with as opposed to a branch officer.

The Chair asked the Head of Human Resources to respond to the points raised by the deputations from the NUT and the Employee side. The Head of Human Resources explained that the proposals regarding the change to trade union time off provisions was not a matter that required negotiation through formal bodies and that the decision was for the General Purposes Committee to make. The Council had a legal duty to provide reasonable time off facilities for trade unions which they were adhering to. There had also been consultation on the proposals prior to this Committee meeting as outlined in the introduction to the report. The Head of HR responded to the argument made that the membership levels were not a strong basis to base the recommendations of the report upon, and he advised that the criteria considered was not only membership numbers but the volume and range of issues dealt with at the local level by the unions together with the complexities of their casework. The criteria considered when revising the provision were set out in paragraph 6 of the main report. In relation to the concerns expressed about Health and Safety representation at school meetings, it was the obligation of employers to provide reasonable time off arrangements for attendance at these meetings. This did not rule out the NUT addressing the

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Schools Forum on their concerns about this and provisions for learning representative roles. The membership numbers for the teaching unions were to be confirmed at the time of the review but the Head of HR offered to amend the NASUWT Branch officer time off from 0.2 to 0.1 until the membership numbers were verified. The Head of Human Resources further advised the deputation from Employee side that the Committee would need to make the decision on whether to amend the implementation date for the reduction in time off facilities from January 2012 to April 2012. In terms of the timing of the review on the provision in 2012, the Head of Human Resources advised that the election arrangements of the trade unions would be taken into account. He further agreed that the EJCC could encompass the referral of concerns on the new proposed time off provisions. The matter of union stewards time off was responded to and the Committee advised that the figure of two hours off per week was provided as a guide and reasonable account would be taken of a steward's time for preparation of staff meetings and core meetings, and representation of staff at meetings.

The chair invited questions from the Committee members which followed along with input from the deputations.

Some members expressed concern on the application of proportionality and referred to the numbers of staff in the Council being reduced in comparison to the reductions in full time equivalent union representatives which was not in equal proportion. There were further questions from the NUT deputation on the comparative data and clarification sought on which other boroughs were reducing Council funding of teaching union provisions for time off. It was noted that the membership number listed for Unison was before the current staff reductions taking place and were the figures available at the time of writing the report. The Head of Human Resources reiterated that the membership numbers were not the sole criteria used for proposing changes to the union time off arrangements and explained that the current offers of provisions for teaching trade union time off facilities could not dictate the Council's proposals on this. He also pointed to the level of industrial relations and casework issues that would be dealt with by the Employee side through dealing with a broader membership. The deputation from the NUT continued to dispute the membership numbers and further spoke of their undocumented work in dealing with staff matters and grievances at an early stage meaning that there were very few cases which progressed to a hearing stage and therefore no requirement to record or have figures on. They referred to their case loads and offered to provide statistics from diaries on the number of casework and health and safety meetings attended. The Committee asked about the central funding received from NUT head office and whether increased claims could be made for funding especially to support the workloads of local NUT branch officers. In response it was noted that the NUT already had a significant staffing framework to support and this included the legal advisors which could be called upon if a staff grievance was formalised as these could be difficult and complex cases.

In response to a question on the school teacher membership of unions in relation to the number of schools in the borough it was clarified that the school academies and non maintained schools membership of the teaching union were not included in the membership numbers as they were not funded by the local authority. It was also important to note that teachers could be a member of more than one teaching union. This would be better known once the smaller teaching unions had

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	<p>verified their membership numbers.</p> <p>In answer to concerns about adequate time off for National Executive Union duties, assurance was given that there would be adequate time off provision provided, should a member of the unions have this national role. This was also something which was legally required.</p> <p>The Committee noted that an equalities impact assessment was not required on this report as the required EQIA screening tool had been applied and had determined this.</p> <p>The Committee agreed to the request of the Employee side to amend the implementation date for the reduction in time off for NUT and Unison. This would take effect from 01 April 2012 as opposed to the 01 January 2012 to allow for the annual trade union elections and enable the changes to be implemented following their Annual meetings.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the recommended changes to the trade union time off provision as described in paragraphs 7 be agreed . (In summary this meant a reduction of 4.6 full time equivalent (FTE) in Branch Officer and Employee side time off and a reduction in the scope of the paid time off for attendance at accredited conferences) ii. That the revised policy for Trade Union Facilities and Time off Arrangements at appendix A be agreed. That it be noted that these arrangements had now been harmonised to include teaching unions as well as the non teaching unions. iii. That the change in the time off agreements start from 1 April 2011 but the implementation of the reduction in time off for NUT and Unison take effect from 1 April 2012 to allow time for appropriate notice and furtherance of good employee relations during the coming months of further significant organisational change. Those changes for the other unions and employee side take place from 1 July 2011. iv. That these provisions be reviewed annually by the Head of Human Resources and reported to the new Corporate Committee if changes to the branch officer time off levels are recommended. v. That the abstentions of Cllr Bloch and Cllr Browne be noted in regard to the above recommendations.
GPCO141	ITEMS OF EXEMPT URGENT BUSINESS

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Councillor Reg Rice

Chair

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Councillors Meehan (Chair), Khan, Waters, Whyte, Wilson, Rice (Vice-Chair) and Bloch

Apologies None

Also Present: Stuart Young, Steve Davies, John Morris, Anne Lippitt, Dinesh Kotecha, Bernard Lanigan, Jan Doust and Robin Payne.

MINUTE NO.	SUBJECT/DECISION
GPCO142	APOLOGIES FOR ABSENCE (IF ANY) None
GPCO143	URGENT BUSINESS There were no items of urgent business received.
GPCO144	DECLARATIONS OF INTEREST Councillor Rice declared a personal interest by virtue of his membership of The Friends of Down Lane Park .
GPCO145	DEPUTATIONS/PETITIONS The Committee received deputations from Sean Fox, Andrea Holden and Helen Steel (Employee side representatives) on: Agenda item 6)Update on Procurement Service Function Review, Agenda Item 8) Proposal for the deletion of the Gypsy, Roma and Travellers Education team Agenda Item 12)Restructure of Recreation Services. Details of their comments and representations are recorded under the relevant minute below.
GPCO146	RETHINKING HARINGEY Following on from the previous consideration of the Chief Executive's report on Rethinking Haringey on January 25 th 2011, the Committee received an update on a change to the reorganisation of the Council following consultation. This was the proposal to establish a project support office which would report to the Chief Executive. This Office would generate further efficiency by bringing together resources deployed to support Council projects. It would enable better co-ordination of resources in the Council project activity area and would also mean that this office would replace a number of project offices in the Council including the one currently assigned to efficiency. The staffing changes arising from this proposal would be progressed in accordance with the standard Council

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	<p>employment processes for reorganisation. It was noted that this would reduce expenditure on project resources.</p> <p>Understanding was sought on how the Council were monitoring and managing the spans of control following the consequential restructures of teams .This was further to the Committee receiving a number of reports on service restructures in which some still contained proposals for a management post managing less than 5-8 staff, the recommended number under the Rethinking Haringey proposals. The Committee were informed that there was an analysis exercise, currently being undertaken by the Assistant Chief Executive, of the teams restructured under the Rethinking Haringey proposals to ascertain how they were conforming to the recommendations and principles of the Rethinking Haringey report. The Committee were informed that a number of teams do adhere to the spans of control principle but this exercise would help identify where the spans of control principle was not being utilised and could lead to identification of further savings. The Assistant Chief Executive offered to report back his findings from this exercise to the Corporate Committee if needed.</p> <p>It was clarified that the Member Panel Appointment process was to be completed and the first phase involving internal appointments had been completed .There were a further two Member Appointment panels to be convened to appoint the Assistant Director for Frontline services and the Assistant Director for Finance.</p> <p>RESOLVED</p> <ol style="list-style-type: none"> i. The progress towards restructuring the top three tiers of Council Staff was noted. ii. That the minor changes arising from further consideration of the Council structure agreed at Council in February 24th 2011, as detailed in Paragraph 6.5 be agreed. iii. That the Equalities Impact Assessment attached at appendix one be noted.
GPCO147	<p>PROCUREMENT SUPPORT FUNCTIONS REVIEW - UPDATE ON RINGFENCE PROPOSALS</p> <p>Arising from concerns on the application of ringfences in the Procurement Service Function Review, the Committee had asked the Assistant Chief Executive to undertake a review of these. The Assistant Chief Executive had met with the Trade Unions, Human Resources representatives and Procurement Service Managers before completing the review. There was examination of the job descriptions, particularly the roles which were for assimilation and which had caused the most concern amongst employees. The Assistant Chief Executive had considered the criteria for assimilation and how it had been applied. He was satisfied that there was the required substantial overlap in duties between the former and new post to which post holders were being assimilated to warrant this action. He had next considered whether a wider group of posts could also be</p>

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included, generating ringfences for those jobs identified for assimilation. Arising from this consideration he had recommended a change to the application of the ringfence of the Procurement contract officer. This would involve 5 posts being subject to an open ringfence meaning that more staff from the various departments could take part in the recruitment to these posts. It was noted that some of these 5 posts were in specialist areas and the staff involved in this interview process would be asked to state their preference to allow each interview to be tailored to the requirements of each job. It was noted that three other requests for changes from the unions were considered but not felt to warrant change.

The Chair asked the Employee side to share their views on the report with the Committee. The Employee side acknowledged the discussions with the Assistant Chief Executive on this matter and the efforts made to analyse the ringfence applications to ensure that they had been fair and included opportunity for employees involved in the review to apply for posts. However, further to the outcomes of the Assistant Chief Executives report, concerns remained and the Employee side wished to place on record their continued opposition to the final application of ringfences. They advised the Committee that during this review period, staff had already been informed on the final plans for the application of ringfences which had left the employees and the Employee side with reservations on whether their views had been valued. The Assistant Chief Executive advised that he had not been aware of this situation. Going forward, there were lessons to be learned from the service function review, including managers briefing their staff on Committee reports before they were considered at Committee. He acknowledged that there were sensitivities to be aware as this review progressed and advised that his dialogue would continue with this service and he would keep the Employee side and Chair of the Committee informed of any issues.

RESOLVED

- i. It be noted that the Assistant Chief Executive had reviewed the ring fence proposals for the procurement service. This had included discussions with management, Human Resources and the trade unions.
- ii. It be noted that arising from the review changes to the schedule of ringfences had been made.

GPCO148

COMPLETED EQUALITIES IMPACT ASSESSMENT TO BE CONSIDERED FOLLOWING AGREEMENT OF THE - HUMAN RESOURCES REVIEW ON 29 MARCH 2011

At the General Purposes Committee meeting on the 29th March at which the Human Resources restructure was considered, the Committee had agreed to consider the Equalities Impact Assessment on this review which was only partially completed at the time of this meeting. The Committee were now asked to consider full Equalities Impact Assessment on the service restructure and noted that there was no disproportionate adverse equalities implications for any group of staff who shared any of the protected characteristics set out in the Equality Act 2010. This conclusion had been assisted by the measures taken by the service in the application of ringfences. Members noted the summary of the Equalities

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	<p>Impact Assessment contained in section 9 of the report.</p> <p>RESOLVED</p> <p>That the Equalities Impact assessment as attached at Appendix A be noted.</p>
<p>GPCO149</p>	<p>PROPOSAL FOR THE DELETION OF THE GYPSY, ROMA AND TRAVELLERS EDUCATION TEAM</p> <p>The Committee had considered proposals to close the Gypsy, Roma & Traveller Education Team at their meeting on the 22 March. This was a non statutory service affected by the budget savings required by the directorate and Council. The service had been operating for many years and was valued for its contributions to the Traveller, Gypsy Roma communities. The service provided advice, guidance, training and support to Children Centres, schools and colleagues and undertook casework with children and their families. The Committee were informed that over recent years much good work had been done to equip, the settings outlined above, to meet the needs of Travellers and Gypsy Roma children. At the meeting in March the Committee had asked the service to complete a consultation exercise, in an appropriate format, in order to engage with the users and obtain their views on this unit closure. The consultation exercise had subsequently been carried out in April and May and had involved sending out 424 copies of letters to families that had been translated into Bulgarian, Romanian and Polish and distributed via the Ethnic Minority Achievement Co-ordinators in 42 schools. There were 90 letters sent to families whose children were waiting for a schools place or had recently joined a school. The letters were sent to Children's Centres where there were service users from these communities. Some letters were further followed up with telephone contacts. The Committee were informed that no written responses were received from users. There were two meetings organised in Wood Green Library for families from the Gypsy Roma and Traveller communities to attend. Two families attended with translators present to provide their views on the closure of the service. The Committee noted that these families were very positive about the support they got from the service and spoke about the assistance they received with filling forms, accessing services, and enrolling their children in school. The Committee were advised that, although this was seen as helpful by the users, this was not part of the specification of this unit. This type of assistance could be provided by other voluntary sector providers in the borough. The Committee were assured that there were existing settings to meet the needs and responsibilities of this group and therefore were asked to agree the closure of this unit.</p> <p>Concern was expressed by the Committee on the methods of communications used by the service for the consultation exercise. Letters had been sent to the Gypsy, Roma families when there was knowledge by the service that literacy was an issue. In the introduction to the report the Committee had been advised that letters had been followed up with telephone contact, however the details from this communication were not included in the report. In response to these concerns, the Deputy Director for Children's Networks, advised that the Gypsy, Roma, Travellers Education team had completed follow up work on the consultation documents by going out and visiting the families and using the sources of</p>

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contacts known to them to meet with the families.

There was reference to the Equality Impact Assessment findings which indicated that the average attendance at school of children from the Traveller, Gypsy and Roma communities was 83%. This was lower compared to the national average attendance of 94% and possibly highlighted an issue of integration. Understanding was sought on how this issue would be tackled with the deletion of this team? The Committee were advised that the Children's Service recognised that attendance at school would be an issue for children and young people from these communities and they would continue to be considered as a priority. All attendance issues were dealt with by the Education Welfare team. It was noted that the statutory responsibility for ensuring attendance, integration at school and meeting any special need of this ethnic minority group lay with schools and not the local authority. The Chair advised that the Children's Service would continue to receive Special Education funding and he would speak to the Lead Member for Children and Young People about ensuring that some of these resources were made available to this group of young people.

Further to Member questions, the Chair asked the Employee side to put forward their deputation in relation to this item. Andrea Holden addressed the Committee, on behalf of the Employee side, and asked that the recommendations be dismissed and the unit remain in place. She pointed to the engagement with the community which was not taken forward in an appropriate communication format. The location of the consultation meeting was also not appropriate or convenient for the traveller or Gypsy Roma families hence the low turnout. The Committee were advised that the issues around communicating with these communities was highlighted by staff working in the Gypsy, Traveller and Roma Education team and were taken on board. There was a need to resolve how the existing work of this unit would be taken forward and consider whether there was a real saving to be made as there would be increased translation costs resulting from the displacement of the member of staff from Roma Gypsy dissent. The deputation further asked that the unit not be closed but merged into the Children's service. In response to these assertions the Deputy Director of Children's Networks advised the Committee that there were robust plans in place to take on the work of the unit. The claim that there had not been engagement with the team on the consultation methods was disputed as the manager of the Gypsy Roma and Traveller Education team was involved in the meetings discussing the consultation exercise format. It was accepted that there had been challenges faced with engaging with the community but the consultation needed to be completed within the resources available to the service. Members were assured, in terms of safeguarding duties, that these were carried out by the Children services social care colleagues where there was staff assigned for contact with these communities. The Committee were advised that if this saving was not completed a consequential saving would need to be made elsewhere in the service.

In conclusion to the discussion, the Chair asked members to consider the function of the Committee which was to make decision on staffing matters. It was important to note that the policy decision on the closure of this unit had in essence already been made through the Cabinet and the agreed Council budget reductions. The Chair advised that he would ensure that the Cabinet Member for Children and Young People was aware of the improvements required to the

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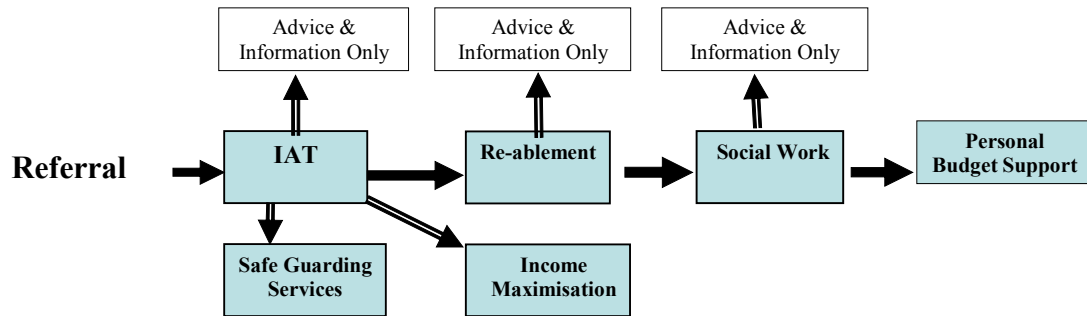
attendance levels of children and young people from the Gypsy, Roma and Traveller communities due to the wider problems this could lead to. He would further ask the Cabinet Member for this particular group of children and young people to be considered as priority for access to available special needs resources. The Chair would further communicate the concerns of the Committee about deleting this service and would ask if there were alternative resources available to fund this service.

RESOLVED

- i. That it be noted the formal consultation with staff and trades unions on these proposals began on the 20th January 2011 and was concluded on 10th March.
- ii. That the comments received from staff and trades unions and the management response to these set out in Appendix 5 be noted.
- iii. That the outcome of the consultation with service users as set out in Appendix 6 be noted.
- iv. That the proposed reduction in staff as set out in the consultation document (appendix 1) be agreed. This decision took into account the outcome of the staff and service user consultations and gave due regard to the Council's public sector equalities duties.
- v. That the dissent of Cllr Whyte, Wilson and Bloch to the above resolutions be noted.

GPCO150	<p>PERSONALISATION - ORGANISATIONAL RECONFIGURATION TO DELIVER A TRANSFORMED SOCIAL CARE PATHWAY TO SUPPORT SERVICES</p> <p>The Committee considered a report proposing a range of organisational changes across the Adult Social Care Business Unit in order to establish an organisational structure appropriate for the delivery of adult social care services within a transformed social care system. The structure had been designed to enable adult social care users to choose the services they needed to support their needs. The report included information on the range of services that would be available and the skills that would be needed to provide these services. The revised structure was in accordance with the assigned budget reductions to the service and there had been particular effort to ensure that a minimum amount of staff were displaced.</p> <p>The Committee referred to the attached diagram:</p>
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This conveyed the pathway to adult social care services from the point of referral and showed how the services would be constructed to respond to user's adult social care needs. Staff with the required expertise would be placed at the various points of the above pathway to ensure that users gained an optimum service at each point and were not delayed at certain parts of the pathway. The Committee were advised that contact with the service would be made easier as there would be expert advice available to the user at each required stage. It was noted that the initial aim of the service, when receiving a referral, was to support the client to reach their optimum level of health before assessing which further services were needed. It was noted that residents accessing the service could always re-enter the pathway after receiving support. The Committee noted that, where an individual was in receipt of the re-enablement service and was deemed likely to need an ongoing support, a social worker would complete an assessment which would lead to calculations on the cash amount to be allocated to them to buy services or products to meet their individual care needs. The individual could then decide if they wanted to supplement this allowance with their own personal funds to achieve a higher level of independence.

In response to a question on the cost of advice to a resident, it was noted that this was free.

Members sought clarification on the level of financial oversight provided by the Council when individuals were managing their own finances and there was particular concern on monitoring how funding was spent and if spent appropriately. Members learned that the system of Direct Payments, which allows individuals to manage the finances of their own care package, had been in existence for around 7 years and therefore was not a new scheme for the Council to monitor. Individuals had flexibility to draw down their funding to suit their monthly needs. A Social Worker would complete an assessment which contributed to ascertaining whether the individual was able to manage their own finances. They would be required to set up a separate bank account to receive the payments for their social care needs and would have been advised by the Council of audits to be completed on their accounts to ensure that money was being used accordingly.

Members commented on the service pathway and how users, that was in between services, would be dealt with as it seemed that they would not have a single contact person throughout their care. It was recognised that a single contact person would potentially be favoured by the user, however the expert advice and support received at each particular pathway stage outweighed the benefit received from a single person contact. This approach was in the long term more beneficial to the user. The Committee noted that this model of working had already resulted in significant reductions in delayed discharges from hospitals.

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	<p>RESOLVED</p> <ul style="list-style-type: none"> i. That the organisational restructuring of the Adult Social Care Business unit set out in the body of the report and the accompanying appendices be agreed. ii. That the staffing strategies set out in Appendix 9 to implement the required changes be agreed.
<p>GPCO151</p>	<p>SINGLE FRONTLINE SERVICE</p> <p>The Cabinet agreed on the 25th January to the amalgamation of Frontline Services with the elements of services provided by Safer Stronger Communities business unit into a new single Frontline Service. A further report setting out the details of the reorganisation was presented to this Committee on the 29th March at which members considered and agreed, in principle, the proposed Single Frontline Business Unit structure for consultation. This further report set out the final proposals, following consultation, for the reorganisation of the services listed above into a new Single Frontline Service. This restructure would deliver £3.6m in savings, a proportion of these savings £1.4million(of the total £3.6 million savings to be made) had been predicated on the disestablishment of the Neighbourhood Management Service which had previously been considered at General Purposes Committee meetings on the 15th February and again following consultation , on the 10th March 2011.The proposed restructure within this report sought to deliver the remaining savings, a net reduction of 2.2m from the existing Frontline Services structure. In the opening presentation, the Committee were asked to note that in Appendix C, containing the structure chart for Neighbourhood services, listed 2 health and safety food officers reporting to the regulatory services manager, one of these post's role also included senior environmental officer duties. The Interim Director of Urban Environment continued to set out the minor changes made to service specific areas. These included changes to : grading of posts (some initial evaluations to be verified but would have no impact on ring fencing), postholder reporting lines, deletion of a Contract management post and Contract Support Officer post in order to create two Contract development officer posts, adding a senior revenue officer post to Parking services as was a priority to maintain income level from this service, funding through the deletion of 0.5 Concessionary Travel Officer post and one correspondence officer post . The Committee were asked to consider and agree the Single Frontline structure.</p> <p>Understanding was sought on the requirement to have a team of four smarter travel officers. It was noted that these postholders were directly funded by Transport for London and did not incur a cost to the Council. This was the first year of a three year funding commitment.</p> <p>The Committee commented on the number of correspondence officers employed in the parking team and sought an understanding of their roles and duties. It was reported that a high volume of parking correspondence was received by the service on a daily basis. The Interim Director of Urban Environment advised that the number of staff employed to deal with correspondence in parking was low</p>

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	<p>compared to similar teams in other boroughs.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the proposed new Single Frontline Structure as set out in the report be agreed. ii. That the above decision takes into account the outcome of the consultation with staff and trades unions as outlined in the appendices of the report and gives due regard to the Authority's public sector duties including the consideration of the attached Equalities Impact Assessment. iii. That the timetable for implementation of the new Single Frontline Business Unit be noted.
<p>GPCO152</p>	<p>TEMPORARY CHANGE TO STREET TRADING POLICY</p> <p>The Committee were informed that the Council's street trading policy set out a framework for the approval and control of street trading in the borough and this policy specifically prevented the issues of temporary street traded licences. The committee were asked to agree a temporary relaxation of this policy restriction for a trial period . It was noted that the results of this trial period would feed into a wider review of street trading which would come before the Regulatory Committee in 6 months time. In the meantime it was proposed to complete a consultation exercise with residents and traders in areas prior to any trial period being implemented . Feedback to the Chair would follow on the outcomes of the consultation with steer being sought on whether a report back to committee was needed. There were two choices available to the committee, to consider a relaxation of the policy for the whole borough or for specified areas listed in 3.1.b.</p> <p>The committee learned that there had been interest reported previously to the service from perspective traders in obtaining street trading licences and it was noted that Haringey was the only borough to have a blanket ban on temporary street trading .</p> <p>It was noted that the specified areas of Holmesdale Road N6 and Archway Road set out in recommendation 3.1.b were essentially the same area and policy relaxations would not proceed unless there was strong support for this scheme. Information was further provided on the reasoning behind the suggested specified areas of Hornsey Town Hall, Lynington Avenue and Elm Park Road.</p> <p>Members were informed that it would be difficult to report back the results of all the separate area consultations to this Committee as this information would be considered as part of the overall review on street trading licenses to be reported back to the appropriate Committee in 6 months time . However, to ensure that</p>

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	<p>there was appropriate communication with councillors, officers would ensure that ward members were part of the consultation exercise. It was noted that traders views in existing areas would be sought as part of the consultation and issues such as the economical impact would be picked up in the overall review to be completed in 6 months time.</p> <p>The Committee advised officers that this was also a local policy issue which would be very relevant to the work of the Area committees. Therefore it would be useful to add the topic of street trading licenses to their work plans. They further questioned whether licensing policy would be part of the Corporate Committee's terms of reference as it was likely to now be in the remit of the new Regulatory Committee.</p> <p>RESOLVED</p> <ol style="list-style-type: none"> i. That amendments to the current street trading policy so that applications for temporary street trading can be permitted for a trial period of 6 months from this decision be agreed. ii. That consultation be undertaken with ward councillors, Area Committees, residents and traders in the affected areas prior to any trial period being implemented. iii. That feedback on the consultation and discussion on the final locations for temporary street trading licences be designated to the Regulatory Committee.
<p>GPCO153</p>	<p>RESTRUCTURE OF RECREATION SERVICES</p> <p>The Committee considered proposals for the reshaping of Recreation services. These proposals were intended to tackle base budget pressure, support service externalisation and contribute to achieving an agreed budget saving of 2.7m over the next 3 years. They would result in the reduction of 50 posts in the service this would leave a majority of staff (145.3FTE) in Operational services, 13 FTE in Client service and 12FTE in Commissioning services. The Assistant Director of Recreation Services explained that he was seeking to keep the number of staff displaced and subject to compulsory redundancy to a minimum. Currently there were 14 posts in this situation but efforts were being made to enable them to take voluntary redundancy/recruitment to remaining vacancies. Paragraph 11 was referred to which set out the consultation methods used and the key changes made to the proposals following the consultation process.</p> <p>It was highlighted to the Committee that the significant changes to the structure of Recreation Services were the reductions to the Parks area due to decrease in funding. The staffing structure for the Parks service going forward was illustrated with the following changes highlighted.</p> <ul style="list-style-type: none"> • There would be two operational areas each with a Manager, Assistant Manager and 4 Team Leaders. Each of these operational areas would

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have 3 generic Operational Zones/Teams , with a Team Leader, senior operative and 4 Operatives (36 staff in total) .Furthermore each operational area would lead a taskforce team , with a borough wide remit, and a Team Leader with 6 operational operatives. These teams would cover hygiene; gate locking, gang mowing, tree works and machinery, play and general maintenance.

- It was noted that the teams would operate out of 6 depots and use 5 sub depots. There would be four depots shared with Veolia, whilst a further 4 would exclusively be used by Veolia.

Following consultation with staff, there were changes made as further staff had come forward with voluntary redundancy requests. These included: a management selection process being chosen instead of an interview selection process for Parks operational staff, use of slotting in as opposed to closed ring fences used where there was found to be no net reduction in staff and depot, the selection of the Broadwater Farm Community Development Officer post was to be appointed through a closed ring fence instead of an open ring fence and 2 vacant apprentice gardener posts had been deleted. The Committee noted that the service were examining alternative employment opportunities for 3 female black and ethnic minority staff working at the catering section of Tottenham Green Centre who were identified in the Equalities Impact Assessment was facing an unequal impact as a result of the restructure.

Following this information the Committee were asked to consider the recommendations at paragraph 3 and agree them.

The Committee expressed concerns at the reductions in Park staff and in particular pointed to one of the overriding aims of the Council which was to protect frontline services and questioned whether this was being adhered to given the level of reductions in the Parks service. There was further concern about the recent cleanliness of Parks which some members of the Committee felt had deteriorated in recent months. They asked whether there were alternative ideas on new ways of working instead of the reductions in staff. In response it was noted that the Cabinet paper, as the policy document leading the staff change, had contained the information on the creative ideas on how the service would work differently as a result of a reduced funding package. It was important to note that plans for taking the service forward, following restructure, were at an early stage but would be progressed. There were a number of ideas and proposals to consider in particular on how the hygiene in parks would operate.

Reference was made to the earlier discussion on spans of control in which a manager was expected to manage around 5-8 staff. This was not followed in this restructure as the Assistant Manager was assigned to lead 4 Team Leaders and therefore clarification was sought on the duties of this role. In response it was noted that the Assistant Manager was expected to manage maintenance across the parks, liaise with Homes for Haringey and manage their sites & property areas and have responsibility for park events. The team managers were expected to be mobile and not site based to enable them to detect maintenance and hygiene issues .In response to the point on the sharing of facilities with Veolia and the impact this would have, it was noted that this was an overlap negotiated in the waste management contract. Following the reduction of the Parks service it was

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not financially viable to have these depots for the exclusive use of the Parks team. The Parks service would still use 6 depots and 5 sub depots. They would share use with Veolia with 4 of these. They would also have exclusive use of a further 4 of the 5 remaining depots. There would be limited rental income with Veolia making an investment in the refurbishment of these depots. .

There was a question on how many operational tasks had been examined to provide savings. An example was having an operative assigned to lock up a park which could be looked at as presently this was not applied to all parks or where there was easy access to the park regardless of a lock. It was noted that currently options for locking parks was examined at each local level.

The Chair asked the representative from the Employee side to address the meeting and provide their response to the report and its recommendations. Helen Steel, Employee side representative started her presentation with the recommendation that the Committee do not approve the proposals contained on the restructure of the service and set out the reasons for this:

- The current performance of the parks service was upper quartile and the plans for area based deployment would impact on the performance and perception of Parks.
- The use of compulsory redundancy had not been fully ruled out. In response the Assistant Director for Recreation Services advised the meeting that there would be considerable effort made to ensure that there were no compulsory redundancies. He was confident that the available positions would be recruited to with existing staff. This was communicated to staff at the 2 mass meetings organised.
- It was further claimed that not all staff had received the consultation documents on time and an extension to the consultation period had not been agreed. The consultation document contained little information on volumes of work , the effect of the changes or the selection process. An assertion was made that this could make the service subject to legal challenge as the consultation could be deemed not meaningful as the document did not contain the information as set out above. In response to these claims, the Assistant Director for Recreation services informed the Committee that the consultation document identified the options for selection and at the meetings with staff it was made clear that there would be engagement with the staff and union branch officials to agree this process. Subsequent to this there were meetings held with staff and a management assessment selection template agreed which may now not be necessary as the need to make compulsory redundancies was diminishing. The Committee noted that a 40 day consultation period was established which recognised the need for further discussion on specific issues and the Easter period. There were no formal requests to extend the consultation. Information was provided in the consultation on the future service costs, employee numbers and deployment. There were also indications given on where there would be work programme reductions. As the restructure of the service was in an embryonic stage there would be further work on how the service will move to the new zonal/team structures. In terms of the legal position of the consultation exercise, the Monitoring Officer advised that as a rule where there is a proposal to dismiss then

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notification of this should be supplied to employees 30 days before this would take effect, which in this case, had been done. It was as noted that not all employees had received their consultation packs at the same time due to being located at wide and varying locations, being on annual leave, and Easter period leave. However, what would be considered in the event of a legal challenge would be the overall efforts made by the service on consultation and given that they could demonstrate the considerable efforts made to avoid compulsorily redundancy and could evidence that they had engaged in staff meetings it was unlikely that the service would be found to have not followed their public duties.

- The deputation claimed that information on potential redundancy payments or selection methods was not circulated effectively to allow employees to gain a correct idea of what their redundancy payments would be. In answer to this assertion, the Committee were informed by the Assistant Director of Recreation services, that it had been recognised that Parks staff would not have access to Harinet, the internal Council website which contained a voluntary redundancy calculator. Instead this information had been calculated for them and supplied in writing.
- The deputation disputed that there were plans to delete the vacant gardener apprentice posts or to reduce the number of agency staff. They felt that the budget for apprentices should be re-directed to reduce the number of redundancies. In answer to this, it was noted that there were 4 apprenticeship gardener posts with plans to delete two of these posts. The remaining two posts would be recruited to as part of the Council's wider responsibility to offering some apprenticeship opportunities.
- They advised that the report had not provided an indication of past spend on agency and consultant staff. There was allocation in posts for the use of agency staff to cover hygiene duties and maintenance works. The deputation disputed the need to employ agency staff to cover maintenance work as there was a consistent demand for completing this work particularly in housing estates where maintenance of shrubs and trees was key safety aspect. In reply it was noted that there had been significant reduction in the use of consultants. The service improver working with the service had completed their term of employment in December 2010. It was noted that the service had major externalisation programmes but the consultants, that were managing these projects, were funded from external sources. There had been major reductions in the use of agency staff but there would be a need to call on some agency staff at certain times in the year due to the seasonal nature of the works in Parks.
- The deputation proposed that the remaining budget for Parkforce be redirected to the Parks service to reduce the need for redundancies. As there was already a considerable reduction in park staff presence in the day, it was questionable whether Parkforce staff was affordable and therefore their presence required in the evenings and weekends. It was recommended that instead more gardener posts should be recruited to as they were able to have the dual role of providing a presence in the parks during the day and keep up the necessary maintenance of trees, shrubs and bushes which contributed to the safety features of a Park. The

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Assistant Director for Recreation service advised that there have already been significant reductions made to grant funding and the service were in discussion with stakeholders on how best they could support volunteering led activity.

- The deputation claimed that there were plans for volunteers to take on some of the grounds works which had health and safety implications and costs that would be incurred in training participants. Instead this funding should be used to keep existing Parks staff and avoid redundancies. The Assistant Director reported that the voluntary group BTCV obtained grant funding to carry out some parks duties and they were obliged to include them in the consultation on the restructure of the service. There would be no compromise in relation to health and safety and there was not the expectation that core grounds maintenance task would be undertaken by volunteers.
- The deputation reflected that the consultation gave no indication of future staffing allocations and provided no information on the strategy behind the staffing reductions to frontline staff. They felt the impact of reduced grounds staff would be felt by residents. Employees had further suggested alternatives to the reduction in staff i.e. working reduced hours, undertaking flexible working and considering retirement options. In response, the Committee learned that significant reductions had been made in both management and support staff with increased expectations and demands on the remaining posts. It was advised that pro rata the reductions in management staff were equal to those proposed to frontline staff but met through a deletion in vacancies and voluntary redundancy. There were no further changes to Park operatives required and there was no contact from other staff in the service about reducing their hours or suggesting alternative working arrangements to warrant this proposal.
- The deputation advised that there were vacancies in the service which had not been set out in the consultation document. They asked that these be advertised internally to allow staff, with the potential for displacement to apply and avoid redundancy. It was noted, in response, that the vacancies were a result of voluntary redundancy applications. These posts had recently been advertised internally and the Assistant Director was confident that these posts would be filled with existing staff.
- The deputation informed the meeting that staff were unhappy about the lack of consultation over the decision to allow Veolia to take over some parks depots, and felt that this pre-empted the outcome of the consultation. There were strong arguments for keeping depots in parks, both for staff presence as a deterrent to anti-social behaviour and also to reduce travelling time and associated costs. The Assistant Director for Recreation services advised that the closure of the depots, following the reductions in Parks staff had been avoided by coming to this agreement with Veolia and they would continue to provide a presence in and around the depot site. The waste management contract had been based on local area delivery which this arrangement also responded to.
- In relation to the claim that there would be a cut in the number of visits to

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sites for litter picking, it was noted that there would be a review of the existing programme/waste volumes collected/numbers of bins/integration of litter and dog waste.

Before considering the recommendations the Chair asked the Committee to put forward any further queries they had.

Clarification was sought on the total number of consultants and agency staff currently employed by the service. It was noted that there were 2 consultants funded by the Capital programme. These were one off investments already agreed by Cabinet. There had been 11.5 FTE agency staff which had been reduced to 6FTE. These remaining posts were to respond to seasonal requirements of Park maintenance. The Committee noted that the notice period of staff taking voluntary redundancy would fall within the summer months and there was scope to consider what duties were carried out in this period by agency staff.

There was considerable concern expressed on area deployment of Parks operational staff and whether there were enough cleaning operatives in the structure to agree recommendation 3.1.5. The Chair proposed that two extra posts be assigned for cleaning duties to enable this recommendation to be agreed. This was in response to the concerns and complaints received by members of the Committee from residents about the recent cleanliness of parks in their local areas. The Interim Director of Urban Environment asked that this proposal be considered carefully as there would a lot of challenges to be managed by the service and therefore the context of this request should be considered with this.

Discussion ensued on how these two posts would be added to the recommendation in terms of the budget allocations. The Chair agreed that he would discuss the addition of these two posts with the Cabinet Member or the Leader but he was confident that they would be agreed. In the event that they were not agreed with, he would provide a report back to the next Committee on this.

RESOLVED

- i. That it be noted the proposals for the reshaping of Recreation services was based upon the need to achieve initial budget savings of £1.53m from 1 April 2011.
- ii. That it be noted the proposed Parks related changes/reductions only relate to Parks management and maintenance, and not the ongoing delivery of grounds maintenance services to Homes for Haringey and Highways.
- iii. That the focus and shape of the new structure for Leisure services i.e. Client Operations and Commissioning be agreed.
- iv. That the specific changes and reduction in the establishment taking into account the outcome of consultation set out in the report be agreed. This is with due regard to the Authority's public sector equality duty.

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	<p>v. The area based deployment of Parks operations staff with an additional 2 posts included and allocated to cleansing duties be agreed. These added posts were subject to discussion and agreement with the Cabinet Member/Leader, the outcome of which will be reported back to the forthcoming meeting.</p> <p>vi. That the Permanent staffing structure at Broadwater Farm Community Centre be agreed.</p> <p>vii. That it be noted, the completion of the current planned leisure externalisation programme over the forthcoming two to three years would require further organisational review.</p>
<p>GPCO154</p>	<p>RESTRUCTURE OF PROPERTY SERVICES</p> <p>The Committee were asked to consider the proposals for the restructure of Property services . They were advised that the role of Corporate Property Services (CPS) in the future will focus on corporate asset planning, core landlord functions and services (both internal and external) and ensuring the Council receives competent and adequate professional advice. In addition the provision of essential building management services with continuing emphasis on health and safety, compliance and good use of resources, including facilities management.</p> <p>Further to combined a number of teams and functions operational and support roles had been reviewed to seek opportunities for efficiency savings and reducing the number of posts. The following changes were therefore outlined to reshape the service to be able to focus on the above priorities and reduce the establishment with effect from 1st July 2011:</p> <ul style="list-style-type: none"> • Integrated management support to Technopark within the Corporate Landlord Team, Hard FM team. • A change of focus to the Hard FM function by adopting stronger commissioning and client roles and further developing the relationship with our Managing Agents and specialist property consultants. • Revision of the soft FM management structure to concentrate resources on leading operational delivery, combining the reception and building support teams. This was to provide supervision during extended day on a rota basis (7am-9pm). • Bring together administrative and database related soft FM functions (room bookings, ID, staff parking, stationery and requests) to provide a responsive and flexible response to service requests accessed through a Facilities Support team • Re-design of the reception and building support service, increasing the mobility of BSO's and reducing provision. Continue providing a responsive but less reactive service. Deletion of the River Park House Duty Officer post, revised, extended, shift pattern for River Park House reception and supporting a reception/concierge facility at other buildings. • Cease the provision of the Building Maintenance Helpdesk function and route calls direct to the Managing Agent (Europa) to eliminate duplication.

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	<p>The staffing changes to enable this were set out in paragraph 6 of the report.</p> <p>RESOLVED</p> <p>Further to no queries from the Committee, the proposed establishment changes to Corporate Property Services resulting in 15 posts deleted , 2 posts changed and 4 post created, was agreed.</p>
GPCO155	<p>SUMMARY OF DELEGATED DECISIONS</p> <p>The report informed the General Purposes Committee of delegated decisions taken by Directors in Consultation with the Chair of General Purposes Committee on staffing matters. At the General Purposes Committee meeting on the 15th February 2011, Members agreed that the Committee would be kept informed of the decisions taken by delegated authority , by the Chair and directors, in relation to staffing restructures by the means of a summary report being considered at a Committee meeting when a sufficient number had been completed. The report provided an update to the Committee on the number of decisions taken by Directors in consultation with Chair of General Purposes over the last 6 months. These decisions would have involved changes to the establishment, affecting 20 posts or less, where the relevant employee's side are in agreement, or have not raised objections within the agreed timetables (Council Constitution, Appendices, Section E, Delegations to Officers, page 85.)</p> <p>RESOLVED</p> <p>That the report be noted.</p>
GPCO156	<p>EXEMPT ITEMS OF BUSINESS</p> <p>None</p>
GPCO157	<p>EXEMPT INFORMATION</p> <p>The press and public were excluded from the meeting for consideration of the following item as it contained exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985): paras 1 & 2: namely information relating to any individual, and information likely to reveal the identity of an individual.</p>
GPCO158	<p>RELEASE OF EMPLOYMENT BENEFIT FOR AN EMPLOYEE</p> <p>Agreed.</p>

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The Chair of the Committee, Committee members and Officers attending the meeting wished to place on record their gratitude and thanks to Cyril Andrews and Steve Coles for their work in the borough as part of their respective unions over a number of years. Their input and advice in industrial relations over the years had been valuable and much appreciated.

Councillor George Meehan

Chair

**MINUTES OF THE AUDIT COMMITTEE
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Councillors Khan (Chair), Amin (Vice-Chair), Diakides, Meehan, Butcher and Strang

Apologies Councillor Gorrie

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC77.	<p>APOLOGIES</p> <p>Apologies for absence were received from Cllr Gorrie, for whom Cllr Strang was substituting.</p>	
PRAC78.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
PRAC79.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>	
PRAC80.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the minutes of the meeting of the Audit Committee held on 3 February 2011 be approved and signed by the Chair.</p>	
PRAC81.	<p>DEPUTATIONS AND PETITIONS</p> <p>There were no deputations or petitions.</p>	
PRAC82.	<p>FEE LETTER FOR 2011/12</p> <p>Grant Thornton presented their Fee Letter for 2011/12, and advised that the scale fee set by the Audit Commission for 2011/12 was £454,500. The letter included details of the areas to be focussed on as part of the Value for Money conclusion. In response to a question from the Chair, financial resilience was defined as how well-prepared the Council was to address the challenges of this spending review period and the robustness of the medium term financial plan, particularly the 2011/12 budget.</p> <p>The Chair asked the Director of Corporate Resources, as Section 151 Officer, to explain how the Council was prepared to meet the issues raised in the course of the Localism Bill, in response to which it was reported that, as the Bill became legislation and details became known, individual directorates would be putting actions in place and work would be undertaken to anticipate likely areas of risk and put measures in place to address these. It was confirmed that the budget had been set to</p>	

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	<p>include appropriate resources for dealing with the impact of new legislation, and that there was also a contingency in place to manage unexpected issues.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC83.</p>	<p>REVIEW OF ARRANGEMENTS FOR THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)</p> <p>Graham Oliver, Head of Finance – Accounting, Control, Income, presented the report on the review undertaken by external audit in respect of the implementation of International Financial Reporting Standards (IFRS). The overall assessment of the Council's arrangements was amber, and the report highlighted areas for further work. Officers had accepted all of the recommendations made in the report, and it was anticipated that all of the relevant arrangements would be in place by the end of June 2011.</p> <p>In response to a question from the Committee regarding assessment of the adequacy of the accounting policies which had not been completed at the time of this review, Grant Thornton advised that, where issues were identified with the accounting policies subsequently, these would be picked up in the ISA 260 report on the accounts. The Committee asked about the inclusion of the Alexandra Palace and Park accounts, in response to which it was reported that guidance was still awaited from the Audit Commission as to whether charitable body accounts should be incorporated. It was intended that an update on this could be given at the first meeting of the successor committee.</p> <p>The Chair asked for examples of assets under Property, Plant and Equipment which should be written off from the revaluation reserve, in response to which there had been a change in the way the sale of assets was accounted and that the auditors had identified some areas in the past 2 years where an adjustment was necessary as a result. It was confirmed that these adjustments would have no impact on the bottom line. In response to a further question from the Chair regarding the assessment that was made when considering whether or not an asset was surplus, the Director of Corporate Resources, confirmed that officers looked across the Council to assess whether there was a need for the asset to be used for another purpose, and also anticipated whether there was a likely need for the asset in forthcoming years before determining whether it was surplus. Mr Oliver confirmed that an asset was only defined as surplus when, following such assessment, the Council had made a definite decision that the asset was surplus and it was anticipated that it would be sold within the next 12 months.</p> <p>The Chair noted that for Local Authorities, the accounts for 2010/11 would be the first to be prepared under IFRS and that the 2009/10 accounts would also be restated under IFRS. Noting the overall assessment as amber, the action plan attached to the report and that all of the recommendations had been agreed, the Chair moved and it was:</p>	

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	<p>RESOLVED</p> <p>That the external audit recommendations and associated comments of the Director of Corporate Resources be noted.</p>	
<p>PRAC84.</p>	<p>PROGRESS REPORT</p> <p>The Committee considered the progress report from Grant Thornton, including work and reporting arrangements for the 2010/11 accounts audit, Value for Money conclusion, the 2011/12 fees letter, IFRS, and the Grants Report. In response to a question from the Chair, further details regarding the review of the Council's progress on Personal Budgets were provided and it was confirmed that this related specifically to Adult Social Services.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC85.</p>	<p>INTERNAL AUDIT PROGRESS REPORT - 2010/11 QUARTER 4</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on internal audit work undertaken during the 4th quarter in completing the 2010/11 annual audit plan, reports issued for outstanding 2009/10 audits, fraud investigation work and work by human resources to support disciplinary action across all Council departments.</p> <p>The Committee expressed serious concerns regarding the findings of Internal Audit in respect of Use of Consultants, in particular where cases had been identified of consultants being employed with no business case, no contract and no evidence of indemnity insurance. The Head of Audit and Risk Management advised that the audit work had been undertaken because Members had raised concerns around this area and it had been identified as high risk for the Council. During 2010/11 there had been a focus on reducing the number of consultants and work to achieve this was ongoing. All the auditor's recommendations had been accepted, an action plan was in place and follow up audit work would be undertaken and reported back on. The Director of Corporate Resources confirmed that there had been a reduction in the number of consultants employed, in addition to which the agreed action plan would be followed up and, where the auditor had identified areas of vulnerability, these would have been addressed as a matter of urgency. It was confirmed that the contracts referred to were not substantial.</p> <p>The Committee expressed serious concern regarding the findings, as this had an impact on public money, and asked how this situation had been allowed to develop. It was reported that it was the responsibility of individual directorates, where they were hiring consultants, to ensure that there was a business plan and that a contract was in put place, supported by the legal and procurement services. These issues were</p>	

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being addressed and there was ongoing work with procurement to support this process. The Director of Corporate Resources confirmed that this issue was being taken very seriously, particularly as public money was involved.

In response to a question from the Committee, it was confirmed that the audit had commenced in November 2010 and was reported on in January 2011; the figures used were to the end of October 2010. The Committee asked about the progress that had been made since the audit had been undertaken, and whether the issues identified had been addressed. The Committee also expressed concern that the recommendations did not appear proportionate to the severity of the issues identified, and asked how the actions and the controls to ensure that such a situation could not recur would be monitored on a regular basis at the highest level of the Council. The Head of Audit and Risk Management advised that compliance with the audit recommendations would be monitored by means of a follow up audit, and highlighted the ongoing work with corporate procurement and internal audit to review areas of spend and ensure that contract standing orders and financial regulations were being complied with and that as much spend as possible was on-contract. Any issues of non-compliance would be reported to the Section 151 Officer.

The Committee asked about the degree to which they could rely on assurances regarding compliance, especially at a time when financial support services were being reduced. The Committee asked what training was being provided to managers who would now need to take on responsibilities previously undertaken by finance staff, such as monitoring budget performance, in response to which it was confirmed that Corporate Finance staff were working to provide support to managers and to ensure that good practice was embedded in this transitional year. It was reported that checks and controls would still be delivered by using audit resources in a new way.

In respect of the Internal Audit findings regarding Payroll, the Committee expressed concern regarding the recommendation that Council confirm all new employees' right to work in the UK, and that this implied that it was not being done so already. The Head of Audit and Risk Management confirmed that, as set out in correspondence with the Chair prior to the meeting, the recommendation set out in the appendix to the report was incorrect and should have read "It is recommended that the payroll and SAP reconciliation should be reviewed and approved by an independent officer. Where there are discrepancies, explanations should be provided and these discrepancies promptly cleared from the systems." The response provided in the report, however, was accurate. The item relating to right to work in the UK was work which had already been completed, and had been included in the report as an outstanding issue erroneously.

In response to a question regarding the way in which the issues identified around Use of Consultants would be reflected in the Annual Governance Statement (AGS), it was reported that the issues of

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contracts and contract spend would be reported on in the AGS, including the work with corporate procurement to identify high risk areas and target resources accordingly. Grant Thornton advised that it was important for the AGS to provide specific assurances in the areas relating to business cases and contracts for consultants.

The Chair highlighted the concerns raised by Members in relation to the report, specifically the Use of Consultants, and requested that the external auditor and Section 151 Officer exercise additional caution to ensure that the issues identified in this area did not happen in the future. In the context of this discussion, the Chair noted that decisions on changes to processes and contract standing orders were due to be taken by the Constitution Review Working Group. The Chair noted that the reported performance was positive, particularly in relation to implementation of audit recommendations, where the number of recommendations outstanding was much lower now than it had been in the past, as a result of action taken by the Committee.

In response to a question from the Committee regarding the format of the progress report and the information provided, the Head of Audit and Risk Management advised that the report had developed in response to previous requests from the Committee, and would be reviewed further as the new governance arrangements came into place.

In considering the recommendations of the report, it was moved and agreed that these be amended to include a recommendation that no consultants be appointed unless a business case and contract was in place, and that a report on this issue be presented to the Cabinet and to the Corporate Committee at the first meeting of these bodies in the 2011/12 municipal year. The Head of Audit and Risk Management further suggested that the follow up audit work on Use of Consultants be carried out earlier than usual, and that an expanded sample be used to assess the level of compliance with the recommendations, the outcome of this work to be reported to the section 151 Officer and to the Committee as an assurance.

RESOLVED

- i) That the audit coverage and progress during the fourth quarter 2010/11 be noted.
- ii) That the progress and responses received in respect of outstanding audit recommendations be noted.
- iii) That, in light of the Committee's serious concerns about the use of consultants without a business case and contract being place, a strong recommendation be made that no consultants be appointed unless there is a business case and contract in place, and that a report on the implementation of the audit recommendations and the current position regarding compliance with the Council's regulations in respect of Use of Consultants be presented to the Cabinet and to the Corporate

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	<p>Committee at the first meeting of these bodies in the 2011/12 municipal year.</p>	
<p>PRAC86.</p>	<p>INTERNAL AUDIT ANNUAL PLAN AND STRATEGY 2011/12</p> <p>Anne Woods, Head of Audit and Risk Management, presented a report on the proposed Annual Internal Audit Plan for 2011/12 and the internal audit strategy. In response to a question from the Committee regarding HR processes and whether these had been sufficiently tested to ensure that they were 'fit for purpose' in the current circumstances, it was reported that, as part of the annual audit of payroll, internal audit were working with the Business Heads of services undergoing organisational change to agree the key risk areas and controls which would be expected to be in place. The supporting HR processes would be covered and tested within the individual service reviews. From an audit point of view, it was reported that they would be looking at the changes taking place and the assessments by individual units, such as Equalities, regarding whether the arrangements in place were fit for purpose. The Director of Corporate Resources advised that the HR department were working with change management personnel to share expertise and support managers to keep performance levels high during this time.</p> <p>The Committee asked how risks had been assessed, and whether this was reflected in the allocation of resources in the proposed audit plan. By way of example, the Head of Audit and Risk Management reported that Key Financial Systems were audited annually so that, while these represented very large risks, there was a cumulative knowledge of these systems in place, whereas risks in other areas of the Council changed from year to year. In response to a question regarding whether the basis on which risks were assessed and prioritised could be included in the report, it was reported that this was based on a range of supporting documentation, including the departmental risk registers, and that there might be cumulative reasons for changes in risk profile. Paul Dossett, Grant Thornton, advised that there should be a clear process in place for ensuring that the highest risks are allocated the appropriate audit resource; given the level of detailed work which would go into making these assessments, it was a question of how much information the Committee wished to see in its reports.</p> <p>Some Members of the Committee stated that they would not be comfortable agreeing the proposed audit plan without fully understanding the way in which this had been determined, given the significant amount of resources involved. The Chair noted that the report gave a detailed breakdown of the proposed plan, including a contingency of 155 days to address issues as they arose. It was noted that resources were limited in the current economic climate and that the proposed plan had been formulated on the basis of a wide range of discussions and consultation within the Council and in line with CIPFA guidance in order to best reflect the Council's risks. The Head of Audit and Risk Management advised that the 'Identifying Internal Audit Coverage' section of the report set out</p>	

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	<p>the way in which the plan was derived, and gave a list of some of the many factors taken into account. It was emphasised that the approach needed to allow for a degree of contingency and flexibility in reflecting the different risks facing the Council.</p> <p>In response to concerns raised by the Committee regarding overspends in certain departments, it was confirmed that progress against the overall Council savings plan would be monitored and reported back to the Section 151 Officer. The review of corporate expenditure set out in the plan would constitute a line by line examination, supported by evidence to ensure that things were really as stated. It was reported that internal audit could not comment on the original budget-setting process, but could provide assurance regarding compliance or non-compliance.</p> <p>The Chair clarified that the Corporate Committee would have the power to adjust the audit plan if it was decided that this was necessary during the year, but expressed his opinion that the plan currently put forward was adequate. In response to a question from the Chair regarding whether the plan took into account the need for the Council to be managed efficiently and economically, with fewer resources available, the Section 151 Officer confirmed that this was the case. The Chair asked where responsibility for overall control failures lay, in response to which the Head of Audit and Risk Management advised that, as set out in the Constitution, financial regulations and standing orders, responsibility lay with individual managers, with the responsibility for monitoring compliance resting with the auditors. It was confirmed that it was the specific and absolute responsibility of the Section 151 Officer to ensure that a framework of control was in place.</p> <p>Noting the comments made during the discussion and the Chief Financial Officer comments set out in the report, the Chair moved and it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i) That the internal audit strategy be noted and approved by the Committee. ii) That the Annual Internal Audit Plan 2011/12 be approved by the Committee. <p>It was noted that Cllrs Butcher and Strang abstained from the vote; they did not support the recommendations of the report on the basis that there was insufficient transparency regarding the process by which priorities had been determined to assess whether these had been correctly prioritised.</p>	
PRAC87.	<p>ALEXANDRA PALACE - OUTCOME OF FOLLOW UP AUDITS AT THE CHARITABLE TRUST AND TRADING COMPANY</p> <p>Anne Woods, Head of Audit and Risk Management, presented the report on the outcome of the follow up audit work completed by the independent internal auditors for Alexandra Palace and Park Charitable</p>	

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	<p>Trust and Alexandra Park Trading Limited. The Chair explained why this report was presented to the Committee, as a previous report on the audit of the Alexandra Palace and Park Charitable Trust and Alexandra Park Trading Limited had been presented to the Committee on 28 October 2008, and the Monitoring Officer had previously given advice that the Section 151 Officer was responsible for the overall financial position of the Council, including Alexandra Palace</p> <p>The Committee asked for an explanation of why a business plan had not been put into place, in response to which the Director of Corporate Resources advised that the Trust had been developing a detailed work plan for its activities, but had been considering the future of the asset during the past year; a regeneration working group had been set up and, until its work had reached a certain point, it was difficult for the Trust to set out its business future and establish a full business plan. The intention to appoint a joint Chief Executive was part of this present transition phase.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>PRAC88.</p>	<p>NEW ITEMS OF URGENT BUSINESS</p> <p>In response to a question from the Committee regarding the contract for internal audit services, the Head of Audit and Risk Management confirmed that the present contract would come to an end in March 2012, and that the Council was presently looking at the options available to determine how best to proceed going forward.</p> <p>The Chair expressed his gratitude to all the Members of the Committee, officers and auditors for their work with the Committee, as this was the final meeting of the Audit Committee. Cllr Meehan moved a vote of thanks for the Chair for all his work on the Committee, which was seconded by Cllr Butcher and supported by the Committee Members.</p> <p>The meeting closed at 9.25pm.</p>	

COUNCILLOR GMMH RAHMAN KHAN

Chair

**MINUTES OF THE PENSIONS COMMITTEE
TUESDAY, 12 APRIL 2011**

Councillors Watson (Chair), Gibson, Stennett, Beacham, Jenks, Wilson,
Howard Jones and Melling

Apologies Michael Jones and Brown

Also Present: Howard Jones and Roger Melling

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP41.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Keith Brown, Michael Jones and Kevin Bartle.</p>	
PRPP42.	<p>URGENT BUSINESS</p> <p>There were no new items of urgent business.</p>	
PRPP43.	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Watson declared a personal interest as a deferred member of the Haringey Pension Scheme.</p> <p>Cllr Jenks declared a personal interest as a member of the Haringey Pension Scheme, and also as a volunteer with the Citizens Advice Bureau and as a Friend of Cooperscroft, owned by TLC, which were both scheduled and admitted bodies of the Fund.</p> <p>Cllr Wilson declared a personal interest as an employee of the National Association of Pension Funds.</p> <p>Roger Melling declared a personal interest as a pensioner member of the Haringey Pension Fund.</p>	
PRPP44.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the unrestricted minutes of the meeting held on 22 February 2011 be approved and signed by the Chair.</p>	
PRPP45.	<p>EXTERNAL AUDIT PLAN 2010/11</p> <p>Subarna Banerjee from Grant Thornton gave a presentation on the external audit plan for 2010/11, outlining the audit approach and key audit issues. In respect of the way Pension Fund liabilities would be reflected in the accounts under the new International Financial Reporting</p>	

**MINUTES OF THE PENSIONS COMMITTEE
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	<p>Standards, it was confirmed that this would be in the form of an actuarial report within the statement of accounts.</p> <p>RESOLVED</p> <p>That the Audit Plan prepared by Grant Thornton be agreed.</p>	
PRPP46.	<p>PENSION FUND TREASURY MANAGEMENT STRATEGY</p> <p>Julie Parker, Director of Corporate Resources, presented this report, which proposed a treasury management strategy statement for the pension fund that mirrored the Council's. It was noted that this was considered the most efficient arrangement.</p> <p>RESOLVED</p> <p>That the proposed Treasury Management Strategy Statement for pension fund cash be approved.</p>	
PRPP47.	<p>BRIEFING ON THE FINAL REPORT OF THE INDEPENDENT PUBLIC SERVICE PENSIONS COMMISSION</p> <p>Nicola Webb, Head of Pensions and Treasury, presented the report on key issues arising from the final report of the Independent Public Service Pensions Commission, including recommendations to move to pensions based on career average salary, to raise the normal pension age, that the LGPS should remain funded and a number of governance recommendations. It had been announced that the recommendations of the report were to be accepted in full by the Government, and that specific proposals for consultation would be brought forward in the autumn Spending Review.</p> <p>In response to questions from the Committee on the recommendations regarding collaborative working, it was reported that the Hutton report had not set out any specific examples, but officers were discussing this issue with other London Boroughs. The Committee requested that an update report on collaborative working between pension funds be reported to the Corporate Committee early in the next municipal year. The Committee asked about possible employee contribution rates in the future, in response to which it was reported that this was an issue that the Government was currently looking at. No consultation had at present been undertaken with regards to a contribution rate rise, however it was noted it was possible for a rise to come into effect from April 2012.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	
PRPP48.	<p>MYNERS PRINCIPLES COMPLIANCE - ASSESSMENT OF EFFECTIVENESS 2010/11</p> <p>Nicola Webb presented the report on the results of the formal assessment of effectiveness of the Committee, to comply fully with the</p>	

**MINUTES OF THE PENSIONS COMMITTEE
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	<p>Myners Principles, and thanked Members of the Committee for their responses. The assessment had resulted in an average score of “good”, with areas identified for improvement including training, a review of the quarterly data provided and business plan setting.</p> <p>In response to feedback from Members regarding a wish for training on different asset classes, such as hedge funds, it was reported that the Investment Strategy being reported on later in the agenda left it open for the fund to move into diversifying asset classes and that appropriate training would be undertaken before any such development was made. It was also agreed that a general glossary of terms relevant to the management of the pension fund would be circulated to Committee Members.</p> <p>RESOLVED</p> <p>That the proposed wording of the disclosure for the Pension Fund Annual Report regarding the assessment of effectiveness set out in paragraph 15.3 be approved.</p>	
<p>PRPP49.</p>	<p>ACADEMIES – DEFICIT RECOVERY PERIODS</p> <p>This item was withdrawn from the agenda.</p>	
<p>PRPP50.</p>	<p>DRAFT WORK PLAN</p> <p>Nicola Webb presented the report on the draft work plan for the 2011-12 municipal year, which set out the key strategic activities for the next 12 months. It was reported that, following changes to the accounting rules, the draft accounts would no longer be reported up to Committee, only the final accounts.</p> <p>RESOLVED</p> <p>That the draft work plan for the 2011-12 municipal year be approved.</p>	
<p>PRPP51.</p>	<p>ADMISSION AGREEMENT FOR VEOLIA</p> <p>Ian Benson, Pensions Manager, presented the report on the admission agreement for Veolia ES UK Ltd to the Haringey Pension Fund. The Committee were advised that the report circulated should be amended at paragraph 4.3 to reflect that the value of the bond should in fact read £1.271m, the name of the organisation at paragraph 5.1 should read Veolia ES UK Ltd, and at paragraph 7.3 the contribution rate ought to read 22.1%.</p> <p>In response to a question from the Committee regarding how an excessive salary increase would be defined, Mr Benson advised that this was not clearly defined, although salary increases would be looked at if they were in excess of the actuarial assumptions.</p> <p>RESOLVED</p>	

**MINUTES OF THE PENSIONS COMMITTEE
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	<ul style="list-style-type: none"> i) That the admission of Veolia ES UK Ltd as a transferee admitted body to the Fund from 17th April 2011 be agreed. ii) That the agreement be a closed agreement such that no new members other than those listed in the admission agreement can be admitted. iii) That the contractor be required to provide a Bond to the value of £1.271m to be reviewed by the Fund actuary on an annual basis. iv) That final approval to the terms of this Admission Agreement be delegated to the Chief Financial Officer. 	
<p>PRPP52.</p>	<p>ADMISSION AGREEMENT FOR EUROPA SUPPORT SERVICES LTD</p> <p>Ian Benson, Pensions Manager, presented the report on the admission of Europa Support Services Ltd (ESSL) as a transferee admitted body participating in the Haringey Council Pension Fund from 1st November 2010. The Committee was advised that the contribution rate at paragraph 13.1 of the report ought to read 28%. It was noted that this agreement related to a single employee.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i) That the admission of Europa Support Services Ltd as a transferee admitted body to the Fund from 1st November 2010 be agreed. ii) That the agreement be a closed agreement such that such that no new members can be admitted. iii) That the contractor be required to provide a Bond valued by the Fund actuary to cover its potential pensions liabilities should the contractor fail commercially and that the Bond value is reviewed annually. iv) That final approval to the terms of this Admission Agreement be delegated to the Chief Financial Officer. 	
<p>PRPP53.</p>	<p>CESSATION AGREEMENT FOR EUROPA WORKFORCE SYSTEMS</p> <p>Ian Benson, Pensions Manager, presented the report on the funding position attributable to Europa Workspace Ltd on their cessation as an admitted body to the Haringey Pension Fund at 30th October 2010.</p> <p>RESOLVED</p> <p>That the settlement of the £64.9k surplus attributed to Europa Workspace Ltd on the cessation of the admission agreement be noted.</p>	

**MINUTES OF THE PENSIONS COMMITTEE
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PRPP54.	<p>NEW ITEMS OF UNRESTRICTED URGENT BUSINESS</p> <p>There were no new items of unrestricted urgent business.</p>	
PRPP55.	<p>EXCLUSION OF PRESS AND PUBLIC</p> <p>RESOLVED</p> <p>That the press and public be exclude for the following items.</p>	
PRPP56.	<p>EXEMPT MINUTES</p> <p>RESOLVED</p> <p>That the exempt minutes of the Pensions Committee held on 22 February 2011 be approved and signed by the Chair.</p>	
PRPP57.	<p>INVESTMENT STRATEGY</p> <p>David Crum, Aon Hewitt, introduced the report on the proposals for the implementation of the investment strategy decisions made at the previous meeting of the Pensions Committee.</p> <p>RESOLVED</p> <p>That the recommendations of the report be agreed.</p>	
PRPP58.	<p>NEW ITEMS OF EXEMPT URGENT BUSINESS</p> <p>There were no new items of exempt urgent business.</p> <p>The Chair thanked everyone for their work on the Pensions Committee during the previous municipal year, particularly those who had participated in the Investment Strategy Working Group.</p> <p>The meeting closed at 20:00hrs.</p>	

COUNCILLOR RICHARD WATSON

Chair

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**UNRESTRICTED MINUTES OF THE REMUNERATION COMMITTEE
THURSDAY, 14 APRIL 2011**

PRESENT :

* DENOTES ATTENDANCE

Councillors Bull, *Goldberg, *Gorrie, *Kober, *Meehan (Chair) and *Whyte

MINUTE NO.	SUBJECT/DECISION	ACTION BY
RECO21.	<p>APOLOGIES FOR ABSENCE</p> <p>An apology for absence was received from Councillor Bull.</p> <p>NOTED</p>	
RECO22.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
RECO23.	<p>DECLARATIONS OF INTERESTS</p> <p>There were no declarations of interests.</p>	
RECO24.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the unrestricted Minutes of the meeting of the Remuneration Committee held on 13 December 2011 be signed as an accurate record of the proceedings.</p>	
RECO25.	<p>REVIEW OF THE APPRAISAL SCHEME - TO FOLLOW</p> <p>The Chair asked for a brief introduction of the report.</p> <p>The Assistant Chief Executive – Mr Young advised the meeting that the report had been late due to the need to assess the proposed changes to the current performance appraisal scheme for the Chief Executive, Chief & Deputy Officers, with the Independent external assessor – Mr Penn who was in attendance.</p> <p>Mr Young commented that in respect of the background to the changes proposed, the Committee would recall that at its previous meeting in December 2010 there had been concerns expressed as regards the current performance appraisal scheme having insufficient clarity in relation to performance and outcomes. Members had commented on the lack of sufficient transparency and little information provided on a large number of posts, and that the award of increments appeared by and large to be virtually automatic.</p>	

**MINUTES OF THE REMUNERATION COMMITTEE
THURSDAY, 14 APRIL 2011**

In particular Mr Young referred the Committee to the table detailed at para 7.2 which gave an analysis of increments awarded over the past 3 years with the scheme allowing for awards ranging from 0-4 increments on either a consolidated or non consolidated basis. Mr Young advised that generally there had been awards of between 0-2 incremental pay points, with the majority of individuals receiving 1 increment.

Given the concerns expressed that the Committee were in effect being presented with a fait accompli at the point of considering the proposed increment awards Mr Young advised that the scheme was proposed to be revised to have a more focused and transparent scrutiny of the scheme with Chief and Deputy Chief Officers – approx 30 being subject to in depth analysis and a 360 degree peer/management appraisal. The existing scheme would apply to remaining senior officers. The terms of reference of the new Corporate Committee would be amended to reflect the proposed changes. As a result, the standards for awarding increments would change with for standard performance 0 increments to be awarded, for performance beyond targets 1 increment awarded, for exceptional performance 2 increments awarded, and for poor performance 0 increment awarded and formal procedural action. This would represent a variation in the contracts of SM graded staff and consultation would commence to seek this change.

Mr Young concluded that the proposed scheme was not one which allowed for large bonuses being paid to individuals and indeed individuals did their jobs because of a commitment to the work ethic and not salary led. He also advised that the variation to the proposed scheme affected both Mr Davies and himself any particular question that could compromise either could be asked to Mr Penn.

The Committee then undertook a wide ranging discussion in relation to the proposed changes to the performance appraisal scheme, the main points being:-

- That the setting of performance targets was key in terms of being able to assess performance, and that there needed to be some consideration of who should be responsible for setting these and where they should be signed off – and clarification sought and given in relation to whether this was the function of the Cabinet Member responsible for the service area, or by this Committee or its successor body, that Cabinet members were involved in the target setting together with individuals meeting with Chief Executive/Director responsible, to set targets;
- that the table shown at para 7.2 was not entirely accurate in terms of those 26 persons who did not receive an increment in that a number of those within that figure had either commenced the service with the Council after the appraisal year had commenced, or had left the Council' service during this period and comments in response that there was no intention to mislead in terms of the figures shown for 0 increments and that the tables also showed that the vast majority of individuals had received 1 increment;
- reference to para 7.4 of the report in respect of this Committee

**MINUTES OF THE REMUNERATION COMMITTEE
THURSDAY, 14 APRIL 2011**

having discretion in terms of awarding increments and that there had been no occasion where this Committee had actually refused the awarding of an increment, and clarification that on previous occasions the Committee had deferred consideration of the award of increments pending further clarification/review of proposals;

- clarification of the number of persons now to be assessed under the proposed revised scheme and confirmation that there would be a clearer and more in depth focus for approx 30 individuals as opposed to 130, with the scheme's implementation being subject to staff side consultation and comment that the actual performance appraisal scheme was not a contractual matter but salaries were and therefore it was necessary to consult, and also give notification of a variation of the performance appraisal criteria;
- comments from members that the successor Cttee – the Corporate Committee should have a clear role in terms of approving of targets once they had been set through the already established target setting route of CE/Director and Cabinet member.

The Chair then summarised and it was:-

RESOLVED

That approval be given in principle to resolutions (i) to (iv) below noting the need for some to be the subject of appropriate consultation and notice to end the current performance appraisal scheme with staff;

- i. that the analysis of the application of performance appraisal for senior managers and Chief Officers in the Council, as detailed in para. 7.2 of the report be noted;
- ii. that approval be given in principle to the changes to the criteria for the award of incremental progression as detailed in paragraph 7.6 of the report;
- iii. that approval be given in principle to changes to the scope of the performance appraisal scheme to limit its application to Chief Officers and Deputy Chief Officers;
- iv. that the changes to the methods of assessment and proposals to amend appraisal documentation as detailed in para 7.8 of the report be noted;
- v. that it be noted that formal consultation would now commence on the revisions to the performance appraisal scheme and that any amendments to the proposals would be reported to the successor body to the current Remuneration Committee, the Corporate Committee, for consideration; and
- vi. that the successor body to the current Remuneration Committee that the Corporate Committee, terms of reference include responsibility for agreeing the finalised performance targets for Chief Officers and Deputy Chief Officers on an annual basis following the setting of the performance targets in line with current practices of Chief Executive/Director and Cabinet Member.

**MINUTES OF THE REMUNERATION COMMITTEE
THURSDAY, 14 APRIL 2011**

RECO26.	ANY OTHER UNRESTRICTED ITEMS OF BUSINESS THE CHAIR CONSIDERS TO BE URGENT Nil.	
RECO27.	EXCLUSION OF THE PUBLIC AND PRESS RESOLVED That the press and public be excluded from the proceedings as Item 8 contains exempt information as defined in paras 1 & 2 of Section 100a of the Local Government Act 1972; namely information relating to any individual, and information which is likely to reveal the identity of an individual SUMMARY OF EXEMPT/CONFIDENTIAL PROCEEDINGS	
RECO28.	EXEMPT MINUTES Agreed the exempt minutes of the Remuneration Committee of 13 December 2011	
RECO29.	ANY OTHER EXEMPT ITEMS OF BUSINESS THE CHAIR CONSIDERS TO BE URGENT Nil.	

The meeting ended at 18.45hrs.

COUNCILLOR GEORGE MEEHAN

Chair

The Corporate Committee Terms of Reference

The Corporate Committee has:-

- a) All the functions listed below in b) and stated not to be the responsibility of the Council's Executive/Cabinet in Reg 2 and Schedule 1 of the Local Authorities (functions and Responsibilities)(England) Regulations 2000 S.12853(as amended or further amended in any statute or subordinate legislation). References to paragraphs below are those in the appropriate Schedule of the Regulations.
- b) The following Schedule 1 Functions:
 - i) Paragraph C – Health and Safety at Work; all functions discharged otherwise than in the Council's capacity as employer.
 - ii) Paragraph D - Elections; all functions relating to Elections except the approval of pilot schemes for local elections which is reserved for Full Council.
 - iii) Paragraph H - Pensions; Determining the Council's policies as "Employing Authority " and determining the terms of release of Chief and Deputy Chief Officers aged 50 or over and made redundant or retired early with a claim on the pensions scheme. Exercising all the Council's functions as Administering Authority" and being responsible for the management and monitoring of the Council's Pension Fund and the approval all relevant policies and statements. This includes:
 - A) Selection, appointment and performance monitoring of investment managers, AVC scheme providers custodian and other specialist advisers;
 - B) Formulation of investment socially responsible investment and governance policies and maintaining a statement of investment principles;
 - C) Monitoring the Pension Fund Budget including Fund expenditure and actuarial valuations; and
 - D) Agreeing the admission and terms of admission of other bodies into the Council's Pension Scheme,

Note: Whenever the Corporate Committee considers a report on a Pensions matter, the Chair will make a short announcement at the beginning or at other appropriate stage(s) in the meeting indicating whether the Committee is operating in its capacity as "Employing Authority" or as "Administering Authority". When the Committee is operating in its capacity as "Administering Authority" Members must have regard to their duty as quasi-trustees to act in the best interests of the Pension Fund above all other considerations. When the Committee meets in this capacity its membership shall include as non voting members one representative of each of these groups:(i)current pensioners,(ii) employees of the scheme, and (iii)other admitted bodies.

(iv) Paragraph I - Miscellaneous; all functions except those retained by full Council in Article 4. The Committee's functions include:

- (A) All functions relating to public rights of way in Part 1 except the creation, stopping up and diversion of highways, footpaths and bridleways in connection with development control decisions which are delegated to the Planning Sub –Committee;
 - (B) Making arrangements for proper administration of financial affairs under section 151 Local Government Act 1972 but the appointment or dismissal of the Chief Finance officer is to be in accordance with the Officer Employment Procedure rules in Part 4
 - (C) Formulating the Treasury Management strategy statement and amendments to it for recommendations to full Council through Overview and Scrutiny Committee and in consultation with the Cabinet Member for Finance. Receiving quarterly monitoring reports and an out-turn report after the close of the year on treasury management policies and practices.
 - (D) Approving statements under the Accounts and Audit Regulations 2003 and any amendment or re-enactment of the Regulations and considering the external auditors report on issues arising from the audit of the accounts or any other concerns relating to accounting policies;
 - (E) Making arrangements for appointing and dismissing senior officers (deputy Chief Officers and above) by establishing Appointment /Dismissal Panels in accordance with the Officer Employment Procedure rules in part 4 and determining the terms and conditions of service of those staff below Senior Management grades, including procedures for dismissal. The Committee's functions include monitoring the operation and effectiveness of the scheme for the performance appraisal and remuneration of the Council's senior managers and chief officers. The Committee agrees the terms and conditions of employment, the pay structure and remuneration for these senior posts;
 - (F) Authorising the making of payments or the provision of other benefits in cases of maladministration;
 - (G) Making orders designating public places in order to confer power on the police to prevent nuisance by the consumption of alcohol.
 - (H) Taking decisions relating to changes to the establishment which are not covered by the Officer Scheme of Delegation.
- c) The following "Local Choice" functions set out in Schedule of the above regulations;-
- i) Any function under a local Act other than a function specified or referred to in Reg 2 or Schedule 1 or expressly delegated elsewhere in this Constitution;
 - ii) The determination of an appeal against any decision made by or on behalf of the authority;

- iii) Passing a resolution that Schedule 2 to the Noise and Statutory Nuisance Act 1993 should apply to the Council's area (consent to the operation of loudspeakers).
- d) The Committee has the following Audit Functions;
 - i) Providing assurance about the adequacy of the Council's Risk Management Framework and Policy and Monitoring the effectiveness of systems for the management of risk across the Council and compliance with them.
 - ii) Maintaining an overview of the Council's Local Code of Corporate Governance;
 - iii) Monitoring the effectiveness of Council policies on "Whistleblowing" and Anti-Fraud and Corruption;
 - iv) Considering and recommending for adoption the Council's Annual Governance Statement;
 - v) Approving the Annual Internal Audit Plan and the Strategic Audit Plan and arrangements for provision of internal audit services to the Council and considering reports on internal audit activity;
 - vi) Receiving the Annual Audit Plan and the Annual Audit Letter from the external auditor and making recommendations on the latter. Considering arrangements for the appointment of the external auditor;
 - vii) Commissioning work from the internal and external auditors and receiving reports from the Head of Audit & Risk Management on any matter ; and
 - viii) Questioning officers and Cabinet Members on matters relevant to audit and to financial and non –financial performance and making recommendations on these matters to Cabinet and full Council.
 - ix) The Head of Audit's Annual Report
- e) The power to make recommendations to the Council on any of its functions set out in Article 4, and the power to establish sub Committees to consider and report on any such functions but this does not include recommendations to amend the Council's Constitution nor does it prevent the Council from making decisions on any matter when necessary without a prior recommendation from the Committee.
- f) There is a Protocol outside this Constitution setting out how the Corporate Committee is to operate. The Protocol shall be applied in a manner consistent with Committee Procedure Rules in Part 4 and any issue on procedure at the meeting shall be subject to the ruling of the Chair. The Protocol can be amended by the written agreement of the Leader's of the Political Groups on the Council.

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HARINGEY GOVERNANCE REVIEW

DRAFT PROTOCOL COVERING CORPORATE COMMITTEE

1 INTRODUCTION

- 1.1 A key objective of Haringey's Governance Review 2010/11 is to reduce the number of Council Committees, to develop a more streamlined, focused and transparent decision-making structure. A single Corporate Committee is therefore being established, to undertake the remit currently covered by the Audit, General Purposes, Pensions and Remuneration Committees.
- 1.2 The Terms of Reference for the Corporate Committee is stated in the Council's Constitution (Part 3 Section C). The purpose of this protocol is to set out in detail the process by which the Corporate Committee will function.
- 1.3 This document will be subject to regular review along with other governance arrangements, to ensure that it remains updated in the light of experience.

2 MEMBERSHIP AND CHAIR

- 2.1 The Corporate Committee shall consist of 7 members. The members and chair of the Corporate Committee shall be elected and ratified each year at the Annual Council Meeting.
- 2.2 The membership of the Committee shall include non-voting co-optees for Pensions matters, when the Committee is acting as "Administering Authority".
- 2.3 Members of the Committee shall be trained with regard to their statutory roles on Pensions, Audit and Treasury Management.

3 RESPONSIBILITIES

The responsibilities of the Corporate Committee are fully detailed in Part 3 Section C of the Council's Constitution. An overview of those responsibilities is given below:

3.1 Pensions

3.1.1 *"Employing Authority"*

The Committee shall act as "Employing Authority" to determine the Council's policies on pensions.

3.1.2 *"Administering Authority"*

The Committee shall also undertake the Council's functions as "Administering Authority", being responsible for the management and monitoring of the Council's Pension Fund:

- To be responsible for the management of the Pension Fund's investments including the setting of investment strategy, selection and monitoring of fund managers, and publication and maintenance of statutory policy statements;
- To receive triennial actuarial valuations, publish and maintain a Funding Strategy Statement and monitor the funding level of the Pension Fund;
- To be responsible for approving the Pension Fund Annual Report and Accounts, receiving the external auditor's annual report and regular reports on matters relating to administration.

3.2 Audit

The Committee shall approve and monitor the following, as part of their Audit function:

- The Council's Risk Management Framework and Policy;
- The Council's Local Code of Corporate Governance;
- Council policies on "Whistleblowing" and Anti-Fraud and Corruption;
- The Council's Annual Governance Statement;
- The Annual Internal Audit Plan and the Strategic Audit Plan;
- The Annual Audit Plan and the Annual Audit Letter from the external auditor;
- The Head of Audit's Annual Report.

3.3 General Purposes

The Committee shall undertake the following:

- Functions relating to public rights of way, except those which are delegated to the Planning Sub-Committee;
- Making arrangements for proper administration of financial affairs;
- Formulating the Treasury Management Strategy Statement (TMSS);
- Approving statements under The Accounts and Audit Regulations;
- Agreeing the terms and conditions of major service restructures;
- Functions relating to Health and Safety at work;
- Authorising the making payments in cases of maladministration;
- Functions relating to Elections.

3.4 Remuneration

The Committee shall be responsible for:

- Making arrangements for appointing and dismissing senior officers;
- Agreeing the terms and conditions of employment, the pay structure and the remuneration for senior posts;
- Agreeing the terms and conditions of employment of those staff below Senior Management grades, including procedures for dismissal.

4 MEETING FREQUENCY AND FORMAT

4.1 It is intended that the Corporate Committee shall normally hold four scheduled meetings each year.

4.2 The Chair of the Corporate Committee may call a special meeting in accordance with the process in the Council's Constitution (Part 4 Section B).

4.3 The work programme for the Corporate Committee shall be agreed between the Chair of the Committee and senior officers, at the beginning of the civic year.

4.4 It is intended that the agenda for each meeting will include items related to the Committee's responsibilities on Audit, General Purposes, Pensions and Remuneration.

4.5 For items related to pensions, the chair shall announce whether the Committee is acting as "Employing Authority" or "Administering Authority". When acting as "Administering Authority", non-voting co-optees for Pensions shall be invited to attend. These items shall be placed first on the meeting agenda.

4.6 Where the Committee needs to take decisions between scheduled meetings, these shall be the responsibility of the Committee Chair in liaison with senior officers.

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Haringey Council
Agenda item:

Corporate Committee

On 20 June 2011

Report Title. Quarterly Pension Fund update including Investment Strategy Review Update

Report of Director of Corporate Resources

J. Parker 10/6/11

Signed: Julie Parker

Contact Officer: Nicola Webb – Corporate Finance
Telephone 020 8489 3726

Wards(s) affected: All

Report for: Noting

1. Purpose of the report

1.1. To report the following in respect of the quarter to 31st March 2011:

- Investment asset allocation and strategy
- Investment performance
- Responsible investment activity
- Budget management
- Late payment of contributions

2. Introduction by Cabinet Member

2.1 Not applicable.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. Not applicable.

4. Recommendations

4.1 That the information provided in respect of the activity in the quarter to 31st March 2011 is noted.

5. Reason for recommendations

5.1. This report is for noting.

6. Other options considered

6.1. Not applicable.

7. Summary

- 7.1 The implementation of the revised investment strategy is underway with the advertisement placed in the Official Journal of the European Union, so is on target to meet the planned report back to Committee in September.
- 7.2 Investment performance in the quarter was on target with outperformance in bonds, property and private equity outweighing underperformance in equities.
- 7.3 The budget was overspent by £8.2m due to lower dividend income than anticipated, higher lump sums due to additional early retirements and higher than average transfer values paid. TLC are now the only employer paying late, despite monthly reminders of the statutory timescale.

8. Head of Legal Services Comments

- 8.1 The Head of Legal Services has been consulted on the content of this report. There is a duty on an administering authority, where it has appointed an investment manager, to keep their performance under review and to review the investments made by that manager for the pension fund at least once every 3 months. Members of the Committee should keep this duty in mind when considering this report and have regard to advice given to them.

9. Equalities & Community Cohesion Comments

- 9.1. There are no equalities issues arising from this report.

10. Consultation

- 10.1. Not applicable.

11. Service Financial Comments

- 11.1 Performance of the Fund Managers continues to be carefully monitored in the current market conditions. The investment strategy of the Fund has been reviewed and the changes introduced will address the majority of these issues.
- 11.2 The budget was overspent by £8.2m due to a combination of higher lump sums for those retiring early, a lack of recovery in dividend income during the year and higher than average transfer values paid. The higher lump sums did not arise until the final quarter of the year. Employer contributions to the Fund are not affected by this overspend.

12. Use of appendices /Tables and photographs

None

13. Local Government (Access to Information) Act 1985

Northern Trust performance monitoring reports.
 Fund Managers – Quarterly investment reports
 Local Authority Pension Fund Forum bulletins

14. Investment Update**14.1 Fund Holdings at 31st March 2011**

	Market Value £000		% of Fund
UK Equities		193,543	27.0%
held in individual shares	36,493		
held in pooled funds	157,050		
Overseas Equities		255,405	35.6%
held in individual shares	97,318		
held in pooled funds	158,088		
Bonds		127,266	17.7%
held in individual shares	27,296		
held in pooled funds	99,970		
Property	50,606		7.1%
Private Equity	24,221		3.4%
Cash		66,188	9.2%
held by Fund Managers	4,770		
held in-house	61,418		
TOTAL		717,229	

14.2 Update on investment strategy implementation

During 2010/11 Pensions Committee undertook a review of the Pension Fund investment strategy and as a result decided to move to investing 70% of the Fund in equities on a passive basis, 15% in index linked gilts also on a passive basis and to retain the existing allocations of 10% to property and 5% to private equity.

It was reported to Pensions Committee in April 2011 that a European procurement process was required to appoint fund managers to manage equities and bonds on a passive basis. The advertisement has now been placed in the Official Journal of the European Union with a view to appointing two fund managers. Aon Hewitt are supporting officers in this process and a report recommending fund managers to appoint will be brought to the next meeting of the Committee in September 2011.

In advance of these appointments, Pensions Committee agreed to make changes to the bond mandates of the existing fund managers. It was agreed to move all of the

UK gilt exposure and half of the Corporate Bond exposure to index linked gilts. This has been carried out and Capital's bond portfolio is now entirely made up of index linked gilts and Fidelity's bond portfolio is 70% index linked gilts and 30% corporate bonds.

15. Investment Performance Update: to 31st March 2011

15.1 Whole Fund

	Return	Benchmark	Target	(Under)/Out
Quarter	1.78	1.37	1.78	0
Year	8.07	8.60	10.24	(2.17)
Since 01/04/07	2.13	4.14	5.78	(3.65)

- Total Value at 31/03/11: £717.2m
- On target performance in quarter due to outperformance in both bond portfolios, property and private equity.

15.2 Fidelity Equities

	Return	Benchmark	Target	(Under)/Out
Quarter	0.83	1.61	2.04	(1.21)
Year	6.34	7.51	9.21	(2.87)
Since 01/04/07	4.39	4.47	6.17	(1.78)

- Total Value at 31/03/11: £153.6m
- Outperformance in North American and Japanese equities was more than offset by underperformance in Europe and the Pacific and an underweight position in Emerging Markets.

15.3 Fidelity Bonds

	Return	Benchmark	Target	(Under)/Out
Quarter	0.85	0.08	0.23	0.62
Year	7.34	6.16	6.76	0.58
Since 01/04/07	7.51	5.99	6.59	0.92

- Total Value at 31/03/11: £83.0m
- In the quarter outperformance was seen in all categories, most particularly in UK gilts.

15.4 Capital Equities

	Return	Benchmark	Target	(Under)/Out
Quarter	1.03	1.62	2.12	(1.09)
Year	8.61	7.71	9.71	(1.10)
Since 01/04/07	3.60	4.71	6.71	(3.11)

- Total Value at 31/03/11: £151.6m
- Outperformance in the UK and Japan was more than offset by underperformance in other regions.

15.5 Capital Bonds

	Return	Benchmark	Target	(Under)/Out
Quarter	0.15	(0.36)	(0.11)	0.26
Year	6.12	7.09	8.09	1.97
Since 01/04/07	5.15	5.71	6.71	1.56

- Total Value at 31/03/11: £44.2m
- The outperformance achieved was due to investment in corporate bonds.

15.6 Legal & General Equities

	Quarter	Year	Since Inception
UK Fund	1.11	8.88	24.12
World Fund	2.18	8.16	25.47

- Total Value at 31/03/11: £148.6m
- Variation from benchmark limited to 0.06% in the quarter.

15.7 ING Real Estate

	Return	Benchmark	Target	(Under)/Out
Quarter	2.27	1.90	2.15	0.12
Year	6.01	9.09	10.09	(4.08)
Since 01/04/07	(6.72)	(5.77)	(4.77)	(1.95)

- Total Value at 31/03/11: £50.6m
- Outperformance in the quarter due to an improvement in the performance of the European holdings, which had been a drag on performance over the last year.
- The sale of the ING Real Estate team to CBRE Investors is anticipated to be concluded in 3-6 months time. No further details are available yet.

15.8 Pantheon

	Return	Drawdowns in period	% drawdown
Quarter	24.91	£1.56m	
Year	10.64	£8.66m	
Since inception	1.28	£21.48m	44%

- Total Value at 31/03/11: £24.2m
- Majority of funds drawdown in the quarter were in relation to the US and European funds.

15.9 In house cash

	Value	Average Credit Rating	Average Maturity (days)	Return
At 31/03/11	£61.4m	AA -	76	0.74%
At 31/12/10	£62.2m	AA	90	0.75%
At 30/09/10	£66.3m	AA	85	0.65%
At 30/06/10	£66.5m	AA+	81	0.64%

16. Responsible Investment Activity in quarter ended 31st March 2011

Fidelity	Capital International	Legal & General	LAPFF
Environmental Issues			
<p>During the quarter Fidelity have been examining the potential impact of the Carbon Floor tax which will be introduced in the UK in April 2013 on energy companies in particular Drax, which operates a number of coal fired power stations.</p>	<p>Capital met with Stora Enso, the paper and packaging company. They discussed their progress in increasing the proportion of wood they source from sustainable sources in Europe and South America.</p>	<p>A meeting was held with the newly appointed Chief Sustainability Officer of Vedanta Resources. They discussed the strategy that has been developed to improve the environmental impact and health & safety standards of the company.</p>	<p>The LAPFF is part of an international investor coalition urging the US Environmental Protection Agency to exercise its authority over a proposed pebble mine in Alaska. This threatens an area already under threat from a planned copper mine.</p>
Governance / Remuneration Issues			
<p>During the quarter Fidelity voted on a number of remuneration policies including for Lonmin, Imperial Tobacco and Beazley. All these companies engaged Fidelity in advance of the meetings so that they could be satisfied that the remuneration policy was related to performance.</p>	<p>Capital engaged with the major UK banks – HSBC, Barclays and Lloyds with regard to their remuneration policies. They were keen to see evidence of how they were planning to implement the new Code issued by the Financial Services Authority.</p>	<p>Legal & General voted against or abstained on votes concerning remuneration policies in a number of companies including Aberdeen Asset Management, Tui Travel and Johnson Controls. This was due to concerns about the lack of bonus caps and no link to performance.</p>	<p>The LAPFF is a signatory to a letter to the US regulator, the Securities & Exchange Commission to urge them to require companies to disclose median compensation for US and global employees to contain the differences.</p>
Other Engagement activity			
<p>Fidelity have been continuing analysis and engagement with BP plc in relation to their health and safety practices.</p>	<p>Capital took part in a seminar with companies including Kazakhmys and Acelor Mittal with regard to the safety in the mining sector in Kazakhstan.</p>	<p>Legal & General followed up previous engagement with National Express and discussed their plan to implement new labour rights policies.</p>	<p>A response has been submitted to the European Commission on the subject of its consultation on improving governance.</p>

17. Budget Management – position at 31st March 2011

	Budget £000	Actual £000	Variance £000
Contributions & Benefit related expenditure			
Income			
Employee Contributions	10,700	10,580	120
Employer Contributions	36,000	34,992	1,008
Transfer Values in	5,100	6,034	(934)
Total Income	51,800	51,606	194
Expenditure			
Pensions & Benefits	(30,000)	(32,240)	2,240
Transfer Values paid	(5,300)	(7,687)	2,387
Administrative Expenses	(800)	(688)	(112)
Total Expenditure	(36,100)	(40,615)	4,515
Net of contributions & benefits	15,700	10,991	4,709
Returns on investment			
Net Investment Income	15,010	11,381	3,629
Investment Management Expenses	(3,300)	(3,200)	(100)
Net Return on investment	11,710	8,181	3,529
Total	27,410	19,172	8,238

- Transfer values are unpredictable and vary considerably from year to year.
- Lump sum benefits were higher than anticipated due to early retirements resulting from redundancies in the last quarter.
- The budget for investment income was set on the expectation of an increase in dividend income back to average levels, however dividends have remained at 2009/10 as the economy is growing slowly.

18. Late Payment of Contributions

The table below shows the employer who paid contributions relating to January to March 2011 late.

	Occasions late	Average Number of days late	Average monthly contributions
TLC	3	3	£6,500



Haringey Council

Agenda item:

Corporate Committee

On 20 June 2011

Report Title. Pension Fund Governance Compliance Statement

Report of Director of Corporate Resources

J. Parker

Signed : Julie Parker

10/6/11

Contact Officer : Nicola Webb – Corporate Finance
Telephone 020 8489 3726

Wards(s) affected: All

Report for: Non Key Decision

1. Purpose of the report

- 1.1. To consider an updated draft of the Pension Fund Governance Compliance Statement in compliance with the Local Government Pension Scheme (Administration) Regulations 2008.
- 1.2. To consider the appointment of an independent adviser to the Committee in relation to Pension Fund matters.

2. Introduction by Cabinet Member

- 2.1 Not applicable.

3. State link(s) with Council Plan Priorities and actions and / or other Strategies:

- 3.1. Not applicable.

4. Recommendations

- 4.1 That the revised Governance Compliance Statement be approved.
- 4.2 That the proposed appointment of an independent adviser to the Committee on Pension Fund matters be approved.
- 4.3 That the proposal to engage Crispin Derby Limited to support the appointment process be approved.

5. Reason for recommendations

- 5.1. To ensure that the Pension Fund has an up to date Governance Compliance Statement in place in accordance with regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008.
- 5.2. An independent adviser on Pension Fund matters is recommended by the Department of Communities and Local Government statutory guidance on governance to support the Committee in challenging Pension Fund advisers and fund managers.
- 5.3. Crispin Derby Limited arrange forums for all independent advisers supported local authority pension funds and is therefore well placed to source an appropriate adviser.

6. Other options considered

- 6.1. Not applicable.

7. Summary

- 7.1 Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 requires that a Governance Compliance Statement is published and kept up to date. The draft at Appendix A has been updated to reflect the change to Corporate Committee. The Council has been assessed to be fully compliant with the statutory guidance issued by the Department for Communities and Local Government.
- 7.2 The independent adviser who served the Pensions Committee has resigned from his post. The role of this adviser was to support the Committee in challenging the advice it receives particularly in relation to investment matters. Although it is not a requirement of the statutory guidance on governance issued by Department of Communities and Local Government, it is a recommendation.
- 7.3 Crispin Derby Limited organises regular forums for the independent advisers who support local authority pension funds and uses this knowledge to support local authorities source appropriate advisers. It is proposed Crispin Derby

Limited is asked to source four or five potential independent advisers to the Committee. It is proposed the appointment from this shortlist is delegated to an interview panel to include the Chair of the Committee, officers and to be supported by Crispin Derby Limited. The cost of this service to appoint an adviser would be £5,500.

8. Head of Legal Services Comments

8.1 The Head of Legal Services has been consulted on the content of this report. Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 requires the Council as Administering Authority to make such revisions as are appropriate to its governance compliance statement following a change of delegation of the function of maintaining a pension fund to another committee and also to state the extent to which it complies with statutory guidance provided by the Secretary of State.

8.2 The appointment of the independent adviser will need to be compliant with Contract Standing Orders i.e. a competitive process should be followed. The approval for the award of contract to the adviser may be made by the Director of Corporate Resources, provided that the value is within her delegated authority threshold (see CSO 11.02). The threshold is currently set at £250,000.

9. Equalities & Community Cohesion Comments

9.1. There are no equalities issues arising from this report.

10. Consultation

10.1. Not applicable.

11. Service Financial Comments

11.1 The proposed recruitment process for an independent adviser on Pension Fund matters would cost £5,500 to include sourcing appropriate candidates and supporting the interviews.

11.2 Officers have been advised that an independent adviser would be expected to charge £15,000 per annum for attendance at four Committee meetings. This is considerably more than the previous independent adviser.

12. Use of appendices

12.1 Appendix A: Draft Governance Compliance Statement

13. Local Government (Access to Information) Act 1985

13.1 Local Government Pension Scheme Governance Compliance Statements Statutory Guidance – November 2008 published by Department for Communities and Local Government.

Governance Compliance Statement

1 Introduction

This Governance Compliance Statement document sets out how governance of the Pension Fund operates in Haringey. It is prepared in accordance with Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 and the associated statutory guidance issued by the Department for Communities and Local Government.

The objective of the Governance Compliance Statement is to make the administration and stewardship of the scheme more transparent and accountable to the stakeholders.

2 Council delegation

Haringey Council, in its role as Administering Authority, has delegated responsibility for administering the Local Government Pension Scheme to the Corporate Committee. The terms of reference for the Committee were adopted by the Council on 23rd May 2011, are included in the Council's constitution and are set out in the section below:

3 Terms of reference

The terms of reference for Corporate Committee in relation to Pensions Administering Authority functions are set out below:

"Exercising all the Council's functions as "Administering Authority" and being responsible for the management and monitoring of the Council's Pension Fund and the approval all relevant policies and statements. This includes:

- (A) Selection, appointment and performance monitoring of investment managers, AVC scheme providers, custodians and other specialist external advisers;*
- (B) Formulation of investment, socially responsible investment and governance policies and maintaining a statement of investment principles;*
- (C) Monitoring the Pension Fund Budget including Fund expenditure and actuarial valuations; and*
- (D) Agreeing the admission and terms of admission of other bodies into the Council's Pension Scheme."*

4 Membership of Committee

The Committee's membership is made up of ten elected members of Haringey Council and three members representing Scheduled & Admitted Bodies, Active Members and Pensioners.

5 Compliance with statutory guidance

The Council is fully compliant with the statutory guidance issued by the Department for Communities and Local Government in 2008. Appendix 1 details this compliance in each area of the guidance.

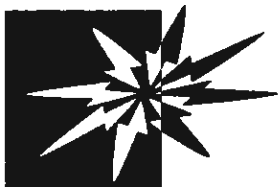
Appendix 1: Compliance with Statutory Guidance

<p>A. Structure</p> <p>a) <i>The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.</i></p> <p>b) <i>That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</i></p> <p>c) <i>That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</i></p> <p>d) <i>That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.</i></p>
<p><u>Haringey position</u></p> <p>Fully compliant.</p> <p>The terms of reference for Corporate Committee in respect of Pensions are clear that administration of benefits and strategic management of fund assets are part of the remit. In addition to elected members, there are three representative members on the Committee representing Scheduled & Admitted Bodies, Active members and Pensioners. There is no secondary committee or panel, therefore sections c and d are not applicable.</p>
<p>B. Representation</p> <p>a) <i>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-</i></p> <ul style="list-style-type: none"> <i>i) employing authorities (including non-scheme employers, e.g. admitted bodies);</i> <i>ii) scheme members (including deferred and pensioner scheme members);</i> <i>iii) independent professional observers, and</i> <i>iv) expert advisors (on an ad-hoc basis).</i> <p>b) <i>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</i></p>

<p><u>Haringey position</u> Fully compliant. In addition to elected members, there are three representative members on the Committee representing Scheduled & Admitted Bodies, Active members and Pensioners. Independent and expert advisers attend as required by the Committee. All representative members of the Committee have access to all papers, meetings and training on an equal footing with elected members.</p>
<p>C. Selection and role of lay members <i>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</i></p>
<p><u>Haringey position</u> Fully compliant. The terms of reference for the Committee sets out the role and function of the Committee in relation to Pensions. This is supplemented by induction training offered to all new members of the Committee.</p>
<p>D. Voting <i>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</i></p>
<p><u>Haringey position</u> Fully compliant. The policy regarding voting rights is clearly set out and only elected members of the Committee are permitted to vote. Representative members are able to participate fully in all discussions of the Committee and the nature of the decisions are such that the majority are reached by consensus, rather than voting.</p>

<p>E. Training, Facility time, Expenses</p>	<p>a) <i>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</i></p> <p>b) <i>That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</i></p>
<p><u>Haringey position</u> Fully compliant.</p> <p>There is a clear policy on reimbursement of expenses for elected members of the Committee. All members of the Committee have equal access to training. There are no sub-committees, advisory panels or secondary forums.</p>	<p>F. Meetings (frequency/quorum)</p> <p>a) <i>That an administering authority's main committee or committees meet at least quarterly.</i></p> <p>b) <i>That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.</i></p> <p>c) <i>That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.</i></p>
<p><u>Haringey position</u> Fully compliant.</p> <p>The Committee meets on a quarterly basis. Sections b and c are not applicable as there is no secondary committee and lay members are included in the governance arrangements.</p>	

<p>G. Access</p>	<p><i>That subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.</i></p>
<p><u>Haringey position</u></p>	<p>Fully compliant. All members of the Committee have equal access to all papers, documents and advice.</p>
<p>H. Scope</p>	<p><i>That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</i></p>
<p><u>Haringey position</u></p>	<p>Fully compliant. The Committee's terms of reference include the wide range of pensions issues – investment, funding, administration, admission and budgeting.</p>
<p>I. Publicity</p>	<p><i>That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed.</i></p>
<p><u>Haringey position</u></p>	<p>Fully compliant. The Governance Compliance Statement is circulated to all employers in the Pension Fund and published on the Council's website.</p>



Haringey Council

Agenda Item

Corporate Committee

On 20th June 2011

Report title: **Grants Report 2009/10**Report of: **Director of Corporate Resources**

Ward(s) affected: All

Report for: Information

1. Purpose

1.1 To report to the committee the outcomes of the annual grant work by Grant Thornton and to obtain approval for the action plan resulting from the report of the auditors.

2. Recommendations

2.1 That the Committee agrees the management responses contained in the action plan.

Report authorised by: **Julie Parker – Director of Corporate Resources**

J. Parker 10/6/11

Contact officer: **Kevin Bartle – Lead Finance Officer**
Telephone 020 8489 5972

3. Executive Summary

3.1 The attached report from Grant Thornton details the Council's performance in relation to Grant Thornton's certification of external grant claims for the financial year 2009/10. The accompanying action plan from the auditors contains the Council's response and deadline dates for action.

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

4.1 None.

5. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Grant Thornton Report: London Borough of Haringey Certification work report 2009/10

6. Background

- 6.1 Each year the Council is required to obtain certification of a number of its external grant claims by the council's external auditors Grant Thornton. The attached report from Grant Thornton details their findings from these certifications and provides details of the Council's overall performance in relation to grant claims.
- 6.2 As can be seen from section 2.3 of the Grant Thornton report the Council's performance in relation to grants has remained consistent in 2009/10, when compared to 2008/09, in all areas except for number of claims amended. In addition the table in Appendix C details the level of fees charged for this work.
- 6.3 However there are still areas where further improvements are required, particularly in relation to the Housing and Council Tax Benefit and reducing amendments to claims and the action plan is intended to bring about the required improvements.

7. Action Plan arising from Grants Report 2009/10

- 7.1 The action plan contained within the auditors' report and included at the end of this report as Appendix B has the Council's responses included, along with key actions, responsibilities and target dates. The action plan will be monitored over the coming months in conjunction with the auditors.

- 7.2 In respect of the Housing and Council Tax Benefit Claim, and in addition to the points set out in the Action Plan at Appendix B, a further detailed specific targeted improvement plan is attached as Appendix A.
- 7.3 This Quality Strategy update sets out the actions that have, and are being taken, to address the concerns raised from the external audit work.
- 7.4 Recent work by Internal Audit on 2010/11 claims is showing a significant reduction in the level of errors which indicates that the actions put in place are having an impact. External Audit are in the process of undertaking their testing of the 2010/11 claim.

8. Financial Implications

- 8.1 There are no direct financial implications arising from the recommendations in this report. However if improvements to the grants processes and certification continue to occur there is scope for further savings to be made on the fees charged to the Council for this work. There are, however, risks in respect of the Housing Benefit and Council Tax Benefit subsidy position in respect of that claim.

9. Recommendations

- 9.1 That the Committee agrees the management responses contained in the action plan.

10. Head of Legal Services comments

- 10.1 The Head of Legal Services has been consulted on the content of this report and has no specific comment to make.

Haringey Benefits and Local Taxation ServiceQuality Strategy Update**1 Background**

- 1.1 Following on from the HB COUNT audit of 2008/2009, the Benefits and Local Taxation Service recognised that a more robust strategy for data quality assurance needed to be introduced.
- 1.2 In the summer of 2009/2010, new working processes were introduced, an improved training strategy was agreed and an enhanced Quality Assurance process put in place. The details of the measures introduced were supplied to the Department of Work and Pensions.
- 1.3 The following report is intended to update on progress against the measures that were introduced, as well as inform of further enhanced measures that have been introduced.

2 Quality Assurance Team

- 2.1 The Quality Assurance Team, established in April 2010, continue to review a percentage of all assessments made every month. The percentage reviewed ranges from 4% to 10% of all assessments made in any given month.
- 2.2 The terms of reference for the team are:
 - Maintaining a record of all errors;
 - Monitoring the correction of the errors to ensure all identified errors are corrected;
 - Reporting trends for discussion at the monthly Benefit Management Team Meeting; and
 - Producing a monthly report to the Deputy Head of Benefits and Local Taxation, detailing the following:
 - Error types
 - Causes of errors
 - Who is making the errors
 - Recommendations for remedial action

- 2.3 The decisions taken for remedial action can vary from;
- Incorporating common areas of error into the BLT Training Plan;
 - Setting a test for all staff – and taking action based on the results;
 - Re release or amendment of Policy and Procedure Notes;
 - Group briefings to all staff;
 - Error feedback at 121's and Appraisals; and
 - Focussed checking for subsidy risk areas
- 2.4 The error rate trend has been continually positive since April 2010. Error rates have dropped from early highs of 7% in April 2010 to an average of 3.36% up to February 2011.
- 2.5 The Quality Assurance Team also review key subsidy risk areas and take action to ensure that correct levels of subsidy are claimed where appropriate.
- 2.6 Following the 2008/2009 BEN01 audit, three key areas of risk were identified – claim start dates, Single Person Discount awards and earned income calculations.
- 2.7 The QA Team carried out the following measures to correct any potential errors in 2009/2010.
- 2.8 An in-house report was designed to monitor the link between Council Tax and HB Accounts to ensure Single Person Discounts are awarded or removed as applicable. This is monitored on a daily basis.
- 2.9 A significant percentage of all assessments made in 2009/2010 were rechecked using a risk based approach, based on the intelligence gleaned from our QA Software (RBS). The risk based approach was that 100% of assessments were checked from Officers with known higher error rates, through to 1% re checks for Officers who continually demonstrate high quality assessments.
- 2.10 Earned income assessments, we reviewed using this risk based approach.

3 Training for New Starters

- 3.1 The training policy was revised for new starters mid way through 2010/2011. Previously, new starters would receive three weeks training and then be released into the live assessment environment.
- 3.2 New starters are now subject to a six week training programme with supervised claims assessment in the classroom at the end of the

training session - prior to release onto the teams. New starters are not released from the training environment until they can demonstrate they are assessing claims correctly. Once on the teams, new starters also receive further support from their Team Leaders.

4 Refresher Training

4.1 A programme of refresher training was identified and delivered across 2010/2011 in the following areas – all identified to be key risk areas;

- Awards of Single Person Discount;
- Persons from Abroad;
- Enhanced Persons from abroad training for Team Leaders and Persons from abroad champions on the teams;
- Effective dates for Change of Circumstances claims;
- A two day overpayment refresher course;
- Registering claims, including start dates, end dates and claim dates;
- Self Employed assessment; and
- Earned Income Assessment.

5 Quick Guide Laminates

5.1 Desk aids/quick guide laminates in key areas of data quality have been introduced. This ensures that the relevant information is readily available to assessors at all times.

5.2 The quick guide laminates issued were:

- Updated quick reference to start and end dates and claim dates guide;
- How to record the data for NI 181 – to ensure the integrity of our NI 181 BVPI; and
- Change of Circumstances effective dates.

6 Testing of staff – Assessment Champions

6.1 Staff are tested periodically. Where a key area of risk is identified, all staff are given a test in that area in a strictly controlled environment. The tests are marked and appropriate action taken based on the results. Staff that performed well in a test are put forward as a 'champion' of that particular area of assessment.

- 6.2 Staff that performed poorly are given further training and have their assessments checked by the 'champions' before the final calculation of a claim takes place.
- 6.3 Briefings and retraining sessions also take place and attendance at refresher courses is dependant on an individual's test results.

7 Capability at Work

- 7.1 Capability action is taken to address poor performance, both with productivity and with quality of work.
- 7.2 Particular attention is paid to staff throughout their probationary periods.
- 7.3 'home working' staff are required to return to the office if their quality of work is not to a sufficient standard.

8 Quality and Accuracy Awareness

- 8.1 A mandatory Quality and Accuracy Awareness workshop was held by the Deputy Head of Benefits and Local Taxation in July 2010. This workshop focussed on the results of the 2008/2009 BEN01 audit, and raised staff awareness of the financial impact of poor quality assessment work, to the Council and to our claimants.
- 8.2 This workshop received positive feedback from all staff and over 95% of staff said that they found the workshop to be very beneficial to their development and knowledge base. Staff actively participated in the group discussions and offered positive suggestions for improvement, many of which have now been implemented.
- 8.3 Staff awareness was raised of the financial implications of Local Authority Error (LAE) overpayments, both in terms of risk to subsidy and to our ability to recover such overpayments.
- 8.4 Staff were offered the opportunity to suggest ways in which the service could further prevent Local Authority Error overpayments a number have been implemented. Local Authority Error overpayments have significantly reduced since this workshop.
- 8.5 Enhanced monitoring of LAE overpayments and staff are kept up to date with progress on a weekly basis. Significant improvement has been made in this area and the claim is now comfortably short of the lower LAE overpayment threshold at the end of 2010/2011. This has significantly reduced our risk of subsidy loss for the 2010/2011 year.

9 DWP Performance Development Team (PDT)

- 9.1 In 2010/2011 the help of the DWP PDT was enlisted. The scope of the project was to review 'new claims' and 'changes' processes and look

for areas where improvement could be made with processing times and quality of work.

- 9.2 The PDT team spent a month with the service, holding workshops and interviews with staff from both Customer Services and from the Benefits Service. A 'day in the life of' a 'new claim' and a 'change in circumstance' were mapped and areas of delay, hand off and duplication were highlighted. Solutions were agreed to eliminate such delays. The mapping was undertaken from a customer's point of view, focussing on 'value adding work' that we do and with a view to eliminating 'failure demand' from customers at our Customer Services Centres.
- 9.3 Using the findings from this mapping exercise, new processes were mapped and agreed. The main headline from this exercise was to support the decision to move HB expertise to the front line, thus ensuring we get assessments 'right first time' in the presence of the customer, preventing hand off and duplication of effort.

10 Getting it 'Right First Time'

- 10.1 e-benefits continues to be a major success for the service, with a significant majority of our claims now received this way.
- 10.2 Before e-benefits were introduced, claims submitted through our Customer Service Centres showed a high percentage error rate, requiring the Council to write to the customer for further information which could have been gathered when the Customer was present at the offices.
- 10.3 The use of the e-benefits intelligent claim form has eliminated unnecessary questions when claiming benefit and automatically informs a council officer what evidence is required to validate a claim. In some instances a 24 page application form can be reduced to just two pages.
- 10.4 An appointment is offered to customers to bring back their information on a specific date where an officer will be on hand to calculate their claim.
- 10.5 Following on from the DWP PDT mapping exercise, this service will be expanded to all claimants. Analysis has been completed on the reasons why customers contact us and the level of personal callers we received. Officers from the Benefits Service are being merged with Customer Services to assist in providing more support to the volume of customers received relative to the Benefits Service.
- 10.6 The purpose of this strategy is twofold. An officer will be able to ask the right questions of the claimant where required, thus minimising the chances of error in the calculation of the claim, and secondly a

satisfied customer will be able to walk out of the office knowing that their claim has been assessed and fully understand their entitlement.

11 Enhancements to the 'Control and exception report' function

- 11.1 Responsibility for 'control and 'exception reports' is currently shared between staff on the processing teams and officers on the Quality Assurance Team. Following on from previous HB audits it has been recognised that there is a need to further enhance monitoring of exception and control reports.
- 11.2 As part of the BLT Customer Services restructure, additional resource will be allocated to the 'control and exception' aspect of benefits administration, thus enhancing the integrity of the work undertaken.
- 11.3 A full review of all exception reports took place to determine those reports that provide the best value and facilitate data cleansing and housekeeping where required.
- 11.4 A portfolio of reports have been developed that will be used to supplement the work undertaken within the quality assurance framework.

12 Internal Audit 2010/2011

- 12.1 The Housing Benefit Internal Audit report for 2010/2011 verified that the required standards were being conformed with.
- 12.2 The service is under regular scrutiny by internal audit partners under the Audit Framework. Assessments are undertaken on the overall security and management control over the IT application environment for Benefits.
- 12.3 The key areas covered are Access Controls, Input Controls, Output Controls, Processing, Audit and Management Trails and Database Administration and Maintenance.
- 12.4 The latest HB Audit, finalised in February 2011 states that the service has 'substantial' controls in place in all aspects of HB Administration, with just three Priority 2 recommendations and two Priority 3 recommendations requiring action. No Priority 1 recommendations were raised.

13 Training and Performance Improvement Team

- 13.1 There is dedicated Training and Performance improvement team. All DWP circulars, guidance manuals and appropriate toolkits are maintained by this team and made available on our intranet 'Harinet'

site. There is a full in-house internet based library of all relevant policy, procedures and system and information notes.

- 13.2 Each month a new 'end of month' information note is circulated which informs all staff of the latest relevant information and LHA rates etc. A full review of our Harinet resource pages has taken place, thus ensuring that the site remains user friendly and information is easy to access.

14 New for 2011/2012

- 14.1 The above measures will all remain in place for the 2011/2012 year, but following on from the HB audit report findings for 2009/2010, the following additional measures have been introduced.

15 Data Cleansing

- 15.1 The auditors identified a problem relating to Child Benefit allowance fields. The Northgate benefits software will automatically allocate the correct amount of child benefit to be used in the relevant year if this field is left blank. However, the Northgate system allows officers to manually enter data into these fields.
- 15.2 This will produce the correct allowance for the relevant year but, if the amount of Child Benefit is hard coded in the allowance field by an officer, the Child Benefit will not automatically up rate in the following year.
- 15.3 Although Child Benefit is no longer taken into account in terms of benefit assessment, the service has submitted an enhancement request to software suppliers Northgate to 'lock' this area so that Officers cannot enter data into the field.
- 15.4 The auditors also identified some cases where the child benefit amount entered did not match the number of dependants in the property.
- 15.5 All possible affected cases have been reviewed and corrected if appropriate through a data cleansing programme.
- 15.6 Earned income cases from 2010/2011 continue to be re checked for accuracy and the results fed back to staff as it is still considered to be a risk area due to the nature of assessment and the lack of consistency in payslips submitted by claimants.
- 15.7 A review of tax credit assessments on Housing Benefit claims in 2011/2012 will be undertaken.

16 Risk Based Review Programme

- 16.1 Although it is not a mandatory requirement of the Department for Work and Pensions to review Housing Benefit cases on a regular basis, both audit findings from the HB claim of 2009/2010 and the work undertaken

by Internal Audit in their Housing Benefit and Council Tax Benefit Grant Claim Audit 2010/2011 have highlighted the need to review Housing Benefit cases on a more regular basis.

- 16.2 In June 2011, a programme of risk based reviews for high risk claims will be introduced. The review will focus on claims that have been in receipt of Housing and Council Tax Benefit for a considerable period of time without changes being reported. We will also focus on key income types that are regularly subject to change.

17 Input Sheets

- 17.1 Some of the errors identified in the 2009/2010 HB claim audit appear to be 'input' errors rather than officer knowledge. It has been recognised that there is scope for error when transferring data from the Document Management System to the core benefits application, when having to 'toggle' between the two applications using the application toolbar.
- 17.2 An input sheet is now required. All the important data must be recorded on this sheet before using it to transfer the data onto the benefits system.

18 Team Leader Assessment Sign off

- 18.1 The assessment of earned income continues to be a risk area in terms of error. From 2011/2012, all Housing Benefit claims with earned income MUST be checked and signed off as accurate by a Team Leader before the assessment of benefit is calculated.
- 18.2 This measure takes time and presents the service with challenges in terms of resource, but it has been deemed to be a necessary action until the service can be confident that all earned income cases are being assessed correctly.

19 Officer Workload Review

- 19.1 Where significant errors are being made by any individual officer on any particular aspect of benefit assessment, that particular officer has been removed from such tasks until the officer has proved themselves to be competent in that particular area of work.

20 Internal Audit – Work on 2010/11 and 2011/12

- 20.1 Following the conclusion of the Internal Audit review of claim assessment for 2010/2011, Internal Audit will complete a further review of a random sample of 20 cases from each of the four main benefit areas covering the 2011/12 financial year in order to assist BLT management in their quality assurance reviews.

20.2 The results of the internal audit testing on 2010/11 claims (using the same methodology that of external audit) shows a significant reduction in the number of errors. This is giving reassurance that the measures that have been put in place are having an impact. The further work planned in 2011/12 will assist management further in being satisfied the measures are working or if further action is needed.

Appendix B – Action Plan resulting from audit recommendations

	Claim or return	Recommendation	Priority	Management response & implementation details
1	Housing and council tax benefit scheme	<p>The housing and council tax benefit subsidy was qualified for a number of reasons, as disclosed in appendix A above.</p> <p>It is recommended that the issues identified from the certification work be reviewed and discussed within the Benefits and Local Taxation team. A recommendation would be for provision of training to officers as appropriate and the implementation of additional review procedures to avoid similar issues arising in the future.</p>	High	<p>Agreed.</p> <p>The Deputy Head of Benefits and Local Taxation has already briefed every member of staff in the Benefits Service.</p> <p>A significant re training programme was undertaken in 2010/2011 for all officers with high error rates. Further training and/or capability action is planned for those who continue to make errors.</p> <p>A risk based review programme of all benefit claims is programmed to commence from June 2011.</p> <p>Ian Biggadike, Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing.</p>
2	Housing and council tax benefit scheme	<p>It is recommended that the Council continue to implement the quality control procedures introduced after the 2008/09 certification, and that additional consideration is awarded to the issues highlighted during the 2009/10 certification to determine if further quality control procedures are necessary.</p>	High	<p>Agreed.</p> <p>Ian Biggadike Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing.</p>
3	Housing and council tax benefit scheme	<p>The Council should periodically review all child benefit income figures to ensure that balances are in line with actual amounts received by the claimant and to ensure automatic updates are correctly processed.</p> <p>Due to the change in benefits policy, whereby child benefit values are disregarded, this recommendation has been made low priority. However, it is important that the Council ensure all information held is accurate in case of any further changes in government policy.</p>	Low	<p>Agreed.</p> <p>All Non Income Support (IS) cases have already been reviewed and corrected where required. The data with regard to IS cases will be reviewed on an ongoing basis.</p> <p>Ian Biggadike, Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing.</p>

	Claim or return	Recommendation	Priority	Management response & implementation details
4	Housing and council tax benefit scheme	<p>Reconciliations are recommended to be completed between the number of child benefit income amounts and the number of dependents as per the Iworld household information. It would be expected for the two to agree.</p> <p>Due to child benefits being disregarded this has been made low priority, however, as above, it is important that the Council hold accurate information for each claimant's income.</p>	Low	<p>Agreed.</p> <p>All Non IS cases have already been reviewed and corrected where required. The data with regard to IS cases will be reviewed on an ongoing basis.</p> <p>Ian Biggadike, Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing</p>
5	HRA subsidy base data return	<p>A large number of adjustments were required to be processed with regards to the movements between 2008/09 and 2009/10. It is recommended that the claim is compiled as early as possible to allow time for the Council to operate a robust review process and minimise the number of changes which need to be made after the draft submission, and to include reasonableness checks of the standing data.</p>	Medium	<p>The HRA subsidy system ceases with effect from 1st April 2012. The impact of all minor amendments was a reduction in subsidy of £1,800.</p> <p>Responsible Officer: Head of Finance - Projects</p> <p>Implementation date: Next year's Base Data Return</p>
6	HRA subsidy base data return	<p>Part of the CI requirements are that in calculating the average weekly rent, "where a dwelling has been disposed of since 1 April (of that year), the income receivable should be weighted according to how many days in the year it was in the HRA before being sold." This has not previously been done by the Council. This data was calculated for the 2009/10 return at our request and incorporated into the amended return. The Council should ensure that this process is completed each year, as required by the CI.</p>	Medium	<p>The HRA subsidy system ceases with effect from 1st April 2012. The impact of all minor amendments was a reduction in subsidy of £1,800.</p> <p>Responsible Officer: Head of Finance - Projects</p> <p>Implementation date: Next year's Base Data Return</p>
7	Disabled facilities	<p>The Council should ensure that the criteria for specific grant allocations, for instance ex-service personnel allocations, are met prior to the grant being included on the grant claim.</p>	Low	<p>Agreed. The Council will ensure that any future ex-service personnel claims are checked thoroughly. However, this should not be an issue this year, as there are no claims of this nature for 2010/11.</p> <p>Responsible Officer: Head of Finance – ACCS</p> <p>Implementation date: Submission of DFG claim 2010/11</p>

	Claim or return	Recommendation	Priority	Management response & implementation details
8	National non-domestic rates return	A recommendation is proposed for the Council to ensure that all amounts written off and included in the claim are agreed exactly to the supporting write-off authorisations.	Medium	<p>The Council notes the recommendation.</p> <p>An amendment was made to the NNDR Losses in Collection figure for 2009/10 to reflect a corrected figure used for authorised write-offs. This correction had already been identified by the Council's officers and the correction made within days of the original submission, prior to Audit later in September, and was based on the knowledge that only authorised write-off should be included in the calculation.</p> <p>Responsible Officer: BLT Finance Manager</p> <p>Implementation date: Already Implemented</p>



London Borough of Haringey

Certification work report 2009/10

June 2011

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1 Introduction and approach

Introduction

- 1.1 Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information. As the external auditor of London Borough of Haringey (the Council), Grant Thornton undertakes certification work at the Council, acting as an agent of the Audit Commission.
- 1.2 The Audit Commission makes certification arrangements with grant-paying bodies, this includes confirming which claims and returns require certification and issuing certification instructions. These instructions are tailored to each scheme and they clearly set out the specific procedures to be applied in examining a claim or return. The Audit Commission agrees the deadline for submission of each claim by authorities and the deadline for certification by auditors.

Certification arrangements

- 1.3 The Audit Commission's certification arrangements are designed to be proportionate to the claim or return: The arrangements for 2009/10 were:
 - for claims and returns below £125,000, certification by us is not required, regardless of any statutory certification requirement or any certification requirement set out in grant terms and conditions;
 - for claims and returns above £125,000 and below £500,000, we are required to perform limited tests to agree entries on the claim or return to underlying records, but were not required to undertake any testing of the eligibility of expenditure or data; and
 - for claims and returns over £500,000, we are required to assess the control environment for the preparation of the claim or return and decide whether or not to place reliance on it. Where reliance is placed on the control environment, we are required to undertake limited tests to agree entries on the claim or return to underlying records but not to undertake any testing of the eligibility of expenditure or data. Where reliance is not placed on the control environment, we are required to undertake all the tests in the relevant certification instruction and use our assessment of the control environment to inform decisions on the level of testing required.
- 1.4 In determining whether we place reliance on the control environment, we consider other work we have undertaken on the Council's financial ledger and any other relevant systems, and make appropriate use of relevant internal audit work.

Our certificate

1.5 Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification;
- without qualification but with agreed amendments incorporated by the authority; or
- with a qualification letter (with or without agreed amendments incorporated by the authority).

1.6 Where a claim is qualified because the authority has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the authority or, claw back funding which has already been provided or has not been returned. In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which impacts on the certification fee.

Housing and Council Tax Benefits

1.7 The Housing and Council Tax Benefits claim is by far the most complex in local government. It should also be noted that the Department of Work and Pensions (DWP) take a very robust view about any errors identified during the audit process. DWP use an extrapolation process for assessing the overall impact of errors that is reflective of their requirements, rather than the overall judgement used by accountants and auditors in considering the accuracy of numbers produced by councils. There is no concept of materiality in assessing errors under the audit regime which governs our work on this claim.

1.8 The Council has been challenged by sustained weaknesses in the accuracy of its Housing and Council Tax benefit claims processing. A complex socio-economic profile and a highly transient benefits clientele means that Haringey has benefit challenges akin to inner London boroughs such as Hackney and Southwark. Our work in 2009/10 and earlier years suggest that although management has recognised weaknesses and made changes, particularly in training and checks of work, the outcome of our audit does not reflect well on the Council's performance relative to other councils. Key points to note are:

- we issued a heavily qualified audit report 3 months after the Department for Work and Pensions (DWP) deadline;
- the costs of the audit were significantly higher than budgeted;
- the level of errors in cases tested in accordance with Audit Commission procedures was very high casting some doubt as to the validity and accuracy of payments made to claimants, which may involve both under and overpayments;
- the DWP has responded to our qualification letter and requires us to do further testing on the claim. The Council is in the process of undertaking work regarding incorrect Child Benefit and Child Benefit income being inconsistent with household dependent information. We will be testing this work at the beginning of June and will report back to the DWP by 16 June 2011; and
- depending on the outcome of this testing the Council risks losing subsidy in respect of its 2009/10 claim.

- 1.9 It is important that the Council continues to commit the necessary time to mitigate risks of losing subsidy for 2009/10 and further issues with error levels for the current and future years.
- 1.10 In order to put Haringey's performance into context, the Council has undertaken a benchmarking exercise. The Council contacted other London boroughs and enquired as to the detail of their qualification letters. 16 London boroughs confirmed that their claims had been qualified, and 13 of the boroughs provided the Council with copies of their qualification letters. Although the data compiled is anonymous on the request of the boroughs participating, we are assured by the Council that qualification letters were obtained for Hackney and Southwark, two boroughs that we would consider to be demographically comparable to Haringey.
- 1.11 The Council's analysis shows that, of the 14 boroughs, Haringey had the fifth highest total number of errors identified, being 53 errors. The number of errors noted at each borough ranged from 2 to 463. The benchmarking information that has been compiled illustrates the complexity of the claim, and the wide range of errors made at each borough. However, it should be noted that other than for Haringey, which has a caseload of over 35,000 claimants, we do not know the caseload for each borough in question, or the number of cases ultimately tested at each.
- 1.12 The Audit Commission's report 'Local government claims and returns' (July 2010) states that in 2008/09, 60% of all Housing Benefit claims were qualified, with 85% being qualified, amended or both. This performance covers all councils administering the Housing and Council Tax Benefit scheme, whether it is a relatively small District Council or a more demographically complex metropolitan borough council or London borough.
- 1.13 The Council should continue to strive to achieve an unqualified claim in future years. The Council is committed to addressing the weaknesses noted and Internal Audit have already carried out significant testing on the 2010/11 housing benefit claim which indicates that progress has been made. However, significant progress is still needed if the error rate is to be as low as possible for the number of transactions being processed, albeit without the cost of facilitating this outweighing the benefit.

2 Results of our certification work

Overall messages

- 2.1 For the financial year 2009/10, we have certified 13 claims and returns for the Council, which amounted to £395,040,749.34. This represents both funding claimed by the Council and returned to grant-paying bodies, as well as other financial information. Of these 13 claims, 12 were certified on behalf of the Audit Commission and 1 was certified under a tripartite agreement with the London Development Agency. Permission to certify this additional claim was granted by the Audit Commission.
- 2.2 The Council's performance in preparing claims and returns is summarised in the table below.

Exhibit One: Performance against key certification targets

Performance measure	2009/10	2008/09
Without qualification or amendment	5	8
Without qualification but amended	7	5
Qualified	1	1
Total	13	14

- 2.3 The analysis of performance against targets shows that:
- Only one claim was qualified, the BEN01 Housing and Council Tax Benefit claim. This is consistent with the prior year and reflects the problems which exist within the Council's assessment of Housing and Council Tax Benefit cases and the inherent complexity of the scheme.
 - The number of amended claims has risen from 5 in 2008/09 to 7 in 2009/10. As fewer claims were submitted in 2009/10 this reflects a deterioration in the Council's performance (58% in 2009/10 against 36% in the prior year).
 - A reduced number of claims were submitted without qualification or amendment, 5 against 8 in 2008/09. Due to the lower number of claims submitted this is, in effect, relatively consistent with the prior year.
- 2.4 Details on the certification of all claims and returns are included at appendix A. Where we have concluded that an item is significant, further details are included below within section 2 of this report.

- 2.5 Where claims and returns have been amended or qualified and we have identified opportunities for improvement in the compilation in future years, we have made recommendations to support the Council's continuous improvement. These are included in the action plan at appendix B.
- 2.6 The Council's and our performance in meeting deadlines related to the certification of claims and returns is summarised below.

Exhibit Two: Performance against deadlines

Deadline	2009/10	2008/09
Total Number of Claims	13	14
Submitted by deadline	13	14
Certified by deadline	12	14

- 2.7 The Council has maintained its ability to submit claims and returns to us within the required deadlines. This has enabled us to meet all but one of the certification deadlines in 2009/10.
- 2.8 The deadline for the BEN01 Housing and Council Tax Benefit subsidy was missed due to the significant number of errors identified during our initial testing, which required additional testing to be completed. Further details of our work on this claim have been included under the significant issues section below.

Certification work fees

- 2.9 Each year the Audit Commission sets a schedule of hourly rates for different levels of staff, for work relating to the certification of grant claims and returns. When billing the Council for this work, we are required to use these rates. They are shown in the table below.

Exhibit Three: Hourly rates for certifying claims and returns for 2009-10

Role	2009/10	2008/09
Engagement lead	£380	£365
Manager	£210	£200
Senior auditor	£135	£130
Other staff	£105	£100

- 2.10 Our fee for certification work at the Council in 2009/10 was £142,032, compared to £108,723 for 2008/09. Our fee is significantly in excess of our initial estimate of £90,000.

This is primarily due to the additional work required in auditing the BEN01 claim, as described below. Details of our fee by claim and return and how this compares to last year are included at appendix A.

Significant issues

2.11 The following significant issues were identified during performance of our certification work.

BEN01 Housing and Council Tax Benefit

2.12 The Council has been challenged by sustained weaknesses in the accuracy of its Housing and Council Tax benefit claims processing. A complex socio-economic profile and a highly transient benefits clientele means that Haringey has benefit challenges akin to inner London boroughs such as Hackney and Southwark. Our work in 2009/10 and earlier years suggest that although management has recognised weaknesses and made changes, particularly in training and checks of work, the outcome of our audit does not reflect well on the Council's performance relative to other councils. Key points to note are:

- we issued a heavily qualified audit report 3 months after the Department for Work and Pensions (DWP) deadline;
- the costs of the audit were significantly higher than budgeted;
- the level of errors in cases tested in accordance with Audit Commission procedures was very high casting some doubt as to the validity and accuracy of payments made to claimants, which may involve both under and overpayments;
- the DWP has responded to our qualification letter and requires us to do further testing on the claim. The Council is in the process of undertaking work regarding incorrect Child Benefit and Child Benefit income being inconsistent with household dependent information. We will be testing this work at the beginning of June and will report back to the DWP by 16 June 2011; and
- depending on the outcome of this testing the Council risks losing subsidy in respect of its 2009/10 claim.

2.13 Some of the specific issues with the audit of the claim were:

- Testing of the initial sample of 80 benefit cases found errors in 18 cases, 9 of which were overpayments and, consequently, required further testing. As the underpayments did not result in a loss of subsidy to the Council no further testing was required by the DWP, however it has mandated that underpayments will be subject to additional testing in 2010/11. This presents an additional risk for the Council for future claims.
- It was identified that the Council had manually amended the child benefit income attributable to claimants. As a result it was not being automatically updated for annual changes in value, which led to child benefit being incorrect. The Council has agreed to review and amend all cases identified where child benefit income is incorrect. New regulations came into force on 2nd November 2009 meaning that child benefit is now disregarded when calculating housing benefit. Therefore the problem identified will not be an issue in future subsidy claims. The Council has also submitted an enhancement request to its housing benefit software suppliers Northgate to 'lock' the override field, so that this issue could not be repeated should child benefit become part of the assessment again in the future.
- A further issue was identified whereby the number of dependents included in the household information for each claimant on Iworld, the Council's housing and council tax benefit system, did not agree to the number of child benefit income lines included in the benefit entitlement calculation. This resulted in underpayments and overpayments to the claimants' benefit. The Council has agreed to review and amend all cases identified

where the number of dependents does not agree to the number of child benefit lines. As for the previous point, new regulations came into force on 2nd November 2009 meaning that child benefit is now disregarded when calculating housing benefit. Therefore the problem identified will not be an issue in future subsidy claims.

- Other issues identified included instances where earned income had been incorrectly calculated, and tax credits, incapacity benefits and income support had not been correctly updated for changes notified to the Council by other government departments.
- 2.14 The Council had experienced difficulties with this claim in 2008/09 and had implemented new policies and procedures in order to minimise the risk of errors arising. Due to the fact that these measures were introduced during 2009/10 and the volume of errors identified from the 2009/10 certification, it is difficult at this stage to determine how effective these measures were.
- 2.15 At the request of the Director of Corporate Resources, internal audit have undertaken substantive testing of the 2010/11 housing benefit claim to provide assurance that the assessment process is improving. They followed the Audit Commission prescribed methodology, testing a sample of 20 cases from each of the following four categories: HRA rent rebates, Non HRA rent rebates, Rent Allowances and Council Tax Benefit.
- 2.16 Across the sample of 81 cases (one extra Rent Allowance case tested), internal audit found errors within the assessment of 8 cases. A further 4 cases were identified where the claimants' situation had been subject to a foreseeable change, but no review had been undertaken to process these changes in circumstance. Although not a mandatory requirement of the DWP, periodic risk-based claim reviews would highlight such cases and would give the Council opportunity to amend the claims accordingly. Internal audit should include this recommendation within their final report. We have been advised that the service will be introducing a risk based review programme from June 2011.
- 2.17 The number of errors identified in the initial 81 cases was fewer than in 2009/10, when 17 errors were identified within the initial sample of 80 cases. The main reason for this improvement is that earned income had been assessed correctly for all 81 cases tested, whereas in 2009/10 we found 8 errors of this kind within our initial sample. This implies that the enhanced procedures adopted by the Benefit and Local Taxation Quality Assurance team are leading to the desired results.
- 2.18 It is important that the Council continues to commit the necessary time to mitigate risks of lost subsidy for 2009/10 and further issues with error levels for the current and future years.
- HOU02 Housing Subsidy Base Data Return**
- 2.19 It was necessary to process a large number of adjustments for the movements between 2008/09 and 2009/10 as a result of errors noted by our testing. A recommendation has been raised for the claim to be compiled as early as possible to allow time for the Council to adopt a robust review process and minimise the number of changes required following the draft submission.
- 2.20 Our testing also found that the Council had not previously calculated the average weekly rent by using a weighted income receivable amount for dwellings which were sold after 1 April. A recommendation has been proposed for the Council to complete this process each year and ensure correct calculation of this amount.

HOU21 Disabled Facilities Grant

- 2.21 The Council had included £19,000 relating to a disabled facilities award for ex-armed forces personnel. However, our work determined that the individual the payment was allocated to was not eligible, as per the relevant criteria. As such, an amendment was made to the claim form to show the Council was due to repay the £19,000. In light of this finding a recommendation has been proposed for the Council to minimise similar issues arising in future claims.

Acknowledgements

- 2.22 We would like to take this opportunity to thank the Council's grant claim co-ordinator, John Holden, and officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP

June 2011

A Details of claims and returns certified for 2009/10

Claim or return	Value (£)	Certificate	Summary
Housing and council tax benefit scheme (BEN01)	287,617,501	Amended and qualified	<p>The claim was amended due to the Council updating the claim form after the original submission date for more up to date information.</p> <p>Additionally the claim form was qualified due to the errors mentioned in Section 2 and those explained below:</p> <ul style="list-style-type: none"> • Incorrect calculation of earned income on some of the cases tested. • Cases where child maintenance payments and child benefit income have been included for the same child in the same benefit calculation - only the expense or the income should have been included, dependent upon whether or not the child was resident with the claimant. • Incorrect application of claimant end dates, which do not agree to the evidence provided by the claimant. • Child benefit income has been manually adjusted in a large number of cases and has consequently prevented these child benefit income amounts being automatically updated for subsequent changes in value, resulting in income being over or under stated in a large number of cases. • A large number of cases also had a different number of dependent lines to the number of child benefit income lines. It should be the case that these agree. This has led to the over and understatement of benefit payments. • Tax credits and incapacity benefit amounts did not agree to supporting evidence in a number of cases.

Claim or return	Value (£)	Certificate	Summary
			<ul style="list-style-type: none"> The start and end dates were inaccurate for a number of income support cases. The above led to additional testing being required, which enabled us to extrapolate the extent of the errors more accurately.
Pooling of housing capital receipts (CFB06)	1,442,398.86	Amended	<p>The following amendments were made to the claim prior to certification.</p> <ul style="list-style-type: none"> Amendment of a typographical error in the disposal of any other interest in housing land. Adjustment for incorrect rounding of RTB mortgages and disposal of other dwellings. Correction of the value of improvement costs which had been incorrectly calculated due to a formula error. Updating of legal costs for more up to date information which became available after the claim had been submitted.
Sure start (EYC02)	13,448,935	Amended	One amendment was required to the claim form prior to certification. This was to amend the understatement of revenue expenditure due to the 'Sure Start Children's Centres' revenue block being misstated.
HRA subsidy (HOU01)	17,434,305	Without qualification or amendment	The claim was fairly stated and in accordance with the grant terms and conditions.

Claim or return	Value (£)	Certificate	Summary
HRA subsidy base data return (HOU02)	n/a	Amended	<p>For the return to be certified the following amendments were made:</p> <ul style="list-style-type: none"> • Reinstatement of one property which was sold in 2009/10, which had been excluded. • Amendments to ensure three converted properties had been correctly included in the return in their revised state. • Updating of the valuation for one converted property. • Reclassification of a bungalow to medium rise flat due to error in the original reclassification which resulted in the dwelling being incorrectly classed as a bungalow. • Revision of the total rent calculation which had incorrectly excluded void property rents. • Alteration of rent loss on void dwellings which had incorrectly included hostels. • Adjustment to average weekly rent due to renewed information held by the Council. • Amendment to the weekly rent calculation due to inaccuracies in the calculation spreadsheet, including the inclusion of a disposed property, and to ensure all relevant dwellings were included.
Disabled facilities (HOU21)	749,000	Amended	<p>The Council had claimed £19,000 relating to a disabled facilities grant for ex military personnel. The individual to which the amount related did not qualify for such a grant, as per the relevant eligibility criteria, as such the Council was required to pay back the amount. The claim form was amended for this.</p>

Claim or return	Value (£)	Certificate	Summary
National non-domestic rates return (LA01)	54,482,040.91	Amended	The return was amended for the incorrect calculation of losses in collection. The Council had included an inaccurate amount for prior year write-offs, which subsequently fed into the calculation of losses in collection.
Teachers' pensions return (PEN05)	16,759,438.57	Amended	The teachers' pension return required amending for the following reasons: <ul style="list-style-type: none"> The Council identified an error in the value of contributory salary prior to our work commencing. This was notified to us and was found to be a result of an error with the payroll system used at one school. A refund amount included in the claim form was actually for the current year and not the prior year as required for the cell it was included in. It was therefore removed from this cell.
New deal for communities (RG03)	1,557,000	Without qualification or amendment	The claim was fairly stated and in accordance with the grant terms and conditions.
Single Programme - 4 separate claims (RG31)	1,550,130	One claim amended	An amendment was required to the ULV North London Pledge due to an error in the calculation of the balance due to the Council. Once amended, this reduced the balance due to the Council. The other three claims were fairly stated and in accordance with the grant terms and conditions.
Total	395,040,749.34		

B Action plan

	Claim or return	Recommendation	Priority	Management response & implementation details
1	Housing and council tax benefit scheme	<p>The housing and council tax benefit subsidy was qualified for a number of reasons, as disclosed in appendix A above.</p> <p>It is recommended that the issues identified from the certification work be reviewed and discussed within the Benefits and Local Taxation team. A recommendation would be for provision of training to officers as appropriate and the implementation of additional review procedures to avoid similar issues arising in the future.</p>	High	<p>Agreed.</p> <p>The Deputy Head of Benefits and Local Taxation has already briefed every member of staff in the Benefits Service.</p> <p>A significant re training programme was undertaken in 2010/2011 for all officers with high error rates. Further training and/or capability action is planned for those who continue to make errors.</p> <p>A risk based review programme of all benefit claims is programmed to commence from June 2011.</p> <p>Ian Biggadike, Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing.</p>
2	Housing and council tax benefit scheme	<p>It is recommended that the Council continue to implement the quality control procedures introduced after the 2008/09 certification, and that additional consideration is awarded to the issues highlighted during the 2009/10 certification to determine if further quality control procedures are necessary.</p>	High	<p>Agreed.</p> <p>Ian Biggadike Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing.</p>

	Claim or return	Recommendation	Priority	Management response & implementation details
3	Housing and council tax benefit scheme	<p>The Council should periodically review all child benefit income figures to ensure that balances are in line with actual amounts received by the claimant and to ensure automatic updates are correctly processed.</p> <p>Due to the change in benefits policy, whereby child benefit values are disregarded, this recommendation has been made low priority. However, it is important that the Council ensure all information held is accurate in case of any further changes in government policy.</p>	Low	<p>Agreed.</p> <p>All Non Income Support (IS) cases have already been reviewed and corrected where required. The data with regard to IS cases will be reviewed on an ongoing basis.</p> <p>Ian Biggadike, Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing.</p>
4	Housing and council tax benefit scheme	<p>Reconciliations are recommended to be completed between the number of child benefit income amounts and the number of dependents as per the Iworld household information. It would be expected for the two to agree.</p> <p>Due to child benefits being disregarded this has been made low priority, however, as above, it is important that the Council hold accurate information for each claimant's income.</p>	Low	<p>Agreed.</p> <p>All Non IS cases have already been reviewed and corrected where required. The data with regard to IS cases will be reviewed on an ongoing basis.</p> <p>Ian Biggadike, Deputy Head of Benefits and Local Taxation.</p> <p>Ongoing</p>

	Claim or return	Recommendation	Priority	Management response & implementation details
5	HRA subsidy base data return	A large number of adjustments were required to be processed with regards to the movements between 2008/09 and 2009/10. It is recommended that the claim is compiled as early as possible to allow time for the Council to operate a robust review process and minimise the number of changes which need to be made after the draft submission, and to include reasonableness checks of the standing data.	Medium	The HRA subsidy system ceases with effect from 1st April 2012. The impact of all minor amendments was a reduction in subsidy of £1,800. Responsible Officer: Head of Finance - Projects Implementation date: Next year's Base Data Return
6	HRA subsidy base data return	Part of the CI requirements are that in calculating the average weekly rent, "where a dwelling has been disposed of since 1 April (of that year), the income receivable should be weighted according to how many days in the year it was in the HRA before being sold." This has not previously been done by the Council. This data was calculated for the 2009/10 return at our request and incorporated into the amended return. The Council should ensure that this process is completed each year, as required by the CI.	Medium	The HRA subsidy system ceases with effect from 1st April 2012. The impact of all minor amendments was a reduction in subsidy of £1,800. Responsible Officer: Head of Finance - Projects Implementation date: Next year's Base Data Return

	Claim or return	Recommendation	Priority	Management response & implementation details
7	Disabled facilities	The Council should ensure that the criteria for specific grant allocations, for instance ex-service personnel allocations, are met prior to the grant being included on the grant claim.	Low	<p>Agreed. The Council will ensure that any future ex-service personnel claims are checked thoroughly. However, this should not be an issue this year, as there are no claims of this nature for 2010/11.</p> <p>Responsible Officer: Head of Finance – ACCS</p> <p>Implementation date: Submission of DFG claim 2010/11</p>
8	National non-domestic rates return	A recommendation is proposed for the Council to ensure that all amounts written off and included in the claim are agreed exactly to the supporting write-off authorisations.	Medium	<p>The Council notes the recommendation.</p> <p>An amendment was made to the NNDR Losses in Collection figure for 2009/10 to reflect a corrected figure used for authorised write-offs. This correction had already been identified by the Council's officers and the correction made within days of the original submission, prior to Audit later in September, and was based on the knowledge that only authorised write-off should be included in the calculation.</p> <p>Responsible Officer: BLT Finance Manager</p> <p>Implementation date: Already Implemented</p>

C Certification work fees

Claim or return	Fee 2009/10 (£)	Fee 2008/09 (£)	Explanation for significant variances
Housing and council tax benefit scheme	84,588	65,218	Increase reflects the increase in amount of additional testing that had to be performed in relation to the 2009/10 claim.
Pooling of housing capital receipts	4,323	3,433	An increase in procedural testing.
Sure start	5,508	3,833	Increase reflects delays due to waiting for evidence from the Council.
HRA subsidy	4,505	2,988	Level of adjustments required to the claim.
HRA subsidy base data return	9,025	5,965	Increase in fees reflects the large number of amendments required to the claim form in 2009/10.
Disabled facilities	5,388	4,233	Higher fee due to delays in the Council providing evidence and explanations.
National non-domestic rates return	7,154	5,290	Audit Commission certification instruction contained an extra test. Scope to make certification more efficient if return is completed at the same time as the accounts.
Teachers' pensions return	6,520	7,788	The return did not take as long to complete, we were also able to place reliance on the work of internal audit which contributed to this reduction.

Claim or return	Fee 2009 / 10 (£)	Fee 2008 / 09 (£)	Explanation for significant variances
New deal for communities	2,905	4,160	We were able to benefit from the work done in 2008/09 which contributed to a more efficient certification in 2009/10.
Single Programme - 4 separate claims	7,616	5,815	The increase is caused by the fact that one of the claims was outside of the Audit Commission certification process and had to be certified under a tripartite agreement between the Council, the London Development Agency and Grant Thornton. The drafting and agreement of this document required more significant manager and partner involvement than would normally be associated with a claim of this size.
Planning, administration and reporting	4,500	0*	*2008/09 comparative figure of £4,500 was shown within the individual claim totals.
Total	142,032	108,723	

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LONDON BOROUGH OF HARINGEY

AUDIT PROGRESS REPORT - JUNE 2011

Work	Progress
<p>2010/11 Accounts audit</p>	<p>Our planning work for the 2010/11 accounts audit is underway and will be completed in June prior to the audit commencing at the beginning of July. As in previous years the Council has agreed to give us early sight of the draft accounts so that we can undertake a technical review and feedback comments to the Council by 27th June. This will allow for any revisions to be made prior to the Director of Corporate Resources signing off the draft accounts on 30th June.</p> <p>We have agreed our Audit Approach Memorandum with officers and it has been published on the Council's website as a supporting working paper to this Progress Update.</p> <p>Upon completion of the audit we will document our findings in the ISA260 report to those charged with governance. This will be presented at the next meeting of the Corporate Committee on 27th September.</p>
<p>2010 / 11 VFM</p>	<p>Our 2010/11 Value for Money conclusion will be based upon two reporting criteria specified by the Audit Commission being:</p> <p>Criterion 1 - The Council has proper arrangements in place for securing financial resilience</p> <p>Criterion 2 - The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>To meet criterion 1 we are undertaking a review of the Council's financial resilience. We will bring this report to the next meeting of the Corporate Committee on 27th September.</p> <p>Our work to meet criterion 2 is underway, with specific pieces of work being undertaken as follows:</p> <ul style="list-style-type: none"> • A review of the Council's progress with introducing Personal Budgets to Adult Social Care users. A Personal Budget is an allocation of money given to an adult social care user that gives them

	<p>choice and control over the care they receive. We will present our findings to the next meeting of the Corporate Committee on 27th September.</p> <ul style="list-style-type: none"> • Follow up our 2009/10 review of Partnership Working in Haringey. • Follow up our 2009/10 work on Workforce Management. • Review progress in implementing actions from the Shared Intelligence review of governance arrangements. <p>We will include summaries of each of these pieces of work within the ISA260, which we will present to the next meeting of the Corporate Committee on 27th September. Our Annual Audit Letter will contain a more detailed section on each of these VFM reviews. This will be presented to the December meeting of the Corporate Committee.</p>
<p>Grants claims and returns certification</p>	<p>The 2009/10 grants report has been agreed with officers and is presented to this meeting of the Corporate Committee.</p>
<p>Housing Benefits</p>	<p>The Department for Work and Pensions (DWP) has responded to our 2009/10 qualification letter regarding the Housing and Council Tax Benefit subsidy claim. The Council has undertaken further work to respond to the DWP's queries and we are in the process of checking that work so that we can respond to the DWP by 18th June.</p>

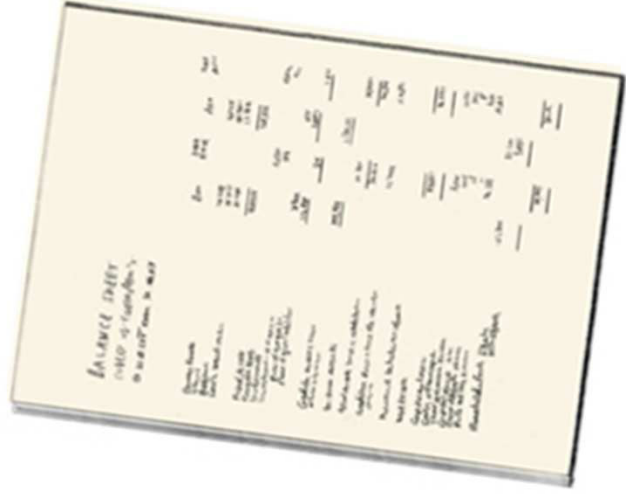
Grant Thornton UK LLP

June 2011

London Borough of Haringey

Accounts Audit Approach Memorandum

June 2011



Our accounts audit approach

Introduction

This memorandum is intended to provide additional detail regarding our audit approach, as set out in our Audit Plan 2010/11 issued in February 2011, as well as an update on our response to key risks from the results of interim audit work carried out to date.

Audit approach reminder

We will:

- work closely with the finance team to ensure that we meet audit deadlines and conduct the audit efficiently
- plan our audit on an individual task basis at the start of the audit, and agree timetables with all staff involved; and
- consider the materiality of transactions when planning our audit and when reporting our findings

The logistical details of our annual accounts audit, as agreed with the Director of Corporate Resources and the Head of Corporate Finance, are detailed in Appendix A to this memorandum.

In summary our audit strategy comprises:

Planning	<ul style="list-style-type: none"> • Updating our understanding of the Council through discussions with management and a review of the performance reports to Cabinet • Reviewing the design effectiveness and implementation of internal financial controls including IT, where they impact the financial statements • Assessing audit risk and developing and implementing an appropriate audit strategy • Testing the operating effectiveness of selected controls • Assessing the effectiveness of internal audit against the CIPFA Code of Practice
Control evaluation	<ul style="list-style-type: none"> • Reviewing material disclosure issues in the financial statements • Performing analytical review • Verifying all material income and expenditure and balance sheet accounts, taking into consideration whether audit evidence is sufficient and appropriate
Substantive procedures	<ul style="list-style-type: none"> • Performing overall evaluation • Determining an audit opinion • Reporting to Corporate Committee
Completion	

Our accounts audit approach (continued)

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true or fair view.

Materiality is set at the outset of planning to ensure that an appropriate level of audit work is planned. It is then used throughout the audit process in order to assess the impact of any item on the financial statements. Any identified errors or differences greater than 2% of materiality will be recorded on a schedule of potential misstatements.

These are assessed individually and in aggregate, discussed with you and, if you do not adjust, signed off by you in your letter of representation to us, confirming your view that they are immaterial to the financial statements.

An item of low value may be judged material by its nature, for example any item that affects the disclosure of directors' emoluments. An item of higher value may be judged not material if it does not distort the truth and fairness of the financial statements.

Reliance on internal audit

We will work with the internal audit function to ensure our audit approach takes account of the risks identified and the work they have conducted, subject to our review of the effectiveness of the internal audit function.

Review of IT and outsourced systems

Our audit approach assumes that our clients use a computer system for accounting applications that process a large number of transactions.

Accordingly, our approach requires a review of the Council's internal controls in the information technology (IT) environment supporting the general ledger.

We have involved Technology Risk Services (TRS) team members during the audit, this was based on the complexity of IT used in the significant transaction cycles and the control risk assessment.

Internal controls

Auditing standards require that we evaluate the design effectiveness of internal controls over the financial reporting process to identify areas of weakness that could lead to material misstatement. Therefore, we will focus our control review on the high risk areas of the financial statements.

We are also required to assess whether the controls have been implemented as intended. We will do this through a combination of inquiry and observation procedures, and, where appropriate, systems walkthroughs. However, our work cannot be relied upon necessarily to identify defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive controls review exercise might identify.

Update on accounts audit risk assessment

As part of our planning and control evaluation work we have reviewed the audit risks identified in our Audit Plan 2010/11 and have set out opposite the outcome of work completed to date and further work planned.

Our updated review of the risks facing the Council has identified four new risks which are covered in the following pages.

We will report our full findings and conclusions in respect of each risk identified in our Annual Report to Those Charged with Governance (ISA 260) on completion of our final accounts audit.

Issue	Audit areas affected	Work completed	Further work planned
<p>Accounting under IFRS</p>	<p>All areas of the financial statements</p> <ul style="list-style-type: none"> A specific review of the Council's preparedness for IFRS has been completed. The results of this review have been reported to the Audit Committee in April 2011 in a red/amber/green (RAG) format. We have maintained ongoing liaison with the Finance Team regarding emerging IFRS issues and guidance and we have provided support for any proposed changes to accounting treatment being considered under IFRS. 	<ul style="list-style-type: none"> We will continue to maintain ongoing liaison with the Finance Team regarding emerging issues and new guidance released up until the signing of the 2010/11 financial statements. Our substantive audit procedures will focus on the high risk areas identified as a result of the transition to IFRS, in particular property, plant and equipment (PPE). 	<ul style="list-style-type: none"> We will undertake procedures on revenue and expenditure to ensure that they have been accounted for in the correct year and are a complete representation of the Council's revenue and expenditure for the year. We will carry out an updated review of the Council's financial position as part of our going concern procedures.
<p>Financial performance pressures</p>	<p>All areas of the financial statements</p> <ul style="list-style-type: none"> We have monitored the Council's financial position throughout the year through review of Cabinet papers and liaison meetings with the Director of Corporate Resources. The Council has to achieve significant savings in the next financial period. There is a risk to its going concern position, as this could impact on the level of reserves held by the Council. 		

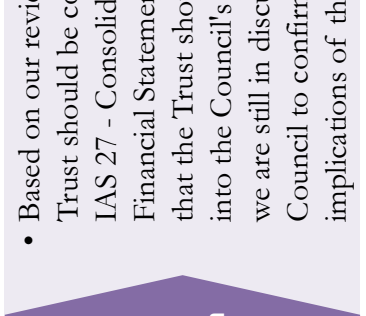
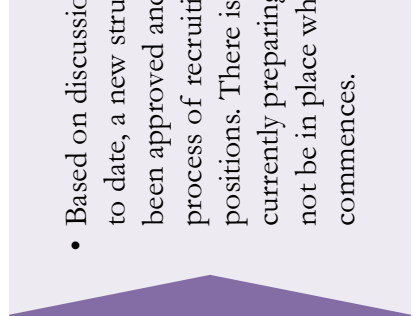
Update on accounts audit risk assessment (continued)

The specific accounts assertion risks by cycle which we consider to present a 'reasonably possible' risk of material misstatement to the financial statements are detailed in appendix B to this memorandum

Issue	Audit areas affected	Work completed	Further work planned
<p>Revaluation of fixed assets</p>	<p>Property, plant and equipment</p>	<ul style="list-style-type: none"> Based on discussions with management, work has been undertaken by the Valuations team to carry out valuations based on the guidance provided by the Royal Institute of Chartered Surveyors (RICS) and the Code to ensure these are in line with IFRS. 	<ul style="list-style-type: none"> The use of valuation experts will be reviewed, to ensure that valuations have been completed in accordance with relevant IFRSs, in particular: <ul style="list-style-type: none"> - the appropriateness of data and instructions provided to the expert - the methods and assumptions applied by the expert.
<p>Valuation of Council dwellings</p>	<p>Property, plant and equipment</p>	<ul style="list-style-type: none"> Based on discussions with management, the Council will be looking at the spend on decent homes to determine components of its housing stock. In addition, the Council plans to use the Major Repairs Allowance (MRA) as a proxy for depreciation. 	<ul style="list-style-type: none"> We will review the valuation of Council dwellings as part of our work to ensure it is in line with guidance issued. The Council, as in previous years, will need to demonstrate that the depreciation calculated using MRA is not materially different from depreciation calculated using conventional methods.

Update on accounts audit risk assessment (continued)

The specific accounts assertion risks by cycle which we consider to present a 'reasonably possible' risk of material misstatement to the financial statements are detailed in appendix B to this memorandum

Issue	Audit areas affected	Work completed	Further work planned
	 <p>Alexandra Park and Palace Trust</p> <p>Group accounts consolidation</p>	<ul style="list-style-type: none"> Based on our review of whether the Trust should be consolidated against IAS 27 - Consolidated and Separate Financial Statements, it would appear that the Trust should be consolidated into the Council's accounts. However we are still in discussions with the Council to confirm what the implications of this would be. 	<ul style="list-style-type: none"> We will continue to liaise with management to come to an agreement on whether the Council should prepare consolidated accounts that include Alexandra Park and Palace Trust.
	 <p>Finance support functions review</p> <p>All areas of the financial statements</p>	<ul style="list-style-type: none"> Based on discussions with management to date, a new structure for finance has been approved and the Council is in the process of recruiting to fill the new positions. There is a risk that the team currently preparing the accounts will not be in place when the audit work commences. 	<ul style="list-style-type: none"> Our audit work will initially focus on the high risk areas to ensure the Council has sufficient time to provide any additional information requested and resolve any queries raised as part of our work.

Update on accounts audit risk assessment (continued)

The specific accounts assertion risks by cycle which we consider to present a 'reasonably possible' risk of material misstatement to the financial statements are detailed in appendix B to this memorandum

Issue	Audit areas affected	Work completed	Further work planned
<p>Consultant contracts</p>	<p>Expenditure</p>	<ul style="list-style-type: none"> Based on findings from Internal Audit's review of the use of Consultants, it was noted procedures as laid out by the Standing Orders were not always complied with. Weaknesses identified in this area should be considered in the context of the Annual Governance Statement. 	<ul style="list-style-type: none"> Our substantive testing will include coverage of the Council's expenditure on consultants. We will review the internal control arrangements being put in place to address this issue. We will gain an understanding of the work the Council has undertaken to scrutinise 'on contract' and 'off contract' spend.
<p>Redundancies</p>	<p>Provisions</p>	<ul style="list-style-type: none"> Based on discussions with management, with the ongoing restructure there are likely to be redundancies which the Council will need to account and disclose for based on IAS 37 - Provisions and Contingent Liabilities. 	<ul style="list-style-type: none"> We will review any provisions and contingent liabilities included in the financial statements in respect of redundancies for reasonableness and completeness.

Update on accounts audit risk assessment (continued)

The specific accounts assertion risks by cycle which we consider to present a 'reasonably possible' risk of material misstatement to the financial statements are detailed in appendix B to this memorandum

Issue	Audit areas affected	Work completed	Further work planned
	<p>Potential costs for ongoing cases</p> <p>Provisions</p>	<ul style="list-style-type: none"> There are potential costs from the ongoing 'Baby P' case which may need to be met by the Council. We have held discussions with management as the case has progressed. There are a number of other ongoing cases that will need to be accounted for correctly. 	<ul style="list-style-type: none"> We will review any provisions and contingent liabilities included in the financial statements for reasonableness and completeness. We will continue to liaise with management to get an update on the cases to ensure any costs are accounted for and disclosed appropriately.
	<p>Use of estimates and judgements</p> <p>All areas of the financial statements</p>	<ul style="list-style-type: none"> We have discussed the requirements for disclosures and supporting evidence for estimates and judgements within the financial statements including asset valuations, allowances, prepayments, accruals and provisions. 	<ul style="list-style-type: none"> In line with the requirements of the 'Clarity' ISAs, we will review the calculation for each significant estimate and judgement included in the financial statements. We will review any assumptions made in respect of these for reasonableness including the impact of any identified estimation uncertainties

Results of interim audit work

Scope

As part of the interim audit work, and in advance of our final accounts audit fieldwork, we considered:

- the effectiveness of the Internal Audit function;
- internal audit's work on the Council's key financial systems;
- a review of closedown procedures in preparation for the final accounts under International Financial Reporting Standards (IFRS);
- walkthrough testing and tests of controls to confirm whether controls are implemented as per our understanding in areas where we have identified high accounting risk; and
- a review of Information Technology controls

The internal audit function

We will review internal audit's overall arrangements against the 2006 CIPFA Internal Audit Standards. Where the arrangements are deemed to be adequate, we can gain assurance from the overall work undertaken by internal audit and can conclude that the service itself is contributing positively to the internal control environment and overall governance arrangements within the Council.

In preparation for our final accounts audit, we will review internal audit's work on the financial systems.

In assessing the effectiveness of internal audit work, we will review three internal audit files to ensure that:

- systems are adequately documented;
- key controls have been identified and evaluated;
- key controls have been tested; and
- weaknesses have been reported to management

We will report our findings as part of our Annual report to those charged with Governance (ISA 260).

Closedown procedures

Our review considered the Council's timetable for closedown and the arrangements for preparing the draft IFRS accounts, including guidance provided on working papers required to be made available as part of the closedown process.

The Council has established a suitable timetable and expects to meet the accounts submission requirements in a timely manner. The Council also expects to be able to provide detailed working papers to support the accounts at the start of our final accounts audit fieldwork, which is scheduled to commence on 4th July 2011, as well as providing the draft Annual Governance Statement in advance of this date.

Results of interim audit work (continued)

Walkthrough testing and tests of controls

Walkthrough tests and tests of controls were undertaken in April 2011 for the majority of the specific accounts assertion risks by cycle which we consider to present a 'reasonably possible' risk of material misstatement to the financial statements. (These risks are detailed in Appendix B to this memorandum).

Unfortunately we have not yet been able to complete our work in the area of property, plant and equipment due to minor delays relating to the availability of some asset valuations. This work has accordingly been rescheduled for completion in June 2011 and the results will be considered as part of our accounts audit planning process prior to the commencement of our final accounts audit fieldwork.

No significant issues were noted where walkthrough testing was able to be completed as planned and in-year internal controls were observed to operate satisfactorily in accordance with our documented understanding.

Review of information technology controls

Our information systems specialist performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. We have also performed a follow up of the issues that have been raised in the previous year. We concluded that, from the work undertaken to date, there are no material weaknesses which are

likely to adversely impact on the Council's financial statements.

We have, however, reiterated areas for improvement during the course of our work in these areas. We do not consider these to pose a significant risk to the accounts, and will report any of our findings as part of our Annual report to those charged with Governance (ISA 260).

Appendices

A. Logistics

Timetables and milestones

The following proposed timetable and deadlines have been set and agreed with management:

Event	Date
Pre year end fieldwork including internal controls review	March 2011
Completion of outstanding internal controls reviews	June 2011
Statutory accounts emailed to auditor	30 June 2011
Commence accounts audit fieldwork	4 July 2011
Manager visit to review work	July/August 2011
Partner visit to review work	July/August 2011
Clearance meeting to discuss our findings	TBA
Report to Corporate Committee (ISA 260)	Sept 2011

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that we work closely with your team to achieve this timetable. An agreed format and schedule of informal update arrangements will be maintained throughout the course of our audit fieldwork in support of this aim.

Engagement team

In accordance with our Audit Plan 2010/11 issued February 2011, the main engagement team for the accounts audit will include:

Name	Role	Contact details
Paul Dossett	Engagement partner	T: 0207 728 3180 E: paul.dossett@uk.gt.com
Paul Hughes	Audit Director	T: 0207 728 2256 E: paul.hughes@uk.gt.com
Caroline Glitre	Audit manager	T: 07825 113632 E: caroline.glitre@uk.gt.com
Hanisha Solanki	Assistant Manager	T: 0207 728 2072 E: hanisha.solanki@uk.gt.com
Helen Phillips	Audit senior	T: 0207 728 2385 E: helen.phillips@uk.gt.com

Information requirements

The information and working paper requirements that would assist us in an efficient and timely audit of the year-end financial statements have been communicated to the finance team within our Arrangements Letter, which was issued in April 2011.

B. Accounts assertion risks by cycle

A reasonably possible risk is defined as being where:

- Numerous and often very precise controls should be established by management
- Substantive procedures would vary if controls were tested
- Inherent risk factors increase the likelihood of a material misstatement

Property, plant and equipment

Valuation - Gross

Risks

Revaluation measurements not correct

Intended control reliance

Walkthroughs will be performed to verify that controls are implemented

Valuation - Net

Risks

Allowance for depreciation not adequate

Walkthroughs will be performed to verify that controls are implemented

Operating expenses

Completeness

Risks

Creditors understated or not recorded in correct period

Intended control reliance

Walkthroughs will be performed to verify that controls are implemented

Accounts Audit Approach Memorandum

Council Tax Revenue	
Existence/Occurrence	
Risks	Intended control reliance
Recorded debtors not valid	Walkthroughs will be performed to verify that controls are implemented
Valuation - Net	
Risks	Intended control reliance
Allowance for doubtful accounts not adequate	Walkthroughs will be performed to verify that controls are implemented
NNDR	
Existence/Occurrence	
Risks	Intended control reliance
Recorded debtors not valid	Walkthroughs will be performed to verify that controls are implemented
Valuation - Net	
Risks	Intended control reliance
Allowance for doubtful accounts not adequate	Walkthroughs will be performed to verify that controls are implemented

Accounts Audit Approach Memorandum

HRA Rental Revenues

Existence/Occurrence

Risks

Recorded debtors not valid

Intended control reliance

Walkthroughs will be performed to verify that controls are implemented

Valuation - Net

Risks

Allowance for doubtful accounts not adequate

Intended control reliance

Walkthroughs will be performed to verify that controls are implemented

Grant Revenues

Existence/Occurrence

Risks

Recorded debtors not valid

Intended control reliance

Walkthroughs will be performed to verify that controls are implemented



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Haringey Council

Agenda item:

Corporate Committee

On 20 June 2011

Report Title: Draft Annual Governance Statement 2010/11

Report authorised by: Director of Corporate Resources

J. Paver 10/6/11.

Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973

Email: anne.woods@haringey.gov.uk

Wards(s) affected: All

Report for: Non-key decision

1. Purpose of the report

1.1 To inform the Corporate Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to 2010/11 for review and approval.

2. State link(s) with Council Plan Priorities and actions and/or other Strategies:

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services. Part of this is completed by providing assurance to managers and the Corporate Committee on governance and control issues in key risk areas as part of the annual audit plan and making recommendations for improvement where appropriate.

3. Recommendations

3.1 That the Corporate Committee review and approve the draft AGS for 2010/11.

3.2 That the Corporate Committee note the approval timescale and processes for the draft AGS.

4. Reason for recommendation(s)

4.1 The Corporate Committee is responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for review and consideration by the Audit Committee throughout the

financial year, culminating in the production of the AGS.

5. Other options considered

5.1 Not applicable

6. Summary

6.1 The production and publication of an AGS is a statutory requirement as part of the 2006 Accounts and Audit Regulations. The process to gather evidence and produce the AGS is contained within internal audit's remit and the review and approval of the draft AGS rests, at Member level, with the Corporate Committee.

6.2 This report provides the draft 2010/11 AGS for review. Information from internal audit, other sources of assurance from across the Council and from individual Directors and Assistant Chief Executives have been used to produce the draft AGS.

7. Head of Legal Services Comments

7.1 The Acting Head of Legal Services has been consulted in the preparation of this report, and advises that in noting that the Annual Governance Statement is based on an industry best practice pro forma, and that the Council has adopted a local Code of Corporate Governance which is also based on industry best practice, there are no direct legal implications arising out of this report.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer notes that there are no direct financial implications arising from this report that can not be met from within existing resources.

8.2 The Chief Financial Officer confirms that the presentation of the attached AGS for approval by this Committee meets the Council's statutory requirement under the 2006 Accounts and Audit Regulations.

9. Head of Procurement Comments

9.1 Not applicable

10. Equalities and Community Cohesion Comments

10.1 This report deals with governance arrangements and their implementation are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing governance and controls will therefore improve services the Council provides to all sections of the community.

11. Consultation

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors, Directors and Assistant Chief Executives in the production of the annual self assessment and assurance statements. Their comments and conclusions are included in the draft AGS which is reviewed and approved in accordance with the agreed Corporate Committee terms of reference.

12. Service Financial Comments

12.1 There are no direct financial implications arising from this report. The work within internal audit to support the production of the AGS is contained and managed within the Audit and Risk Management revenue budget. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

13. Use of appendices

13.1 Appendix A – Draft Annual Governance Statement

14. Local Government (Access to Information) Act 1985

14.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

15. Background

15.1 Since 2007/08, the Council has been required to produce an Annual Governance Statement (AGS) for publication with the council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.

15.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit (amendment) (England) Regulations 2006. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

15.3 A pro forma AGS has been devised by the Chartered Institute of Public Finance and Accountancy (CIPFA) for use by local authorities. The pro forma provides the key headings that should be included in the AGS, along with indications of what might be covered. It does not, however, provide standard wording for the sections dealing with the governance framework and the review of its effectiveness. This will be dependent on the risks identified within each individual authority.

15.4 The Council's external auditors, Grant Thornton, will review the AGS as part of their annual audit and inspection processes.

16. Analysis

16.1 In order to comply with the statutory reporting deadlines, the AGS for 2010/11 has to be approved prior to 30 June 2011. The Leader and Chief Executive will need to obtain sufficient assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.

16.2 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. Chief Officers have reviewed an initial draft statement and a copy of this is provided at Appendix A. This has been produced in line with the guidance issued by CIPFA.

16.3 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. Initial discussions with the Council's external auditors, Grant Thornton, have not identified any further issues that they would expect to be included in the draft AGS at this stage. However, any significant governance or internal control issues which arise as a result of the final accounts audit can be included in the AGS and re-submitted for officer and member consideration and approval before the closure of the statutory audit period on 30th September 2011.

16.4 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors.

Annual Governance Statement 2010/11

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The authority has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey Council's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains how Haringey has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Haringey for the year ended 31st March 2011 and up to the date of the approval of the annual report and accounts.

3. The governance framework

3.1 The key elements of the systems and processes that comprise the authority's governance arrangements are:

a) **Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

Haringey has well established and documented aims and objectives in order to improve the quality of life for people living and working within the borough and ensure that high quality services are delivered efficiently and effectively. The Council, together with its partners, has developed the Sustainable Community Strategy 2007-2016 which sets out a joint vision and objectives. The Sustainable Community Strategy was developed after extensive consultation with residents and stakeholders through the '*Have your say Haringey – shape the future*' campaign. The Community Strategy is published and is also available on the council's website and a summary of the strategy has been translated into ten languages.

The Council Plan is linked to the Community Strategy and sets out the priorities of the Council and how these will be achieved. The Council Plan for 2011–2012 is published on the Council's website and is monitored and reported using the corporate performance framework. The Council Plan is updated on an annual basis and the Council's objectives are informed by what residents and service users say and their views are captured in our annual residents' survey.

b) **Reviewing the authority's vision and its implications for the authority's governance arrangements**

During 2010/11 the Council has transformed its approach to delivering services, adapting them to meet the changing needs of residents, targeted to those who need them most. In tackling the dramatic budget reductions the Council has responded to the challenge by adopting the vision 'one borough one future: reducing inequalities – working for a better society'. The vision is to be delivered by five outcomes: thriving, healthier, safer, sustainable, empowered and is underpinned by a set of principles (Rethinking Haringey January 2011). All the Council's business and financial planning documents reflect its vision and objectives. Delivery of these is through an integrated annual business and financial process, which are subject to full consultation and review by the Council's Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council.

Progress against the business plans is reviewed mid-year as part of the Council's formal pre-business plan review process. The Council's Medium Term Financial Strategy (MTFS) 2010-2013 sets out the three year budget for the Council and contains plans for achieving the required budget reductions resulting from the funding shortfall in this year's financial settlement for

Haringey. The MTFs is reviewed and updated on an annual basis to provide a rolling three year planning period.

- c) **Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources**

In facing up to the current financial challenges Haringey Council continues to strive for the improved well-being of local people. To achieve this we are targeting the use of resources and exploring ways of delivering better services for less money within a framework of delivering value for money and efficiency across all services. The Council is transforming service delivery and making changes quickly, whilst ensuring that its resources achieve the best outcomes. A new outcomes based performance management framework has been agreed (February 2011) which sets out how the Council will move from a top down approach, focusing on inputs and outputs, to an outcomes focused performance, based on the vision for the Council and the delivery of priorities. Outcome indicators will show when the Council's policies and activities are having the expected impact. Haringey has a comprehensive business planning system, and a robust performance management system. Performance measurement is undertaken at various levels and is subject to review both internally by managers and members and independently by the Council's external auditors.

The Cabinet receive regular reports highlighting key financial and performance management information and allows them to effectively monitor compliance with all key policies and Council objectives. Cabinet agendas, reports and minutes are available on the Council's website. An independent survey of a representative sample of residents and service users is completed on an annual basis and reported to senior officers and members to ensure appropriate action can be taken in specific areas.

- d) **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

The Council's Constitution sets out the policy and decision making framework of the authority and is held in hard copy and on the council's intranet and external website. The roles and responsibilities of the whole Council, the Cabinet, other committees, all councillors including Cabinet Members, and officers is clearly documented, and it also contains protocols governing the relationships between members and officers and job descriptions of the Council's Statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). The roles and functions of all councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the Council.

The Constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. The Council's scheme

of delegation is contained within the Constitution and is reviewed and communicated on a regular basis to all appropriate officers and members. The Council at its meeting on 23 May 2011 approved significant changes to the Constitution following an intensive Governance Review carried out by an external body on behalf of the Council. A delivery group of Members was set up to consider constitutional changes required following this review. The Constitutional Review Working Group was also consulted on these proposed changes. The number of Committees was rationalised and the existing nine Non-Executive Committees were reduced to five. In general terms the previous General Purposes Committee, Remuneration Committee, Audit Committee and Pensions Committee are combined into a single Corporate Committee. The Licensing and Planning Committees, together with some “non-executive” licensing functions taken from the General Purposes Committee and Miscellaneous Functions Sub-Committee, are combined into a single Regulatory Committee. The new Regulatory Committee is to operate as both the statutory Licensing Committee and as a general non-statutory Regulatory Committee. Two Licensing sub-committees and a Planning sub-committee have been established under the Regulatory Committee. Other changes included the removal of Area Assemblies and its replacement with Area Committees which have some decision making powers. Informal Area Forums will come at the start of each Area Committee. The Council’s website also has an ‘Our Standards’ page which sets out the expectations and standards required of both officers and members.

e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Haringey has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. Members are provided with regular briefings on the code of conduct as part of the established induction and training programme. The Council’s Member Learning and Development Strategy also incorporates specific sections relating to corporate governance issues.

The Council’s officer code of conduct has been reviewed and updated on a regular basis and is published on the Council’s intranet site. All new members of staff receive training, including the code of conduct, as part of their induction processes. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas.

f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

The Constitution Working Group is an established member group which meets on a regular basis to monitor, review and update the Council’s Constitution and associated governance arrangements, based on a rolling work programme and taking into account any new legislative and statutory

requirements. The Council's Statutory Officers meet on a regular basis and review key areas of governance. The Council's corporate risk management steering group meet on a quarterly basis, chaired by a member of the Chief Executive's Management Board, and is comprised of senior officer representatives from each directorate. In addition to ensuring that the Council complies with the risk management strategy, the steering group takes responsibility for managing the Council's response to specific incidents and events.

Haringey has a corporate Risk Management Strategy which is reviewed and updated on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including being an integral part of the business planning process. The Council has a corporate risk register and all departments and business units have risk registers in place. The corporate risk register is reviewed on a regular basis by the Chief Executive's Management Board and the Audit Committee and updated as a result of feedback received. Regular reports are provided to both the Chief Executive's Management Board and the Audit Committee detailing progress in embedding risk management throughout the Council.

- g) Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010)**

In 2009/10, CIPFA produced a statement on the role of the Chief Financial Officer (CFO) in local government. The Council's CFO is a member of the Chief Executive's Management Board, as required by the CIPFA statement, and fulfils all the requirements of the statement in ensuring that appropriate financial, management, reporting, monitoring and governance arrangements are in place.

- h) Undertaking the core functions of an audit committee, as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'**

Using CIPFA and the Institute of Public Finance guidance, the Council's Audit Committee has been assessed as meeting all good practice requirements. The Audit Committee received a report on the outcome of the assessment undertaken in 2010/11. The Audit Committee receives reports from internal and external audit and reviews risk management and governance arrangements. These functions are now with the newly formed Corporate Committee.

- i) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

The Council's Constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. Officer Employment Rules and a Monitoring Officer Protocol are

also contained within the Constitution. The Constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers. Regular internal and external audit reviews check compliance with Financial and Contract Procedure Rules across the Council.

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

During 2010/11, the Court of Appeal handed down a judgement against the Council in respect of the Wards Corner re-development site. The Council's consultation processes were adjudged not to have complied with relevant equality regulations. Following this decision, the Council improved its monitoring arrangements in relation to equality legislation, including the new Equality Act 2010, in order to ensure full compliance with all relevant laws and regulations.

j) Whistle-blowing and for receiving and investigating complaints from the public

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and Whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council also has a free-phone telephone number and email reporting facilities which are contained on the external website. These are monitored and managed by Internal Audit and all referrals are subject to review and investigation where sufficient details are provided. The Audit Committee receives quarterly reports on the use and outcomes of the confidential reporting and Whistle-blowing facilities. Fraud and corruption policies and procedures are contained within the Employee Handbook, the council's intranet and website and regular staff newsletter items are published which explain how and where to report suspected fraud.

The Council also has a corporate complaints policy, and agreed procedures, which are subject to regular review and updates. The Council's policy and procedures are compliant with all relevant statutory requirements and are publicised on the Council's external website and at various public sites across the borough. Reports are provided to members on a regular basis, summarising the numbers and types of complaints, together with the outcome and resolution of these.

- k) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

Haringey Council has implemented a Member Learning and Development Strategy. The Council was the first in London to achieve a Member Development Charter which recognises the work carried out by the Council to provide members with the support, skills and training needed to develop and manage council services and budgets effectively.

All permanent staff within the Council receive an annual performance review and appraisal, which is linked to the Council's management standards and competency framework, and results in individual work targets and development plans. Every year, the Council provides a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements, as well as a series of senior manager seminars.

- l) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.**

The Council publishes a resident's magazine, Haringey People, ten times per year containing information on council activities. Hard copies are delivered to all residential addresses and the magazine is also available via the Council's intranet and external website. Once a year this includes a summarised annual report and set of financial statements.

The Council has carried out a Governance Review to ensure that its arrangements are as efficient as possible and to allow decisions to be made in an effective and transparent way. The Neighbourhood Management service and the Area Assembly meetings have ceased and are being replaced by local Area Committees and Forums. These will have specific responsibilities and consultative powers and will be a vital part of local democratic engagement under the new arrangements.

The Council joined with local public agencies, community groups and businesses to create the Haringey Strategic Partnership (HSP) in April 2002. The shared vision for the future of Haringey and the HSP priorities are set out in the Sustainable Community Strategy which is published and available on the Council's website. All agendas and minutes from HSP Board and Theme Board meetings are also publicly available and are accessible via the Council's website.

- m) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.**

The Council has implemented a governance framework for its significant partnerships, based on the Audit Commission's definition, in 2009/10 which

specifies the minimum governance requirements each partnership must have and how the Council monitors and reviews its involvement with each partnership.

The Council has been working with Alexandra Palace and Park (APP) to ensure that corporate governance arrangements and internal controls were adequate and this was continued during 2010/11. APP's independently appointed internal auditors confirmed the implementation of the Council's internal audit recommendations as part of their annual audit plan in 2010/11 and this was reported to the Audit Committee.

4. Review of effectiveness

- 4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self assessments by each director and assistant chief executive, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and also by comments made by the Council's external auditors and other review agencies and inspectorates.
- 4.2 The Audit Committee approves the annual internal audit plan, receives quarterly reports on internal audit work completed, reviews the corporate risk management strategy and risk register and, during 2010/11, has also reviewed reports from external assessments and actions taken by management to address any recommendations made. The Chair of the Audit Committee also reports annually to full Council on the activity of the Committee during the year. The Audit Committee functions are now subsumed into the newly formed Corporate Committee.
- 4.3 Children's safeguarding services in Haringey have received positive feedback from inspectors, as part of a comprehensive assessment of all services provided for local children by the Council. The annual assessment of Haringey's children's services by OFSTED highlighted 'good progress' in child protection following both unannounced and announced inspections in the last six months. Overall, inspectors found the majority of services for children 'good or better'. OFSTED judged services for children overall to be adequate and the capacity for improvement in both safeguarding and looked after children's services to be good.
- 4.4 The Council's Risk Management Strategy, which draws together the various elements of risk management, including risk registers, health and safety, business continuity and emergency planning and project management, is reviewed on an annual basis. The key elements of the strategy are monitored by the Audit Committee on the basis of reports received; and by officers as part of the Risk and Emergency Planning Steering Group's terms of reference.

- 4.5 Directors have submitted a statement of assurance covering 2010/11 which is informed by work carried out by departmental managers, internal audit, external assessments and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. Key governance issues which have been identified and which remain outstanding have been incorporated into the action plan attached to this statement.
- 4.6 The Cabinet undertakes regular monthly reviews of financial and service performance, based on a range of key performance indicators and financial and budget management information. The Leader and Cabinet also review the delegated decisions and significant actions undertaken by council officers, or urgent actions taken in consultation with Cabinet members, to ensure they comply with the scheme of delegation. Minutes of sub-bodies are also reviewed by Cabinet, including procurement decisions and actions. During 2010/11, the Council has responded to the shortfall in central government's financial settlement by starting to re-shape its services through the 'Re-thinking Haringey' programme and will continue to implement these proposals during 2011/12. This is a challenging process in order to achieve a balanced budget whilst continuing to deliver key services to the borough's residents. The Council will need to ensure that its financial and information management processes are robust and effective in order to mitigate the associated risks with reduced levels of funding and staff.
- 4.7 The Council's Standards Committee is chaired by an independent person and receives reports from the Monitoring Officer on the referrals received from the Standards Board for England. In addition, complaints alleging breaches of the Members' Code of Conduct are made directly to the Assessment Sub Committee of the Council's Standards Committee. There are also Review Sub Committees to reconsider rejected complaints and Hearing Sub Committees to undertake formal hearings involving the relevant parties in order to determine complaints locally. The Council's new governance arrangements will be operational from 2011/12.
- 4.8 The CIPFA statement on the role of the Chief Financial Officer has been incorporated into the Council's overall governance arrangements. During 2010/11, the CFO fulfilled all the requirements set out within the CIPFA statement. No gaps in compliance were identified.
- 4.9 The Head of Audit and Risk Management provided an Annual Audit Report and opinion for 2010/11, which concluded that in most areas across the Council there are sound internal financial control systems and corporate governance arrangements in place and that risk management arrangements are satisfactory and compliant with best practice. The Council's key financial systems received a 'substantial' assurance rating in 2010/11. Four audits, out of a total of 50 system reviews completed during 2010/11, received a 'limited' assurance rating and the follow up programme concluded that all high priority recommendations had been appropriately addressed, or were in the process of being implemented.

4.10 The Leader of the Council and the Chief Executive have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.

5. Significant governance issues

5.1 In 2009/10, a number of actions were reported in the AGS to deal with outstanding governance issues. Some of these have been incorporated into the body of the AGS as actions have been completed. The summary below highlights what the Council has done to address those issues for which work has been ongoing during 2010/11:

- Implementation of the Safeguarding (previously the Joint Area Review) action plan continued throughout 2010/11, with reports to officers and members detailing progress against agreed timescales; and
- The Housing Improvement Board has been monitoring implementation of the recommendations made by the Audit Commission review.

5.2 The Council proposes over the coming year to take steps to further improve governance arrangements in key areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions	Ensure that the new Council governance arrangements are fully implemented and embedded during 2011/12, with appropriate review mechanisms in place to ensure that risks and relevant regulations are appropriately managed and addressed.		
Financial and information management arrangements	Ensure that the Council's processes to ensure robust financial and information management are embedded across all departments.		

Councillor Claire Kober
Leader of the Council

Kevin Crompton
Chief Executive



Haringey Council

Agenda item:

[No.]

Corporate Committee

On 20 June 2011

Report Title: Annual Audit Report and Assurance Statement 2010/11

Report authorised by: Director of Corporate Resources

J. Fowler 10/6/11

Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973

Email: anne.woods@haringey.gov.uk

Wards(s) affected: All

Report for: Information

1. Purpose of the report

1.1 To inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2010/11 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

1.2 This report also fulfils the requirements of the Committee's terms of reference.

2. State link(s) with Council Plan Priorities and actions and/or other Strategies:

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing key services and making recommendations for improvement where appropriate. Follow up work is undertaken to ensure that managers implement agreed recommendations and improvements.

3. Recommendations

3.1 That the Corporate Committee notes the content of the annual audit report and assurance statement for 2010/11.

4. Reason for recommendation(s)

4.1 The Corporate Committee is responsible for receiving the annual internal audit report

as part of its Terms of Reference. In order to facilitate this, the Head of Audit and Risk Management's annual report and assurance statement is provided for review by the Corporate Committee.

5. Other options considered

5.1 Not applicable

6. Summary

6.1 The internal audit service makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the authority. This report looks at the sources of assurance and results of internal audit work completed during 2010/11.

6.2 The information has been compiled from information held within Audit & Risk Management and from records held by business units across the Council.

7. Head of Legal Services Comments

7.1 The Acting Head of Legal Services has been consulted in the preparation of this report, and advises that in view of the comments of both the Head of Audit and Risk Management and the Chief Financial Officer in relation to the quality of the control systems in place, coupled with it's adherence to industry best practice, there are no direct legal implications arising out of this report.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer is happy that the approach to internal audit during 2010/11 clearly meets the requirements of the 2006 CIPFA Code of Practice for Internal Audit and concurs that from the information compiled and set out in the report the internal audit service demonstrates that it makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the authority.

9. Head of Procurement Comments

9.1 Not applicable

10. Equalities and Community Cohesion Comments

10.1 This report deals with how risks to service delivery are managed across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

11. Consultation

11.1 No external consultation was required or undertaken in the production of this report. Consultation has been undertaken with respective service managers,

Assistant Directors, Directors and the Assistant Chief Executive in the production of internal audit reports which form part of the sources of assurance for this report.

12. Service Financial Comments

12.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche in 2010/11 is part of the five year contract which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract, along with all other costs to provide an internal audit service, are contained and managed within the Audit and Risk Management revenue budget.

13. Use of appendices

13.1 Appendix A – Internal audit summary of work 2010/11

14. Local Government (Access to Information) Act 1985

14.1 List of background documents. The following background documents were used in production of this report:

- Accounts and Audit (amendment) (England) Regulations 2006.
- CIPFA Code of Practice for Internal Audit 2006
- CIPFA guidance on the Annual Governance Statement
- Internal audit files and monitoring reports

15. Background

15.1 One of the terms of reference for the Corporate Committee is *'to consider the Head of Audit and Risk Management's annual report and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can provide about the Council's corporate governance arrangements.'*

15.2 In addition, the 2006 CIPFA Code of Practice for Internal Audit sets out annual reporting requirements for the Head of Audit and Risk Management. In order to satisfy the requirements of the CIPFA Code of Practice, the Head of Audit and Risk Management issues a formal annual report which:

- Includes an opinion on the overall adequacy and effectiveness of the organisation's internal control environment;
- Discloses any qualifications to that opinion, together with the reasons for the qualification;
- Presents a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
- Draws attention to any issues that the Head of Audit and Risk Management considers particularly relevant to the preparation of the Annual Governance Statement (AGS); and
- Compares the work actually undertaken with the work that was planned and summarises the performance of the Internal Audit function against its locally set performance targets.

- 15.3 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Haringey Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 15.4 The CIPFA Code of Practice for Internal Audit states that the internal control environment comprises three key areas: internal control; corporate governance; and risk management processes. The opinion on the effectiveness of the internal control environment is based on an assessment of these key areas.
- 15.5 The Accounts and Audit (Amendment) (England) Regulations 2006, which came into effect on 1st April 2006, require that 'the relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with proper practices, with any statement of accounts it is obliged to publish.'
- 15.6 As part of the 2006 Regulations, the Council is required to review, at least annually, the effectiveness of its system of internal control. The review of effectiveness of the system of internal control is informed by the work of internal audit and the council's senior managers who have responsibility for the development and maintenance of the internal control environment. The review of effectiveness is also informed by comments made by the Council's external auditors in their annual letter and other review agencies and inspectorates in their reports.

16. Basis of assurance

- 16.1 The Head of Audit and Risk Management's opinion is derived from work completed during 2010/11 as part of the agreed annual audit plan, and any investigations into breaches of financial irregularity. Where relevant, any assessment of the council's corporate governance arrangements and risk management processes are also taken into account.
- 16.2 The internal audit plan for 2010/11 was developed to provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. The plan was designed to ensure adequate coverage over the year of the Council's accounting and operational systems.
- 16.3 Internal audit work has been conducted in accordance with mandatory standards and good practice contained within the CIPFA Code of Practice for Internal Audit and additionally from internal audit's own quality assurance systems.
- 16.4 The opinion is limited to the work carried out by Internal Audit based on the annual internal audit plan. Wherever possible, the work of other assurance providers, including external audit, has been taken into account.

17. Overall Audit Opinion 2010/11

- 17.1 The Internal Audit work, using a risk based approach, included reviews of those systems, projects, and establishments sufficient to discharge the Chief Financial

Officer's responsibilities under s151 of the Local Government Act 1972; the 2006 CIPFA Code of Practice for Internal Audit and the 2006 Accounts and Audit (Amendment) (England) Regulations. The opinion is based on the work undertaken. Work was planned and performed in order to obtain the information necessary to provide sufficient evidence to give reasonable assurance of the internal control systems tested.

17.2 Based upon the work of Internal Audit and other sources of assurance outlined in this report, the Head of Audit and Risk Management can provide an opinion that the system of internal control in operation during the year to 31 March 2011 accords with proper practice and is fundamentally sound. The opinion relates only to the systems and areas reviewed during the year and any details of significant control issues identified are included in the report.

18. Assurance from the work of Internal Audit

18.1 During 2010/11, Internal Audit undertook 69 planned system reviews and 14 school and visits, using a risk based approach. The outcome of the reviews indicated that generally the overall adequacy and effectiveness of the system of internal control is satisfactory. Four of the system reviews received a 'limited' assurance rating, with the remaining reviews receiving 'substantial' or 'full' assurance ratings. All key financial systems were assessed as having substantial or full assurance ratings.

18.2 Internal Audit were satisfied with management responses in those areas which had received a 'limited' assurance rating. In addition, detailed monitoring was undertaken during 2010/11 on all Priority 1 recommendations to ensure that appropriate action was undertaken to address the risks identified during the course of the original audit. As at the 31 March 2011, 100% of all Priority 1 recommendations where the due date had been reached had been fully addressed. Internal Audit and the Audit Committee were satisfied with the responses from management on this area of follow up work.

18.3 A detailed report on the work of Internal Audit in 2010/11 is attached at Appendix A to this report.

19. Assurance on Corporate Governance

19.1 The Council's corporate governance arrangements provide direction and control of its functions, and how the Council relates to the local community. These arrangements are underpinned by the Council's Local Code of Corporate Governance which has been developed to comply with the CIPFA/SOLACE recommended framework and guidance on corporate governance. The Council's Local Code of Corporate Governance, which codifies the Council's governance arrangements, was approved by Full Council in July 2008. The arrangements which support the Local Code of Corporate Governance have been in place and operating effectively for a number of years.

19.2 Corporate controls are in place to help ensure that policy setting and decision making is carried out in accordance with the Council's Constitution and also that the actions of Members and officers comply with established policies, procedures, relevant laws and regulations.

19.3 The annual assurance report should draw attention to any issues that the Head of Audit and Risk Management considers particularly relevant to the preparation of the council's Annual Governance Statement (AGS). CIPFA guidance dictates the form and basic content of the AGS and its approval and publication with the authority's statement of accounts represents the end process of the annual review of internal control.

19.4 As part of the process to compile the AGS, all Directors and the Assistant Chief Executive were required to provide an assessment of the governance arrangements operating within their area of responsibility. The assessments covered the key areas of corporate governance including:

- Risk Management;
- Performance Management
- Financial Management;
- Corporate Governance;
- Procurement and contract management;
- Information Management;
- Project Management;
- Partnerships;
- Business Continuity Plans; and
- Internal audit recommendations.

19.6 These self assessment statements underpin the AGS. The completed assessments identified that all significant governance issues which had been brought to the attention of Directors and the Assistant Chief Executive had been appropriately dealt with, or had been included in the AGS.

19.7 Corporate governance is effective in most areas across the Council. The main areas for action were included within the 2010/11 AGS and relate to ensuring that:

- the new Council governance arrangements are fully implemented and embedded during 2011/12, with appropriate review mechanisms in place to ensure that risks and relevant regulations are appropriately managed and addressed; and
- the Council's processes to ensure robust financial and information management are embedded across all departments.

20. Assurance on Risk Management Activities

20.1 During 2010/11, the Council's corporate risk management strategy was reviewed and updated to reflect the progress made to date in embedding risk management. The Council's risk management strategy draws together all key areas into a cohesive framework to ensure that the Council manages its risks in the most appropriate way. The Council's Risk and Emergency Planning Steering Group reviews the Council's implementation of the risk management strategy and in 2010/11 responded effectively to specific issues including the severe winter weather.

20.2 Regular reports to the Chief Executive's Management Board and the Audit Committee during 2010/11 by Internal Audit provided updates on the management of key business risks. Risk registers and the processes to keep these updated are fully embedded at business unit, departmental and corporate levels, using the Covalent electronic system to manage, review and report risk registers on a quarterly basis. The

Haringey Strategic Partnership risk registers are also managed and reported to the relevant Thematic Boards using the electronic Covalent system.

20.3 Internal Audit reviewed six business unit risk registers as part of the agreed 2010/11 annual audit plan and tested the key controls which management had stated were in place to ensure the controls were in place and effective in managing the identified risks. Only one risk register received a 'limited' assurance rating and an agreed action plan was put in place to address the risks identified.

20.4 Risk management is contained within all the key business and project management processes of the Council. It is a specific requirement of all business plans that all key risks are identified, together with the management controls in place. This ensures that any resource implications are considered at the business planning stage. The Council's project management framework has risk identification and management as one of its core objectives, therefore allowing any key risks to the success of the project to be appropriately managed from the beginning of the project.

21. Assurance from External Inspections

21.1 The CIPFA guidance states that in practice councils are likely to take assurance from the work of Internal Audit when discharging their responsibility for maintaining and reviewing the system of internal control and that external audit and other review agencies and inspectorates are also potential sources of assurance. In formulating the overall opinion on internal control, the Head of Audit and Risk Management took into account the work undertaken by external inspectors.

21.2 The Annual Audit and Inspection letter issued by the Council's external auditors, Grant Thornton, for the year 2009/10 reported that the Council had received an unqualified opinion on its accounts which gave a true and fair view of the Council's affairs as at 31 March 2010. Grant Thornton also issued their annual Value for Money conclusion which confirmed that the Council made proper arrangements to secure economy efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

21.3 While Grant Thornton highlighted that the Council had improved its management arrangements in a number of areas, including data quality, commissioning and procurement and asset management, they also identified four key areas where the Council needed to ensure action was taken, namely that:

- the impact of the changes to local government funding are taken into account in all future plans;
- the Medium Term Financial Strategy is reviewed in the light of the Spending Review and is subject to robust stress testing and sensitivity analysis;
- it continues to emphasise the importance of data quality, including housing benefit information; and
- there is a continued focus on the production of the first IFRS compliant accounts in 2010/11.

21.4 During 2010/11, the Audit Committee also reviewed progress against agreed the action plans for the Housing allocations, lettings and homelessness service re-inspection.

22. Assurance on the Effectiveness of Internal Audit

22.1 In May 2011, a review of the effectiveness of the Council's internal audit arrangements in place during 2010/11 was completed by the London Borough of Camden. The review used the CIPFA Code of Practice, and the council's compliance with the standards required of it, as its basis. The review concluded that Haringey had complied with the Code of Practice and that Internal Audit arrangements were effective.

23. Qualifications to the Head of Audit Opinion

23.1 Internal Audit has unrestricted access to all officers, information, buildings and systems across the Council, a right which is explicit within the Council's Constitution, and has received appropriate co-operation from officers and members.

Annual Report on Internal Audit Activity 2010/11

1. Summary of Internal Audit work

- 1.1 Internal Audit services, excluding the investigation of allegations of fraud and corruption, are provided by Deloitte & Touche. A full report is issued for every planned project in the annual audit plan. The report provides an overall audit opinion according to the seriousness of the findings. In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification given was that applying at the completion of the audit work. In each case, recommendations are agreed with the client for the work and an action plan completed, showing responsible officer and timescales to address the weaknesses identified.
- 1.2 The recommendations made should be sufficient to address all the control weaknesses identified. As long as the recommendations have been implemented as agreed in the action plan, the risks presented should be addressed, and the residual risk would fall. A definition of the overall classification is shown in Table 1 below:

Table 1

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve the system objectives.
Substantial Assurance	There is a basically sound system, but there are weaknesses which put some of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk.
No Assurance	Control is generally weak leaving the system open to significant error or abuse.

- 1.3 For 2010/11 a total of 76 projects, including schools and social services establishment visits, formed the annual audit plan which was approved by the Audit Committee. Internal audit also completed seven assessments against the School Financial Management Standard (FMSiS) prior to its abolition in November 2010. Resources to assist departments with the development and implementation of corporate anti-fraud, risk management and project management arrangements were also delivered, although no reports are issued in these areas. Resources to complete follow up work are also included in the annual audit plan. The results of the follow up reviews were reported separately to the Audit Committee, although no individual reports are issued.
- 1.4 In addition, requests for additional audit work were made during 2010/11 and a further seven projects were completed. Including follow up work completed and resources to support work which did not result in a formal report, Deloitte delivered 94.6% (1088 days) of the planned audit programme (1150 days) by 31 March 2011, which is broadly

in accordance with the contract specification and the agreed local performance indicators which specify a 95% completion rate.

1.5 One project (5 days) was deferred until 2011/12 by agreement with service management and one project (10 days) was cancelled following discussions with service management as external audit were also planning to undertake work in the same area. A summary of the outputs of the remaining project work completed by 31 March 2011 against the planned work is shown at Table 2 below. Of the 83 projects, 79 had been completed to draft or final report stage by 31 March. Three projects were in progress as at 31 March and no draft reports had been issued for these.

Table 2 – Planned project work vs. actual completion rates

	Number of projects planned	Number of final reports issued	Number of draft reports issued	%
Key systems	12	12	0	100%
Other systems	43	38	2	93%
Schools	21	20	1	95%
Additional projects	7	6	0	86%
Total	83	76	3	95%

1.6 Internal Audit performs reviews of the Council's key systems on an annual basis. This is completed in agreement with Grant Thornton, the council's external auditors as part of the managed audit approach to ensure that audit resources are used effectively and duplication of work between internal and external audit is minimised.

1.7 The assurance levels provided for the key systems work is shown in Table 3 below. For comparison purposes, the assurance levels for 2008/09 and 2009/10 are also included.

Table 3 – key systems assurance ratings

Assurance level	2008/09	2009/10	2010/11
Full	2	1	2
Substantial	10	11	10
Limited	0	0	0
Nil	0	0	0
Total	12	12	12

1.8 All audit work is followed up to ensure recommendations have been implemented. The results of the follow up programme are reported separately. The timing and nature of each follow up depends on the risk assessment of the area at the end of the original audit project.

1.9 There are no national or Best Value performance indicators for internal audit work. However, three local performance indicators are reported to the Audit Committee on a quarterly basis. These are in line with current best practice targets across the public sector. Performance of the whole service for 2010/11 is recorded in Table 4 below.

1.10 Internal Audit issues questionnaires on the completion of all key systems and general systems work in order to obtain feedback from the identified client. The average satisfaction rating from the customer evaluation questionnaires received during 2010/11 was 3.75, on a scale where 1 is low and 5 is high.

Table 4 – Local performance measures

Performance indicator	Actual	Target
Audit work delivered against the planned programme of 1150 days (Deloitte & Touche)	94.6%	95%
Time taken to complete investigations by in-house staff (2010/11 referrals)	8 weeks	8 weeks
Priority 1 recommendations (2008/09 projects) implemented at follow up	100%	95%
User satisfaction (1 low, to 5 high)	3.75	3.75

1.11 This level of audit coverage is satisfactory and complies with the 2006 CIPFA Code of Practice for Internal Audit.

2. In-house team – fraud and irregularities

2.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Council's Information Security Policy.

2.2 During 2010/11, a total of 20 investigations were undertaken involving Council employees. The allegations covered a number of issues including fraudulent overtime claims, working whilst off sick and council tax fraud. Table 5 below summarises the investigations completed by department. For comparison purposes, figures for 2008/09 and 2009/10 are included. The table below excludes investigations completed for Homes for Haringey. The 20 cases investigated were all concluded within the 2010/11 financial year.

Table 5 – Investigations by department

Department	Investigations 2008/09	Investigations 2009/10	Investigations 2010/11
Chief Executive – P&OD	0	2	1
Chief Executive – PPP&C	1	1	0
Corporate Resources	4	4	5
Children and Young People's Service	7	6	7
Adults, Culture and Community Services	6	6	4
Urban Environment	7	5	3
Total	25	24	20

- 2.3 The Council's anti-fraud and corruption arrangements are robust, with a clear strategy and detailed fraud response plan in place. Regular reminders regarding expected standards of behaviour and how to report suspected fraud are provided via staff and other newsletters and the council's intranet and website. All referrals are investigated and the investigation team is adequately resourced and trained. Investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts, which are supported by agreed internal procedure manuals.
- 2.4 Operational arrangements are supported by Codes of Conduct, the Employees Disciplinary Code and the Whistle-blowing Policy, which was reviewed and updated in 2008/09. All of these are available via the Council's intranet and website. In addition, the Council has a dedicated email address and telephone number, which is advertised on the Council website. Members of the public can report instances of suspected fraud or irregularity, which can be done anonymously if required. Regular articles are included in the Council's staff and corporate newsletters reminding everyone of the Council's expected standards of behaviour and how to report any concerns regarding fraud and corruption.
- 3. Housing Benefit Counter-fraud**
- 3.1 The function for investigating benefit fraud was transferred to the Audit & Risk Management business unit on 13 December 2010. The HB Fraud Team spent a large proportion of the third quarter 2010/11 processing outstanding claims and identified 128 existing cases which were able to be closed with no identified fraud.
- 3.2 In total, during 2010/11, the HB Fraud Team achieved a total of 21 prosecutions, compared to a total of 16 in 2009/10. Although the capability to apply lower level sanctions will be retained in future years, the team will focus on securing prosecutions and working with Legal Services and other services across the Council to recover money and assets using relevant legislation, including the Fraud Act and Proceeds of Crime Act.

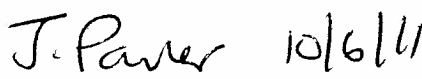
3.3 In 2010/11, the 21 prosecution cases identified a total of £440k in overpaid and fraudulent benefits, of which £106k (24%) has already been recovered and repayment plans are in place for the remaining amounts, with a Proceeds of Crime hearing set for May 2011 for one case (£39k). The team will be working with the HB recovery team and Legal Services to ensure that all options for recovery are considered when fraud has been proven.



Haringey Council
Agenda item:

Corporate Committee

On 20 June 2010

Report Title.	Treasury Management 2010/11 out-turn & Quarter 1 2011/12 update	
Report of:	Director of Corporate Resources	
Signed :	 Julie Parker	
Contact Officer :	Nicola Webb, Head of Finance: Treasury & Pensions Telephone 020 8489 3726	
Wards(s) affected: All	Report for: Noting	
1. Purpose of the report		
1.1	To report to members on treasury management activity and performance during 2010/11 in accordance with the CIPFA Treasury Management Code of Practice.	
1.2	To update members on treasury management activity during the first quarter of 2011/12.	
2. Introduction by Cabinet Member		
2.1	Not applicable.	
3. State link(s) with Council Plan Priorities and actions and /or other Strategies:		
3.1	Not applicable.	
4. Recommendation		
4.1	That Members note the Treasury Management activity and performance during 2010/11 and the first quarter of 2011/12.	

5.	Reason for recommendation
5.1	To ensure members are aware of the Treasury Management activities undertaken during 2010/11 and in the first quarter of 2011/12.
6.	Other options considered
6.1	None.
7.	Summary
7.1	This report sets out the Council's Treasury Management activity and performance during 2010/11 as required by the CIPFA Treasury Management Code of Practice. In addition it provides an update on activity in the first two months of 2011/12.
7.2	During the year £52m of long term borrowing matured and £47m was borrowed. The difference was financed through use of cash balances. The total borrowing at the end of the year was £630.8m. The cash balances averaged £43m during the year and the average interest earned was 0.61%.
8.	Head of Legal Services Comments
8.1	The Head of Legal Services has been consulted on the content of this report and comments that its content is within the policy agreed by Council and is consistent with the purposes of Financial Regulations. There are no specific legal implications arising from the content of the report.
9.	Equalities & Community Cohesion Comments
9.1	There are no equalities issues arising from this report.
10.	Consultation
10.1	Not applicable.
11.	Financial Implications
11.1	The total cost of borrowing during 2010/11 was £42.4m and the interest earned was £261k. This contributed to the £2.2m underspend against debt financing costs reported in the out-turn report to Cabinet on 7 th June 2011. The underspend arose due to the use of internal cash balances in lieu of borrowing. This report shows that £5m of the loans which matured in 2010/11 were not replaced and a significant proportion of the new borrowing was not taken until the end of the financial year. These actions minimised financing costs.
12.	Use of appendices
12.1	Appendix 1 – Summary of 2010/11 Treasury Management Activity & Performance Appendix 2 – 2010/11 Prudential Indicators

13. Local Government (Access to Information) Act 1985

13.1 The following background papers were used in the preparation of this report:

- Financial Planning Report for 2010/11 to 2012/13 reported to Council and agreed on 22nd February 2010.
- Reports to General Purposes Committee dated 28th June 2010, 23rd September 2010 and 11th January 2011.

For access to the background papers or any further information please contact Nicola Webb, Head of Finance: Treasury & Pensions, on 0208 489 3726.

14. Background

14.1 The Council's treasury management activity is underpinned by CIPFA's Treasury Management Code of Practice which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year, including a report reviewing the activity of the previous financial year within six months of it ending. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility for the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

15. Economic and treasury portfolio background in 2010/11

15.1 At the time of determining the Treasury Management Strategy Statement for 2010/11 in February 2010, interest rates were expected to remain low in response to the fragile state of the UK economy. The UK Bank Rate had been cut to 0.5% in March 2009 and had remained at this level throughout 2009/10. This continued throughout 2010/11, as the Bank of England tried to balance lacklustre growth and rising inflation.

15.2 This background meant short term investment rates remained only marginally above 0.5% during 2010/11. As part of the Spending Review in October 2010, the interest rates payable on borrowing from the PWLB increased to 1% above the government's cost of borrowing. This was done with immediate effect for all new borrowing increasing all rates by 0.87%. The Council's existing borrowing was unaffected by this.

- 15.3 The position of the treasury portfolio at the end of the financial year compared to the previous financial year end is shown in the table overleaf. This shows that in total the borrowing and investment positions had not changed significantly by the end of the year. However there was activity during the year as can be seen from the movements in the categories and the sections below describe this in relation to both investments and borrowing.

Treasury Portfolio	Position at 31/03/10 £000	Position at 31/03/11 £000
Borrowing		
PWLB Fixed Maturity	490,811	460,806
PWLB Fixed EIP	0	24,000
PWLB Variable EIP	20,000	18,000
Market loans	125,005	125,000
Other Local authorities	0	3,000
Total External Borrowing	635,816	630,806
Investments		
Fixed Term Deposits	6,100	3,400
Call Accounts	17,006	10,400
Money Market Funds	0	14,235
Total Investments	23,106	28,035

16. Long Term Borrowing

- 16.1 The Council's borrowing requirement for 2010/11 was estimated in February 2010 to be £41m. In addition £52m of loans were due to mature during 2010/11 and required re-financing.
- 16.2 The Prudential Code permits the Council the flexibility to bring forward or defer borrowing in relation to its Capital Financing Requirement. During the year the significant differential between debt costs and investment earnings seen in 2009/10 continued. In order to eliminate the high "cost of carry" associated with the higher cost of long term borrowing compared to temporary investment returns (between 0.5% and 1%), the Council continued to use internal resources in lieu of borrowing for the majority of the financial year. By doing so, the Council maintained a low overall treasury risk during the year, however it was recognised that utilising investments in lieu of borrowing clearly had a finite duration and so liquidity was monitored closely throughout the year.

16.3 The PWLB remained the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide. Loans that offered the best value in an interest rate environment with a large differential between short term and long term rates were PWLB medium term Equal Instalments of Principal (EIP) loans and temporary borrowing from the market.

16.4 The movements on the borrowing portfolio during 2010/11 are summarised below:

	Balance at 01/4/10 £000	Maturing loans £000	New Borrowing £000	Balance at 31/3/2010 £000
PWLB Fixed Maturity	490,811	(50,005)	20,000	460,806
PWLB Fixed EIP	0	0	24,000	24,000
PWLB Variable EIP	20,000	(2,000)	0	18,000
Market loans	125,005	(5)	0	125,000
Other Local Authority	0	0	3,000	3,000
Total borrowing	635,816	(52,010)	47,000	630,806

16.5 £20m of PWLB fixed rate maturity borrowing was taken at the end of August 2010 for 50 years when rates reached their lowest level for 3 years. The rate achieved was 3.92%. In February cash balances had dropped to such a level that the Council's liquidity was at risk and so three EIP loans were taken from the PWLB for 6 years at an average rate of 2.97%. In addition £3m was borrowed from another local authority for a period of one year for 1.35%.

16.6 The Council's borrowing costs were £42.4m in total and the average rate payable on the portfolio had fallen to 6.8% by the end of the financial year.

16.7 In all its borrowing activity, the Council complied with the prudential indicators set for 2010/11. All borrowing decisions, including the decision to use internal balances, were taken following advice from the Council's Treasury Management Advisor, Arlingclose Ltd.

16.8 As a result of the planned reform of Council Housing Finance, the Council is expecting a reduction in debt of £242m. The Communities and Local Government Department proposes to settle this by repaying a proportion of each of the Council's PWLB loans. The treasury management implications of this are being reviewed with the Council's treasury management advisers.

17. Investments – activity and performance in 2010/11

17.1 The Council held average cash balances of £43m during the year. The balances represented working cash balances and the Council's reserves. The Council invested these funds in accordance with the Treasury Management Strategy Statement agreed for 2010/11. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

17.2 The Council's investment priorities set out in the 2010/11 strategy were:

- 1) Security of the invested capital;
- 2) Liquidity of the invested capital;
- 3) An optimum yield which is commensurate with security and liquidity.

The investments placed by the Council during 2010/11 reflected these priorities.

17.3 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long term counterparty rating of A+ across all three rating agencies – Fitch, Standard & Poors and Moody's); credit default swaps; any potential support mechanisms from the UK government and share price.

17.4 The Council has sought to minimise its security risk by setting limits on each institution on the lending list. The Council has complied with all these limits during 2010/11. In addition officers have sought to spread the deposits across the available institutions to further minimise security risk. The table below shows a breakdown of the Council's deposits on 31st March 2011:

Institution	Long Term Credit Rating	Amount (£k)	% of total deposits
Barclays Bank	AA-	3,400	12.1%
Santander UK	AA-	10,400	37.1%
BlackRock Money Market Fund	AAA	2,150	7.7%
JP Morgan Money Market Fund	AAA	500	1.8%
RBS Money Market Fund	AAA	11,585	41.3%
Total		28,035	

17.5 Throughout 2010/11 credit risk scores have been reported to General Purposes Committee, based on a methodology devised by Arlingclose; the Council's treasury management advisers. The scores show credit risk on a scale of 0 to 10 on both a value weighted and a time weighted basis and the table below demonstrates how to interpret the scores:

Above target	AAA to AA+	Score 0 - 2
Target score	AA to A+	Score 3 - 5
Below target	Below A+	Score over 5

17.6 The scores during 2010/11 are shown below:

	Quarter 1 2010/11	Quarter 2 2010/11	Quarter 3 2010/11	Quarter 4 2010/11
Value weighted	2.3	2.7	2.2	2.3
Time weighted	3.6	4.2	1.9	3.5

17.7 Liquidity has been maintained throughout the year through the extensive use of AAA rated money market funds and the instant access account with Santander UK. These investments offered instant access for a rate of return comparable to that achievable on a one month fixed term deposit.

17.8 The table below shows the Council's deposits at 31st March 2011, the term of each of the deposits and calculates the weighted average maturity of the portfolio. Due to the significant use of instant access investments at present, the weighted average maturity at present is very low.

Institution	Days to maturity	Amount (£k)
Barclays Bank	14	3,400
Santander UK	1	10,400
BlackRock Money Market Fund	1	2,150
JP Morgan Money Market Fund	1	500
RBS Money Market Fund	1	11,585
Weighted Average Maturity	2.6	

17.9 £261k of interest was earned on the Council's investments during 2010/11 at an average rate of 0.61%, 0.11% above the Bank of England base rate.

18. Update on Icelandic deposits

18.1 The administration process for Heritable Bank is being undertaken by Ernst and Young in the UK. Their work is directed by the creditors' committee of which the Council is a member. 56% of Heritable deposits have now been returned – this amounts to £11.2m in the case of the Council. The overall expected recovery rate is still expected to be 80-85%.

18.2 In April 2011 the Icelandic District Court ruled that local authority deposits in Landsbanki and Glitnir have priority status. The other creditors have appealed this decision and the appeal will be heard by the Icelandic Supreme Court during 2011. The expected recovery rate of these deposits depends on the outcome of this appeal. The lawyers appointed on behalf of all local authorities are confident about that the outcome will be in favour of local authorities. If priority status is confirmed, then the expected recovery is 95% for Landsbanki and 100% for Glitnir. However if priority status is overturned then the recovery rates are expected to be 38% for Landsbanki and 29% for Glitnir.

19. Compliance with Prudential Code indicators

- 19.1 The Council set prudential indicators for 2010/11 in February 2010. The set of indicators is made up of those which provided an indication of the likely impact of the planned capital programme and those which are limits set on treasury management activity. Appendix 2 sets out the original indicators, the out-turn position for each of the capital indicators and the final year end position on each of the treasury management limits.
- 19.2 Detailed information about the capital expenditure figures can be found in the out-turn report submitted to Cabinet on 7th June 2011. The incremental impact of capital expenditure indicators are showing much lower levels than originally set. The original indicators showed the total Band D Council Tax and weekly housing rent, rather than only the portion related to capital expenditure not supported by grants.
- 19.3 None of the limits on treasury management have been breached in the year. Borrowing is significantly lower than was anticipated when the limits were set, due to the policy of using internal cash balances to fund the capital programme.

20. 2011/12 quarter 1 update

- 20.1 During the first two months of 2011/12 the cash balances have increased in line with the cashflow forecast. Therefore there has been no need to borrow and the total of the borrowing portfolio remains at £630.8m. The average cash balance in the period was £53.3m and the average interest rate earned was 0.67%.
- 20.2 Moody's placed Clydesdale Bank's long term rating on review for possible downgrade in February and in response to this they were immediately suspended from the lending list. There are no outstanding deposits with this bank. Although the rating of it's parent National Bank of Australia has since been downgraded, Clydesdale remains under review by Moody's. For this reason Clydesdale remain suspended.
- 20.3 The table overleaf shows the outstanding deposits at 31st May 2011. It can be seen that significant use is being made of call accounts and money market funds. These offer instant access with a rate only achievable with a fixed term deposit of 2-3 months.

Institution	Long Term Credit Rating	Period to maturity	Amount (£k)	% of total deposits
Nat West Call Account	A+	1	11,130	22.7
Santander UK Call Account	AA-	1	15,400	31.3
BlackRock Money Market Fund	AAA	1	8,020	16.3
Deutsche Money Market Fund	AAA	1	5,600	11.4
Invesco Money Market Fund	AAA	1	400	0.8
RBS Money Market Fund	AAA	1	8,590	17.5
Total			49,140	

- 20.4 The credit scores for the period were 2.58 on a value weighted basis and 1.75 on a time weighted basis. These scores are particularly low because of the instant access nature of the portfolio and the fact around half of the portfolio is invested in AAA rated money market funds.
- 20.5 During May there was one breach of the lending limits agreed by Council in February 2011. For one day the amount invested in the Deutsche Money Market Fund was £130,000 above the maximum allowable limit. It was identified the next day and immediately rectified. Procedures have been reviewed as a result of this to ensure it does not happen again.

Appendix 1: Summary of 2010/11 Treasury Management Activity and Performance

1. Treasury Portfolio 2010/11

	Quarter 4 £000	Quarter 3 £000	Quarter 2 £000	Quarter 1 £000
Long Term Borrowing PWLB	502,806	480,806	520,806	510,811
Long Term Borrowing Market	125,000	125,005	125,005	125,005
Short Term Borrowing	3,000	0	0	0
Total Borrowing	630,806	605,811	645,811	635,816
Investments	28,035	31,720	67,770	87,934
Icelandic deposits in default	26,989	27,928	28,788	30,030
Total Investments	55,024	59,648	96,558	117,964
Net Borrowing position	575,782	546,163	549,253	517,852

2. Security measure 2010/11

	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Credit score – Value weighted	2.3	2.2	2.7	2.3
Credit score – Time weighted	3.5	1.9	4.2	3.6

3. Liquidity measure 2010/11

	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Weighted average maturity: deposits (days)	2.58	1.0	13.8	41.3
Weighted average maturity: borrowing (years)	23.5	23.8	22.6	21.6

4. Yield measure 2010/11

	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Interest rate earned	0.63%	0.63%	0.54%	0.66%
Interest rate payable	6.63%	6.71%	6.78%	7.00%

Appendix 2: 2010/11 Prudential Indicators

No.	Prudential Indicator	2010/11 Indicator		2010/11 Out- turn
CAPITAL INDICATORS				
1	Capital Expenditure	£169,699k		£154,903k
2	Ratio of financing costs to net revenue stream			
	General Fund	4.67%		5.34%
	HRA	33.39%		32.31%
3	Capital Financing Requirement	£718,766k		£716,449k*
4	Incremental impact of capital investment decisions			
	Band D Council Tax	£1,184.32		£8.22
	Weekly Housing rents	£83.20		£0.01
TREASURY MANAGEMENT LIMITS				
5	Authorised Limit	£900,000k		£653,468k
	Operational Boundary	£875,000k		£653,468k
6	Upper limit – fixed rate exposure	100%		97.1%
	Upper limit – variable rate exposure	40%		2.9%
7	Maturity structure of borrowing (U: upper, L: lower)	L	U	
	under 12 months	0%	25%	8.5%
	12 months and within 2 years	0%	25%	7.3%
	2 years and within 5 years	0%	50%	15.9%
	5 years and within 10 years	0%	75%	17.3%
	Over 10 years	0%	100%	51.1%
8	Sums invested for more than 364 days	£60,000k		£0
9	Adoption of CIPFA Treasury Management Code of Practice	√		√

* This figure is excluding operating leases converted to finance leases under IFRS.

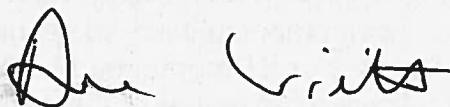
Agenda item:

[No.]**Corporate Committee****20 June 2011**

Report Title. Establishing a Shared Economic Development Service

Report of Anne Lippitt, Interim Director, Place and Sustainability

Signed :

 8/6/2011

Contact Officer : Marc Dorfman, Assistant Director, Planning & Regeneration

Marc.dorfman@haringey.gov.uk

02084895538

Wards(s) affected: ALL

Report for: **Non-Key Decision****1. Purpose of the report**

1.1 To get approval to establish the new Shared Economic Development Service for Haringey and Waltham Forest following the formal consultation with staff and their Trades Unions. The outline service description, and proposed organisational chart and ring fenced recruitment schedule are appended.

2. Introduction by Cabinet Member (if necessary)

2.1. Not applicable

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**3.1 Rethinking Haringey – Outcome 1 Thriving**

Regenerating the borough; creating opportunities for employment and educational attainment; tackling low income and poverty; providing a balance of different types of home which offer quality, affordability and sustainability

3.2 Sustainable Community Strategy outcome – Economic vitality and prosperity shared

by all

3.3 Regeneration Strategy - To put People, Places and Prosperity at the heart of regeneration in Haringey.

4. Recommendations

- 4.1. To agree the ongoing work on developing the new shared service including establishing the service based on the appended organisational structure and ring fenced recruitment process.
- 4.2. To have due regard to the authority's public sector equality duties in relation to the agreement of Recommendation 4.1.
- 4.3. As the Council is currently reviewing its approach on tackling worklessness this report focuses on the core economic development service as set out in the Cabinet report of 8 February 2011. Delivery and Programme Management posts will be covered by a separate report following the review of the approach on tackling worklessness in a future Phase 2 of this reorganisation.
- 4.4. To note that this is a separate restructure to the Planning, Regeneration and Economy (PRE) restructure, but will sit within the PRE service. PRE structure is appended at Appendix 3.

5. Reason for recommendation(s)

- 5.1. Haringey and Waltham Forest Councils have already agreed to develop a shared Economic Development Service – to be established by the summer of 2011. This recommendation will enable ongoing work on creating the service to proceed to schedule and secure the efficiencies and savings outlined in 2011/12.

6. Other options considered

- 6.1. Other options considered were maintaining separate services but these would not deliver the scale of efficiencies needed and will not facilitate greater sub-regional working and linkages.

7. Summary

- 7.1. Haringey and Waltham Forest Councils are working to establish a Shared Economic Development Service which will involve collapsing both current services into a single reconfigured service.
- 7.2. This report sets out the establishment of the new shared service and required proposed changes to the current establishment.
- 7.3. The current establishment includes 20 staff including 3 fixed term posts (after 4 have taken voluntary redundancy) with 9 in the core Economic Regeneration service funded through council revenue, 2 in Programme Management funded

through LDA grant (fixed term) and 9 in current direct delivery teams Families into Work and Employment Action Network funded through ABG and LDA grant plus the Future Jobs Fund Co-ordinator funded through ABG (fixed term.) This report focuses on changes to the core Economic Regeneration service funded through council revenue. Programme Management and delivery teams will be covered by a separate report.

7.4. The proposals for a shared service will see a core shared Economic Development service of 8 posts to cover both boroughs. A proposed ring fenced recruitment schedule to these posts is appended at Appendix 1.

7.5. The shared service reorganisation will sit within the wider PRE service. The proposed PRE structure will consist of the following services:

- Building Control
- Carbon Management and Sustainability Service
- Development Management and Planning Enforcement
- Shared Economic Development Service (with Waltham Forest)
- Business Development and Technical Support

Please see Appendix 3 for the proposed structure.

8. Chief Financial Officer Comments

8.1. The draft budget proposals for 2011-12 assume a £75,000 saving from the creation of a Shared Services model for Economic Development. This is based on the new structure being implemented around June/July 2011 and thus three quarters of the full year saving of £100,000 is achievable. The reductions in post numbers are consistent with this level of saving being achievable, although the exact level of saving will only be known once Jobs have been evaluated.

9. Head of Legal Services Comments

9.1. A decision by the Committee with implications for the staffing establishment of this service can only be taken in principle pending the outcome of statutory consultation with the trades unions and consultation with the staff affected. It is noted that this consultation is yet to commence.

9.2. The decision in principle must pay due regard to the authority's public sector equalities duties, including consideration of the attached equalities impact assessments.

9.3. The carrying out of this proposal must comply with the Council's procedures concerning restructuring. The position of staff who may be displaced as a result of this reorganisation will need to be considered under the terms of the Council's procedures regarding redeployment and redundancy.

10. Head of Procurement Comments – [Required for Procurement Committee]

10.1. Not Applicable

11. Equalities &Community Cohesion Comments

11.1. An Equality Impact Assessment on the shared service re-organisation has been carried out and is appended to this report (Appendix 2).

12. Consultation

12.1. Informal consultations have been undertaken with staff in Economic Regeneration at team meetings in January, February and March 2011

12.2. A formal consultation with staff and trades unions was carried out between 4 April and 6 May 2011 including a formal consultation meeting on 11 April 2011.

12.3. Responses were received from Unison, a collaborative staff response and 2 individual responses relating to the work roles of programme management staff and suggestions for a new post within the delivery team. The main issues raised were around consultations across two boroughs, recruitment to the new service, location, management, possible redundancies, employment rights, funding of the shared service, the future and make up of the delivery team (funding), governance and accountability of the new service.

12.4. The management responses are included in the appended EqIA and also appended at Appendix 4.

13. Service Financial Comments

13.1. As per the Chief Financial Officer comments above. Furthermore, any expenditure incurred in the setting up of the shared service will be contained within the existing revenue budget

14. Use of appendices /Tables and photographs

14.1. Appendix 1 – Shared Service outline

14.2. Appendix 2 – Shared Service Reorganisation EqIA

14.3. Appendix 3 – PRE Structure

14.4. Appendix 4 – Consultation Responses

15. Local Government (Access to Information) Act 1985

15.1. Not Applicable

Appendix 1

A Shared Economic Development Service for Haringey and Waltham Forest

Background

Local authorities are facing substantial spending reductions which will impact on service delivery especially on non-statutory services. Further following Total Place initiatives and the development of the Coalition Government's "Big Society" approach combined with the current efficiency agenda puts shared service delivery in the centre ground of Government policy. No longer can public bodies automatically take the stance that undertaking any activity on a standalone basis is the most cost effective way of going forward. A new Shared Services approach is needed to release efficiencies across the system and support delivery more focused on customer needs. Shared services provide public service organisations with the opportunity to reduce waste and inefficiency by re-using assets and sharing investments with others.

Following agreement at Cabinets in February 2011 work on sharing Economic Development services in both boroughs is progressing.

The Shared Service

Economic Development covers work areas and priorities around employment and skills focussing on tackling worklessness, and attracting investment for business and enterprise with the overall objective of enabling economic prosperity for residents of both boroughs through supporting job creation and local enterprise.

Work programmes and streams covered by a shared economic development service include:

Strategy

- Develop agreed shared strategy and high level outcomes and KPIs
- Implementation and reporting on strategy and outcomes
- Cross-borough partnerships – enterprise, business, employment
- Liaising with and linking sub-regional and regional priorities, initiatives

Tackling Worklessness

- local programme delivery and programme management
- links with the Work Programme
- commissioning and contract management
- external funding
- cross-borough partnerships and delivery
- partnership working with JCP/DWP
- policy and strategy developments and responses
- procurement/contracts and local labour

Working with local businesses

- understand and address skills gaps in the labour market
- broker relationships with private sector businesses to secure job opportunities for local people
- develop and link to local enterprise initiatives
- inward investment

- encourage, support and promote an enterprising culture
- develop business support initiatives leading to job creation
- establishing apprenticeship opportunities
- policy and strategy developments and responses
- procurement/contracts and local businesses

Developing and establishing a social enterprise

- Outsourcing operational delivery of interventions and programmes of activity focussing on tackling worklessness, social inclusion and promoting youth employment initiatives into a new social enterprise.

Location

The Shared Service will have a physical presence in both boroughs with both the Head of Service and Economic Development Manager dividing their times between the boroughs and each borough having access to Economic Development Officers.

Milestones

Phase 1 - Development of service and model via Compatibility Analysis and the Implementation and Engagement Process - January 2011- March 2011

Staff consultation – April/May 2011

Recruitment to Shared Service – July 2011

Phase 2 - Shared Service established with Head of Shared Economic Development Service - August 2011

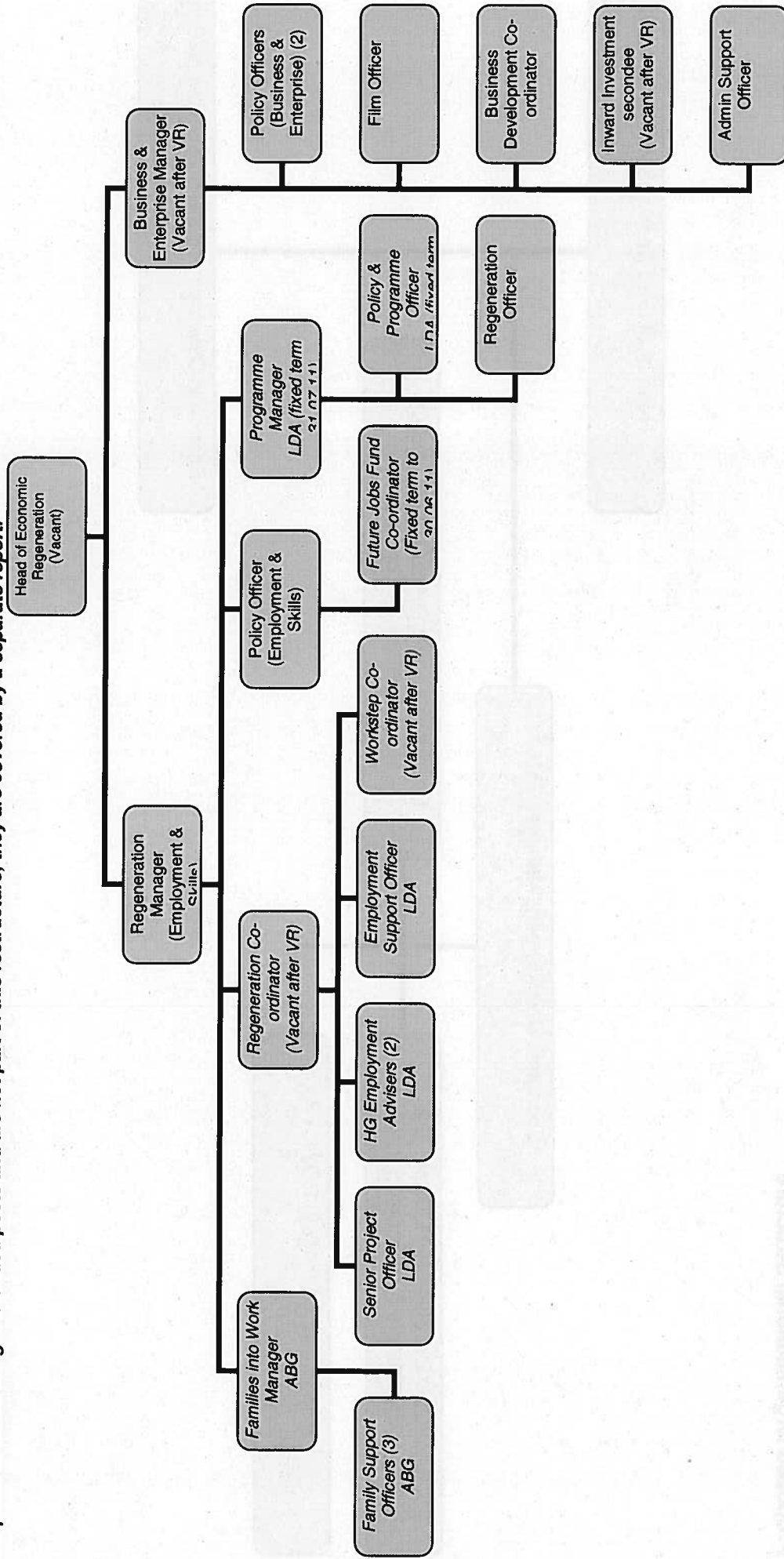
Develop agreed shared strategy and high level outcomes – September 2011

Develop agreed shared KPIs and reporting mechanisms - September 2011

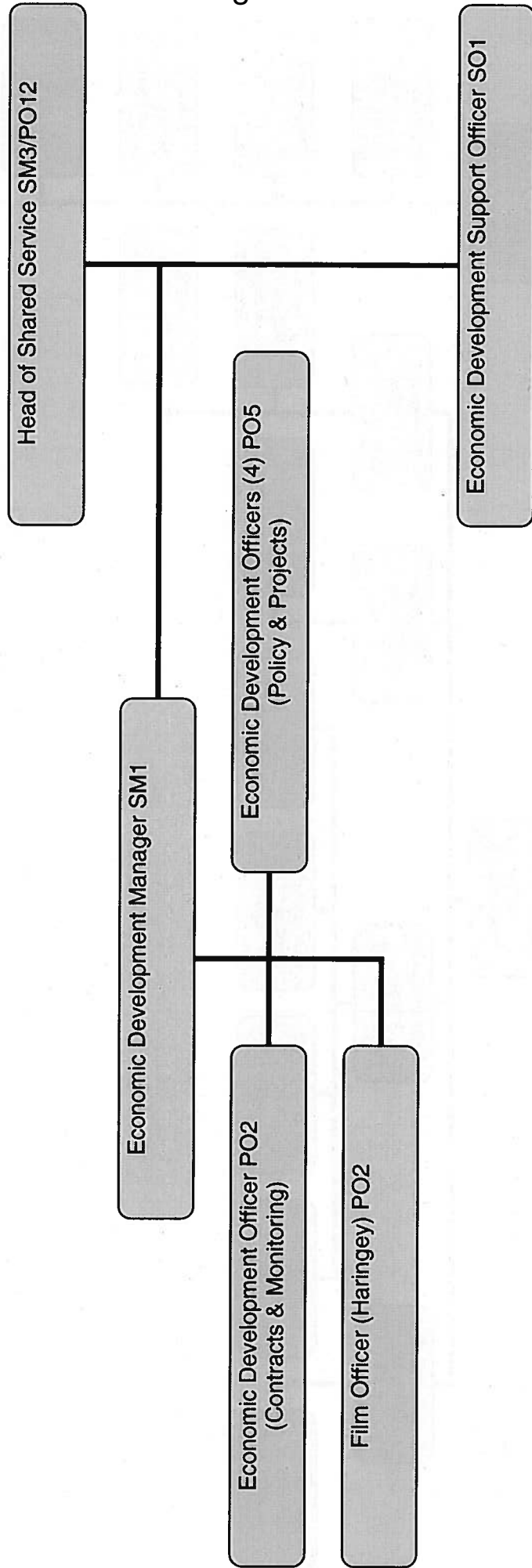
Service work programme agreed – September 2011

Current Economic Regeneration Organisational Chart March 2011

All posts in italics are grant funded posts and are not part of this restructure; they are covered by a separate report.



**Shared Economic Development Service
Proposed Organisational Structure**



Shared Service Costings and Savings**Haringey Economic Regeneration Service Salaries @ June 2011**
(including on-costs pension, national insurance of around 30%)

Regeneration Manager (Employment & Skills)
 Business & Enterprise Manager (Voluntary Redundancy April 2011)
 Policy Officer (Employment & Skills)
 Policy Officer (Business & Enterprise)
 Policy Officer (Business & Enterprise)
 Business Development Co-ordinator
 Regeneration Officer
 Film Officer (funded through film fees)
 Administrator

TOTAL £353004

Waltham Forest Economic Development Service @ June 2011

Head of Economic Development
 Employment Manager
 Project Manager
 Employment & Skills Manager
 Monitoring Officer
 Monitoring Officer

TOTAL £343352

TOTAL Haringey & Waltham Forest Services £694356

Shared Economic Development Service @ August 2011
 (including on-costs pension, national insurance of around 30%)

Joint Head of Service	
Economic Development Manager	
Senior Economic Development Officer	
Senior Economic Development Officer	
Economic Development Officer	
Economic Development Officer	
Regeneration Officer	
Regeneration Support Officer	
Film Officer (Haringey) (funded through film fees)	
TOTAL	£466390
Cost of Service to Boroughs	
Haringey	£233195
Waltham Forest	£233195
TOTAL Savings from Shared Service	£227966



Haringey Council

Proposals For Ring Fenced Recruitment

Head of Shared Economic Development Service	Head of Economic Development (LBWF) Closed Ring Fence
Economic Development Manager	Regeneration Manager (LBH) Closed Ring Fence
Economic Development Officer (Policy & Projects) x 4	Closed ring fence Policy Officers (LBH) x3 Project Manager (LBWF)
Economic Development Officer (Contracts & Monitoring)	Open ring fence Business Development Co-ordinator (LBH) Regeneration Officer (LBH) Employment & Skills Officer (LBWF)
Economic Development Support Officer	Administrator (LBH) Assimilated into post
Film Officer (Haringey)	Film Officer (Haringey) Assimilated into post



Proposals for Rural Partners Development

Head of Economic Development (BWP)	Head of Rural Economic Development
Chief Financial Officer	Investment Services
Registration Manager (BWP)	Economic Development Manager
Chief Risk Officer	Economic Development Officer
Chief of Staff	Policy & Program
Policy Analyst (BWP)	Economic Development Officer
Chief of Staff	Operations & Management
Business Development Co-ordinator (BWP)	Economic Development Officer
Regional Chief of Staff (BWP)	Other
Administrative (BWP)	Economic Development Support
Administrative (BWP)	Other
Chief of Staff (BWP)	Other

Haringey Council

Equalities Impact Assessment (EqIA) for Organisational Restructures

Date: 18 February 2011
Department and service under review: PRE – Economic Regeneration
Lead Officer/s and contact details: Martin Tucker, Regeneration Manager, 0208489 2932
Contact Officer/s (Responsible for actions): Martin Tucker, Regeneration Manager,
Summary of Assessment (completed at conclusion of assessment to be used as equalities comments on council reports)

The Equalities Impact Assessment for service restructures should assess the likely impact of restructuring on protected equalities groups of employees by: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex (gender), sexual orientation.

The assessment is to be completed by the business unit manager with advice from HR. It is to be undertaken by an assessment of the basic employment profile data and then answering a number of questions outlined below.

**PART 1
TO BE COMPLETED DURING THE EARLY STAGES OF CONSULTATION WITH
STAFF/ UNIONS ON THE STRUCTURE**

Step 1 – Aims and Objectives

1. Purpose – What is the main aim of the proposed/new or change to the existing service?

It is proposed to establish a new Shared Economic Development Service for the boroughs of Haringey and Waltham Forest.

2. What are the main benefits and outcomes you hope to achieve?

Shared services between the two boroughs can deliver services at reduced costs in a time of reduced resources.

3. How will you ensure that the benefits/ outcomes are achieved?

The move to a shared service would be a phased process with:

Phase 1 - Development of full business case following Compatibility Analysis and Implementation and Engagement process by March 2011.

Phase 2 – shared joint economic development service with joint Head of Economic Development overseeing the service and strategic commissioning with commissioning leads for each borough and a soft split between commissioning and operational delivery by June 2011

Phase 3 – single strategic commissioning economic development service with operational delivery outsourced into a social enterprise established by December 2011.

The first phase of developing alternative models for delivery will be closer collaborative working between the two borough services with Phase 2 being the establishment of the new shared service. Phase 3 will include the establishment of a social enterprise for operational delivery.

Phase 1 - Development of full business case and model via Compatibility Analysis and the Implementation and Engagement Process

In the last quarter of 2010/11 January – March 2011 work on developing the full business case and model for the shared service based on the approach and

processes set out in the agreed Memorandum of Understanding between Haringey and Waltham Forest on Shared Services will be undertaken.

This work will include a **Compatibility Analysis** – high level evaluation - looking at Strategic Fit, IT systems, Processes, Staff arrangements, Governance, Service standards, Cost Sharing, Risks, and Organisational Arrangements and once this is completed progressing through **the Implementation and Engagement Process** including a full business case and design of the new shared service.

Phase 2 – a Shared Service

This service would see the collapsing of current provision in both boroughs to be replaced by a new slimmer service.

Phase 3 - A Social Enterprise

As local authorities retract and refocus on core statutory services over the next few years it is inevitable that more non-statutory services will be delivered by organisations external to local councils.

Economic development and regeneration is currently and will remain a priority for both boroughs as they recognise the importance of tackling worklessness and supporting local businesses in order to deliver economic prosperity through job creation and enterprise. However in light of changing policy priorities and spending reductions it is not a requirement of local authorities to deliver economic development delivery services themselves and this can be outsourced to a local provider through establishing a new social enterprise based on the operational delivery elements of the shared service in Phase 2.

Step 2 – Current Workforce Information & Likely Impact of your proposals

Note – there is an Excel template that accompanies the EIA Service Restructure template on Harinet. This is to help you complete the tables of staff information and % calculations. You will also find the latest Annual Council Employee Profile on Harinet (based on data for a financial year) to help complete the council and borough profile information. Ask HR if you cannot find it.

1. Are you closing a unit? NO

- If No, go to question 3.

- If Yes, please outline how many staff will be affected broken down by race, sex (gender), age and disability.
- In addition if you have information on the breakdown of your staff by the following characteristics: gender reassignment, pregnancy and maternity, religion or belief, sexual orientation; you must consider the impact on these groups.

2. Can any staff be accommodated elsewhere within the service, business unit or directorate?

- If Yes, identify how many by race, sex, age and disability. And where possible identify the number by gender reassignment, pregnancy and maternity, religion or belief, and sexual orientation.

Race

3. Provide a breakdown of the current service by Grade Group and Racial Group following the format below.

Grade Group	Total Staff in Service	No. of Race Not Declared Staff	% of Service Total	White Staff	% of Service Total	White Other staff	% of Service Total	BME Staff	% of Service Total	BME % in Council	BME% Borough Profile
Sc1-5	0										
Sc6 - SO2	3	0	0	0	0	0	0	3	100	57	
PO1-3	12	0	0	4	33	1	8	7	58	46	
PO4-7	6	0	0	3	50	1	17	2	33	39	
PO8+	2	0	0	1	50	0	0	1	50	19	
TOTAL	23	0	0	8	35	2	9	13	57	54	34.2

4. Highlight any grade groups that are very under represented (10% or more difference) compared with the council profile and where relevant the borough profile.

NONE

5. Do any ring fences disproportionately impact on staff from one ethnic minority group (white, white other, asian, black, mixed race) or Black & Minority Ethnic (BME) staff only?

NO

- If No, go to question 8.
- If Yes, how many of these staff might be displaced?

6. By how much does these staff change the % (percentage) of BME staff in the structure? Show start and end %.

7. Can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

- If Yes, how many and what effect do they have on the BME %? Show start and end %.

Gender

8. Provide a breakdown of the current organisation by Grade Group and Gender breakdown following the format below

Grade Group	Total Staff in Service	No. Male Staff	% of Service Total	No. Female Staff	% of Service Total	% Females in Council	% Females in Borough
Sc1-5							
Sc6 - SO2	3	0	0	3	100	74	
PO1-3	12	4	33	8	67	62	
PO4-7	6	5	83	1	17	64	
PO8+	2	2	100	0	0	52	
TOTAL	23	11	48	12	52	67	50.6

9. Highlight any grade groups that are very under represented (10% or more difference) compared to the % of females/males in the council.

Grades PO4-7 and PO8+ in the service show significant under representation of women compared to the council figures

10. Do any ring fences disproportionately impact on impact on female or male staff?
NO

- If No, go to question 13.
- If Yes, how many female / male staff might be displaced?

11. By how much do these staff change the % (percentage) of female/male staff in the whole structure? Show start and end %.

12. Can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of

flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

- If Yes, how many and what effect do they have on the female/male%? Show start and end %.

Age

13. Provide a breakdown of the current organisation by Grade Group and Age breakdown following the format below

Grade Group	16-24		25-34		35-44		45-54		55-64		65+		TOTAL
	No. Staff	% of Grade Group	No. Staff	% of Grade Group	No. Staff	% of Grade Group	No. Staff	% of Grade Group	No. Staff	% of Grade Group	No. Staff	% of Grade Group	STAFF
Sc1-5													
Sc6 - SO2			1	33					2	67			3
PO1-3			4	33	6	50	2	17					12
PO4-7			3	50	2	33			1	17			6
PO8+							1	50	1	50			2
TOTAL	0	0	8	35	8	35	3	13	4	17			23
Council Profile	138	3	812	18	1124	25	1600	35	831	18	56	1	4561
Borough Profile		13.9		26.6		22.8		15.5		9.5		11.7	

14. Highlight any grade groups with a high level of staff from a particular age group compared to the compared to the council profile.

Staff in the age group 25-34 are almost twice the council profile 35% compared to 18% while staff in age group 45-54 are less than half of the council profile 13% compared to 35%.

15. Do any ring fences disproportionately impact on staff from one age group only? NO

- If No, go to question 18.
- If Yes, how many of these staff might be displaced?

16. Does the displacement of these staff result in no representation of staff from a particular age group within the structure as a whole? NO

17. If Yes, can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

- If Yes, how many and what effect do they have on a particular age group? Show start and end %.

Disability

18. Identify the total number of disabled staff in the service following the format below:

Disabled employees			
Grade Group	No. Staff	% of Grade Group	Council profile
Sc1-5			
Sc6 - SO2			
PO1-3			
PO4-7			
PO8+			
TOTAL	0	0	7%
Borough Profile			7.6%

19. Do any ring fences disproportionately impact on disabled staff? **N/A**

- If No, go to question 21.
- If Yes, how many of these staff might be displaced? Show start and end numbers and %.

20. Can any of these staff be accommodated elsewhere within the proposed new structure or can you amend the structure to accommodate them e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc.?

- If Yes, what effect will this have on the number of disabled staff? Show start and end numbers and %.

21. In addition to the above analysis of race, sex, age and disability you will need to consider the impact on groups with the following characteristics: gender reassignment, pregnancy and maternity, religion or belief, sexual orientation. Please ask HR for help with the data on:

- Gender Reassignment
- Religion/ Belief
- Sexual Orientation
- Maternity & Pregnancy

The Council does not a present monitor in any systematic way by any of these characteristics, so we do not have reliable data on them. However, as part of implementing the Equality Act 2010 in Haringey, the Council's employment related monitoring systems will be updated to include all the characteristics protected by that Act, including Gender Reassignment, Religion/Belief, Sexual Orientation and

Maternity and Pregnancy. This will enable data on these characteristics to be collected across the Council.

22. If you provide services to residents please also identify the potential impact/ issues relating to the change in service delivery as a result of your proposals.

Part of the current Economic Regeneration service, which will be reduced to accommodate the new shared service, focuses on operational delivery of employment & skills interventions and programmes of activity to Haringey residents.

13 of the current staffing establishment are directly involved in this service delivery through the Haringey Guarantee programme. The Haringey Guarantee is externally funded and reductions in that funding will result in reductions in staffing (2 have taken VR) and a reduced programme. However the reduced programme will still maintain its equalities targets and will still predominantly focus on deprived wards and thereby lessen the equality impact. The reduced programme in 2011/12 will be a programme focussed on employment support leading to sustained employment and will include delivery partners with the best strategic fit, best performance, value for money plus local presence and connection – this will include the 4 Star rated EAN based in Northumberland Park combined with the innovative Families into Work project, the successful work placements provision, the NHS led Working for Health focussing on health conditions, IB and disability, and a local job brokerage based in Tottenham with excellent links to BME businesses.

A full Equality Impact Assessment has being undertaken on budget reductions affecting the Haringey Guarantee programme.

Date Part 1 completed - 18 February 2011

**PART 2
TO BE COMPLETED AT THE END OF CONSULTATION WITH STAFF/ UNIONS
ON THE STRUCTURE**

Step 3 – Consultation

Outline below the consultation process you undertook, what issues were raised (especially any relating to the eight equalities characteristics).

Informal consultation discussions took place at Economic Regeneration team meetings in January, February and March 2011.

A formal consultation commenced on 4 April 2001 and ran until 6 May 2011 and included a formal consultation meeting on 11 April 2011.

Responses were received from Unison, a collaborative staff responses and 2 individual responses relating to the work roles of programme management staff and suggestions for a new post within the delivery team.

The main issues raised were around consultations across two boroughs, recruitment to the new service, location, management, possible redundancies, employment rights, funding of the shared service, the future and make up of the delivery team (funding), governance and accountability of the new service.

The management responses are:

Consultations

Both boroughs operate similar policies on reorganisation/restructuring and redeployment and although it was preferred that the consultation in the two boroughs ran simultaneously with both completing in early May. Both boroughs are in agreement to the proposals going forward as an interim measure pending work currently in progress with regards to finalising a Memorandum of Understanding to establish an agreed approach between the two London Boroughs.

Recruitment

Recruitment to the shared service will be in line with Haringey's and LBWF recruitment processes under restructuring policy and a range of support is available to staff through the Haringey Supporting Change programme to support staff in preparing for interviews etc. Recruitment panels will include staff from both boroughs for the shared service but where there are posts dealing with delivery in Haringey panels will comprise solely Haringey staff. Alternative ring fence proposals were submitted regarding posts on the delivery side which will be fully considered when decisions are made about the future of local delivery. Previous open ring fences have now been changed to closed ring fences with the exception of the Economic Development Officer (Contracts & Monitoring) which remains an open ring fence. The job descriptions for respective roles for both boroughs are generic and aligned to reflect the respective grades according to the Borough pay grading structure. It is planned to have the shared service in place by August 2011 with recruitment undertaken in July – normal periods of notice and redeployment will be adhered to for affected staff.

Location

Staff will continue to work from their current locations and attend relevant meetings in the two boroughs. Staff will also be able to work flexibly in both boroughs. Currently staff attend out of borough meetings and this will not change in the shared service.

Management

As this is a new service covering two boroughs there is a need for 2 management posts reflecting the equal role for each authority and the importance of sharing the management responsibilities on strategic and operational areas.

Redundancies/Redeployment

As with other reviews/restructures full council policies apply including the option to apply for voluntary redundancy which would be considered on a case by case basis. Council policy on displacement of staff and redeployment will be fully followed. Costs of redundancies will be borne by the relevant employing authority of any staff displaced. There are currently no part-time staff employed in Economic Regeneration. Current flexible working arrangements will be honoured under the shared service.

Employment Rights

On employment staff currently employed by Haringey will continue to be employed by Haringey if and when appointed to the shared service, disciplinary and grievances will be dealt with by and under a staff member's employing authority. This will be an interim arrangement until the shared service model is established and long term agreements and arrangements on accountability and governance are established. There will also be considerations for secondment opportunities between both boroughs.

Funding

The shared service will be funded by both Haringey and Waltham Forest Councils on an equal 50/50 basis sharing full costs. The length of the agreement between both boroughs, and notice for opting out agreements is currently under review and further consideration.

Delivery Team

The Council are reviewing its approach to tackling worklessness and the future of any programme(s) and staff involved in delivery will be determined following that review. It is likely that this will be accommodated in a future Phase 2 of this reorganisation

Governance and Accountability

Work is ongoing on establishing the shared service model including governance and accountability. This will include agreements on reviews of shared services. Staff in the respective economic development services are and will continue to be employed by the Authority which employed them prior to the (partnership agreement) and are ultimately accountable to their respective Head of Paid service. To the extent that staff make decisions on behalf or for one or the other of the authorities, they do so on the basis of specific or general delegated authority from the relevant Authority.

Step 4 – Address the Impact

1. Are you in a position to make changes to the proposals to reduce the impact on the protected groups e.g. consideration of flexible working or reduced hours including flexible retirement, voluntary reduction of grades, etc. - please specify?

The shared service will deliver greater efficiency and shared resources across the two boroughs. As indicated in section on the current workforce information and likely equality impact on the workforce, the ringfence does not impact disproportionately on groups that have any of the protected characteristics covered in this assessment – race, gender, age and disability. Consequently, none of those protected characteristics will be disproportionately adversely affected compared to their size in the current staff profile.

2. What changes or benefits for staff have been proposed as a result of your consultation?

Changed 2 “open” ring fences to “closed” ring fences

3. If you are not able to make changes – why not and what actions can you take?

The essential structure of the shared service is unchanged in order to deliver the scale of efficiencies needed and facilitate greater sub-regional working and linkages.

4. Do the ringfence and selection methods you have chosen to implement your restructure follow council policy and guidance?

Ringfence and selection methods fully follow council policy and guidance and have been agreed with HR.

5. Will the changes result in a positive/ negative impact for service delivery/ community groups – please explain how?

Establishing a shared economic development service in Haringey and Waltham Forest would look to increase efficiency and reduce costs through delivering a single service across two boroughs. This would not have any negative impact on people from equality groups, promotion of equality in general or promotion of community cohesion.

6. How can you mitigate any negative impact for service users?

Economic development and regeneration is currently and will remain a priority for both boroughs as they recognise the importance of tackling worklessness and supporting local businesses in order to deliver economic prosperity through job creation and enterprise.

- Focus on tackling worklessness by maintaining local delivery, links with Work Programme, commissioning and contract management, external funding, cross-borough partnerships and delivery, partnership working with JCP/DWP, policy and strategy developments and responses.

- Enhanced working with local businesses across two boroughs to understand and address skills gaps in the labour market, broker relationships with private sector businesses to secure job opportunities for local people, develop local enterprise initiatives to encourage, support and promote an enterprising culture, develop business support initiatives leading to job creation, including establishing apprenticeship opportunities.

Date Steps 3 & 4 completed – 31 May 2011

Step 5 – Implementation and Review

1. Following the selection processes and appointment to your new structure are there any adverse impacts on any of the protected groups (the eight equalities characteristics). Please identify these.
2. If there are adverse impacts how will you aim to address these in the future?
3. Identify actions and timescales for implementation and go live of your new service offer.
4. If you are not in a position to go ahead on elements of your action plan – why not and what actions are you going to take?
5. Identify the timescale and actions for review of the restructure to ensure it achieved the expected benefits/ outcomes.

This section will be completed after the proposals have been implemented.

Step 6 – Sign off and publication

There is a legal duty to publish the results of impact assessments. The reason is not simply to comply with the law but to make the whole process and its outcome transparent and have a wider community ownership. You should summarise the results of the assessment and intended actions and publish them.

COMPLETED BY (Contact Officer Responsible for undertaking this EqlA)


NAME: Martin Tucker
DESIGNATION: Regeneration Manager

SIGNATURE: 

DATE: 18 February 2011

QUALITY CHECKED BY (Policy, Equalities & Partnerships,)

NAME: Inno Amadi
DESIGNATION: Senior Policy Development Officer

SIGNATURE: 

DATE: 3 June 2011

SIGNED OFF BY Director/ Assistant Director

NAME:
DESIGNATION:
SIGNATURE:
DATE:

SIGNED OFF BY Chair Directorate Equalities Forum

NAME:
DESIGNATION:
SIGNATURE:
DATE:

Note - Send an electronic copy of the EqIA to equalities@haringey.gov.uk; it will then be published on the council website

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Appendix 4

Shared Economic Development Service Consultation

Informal consultation discussions took place at Economic Regeneration team meetings in January, February and March 2011.

A formal consultation commenced on 4 April 2001 and ran until 6 May 2011 and included a formal consultation meeting on 11 April 2011.

Responses were received from Unison, a collaborative staff response and 2 individual responses relating to the work roles of programme management staff and suggestions for a new post within the delivery team.

The main issues raised were around consultations across two boroughs, recruitment to the new service, location, management, possible redundancies, employment rights, funding of the shared service, the future and make up of the delivery team (funding), governance and accountability of the new service.

The management responses are:

Consultations

Both boroughs operate similar policies on reorganisation/restructuring and redeployment and although it was preferred that the consultation in the two boroughs ran simultaneously with both completing in early May. Both boroughs are in agreement to the proposals going forward as an interim measure pending work currently in progress with regards to finalising a Memorandum of Understanding to establish an agreed approach between the two London Boroughs.

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behalf or for one or the other of the authorities, they do so on the basis of specific or general delegated authority from the relevant Authority.

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