Haringey Council

Corporate Committee

TUESDAY, 27TH SEPTEMBER, 2011 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Amin, Gorrie, Griffith, Jenks, Khan, McNamara, Meehan, Watson, Whyte and Williams

AGENDA

1. APOLOGIES FOR ABSENCE

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 item 17 or 18 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/PETITIONS/QUESTIONS

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

5. MINUTES (PAGES 1 - 28)

To consider the minutes of the Corporate Committee held on the 20th June and 21 July 2011.

6. QUARTERLY PENSION FUND UPDATE (PAGES 29 - 44)

To receive the quarterly Pension Fund update to 30th June 2011.

7. PENSION FUND ANNUAL REPORT AND ACCOUNTS 2010/11 AND ISA 260 AUDIT REPORT (PAGES 45 - 156)

This report presents the audited Pension Fund Annual Report and Accounts for 2010/11 and the Annual Governance Report of the external auditors, Grant Thornton, which reports on their annual audit of the Pension Fund accounts.

8. STATEMENT OF ACCOUNTS 2010/11 AND ISA 260 AUDIT REPORT

This report presents the Council Accounts for 2010/11 and the Annual Governance Report of the external auditors, Grant Thornton, which reports on their annual audit of the Council's accounts. **Report to follow**

9. GRANT THORNTON REPORT ON FINANCIAL RESILIENCE (PAGES 157 - 198)

Grant Thornton's value for money conclusions about the council will be based upon two reporting criteria specified by the Audit Commission. This report provides information on how the council is meeting the first criteria for securing financial resilience.

10. GRANT THORNTON PROGRESS REPORT (PAGES 199 - 200)

Members to note that the attached progress report indicates that Grants Certification Plan 2010-11 is available from the Committee Secretariat Team x2929 upon request as it is not enclosed as part of the agenda pack.

11. TREASURY MANAGEMENT MID YEAR REVIEW (PAGES 201 - 212)

This report updates the Committee on the Council's treasury management activities and performance in the first half of 2011/12 in accordance with the CIPFA Treasury Management Code of Practice.

12. BENEFITS CLAIMS QUALITY ASSURANCE UPDATE (PAGES 213 - 218)

The report updates on the progress of the work undertaken in Benefits and Local Taxation to reduce error rates in benefit claim calculations .

13. INTEGRATION OF BENEFITS, LOCAL TAXATION AND CUSTOMER SERVICES (PAGES 219 - 286)

To consider an overview of the proposed integration and resultant structure of Benefits, Local Taxation and Customer Services.

14. URGENCY DECISIONS (PAGES 287 - 294)

To inform the Corporate Committee of Non Executive decisions taken under urgency.

15. EXCLUSION OF THE PRESS & PUBLIC

Item 16 is likely to be subject of a motion to exclude the press and public from the meeting as it contains exempt information as defined in Section 100a of the Local Government Act 1972; Para 3 - information relating to the business or financial affairs of any particular person (including the authority holding that information).

16. LEISURE MANAGEMENT CONTRACT - PENSION FUNDING ISSUE (PAGES 295 - 302)

Council's approach to the funding of pension costs arising from the TUPE transfer of staff as part of the leisure management contract.

17. ANY NEW ITEMS OF EXEMPT URGENT BUSINESS

18. ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT

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Agenda Item 5

MINUTES OF THE CORPORATE COMMITTEE
MONDAY, 20 JUNE 2011

Councillors	Amin, Gorrie, Griffith, Jenks, Khan, McNamara, Meehan(Chair), Watson, Whyte and Williams
Apologies	None
Also Present:	Kevin Bartle, Julie Parker, Nicola Webb, Anne Woods, Marc Dorfman, Paul Dossett, Roger Melling, Keith Brown, Michael Jones.

MINUTE NO.	SUBJECT/DECISION	ACTON BY
CC01	**APOLOGIES FOR ABSENCE(IF ANY)** There were no apologies for absence received.	
CC02	**URGENT BUSINESS** There were no items of urgent business to be considered.	
CC03	**DECLARATIONS OF INTEREST** 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 admitted bodies of the Pension Fund. There was further personal declaration of interests from Councillors Khan, Whyte, as members of the Council's Pension scheme. Cllr Watson declared a personal interest as a deferred member of the Haringey Pension Scheme.	
CC04	**DEPUTATIONS/PETITION/ QUESTIONS** There were no deputations, petitions or public questions put forward.	
CC05	**MINUTES** The minutes of the following committees were agreed as accurate records: General Purposes 29 March 2011 Special General Purposes 18 April 2011 Special General Purposes 04 May 2011 Audit 19th April 2011 Pensions 12th April 2011	

	Remuneration 14 April 2011 In relation to minutes of the General Purposes held on the 19th May, they were agreed subject to the replacement of the word "cleansing" with "ground maintenance" in resolution v, GPCO 153.	AS
CC06	**CORPORATE TERMS OF REFERENCE & PROTOCOLS** Consideration was given to the Committee's terms of reference which had been agreed at Full Council on the 23 May 2011. It was noted that a minor amendment was required to page 6 sections D. The term "deferred member", was included in error and required replacement with the term "employee representative". This amendment to the terms of reference would proceed to full Council for agreement in July as part of a recommendation from the Constitution Working Group. Section f, of the terms of reference, indicated that amendments to the Corporate Committee's protocols required the agreement of the political groups of the Council. It was agreed that consultation on any changes must also include the Corporate Committee itself and this additional requirement should be reflected in the terms of reference.	AS
CC07	**QUARTERLY PENSION FUND UPDATE INCLUDING INVESTMENT STRATEGY REVIEW UPDATE** In keeping with the Committee's statutory responsibilities, they received an update on the performance of the pension fund and the latest position concerning the review of the investment strategy. This included information on the: investment asset allocation and strategy, investment performance, responsible investment activity, budget management and, late payment of contributions. The Committee were advised that half of the corporate bonds along with UK Gilts had been moved out of the fund and Index Linked Gilts now invested in. This was in line with the requirements of the revised investment strategy previously agreed by the Pensions Committee. The next stage of the revised Investment strategy would involve the recruitment of passive fund managers with an advertisement to be placed in the Official Journal of the European Union. The interview process was expected to commence in early September with an appointment decision expected to be put forward to the Corporate Committee at their next ordinary meeting on September. The Committee noted that investment performance in this quarter was on target with out performance in bonds, property and private equity outweighing underperformance in equities. The Committee further learned that the Pension budget was overspent due to: lower dividend income being received than anticipated, higher lump sums withdrawn from the fund due to additional early retirements and higher than average transfer values paid. TLC was the only employer making late contributions despite monthly reminders of the statutory timescales.	

	Comment was made on the value of the financial service comments in section 11.1 of the report. The Committee was advised that this information was to be regarded in the context of the change in investment strategy which was still quite recent and had involved the key shift in policy of discontinuing with Active fund managers. As part of the previous strategy, Active fund managers were funded to select investments that they believed would perform better than the whole market. This had its merits and drawbacks with excess returns in some areas but underperformance in others. Following extensive research, advice and work by officers and the Pensions working group the decision had been taken by the Pensions Committee to change the direction of the strategy and instead enlist passive fund managers that will hold investments in an index. The Committee noted that passive fund managers do not seek to ~~they cannot~~ select investments that perform better than average, but that they ensure that the ~~but the~~ pension fund ~~can expect to~~ gets the same ~~proportion index~~ rate of return on investments as indicated by the ~~**share index in use**~~ market index they are instructed to follow providing more certainty on the rate of return from investments.	
	It was further explained to the Committee that this was one part of the pension fund structure which had been examined but changes to the remaining part of the pensions fund structure still needed to be addressed. In response to this concern, the Chair recommended re-establishing the Pensions working group which had previously consisted of the 3 non voting members of the Pensions Committee, a Labour and Liberal Democrat member of the Pensions Committee.	HLDMS
	In relation to section 15 of the report which set out the performance of the individual categories of investments compiling the pension fund, a request was made to specify the benchmark/index information the performance was related to provide a better understanding of under or over performance. The Committee noted that this information would be provided in future reports.	NW
	Understanding was sought on the cause for the increased cost to the pension fund incurred by increased redundancies. The reason was that employees accessing redundancy, who were 55 and over, also had access to their benefits from the pension fund.	
	Information was sought on the actions being undertaken to address the late payments being made by TLC, an admitted body, to the pension fund. In response the Committee were advised that this situation was monitored on a monthly basis. These were the only employers making the late contributions to the fund. The interest charge accrued by the organisation was 81pence and therefore it would not be financially beneficial to the Council to charge them interest for their late payments. The Committee were assured that this organisation would continue to be monitored.	

	RESOLVED That the information received in respect of the activity in the quarter to 31 March 2011 be noted.	
CC08	**PENSION FUND GOVERNANCE COMPLIANCE STATEMENT** The Committee were asked to consider an updated draft of the Pension Fund Governance compliance statement. This was in compliance with the Local Government Pension Scheme (Administration Regulations 2008). The compliance statement was attached at appendix one and provided information to the Committee on how the Council were compliant with the statement .Members were further asked to consider the appointment of an independent adviser to the Committee to advise on Pension fund matters. Debate ensued on the appointment of an independent advisor with favourable comments on the previous independent advisors work for the Council. His support was felt to be essential in the revision of the strategy and his attendance at Pension meetings felt to be value for money compared to the fees that were now being put forward for a new appointment. The Committee asked whether the resignation was confirmed and if there was any opportunity to speak to the previous advisor about remaining in post. The Lead Finance Officer advised that confirmation had been received from the independent advisor of his resignation. He had communicated that the reason for his resignation was due to other work commitments held and the feeling that his work with the Council had come to conclusion. However, following the Committee's comments the Lead Finance officer offered to speak with him informally and advise him of the Committee's high regard for his work and ascertain the possibility of him continuing in this role. Notwithstanding this, it was agreed that a letter of thanks should be sent to him from the Council for his services. Going forward with the appointment, it was suggested that there was need to explore the cost of an independent advisor against the duties that he/she would be expected to fulfil. There was a comment about the full advice from the Local Government pension scheme (Administration Regulations 2008) not being appended to the report. Although, the relevant sections of this advice were included in Appendix 1 of the attached report, it was agreed that the full documentation, from which this advice was extracted, would be provided to interested members of the Committee. Following comments from the non voting representatives of pensioners, employees and admitted bodies on the essential contributions of the independent advisor in revising the investment strategy and given that there was more work to be done on the remaining part of the pensions structure, the Chair of the Committee concluded that there was a need to	KB NW NW

	continue with the Pensions Member and Officer working group. Nominations for membership of this group would be sought from the Liberal Democrat Chief Whip .The Corporate Committee would task this group which should provide reports back to the Committee on its work as before.	HLDMS
	It was agreed that recommendations 4.2 and 4.3 regarding the appointment of the independent advisor and the engagement with Crispin Derby to support this appointment process be subject to discussions with the Chair of the Corporate Committee.	NW
	RESOLVED	
	i. That the revised Governance Compliance Statement be approved.	
	ii. That the proposed appointment of an independent adviser to the Committee on Pension Fund matters be the subject of further discussions with the Chair.	NW
	iii. That the proposal to engage with Crispin Derby Limited to support this appoint process be the subject of discussions with the Chair.	NW
CC09	**ACADEMIES – DEFICIT RECOVERY PERIODS**	
	The report explained to members of the Committee how the new school academies were allowed to join the fund as separate employers and as the Council currently had a pension fund deficit, the element of the deficit relating to the school staff would transfer to the Academy. The report put forward options with legal advice for the Committee to consider on the conditions, length and calculation of the deficit recovery period for new Academies joining the Pension Fund as separate employers.	
	In relation to section 9.1 of the report, which indicated a deficit of £665,000 would transfer to Alexandra Park Academy, it was understood that this was limited to non teaching staff.	
	Understanding was sought on what the outcome would be for the Pension fund should an Academy be served notice, ceasing to become financially viable and unable to repay their creditors. In this event, the Committee asked whether it be prudent to have an agreement in place with academies for pension liability. The Committee learnt that, in the eventuality that an Academy folded, the pupils with staff would be transferred to other schools in the borough which were already part of the pension scheme. Therefore the assumption was that the deficit would transfer with the employee. To further plan for this unique eventuality, clarification was sought on whether it would be advisable to consider and consult on a deficit recovery period which was related to the academy funding guarantee period of 7 years. The Committee were	

	advised that this would have an impact on the previous agreement made with Grieg City Academy in which a 20 year deficit recovery period had already been agreed. The Committee also noted that out of 15 other boroughs, 12 boroughs were to consult on a 20 year deficit recovery period. **RESOLVED** i. It be noted that the deficit recovery period for new academies of 20 years is set out in the Funding strategy. ii. That the calculation of deficits transferring to academies be done by applying the Council's funding level at the point of transfer. iii. That a consultation be undertaken with a view to amending the Funding Strategy statement to reflect the possibility of an academy being served notice and to enable assessments of employer covenant to be reflected in deficit recovery periods.	KB KB
CC10	**GRANT THORNTON GRANT REPORT FOR 2009/10** The Committee received a report from Grant Thornton, the Council's appointed external auditors, on its grant certification work .Each year the Council was required to obtain certification for a number of its external grant claims. This was part of the process for the Council continuing to receive subsidy for its benefit claims from DWP. In order for this certification to be provided it involved investigation, analysis and verification of benefit claims processed, by the Council's appointed auditor's .The Committee were asked to consider these findings which provided detail of the Council's overall performance in relation to grant claims. Paul Dossett, of Grant Thornton, explained that Housing and Council Tax Benefit claims were far the most complex in local government. He explained that he DWP will usually take a robust view about errors identified during the audit process. They further 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 was no concept of materiality in assessing errors under the audit regime which governed Grant Thornton's work on this claim. Following on from the certification work completed in 2008/09 and the issues identified, account was given in the 2009/10 certification work to measures taken by the Council to remedy the level of errors in benefit claims. Further work continued in this area and a better performance was expected for the 2010/11. Concern was expressed at the formulation of the report by Grant Thornton as key information was not provided at the start of the report but in the appendices, such as the 50k overspends in budget allocated	

to external audit work, the ratio of cases that contained errors. It was recommended that the key risks to the Council as result of audit findings and the level of risks to subsidy should be at the start of the report. The report needed to more clearly set out how much at risk the council were of not receiving subsidy payments from DWP for benefit claims due to the amendments to claims.

The Director of Corporate Resources explained that there were set thresholds for Councils to comply with for subsidy payments which she would provide a separate short written explanation on .In terms of the 2009/10 there was a lower threshold of £1.3m. If error rates based on extrapolation exceeded this lower threshold the level of subsidy would be reduced. For 2009/10 the council was at risk of being over the threshold. For 2010/11 it was estimated the council was £300k below the threshold.

Other key information important to members was the cost of the remedial action being undertaken by officers to limit benefit claim errors and whether this was a higher cost then the benefit to be accrued by the Council. The Chair of the Committee asked that this cost be kept under review and reported back to the Committee in the returning report in 3 months time. JP

Clarification was sought on the actions being undertaken to address the ratio of benefit claims found to have errors by the external auditors. The Committee noted that training had since been targeted to areas where the most errors had occurred. The errors relating to the inclusion of child benefit income in claims had been dealt with. Appendix A of the cover report set out the actions being taken each year which had helped reduce error levels dramatically. The area of how earned income was calculated was being reviewed to progressively isolate the risk of error. There was further internal audits completed, which showed that error rate was reducing. Focus on this area with the impending reductions in staff in Customer Services & Benefits and Local Taxation would continue. A further internal audit would be undertaken in two months time to assess the continued progress. The rate of progress was key information required by the committee as the number of claims could go up but the rate or error could go down. This was acknowledged and Members asked to keep in mind that the Council had 37500 benefit claims in 2009 and 41500 live cases in 2010. They were further asked to note that the Council received 35000 pieces of paper to process each month concerning benefit claims.

RESOLVED

i. That the management responses contained in the attached action plan be agreed. JP

ii. That a report back on the endeavours to reduce the rate of error in benefit claim processing be reported back to the in 3 month’s JP

	time.	
CC11	**PROGRESS UPDATE** Paul Dossett, of Grant Thornton, introduced their audit progress report for June 2011. This document informed the Committee of their planned work with the Council and the areas which they would be examining. This included the Accounts Audit, value for money work on the arrangements in place for financial resilience, and a review of the Council's progress with introducing Personal Budgets to Adult Social Care users. These findings would be reported back to the Corporate Committee at the September meeting. Also to be reported back, as part of the ISA260 report were , the summaries of the follow up work on :the review of partnership working , workforce management, and review of governance arrangements. Further details of the work on Grant claim certification would also included for information. Understanding was sought on how the areas for external examination were chosen and whether there was an opportunity to examine the Children and Young People's service budget which had overspent in the previous financial year. The Committee noted that the Council's risk register and risk assessment formed the basis of the decisions made on which areas of Council working to audit. The Committee learned that financial resilience encompassed a wide area and would incorporate issues around high spend budgets. The report on financial resilience to Committee in September would also provide the external auditors views on the Council's progress with the medium term budget which Children and Young People would feature in. In addition, internal audit would be completing an audit exercise to review the quarter one financial positions of directorates to provide assurance or raise concerns on whether the budget positions being reflected were based on accurate information. There was also a separate internal audit exercise examining Council expenditure on procurement on an ongoing basis, high spend areas, including those in the Children's services, would provide assurance on compliance with the Council's financial procedure rules and contract standing orders. To keep the Committee up to date with the audit exercises being completed, the Annual Audit Plan, which had been agreed by the Audit at the start of the financial year in April, would be circulated to Corporate Committee members. The dispute among NHS and Charities commission on the consolidation	AW

	of NHS charities into group accounts of an NHS body was highlighted and understanding sought on how this action of consolidation set out in the Audit Accounts memorandum, **which would be relevant to the Alexandra Park and Palace Trust Accounts,** could be taken forward. The were advised by Paul Dossett that CIPFA had yet to resolve its final position on this matter and in turn provide guidance on how relevant charities are to be consolidated into local authority accounts. Therefore it was advisable to await this information, expected in September, before any action was taken. **RESOLVED** That the Audit Progress report be noted.	
CC12	**DRAFT ANNUAL GOVERNANCE STATEMENT 2010/11** The Committee considered the draft Annual Governance Statement which it was responsible for approving as part of its terms of reference. The Council was required to produce an Annual Governance Statement for publication with the Council's annual accounts. This document commented on the Council's governance framework as a whole. It was noted that Corporate Governance encompassed an underlying set of legislative requirements, governance principles and management processes. The comments of the Committee were required on the draft and would be incorporated into the final report, to be considered by the in September along with the accounts. The Audit Committee's previous discussion on the use of consultants and the compliance with contract standing orders was referred to and clarification sought on why this was not further expanded on in the statement. In response, it was noted that there was reference to the 50 system reviews undertaken by internal audit, of which 4 had received limited assurance in paragraph 4.9. A further follow up report on the use of consultants with information on a further audit in this area would be the subject of a report to Committee in July. The Committee noted that the determination of a significant issue to be highlighted in the AGS would be based on the materiality of spend and impact on the Council. However given the reference previously made by Grant Thornton to the issues around the process to recruiting and retaining consultants it was accepted that it was also a matter of judgement about what issues could be viewed as significant. It was recommended that the final draft highlight the changes, deletions and additions to the statement since the previous year. It was agreed that the comments pertaining to limited assurance reports in section 4.9 be expanded upon and further information be included on the issues arising from the Council's use of consultants. **RESOLVED** i. That subject to the above additions the draft Annual Governance	AW

	Statement be approved. ii. That the timescale and processes for approval of the draft Annual Governance Statement be noted	
CC13	**ANNUAL AUDIT REPORT AND ASSURANCE STATEMENT 2010/11** As part of the Committee's terms of reference, they were responsible for considering the annual internal audit report. This report informed members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2010/11 in the Council and contained a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies. The Committee were further asked to note that the 2006 CIPFA Code of Practice required the Head of Audit and Risk management to report on this in order to satisfy the requirements of the CIPFA Code of Practice which were set out in paragraph 15.2 of the report. Appendix A contained the annual report which provided a summary of the internal audit work completed by the Council for the last financial year. The Committee were advised that the Head of Audit and Risk management had unrestricted access to all systems, files, and processes to carry out internal audit duties. Clarification was sought on the methods used for independent assurance on internal controls. The Committee learned that this was done in a combination of ways; through member scrutiny of the key findings of internal audit that were reported on a quarterly basis to the corporate committee, via external audit and on occasions from obtaining the perspectives of other boroughs. In response to a question on the audit of departments and teams completed, the Committee noted that the purpose of the internal audit team was not to specifically audit departments as a whole but investigate and audit systems and processes. A list of previous years' audit work could be provided to interest Councillors, to enable them to cross reference the areas of concern they had in mind. In relation to paragraph 3.3 which outlined the work of the housing benefit team on recovering fraudulent over payments in housing benefit, understanding was sought on the approach taken to benefit recovery. As assumed by the Committee, the team would look at the cases where there was good opportunity for the recovery of funds. The team would also seek court judgements for securing the assets of fraudulent applicants. **RESOLVED** That the content of the annual audit report and assurance statement for	AW

	2010/11 be noted.	
CC14	**TREASURY MANAGEMENT 2010/11 OUT-TURN & QUARTER 1 2011/12 UPDATE** In line with the Committee's terms of reference they received a report on the treasury management activity and performance in 2010/11. They further received an update on the Treasury management activity for the first financial quarter of the 2011/12 year. The Council were continuing with the emphasis of internal borrowing as opposed to external borrowing. The investment balances were considerably invested in Money Market accounts and the Committee learned that the Council had received £11m back from previously invested Icelandic deposits. In April 2011 the Icelandic District court ruled that Local Authority deposits in Landsbanki and Gltnir had priority status but other creditors had challenged this decision. Therefore an Icelandic supreme court hearing was expected in 2011 which would determine the expected rate of recovery of these remaining deposits. Further key information noted by the Committee was that Clydesdale bank had been suspended from the Council's lending list following Moody's review of its long term rating. There had been one breach of £130k of the lending limits .This was for a single day, following which procedures had been reviewed to ensure this was not repeated. Information was sought on the safeguards in place to ensure that the breach in the lending limit did not occur again. The Committee were given assurance that a number of measures were in place to detect when money market funds were close to their limits meaning action was required. There was an alert system in place which managers had access to advising the amounts for investment and the level of management that was required to agree these. The Committee were aware that there was, apart from the ratings available from credit rating agencies, other checks in place to ascertain the credit worthiness of banks and financial organisations, and they asked how these checks had been put to recent use. It was noted that withdrawal of Clydesdale bank and Santander UK from the Councils lending list had arisen from determining creditworthiness as a whole and not relying solely on the credit rating agencies advice. In response to questions on the cost of borrowing from the PWB, it was noted that this was at a good rate of 35per £1000k borrowed. The cost of borrowing from another local authority was less than £100, which was paid in broker fees. In response to the suggestion that cash flow forecasts could be included in the quarterly financial report considered by Cabinet, the lead finance officer advised that this information could be mentioned in the report to	

Cabinet but it was important to note that a lot of issues impacted on these forecasts.

Information was sought on the likely timescales for returning back to the Council the total funds invested with Icelandic banks. In response it was noted that the exact time lines could not be predicted but it was likely to be a matter of years. Officers have subsequently advised it is currently anticipated that if priority status is confirmed, the Glitnir funds would be recovered by the end of 2011 and Landsbanki by 2018. It was important to note that the Heritable position would not be affected by the supreme court judgement, as it is being dealt with under a UK administration process with an estimated recovery rate of 80-85% by the end of 2012, with 56% already received.

	Original deposits	Distributions to date	Outstanding balances	Expected Recovery	Expected Timing
Heritable	£19.8m	£11.2m	£8.6m	80-85%	By end of 2012
Landsbanki	£15.2m	Nil	£15.2m	95% if priority 38% if not	By end of 2018
Glitnir	£2.0m	nil	£2.0m	100% if priority 38% if not	If priority Dec 11; 2015 if not
Total	£37.0m	£11.2m	£25.8m		

RESOLVED

i. That the Treasury management activity and performance during 2010/11 in accordance with the CIPFA Treasury management Code of Practice be noted.

ii. That the Treasury management activity for the first quarter of 2011/12 be noted.

CC15 RESTRUCTURING OF THE PLANNING REGENERATION & ECONOMY SERVICE (PR&E)

The Assistant Director of Planning, Regeneration, and Economy introduced the report which set out the restructuring of his service. A previous report with the principle of the restructure had been agreed by the General Purposes Committee in October 2010. Following consultation and further additional consideration been given to the Rethinking Haringey report ,restructure of urban environment , and work on shared economy service with Waltham Forest(the subject of a separate report) there was to be a reduction of 38 posts in this restructured service. This would be through a deletion of 17 vacant posts, 12 posts through voluntary redundancy, leaving a final reduction of 9 posts by compulsory redundancy. The PRE structure would consist of the following services:

- Building control

- Carbon Management and Sustainability service
- Development Management and Planning Enforcement
- Shared Economic service with Waltham Forest
- Business development and business support.

The service would take on planning enforcement and there would not be a reduction to posts in this related area. It was envisaged that there would be a proactive approach to planning enforcement taken by the Planning part of the service with this seeing Development Management and Planning Enforcement reintegrated. There would be 9 planning officers allocated to dealing with planning applications and 3 to enforcements. However, as part of the new generic way of working for the service all the Planning officers would be expected to deal with applications, enforcement and the tasks that would accompany these such as appeals, letters, public consultation, guidance to applicants and presentations to Committees. The planning officers would work across all the geographical areas of the borough to help build up a wide knowledge of areas together with having responsibility for certain areas of the borough as part of the emerging proposals for Area Committee's and Area Forums.

Some members of the Committee, which had not been on the membership of the General Purposes Committee when an earlier report on this restructure had been considered, sought an understanding of how the proposals for the restructure of the service had been developed and further pointed to the number of responses in the consultation to the restructure which did not correlate to any real change to the proposals. In answer to these questions, the Assistant Director for Planning, Regeneration and Economy explained that following the initial report to in October the service had further been required to seek further savings as part of the Urban Environment restructure, they had looked at having a more efficient base for the service and including Local Development Framework function in the restructure .It had also been necessary to examine the staff that were currently in disparate teams before proposals could be finalised and consulted on. Previous to this there had been discussion with all the teams on the planned restructure of the service dating back 2 years. This had helped ensure that the final restructure proposals were acceptable to staff. Most of the queries received from the consultation were noted to be questions about the restructure and not disagreement with it. These were answered close to the closure date of consultation.

Understanding was sought on the reasoning behind the reduction of 8 physical regeneration posts and how this would work in the new Carbon management and sustainability service. It was noted that the Planning officers taking on these duties would be efficiently deployed across the borough to enable their expertise to be fully utilised.

In answer to how the service would combat the reduction in funding income, there were new government funding initiatives to be announced in October 2011 which the Council would compete for. They would also further utilise on the partnership around regeneration projects to seek

	funding. Justification was sought for the SM graded posts which was to cover Business Development and Technical support. Members noted that this manager was not solely managing back office functions but would deal with frontline technical staff as part of this role. Clarification was sought on how the new teams will deal with developers which are not adhering to planning policy or those developers which will seek to get through the planning process at whatever cost and without real regard to Council's overall planning policies. The Assistant Director for PRE explained that as part of the generic planning job descriptions there would be a reliance on planning policy knowledge and this, together with enforcement duties, would help meet these challenges. Also as part of working in the Area Committee and forum structure planners would build up knowledge of the issues in particular areas. This will enable them to be in a better position to deal with pre application issues. The rational for adding building control to the structure was sought as previously this had been separated from Development Management. It was noted that this was in keeping with the aspiration for the service to distribute an enforcement workload. In considering this report and the forthcoming report on the shared economy service with Waltham Forest, comment was made on whether a shared Planning & Regeneration service was likely to be looked at in future and whether this restructure had been completed with this in mind? Members noted that Planning was not in the list of shared service projects to be looked at with Waltham Forest. It had previously been signalled that there was the potential to look at developmental management, technical control, and planning control as areas of shared service but these was not current projects. There further followed some discussion on how much had been communicated about the Council's plans for shared services , what projects were being taken forward, who would be delivering these services, the communication and working process with Waltham Forest Council to develop these shared service proposals. To further elucidate on the issues raised it was agreed that there should be an update report back to the next Corporate Committee on shared services with Waltham Forest from the Chief Executive's Service. A statement in the equalities impact assessment which described that the impact of the restructure on ethnic groups of staff was not significant was contended with. It was felt that this statement could not be made until the recruitment process was complete and the full impact on certain ethnic groups known. It was noted that the EQIA completed on a restructure was to identify the impacts on Black and Ethnic groups of staff going forward and not meant to be a final conclusion on impact of the restructure on BME groups. In response, it was noted that the Equalities team had approved the Equalities Impact Assessment that was attached to the restructure report. The judgement that there was not	CE

	a significant impact on a particular group was taken from the calculation, that if in the ring fences exercise all BME staff was unsuccessful, then this could drop the percentage of staff from 37% to 32%. It was accepted that this could be subject of interpretation and minor clarifications would be made to the EQIA to reflect the points raised in the discussion that there would be an impact on particular groups as a result of the restructuring proposals. **RESOLVED** i. That the responses to the formal consultation and the management responses to these be noted. ii. That the final restructuring proposal be approved. iii. It be noted that the two phases of recruitment will be: phase one July, recruit to management and assimilations, phase to October 2011, recruit to Carbon management and Sustainability service and completion of recruitment in all other teams. iv. That the amalgamation of environmental resources, transport planning, housing enabling fuel poverty teams together with the existing physical regeneration and policy teams to form a Carbon Management and Sustainability group be noted. v. That the amalgamation of the Planning Enforcement function with Development Management be noted. vi. It be noted that the impending formation of a shared economic development group with Waltham Forest , which was subject of the separate restructure to the Planning , Regeneration and Economy (PRE)restructure ,would be positioned in the PRE service.	MD MD
CC16	**ESTABLISHING A SHARED ECONOMIC SERVICE** Following an earlier report to the General Purposes Committee on the principles of a shared economic service with Waltham Forest Council a further final report was put forward to the Corporate to consider. The Assistant Director for Planning Regeneration and Economy service advised the Committee of an addition to recommendation 4.1. This was that the proposals for the ring fenced recruitment of staff be agreed apart from the Head of Economic Development which was an imminent matter for resolution between the two boroughs. In reference to the Memorandum of Understanding which was being worked on by the two boroughs and would set out the approach to shared services between them, information was sought by the on how	

	this was envisaged to work in practice. This was a similar question to those raised at the meeting of the General Purposes in March and clarification was further sought on: • How issues of location would be resolved • How the savings allocations would be shared • How the agreement would ensure that an equal service is provided to both boroughs – following each boroughs equal economic need for the service. • Apart from the staffing costs, how additional asset costs would be shared. • Employment processes, for example who will be employed by which borough and what would the reporting lines be? In response to the 4th point, the Council initiatives on smart working would mean that there was little asset cost associated with staff location. The Committee were advised that the would be a joint officer board that would be made up of the Assistant Director of Planning, Regeneration and Economy and his equivalent in Waltham Forest that would meet and to discuss and take forward on the Shared economic projects and policy . They would report to a joint HSP Enterprise board. In response to the remaining points these could be answered in the Chief Executives report to the on Shared Services. This report should also include further details of the costs of the service and provide an overall understanding of how shared services were envisaged to operate. In response to question on why the Economy service was taken forward as a shared service, it was noted that this was a policy decision taken by the Cabinet in February and the Corporate Committee were now being asked as the appropriate non executive to make the staffing decision on this policy decision. **RESOLVED** That a further report which responds to the above mentioned points be considered at the Special Corporate Committee planned for the 3rd week in July.	MD
CC17	**EXEMPT ITEMS OF BUSINESS** None received	
CC18	**EXEMPT MINUTES** The Committee received 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 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 It was agreed that unless there were specific issues which require this parent's Committee's attention the minutes of the Special Committee's, and Disciplinary Hearings do not need to be received by the Corporate Committee. This was because the decisions relating to senior staffing recruitment or dismissal of staff had already been taken and the Committee would not have the power to overturn them. It was noted that the minutes of the public part of the meetings were published on the website following approval by the relevant Chair. The minutes of the Audit, General Purpose's, Remuneration and Pensions would no longer require approval as their business had now been concluded as part of the new governance arrangements.	AS
CC19	**NEW ITEMS OF URGENT EXEMPT BUSINESS** NONE	

Cllr George Meehan

Chair

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MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 21 JULY 2011

Councillors Meehan, Amin, Griffith, Watson, Whyte, Jenks, Khan

Apologies Councillor Gorrie , McNamara and Williams

Also Present: Councillor Solomon, Allison, and Diakides

MINUTE NO.	SUBJECT/DECISION	ACTON BY
CC20	**APOLOGIES FOR ABSENCE** Apologies for absence were received from Cllr McNamara, Cllr Gorrie and Cllr Williams. Attending in their place as substitutes were Cllr Allison, Cllr Solomon and Cllr Diakides. The substitutes had been properly appointed according to Committee procedure rules 49, 50 and 51. Apologies were also received from the non voting members of the Committee: Keith Brown, Roger Melling and Michael Jones.	
CC21	**URGENT BUSINESS** There were no items of urgent business.	
CC22	**DECLARATIONS OF INTERESTS** There were no declarations of interest put forward.	
CC23	**DEPUTATIONS/PETITION/ QUESTIONS** No deputations were received. The Chair had agreed that written comments from UNISON concerning Agenda item 5, Shared Services Preferred Partnership with the London Borough of Waltham Forest, be considered with this report.	
CC24	**SHARED SERVICES PREFERRED PARTNERSHIP WITH LONDON BOROUGH OF WALTHAM FOREST - UPDATE REPORT** The Corporate Committee received an update on the development and implementation of the Shared Services Preferred Partnership with the London Borough of Waltham Forest. A Memorandum of Understanding had been agreed between the two boroughs in December 2010. Members of the Committee were pointed to paragraph 7.2.1 of the report which set out the criteria being followed to assess whether a service was suitable for the two boroughs to share. Paragraph 7.3.1 outlined the services actively being assessed as viable for a shared service. Finally paragraph 7.71 listed the employment issues being addressed. These	

	were pertinent to the remit of this Committee and officers were working on an employment protocol which would include proposals for how these issues could be taken forward.	
	The Assistant Chief Executive agreed to provide a written response on the following points raised by Committee Members:	ACE
	1. The direct cost of facilitating the shared service project, in terms of officer time, in comparison to the savings to be made. Information was also sought on the in- house cost of the project team. In the main, Council project management staff was undertaking this work with expert advice sought when needed. However further clarification on the costs in response to this point would be provided. 2. If the Council had identified an independent arbitrator? 3. If written notice was received for terminating the MOU, what would be the timeframe for implementing this? 4. More clarity on the governance arrangements and how decisions are to be made on which services to share. 5. More information on the business case analysis on sharing of communications and legal services which had shown that these two services were not suitable as a fully shared service. This conclusion did not rule out sharing elements of the service. 6. Information on existing joint ventures with Waltham Forest on the commissioning of goods and services.	
	Understanding was sought on why bigger service areas with a potential for higher financial cost benefit to both boroughs, were not being explored? The Assistant Chief Executive explained, it had been the experience, that when other partnership boroughs had tackled large scale projects together, at the early part of their relationship, they had faced issues with working together. The approach to partnership working, being taken by both boroughs, was to initially prove the concept of working together. This was through looking at how both boroughs' management will work together and developing internal working relationships.	
	In response to questions about the commitment of both Councils to shared working when a clause was included to terminate the MOU at the time of the local elections in 2014, the Committee noted that the overall aim was to have a long term partnership agreement. The two Councils would be seeking to share services that were broadly aligned as set out in paragraph 7.2.1. The MOU had the exit clauses to accommodate any eventuality but the MOU also included the flexibility for the partnership to continue working in the long term. Both Councils were committed to only sharing services which had a cost benefit to both parties. If in the event that both boroughs wanted to terminate the MOU, this would be after a	

	comprehensive review. The Committee asked if there was an overall timeline for identifying, investigating and implementing the chosen individual areas of shared service and what current performance was against this. This was following changes seen to the timelines for the shared service project on school meals and changes to the original list, considered at Cabinet in December, on the services to be shared. Members were asked to note that page 20 of the report onwards set out how the criteria had been applied and where following investigation there was seen to be scope, or not, for taking forward a shared service. There was not an overall timescale being adhered to as such each shared service project had its own timeline. Certain projects involved sharing senior staff and practices such as in Organisational Development, where there were management vacancies at Waltham Forest, and in HR where there was opportunity to share processes such as payroll, recruitment and the HR matrix. There was some funding provided by Capital Ambition to support the running of the projects .The conditions attached to this funding was for the council to share widely the progress of their shared service projects.	
	Following this discussion, and taking account of the responsibility the Committee would have for making future employment related decisions connected to the implementation of the shared service projects, the Chair felt the Committee should receive a regular update report on the progress of services to be shared with Waltham Forest. This would start from the next meeting and be considered alongside a key report about the employment protocol.	ACE
	In responding to the trade union comments on the consultation process, the Assistant Chief Executive stated that both boroughs would need to give careful consideration to how change is implemented. There was the expectation that both borough's trade unions could work together on this and share ideas .The Assistant Chief Executive gave assurance that both borough's trade unions would be key part of the consultation process.	
	The Chair advised officers that he expected any changes to the protocols concerning Member level appointments to be considered by the Corporate Committee. There was also a need to provide clarification on the staff terms and conditions to be applied to employee working in a shared service as Waltham Forest had a dissimilar arrangements. The Chair made clear that it would not be acceptable to add directors to Council structure through the guise of shared services, having just agreed a number of reductions in senior management posts in Haringey.	ACE
	Understanding was sought on whether the Memorandum of Understanding agreement included both boroughs' ALMO's (Arms Length Management Organisations) working together on shared projects. The Chair understood that discussions had taken place	Chair

	between both boroughs ALMO's and he would be seeking an update from the Chief Executive of Homes for Haringey on this and proposing a report to the Committee if required. **RESOLVED** i. That the report be noted. ii. That a written response be provided by the Assistant Chief Executive to Members of the Committee on the points outlined, in 1-6. iii. That an update report be considered at the next meeting on September 27th 2011. iv. That a report on the Employment Protocol be considered at a future meeting.	 ACE ACE ACE
CC25	**INTEGRATION OF BENEFITS, LOCAL TAXATION AND CUSTOMER SERVICE INTEGRATION RESTRUCTURE** It was noted that 60% of enquiries to Customers Services were benefits and local taxation related. The proposals for the integration of these two services offered the opportunity to add back office expertise to the frontline contact with customers and improve the initial contact with the customer. This would limit the costs associated with passing information from the front line to the back office and not resolving the enquiry/contact at the first point. Following the integration of the two services and further to some staff taking up voluntary redundancy, there would be a displacement of 14 employees. An illustration of the proposed new restructure was set out in Appendix 4 for the Committee to consider. It was clarified that under the new structure changes to circumstances could be reported to the Council by telephone contact as well as in person at the Customer Service Centres. Understanding was sought on whether support with benefit claims included both Council and Housing Benefit. It was reported that the restructure of the service had been done with the customer perspective in mind and the service was aware of the need to seek an update to a housing benefit claim as well as receiving information on a Council tax claim where required. In response to a question about the future of the service and whether the restructure was being completed with a prospect of a shared service in mind, it was noted that there were no plans to share this service with Waltham Forest. The main focus of the service was to improve the servicing of calls. Information was sought on the latest status of the Council's relationship with the Citizens Advice Bureau, a key local service which received benefit queries from residents. It was noted that the good links with this service were maintained with meetings and information shared. In response, to an individual's experience of a query taking a number of months to resolve, there were some exceptional and complex cases	

	where sometimes an immediate resolution could not be reached. In proposing to the Committee that the recommendations of the report be agreed, the Chair asked that the follow up report in September include information on: how the individual services/teams in Benefits and Local Taxation and Customer Services were being joined up, how services will be delivered and what is expected to be achieved from the integration and restructure. **RESOLVED** i. That the overview of the current and proposed shape of the service set out in appendices 2, 3, and 4 be noted. ii. The rationale and key elements of the proposed integration were endorsed. iii. That following the completion of consultation the proposals contained in the report for the integration of Benefits, Local Taxation and Customer services is the subject of a further report to the Corporate Committee for final decision.	HCS& BLT HCS& BLT
CC26	**USE OF CONSULTANTS - FOLLOW-UP INTERNAL AUDIT REPORT** A follow up audit had been completed to check that all required documentation to recruit and employ a consultant was in place for all consultants in employment with the Council. The Council had not been fully compliant with this policy, at the time the attached report had been distributed to Members but now were. The Committee noted the SAP system had been updated to ensure that consultants without a contract in place would not be paid. The Chair and Chief Executive had spoken with the services that had some documentation outstanding, at the time of distribution of the report, to underline the priority to this policy. Clarification was sought on whether the audit had included employees contracted to work for the Council that were self employed. It was confirmed that these employees had been considered within the consultancy scope. This was because they could pose a risk to the Council, for example, if they gave bad advice and had no appropriate contract and/or insurance cover in place to mitigate the risk. Nonetheless, the chair recommended the need to monitor the classifications around employee terms to ensure that different definitions of the term consultant could not be used to get round the compliance to the Council's agreed policy on the appointment of consultants. It was suggested that the Committee could receive a 6 monthly report on the Council's use of consultants and other employees that were contracted to work for the council. Following a question on the number of consultants currently providing services to the Council, it was noted that there were a total of 13 consultants .There had been 52 in place in November 2010, at the time of the original audit, and 18 in place in April 2011 at the time of the last Audit Committee.	ACE

	There was comment about the negative perception of consultants and the need to keep in mind that they can also assist with risk reduction as well as a saving the Council money with the expertise and experience which they may provide when this is not readily available in the Council. However it was also acknowledged the need to ensure that when this expertise was employed it was in the short term or for the time required and contracts were not automatically renewed without a reason or approval. **RESOLVED** i. That the report be noted ii. That there are six monthly reports to the Corporate Committee on the use of consultants and contractors.	ACE
CC27	**CORPORATE RISK MANAGEMENT POLICY AND STRATEGY 2011-12 AND CORPORATE RISK REGISTER JUNE 2011** Members of the Committee were asked to consider the latest version of the Corporate Risk Management Policy and Strategy for 2011-12 and Corporate Risk Register June 2011. As agreed at the previous Committee meeting the changes to the policy were highlighted for consideration. The process and system for recording and monitoring risks was outlined as well as the latest version of the corporate risk register for member consideration and comment. Reference was made to the risk concerning the lack of safety and well being for clients within child protection services. It was questioned whether the salary for the Director of Children and Young People's services could now be justified given the rag status of this risks was at amber instead of red. Understanding was sought on the factors considered in the assessment of this risk as although the positive developments for the service were recorded there was a still a high scoring attached to the residual risk score. It was explained that, although a degree of calculation was required in the assessment of risk, this was also mainly a judgement call. The service was still subject to a lot of external assessments and because of this the Council's Management Board had agreed that the risk rating should remain high. Covalent was the electronic system used by business units to record risks. Understanding was sought on Internal audit's role in managing this process and monitoring whether risks were being input on the system and the actions identified, to manage the risks, being taken. The Committee noted that the accountability and ultimate responsibility for risks listed in the risk register lay with individual directorates. Internal audit would use a range of sources to check what had been included in the risk register and would look at how the actions relating to managing the risk can form part of an internal audit review when needed. Assurance was sought, from the Lead Officer for Finance, representing	

	the Section 151 Officer, that business units were compiling their risk registers in accordance with the risk management policy. This was given and explained to the Committee that the absolute responsibility for each directorate's business units risk register lay with the director of the service, and assurance was given that this was not done lightly. It was in the director's interest to ensure that all risks were included in the risk register as they would need to confirm this each year as part of the assurance process for completing the Annual Governance Statement by physically signing off their department's assessment of risks and providing this to the Head of Audit and Risk Management. It was confirmed that every business unit had a risk register in place and the Management Board of the Council reviewed the corporate risk register on a quarterly basis. **RESOLVED** i. That the updated Corporate Risk Management Policy and Strategy be approved. ii. That the information on the appended Corporate Risk Register be noted.	
CC28	**INTERNAL AUDIT PROGRESS REPORT - 2011/12 QUARTER 1** The Committee were provided with information on the internal audits completed in the first quarter on the 2011/12 financial year by Deloitte and Touche on behalf of the council, progress with implementing outstanding internal audit recommendations (with particular attention to priority one recommendations) details of investigative work undertaken relating to fraud and an update on the progress of disciplinary actions being taken by the Council. The low number of internal audits completed in the first quarter was questioned. Members noted that this was not unusual as the auditors would be completing work from the final quarter of the last financial year and undertaking a number of planning meetings to prepare the audits to be completed over the coming financial year. The forthcoming three quarters of the financial year would see a higher number of audits being completed .The Committee were also asked to take account of the implementation of the re-organisation of the Council which had been done in this first quarter. Some audit work had to be deferred to allow business units time to reorganise themselves. The Committee noted that Deloitte and Touche, the Council's internal auditors, did not receive advance payments for their service but were paid following the completion of each audit. In relation to the information considered on staff disciplinary action, the Committee commented on the average number of days that employees were suspended pending their disciplinary hearing. There was three significantly long staff suspensions listed. The Assistant Chief Executive provided assurance that he had examined these three cases in detail and was satisfied that the appropriate actions were being taken. The reasons for the suspensions themselves were quite exceptional and the	

	investigations involved seeking information from external sources. In reference to the number of suspensions related to behaviour, understanding was sought on the types of cases that fitted this category. The Assistant Chief Executive agreed to provide Committee Members with some examples of this. In response to a comment about progression of health and safety issues at a time of change in the organisation, the Committee noted that there was a health and safety forum in place which had this monitoring role. There was a question on whether the Council recorded how many employees sued the Council. It was reported that periodically Legal and HR would review this and look at whether there are any lessons to be learned. They would then add any relevant advice to management training procedures. It was noted that the Council would pursue costs where there was no prospect of a settlement. **RESOLVED** i. That the audit coverage and progress during the first quarter 2011/12 be noted. ii. That the progress and responses received in respect of outstanding audit recommendations be noted. The Committee confirmed that actions taken during the first quarter to address the outstanding recommendations were appropriate.	ACE
CC29	**SHARED ECONOMIC SERVICE** A report which contained updated recommendations on the staffing elements of establishing a shared economic service between the London Boroughs of Waltham Forest and Haringey was considered by the Committee. After discounting externally funded posts, between both boroughs there were 14 employees in posts. The resultant structure would see 5 employees redeployed or face compulsory redundancy. It was proposed that the Head of Economic Development in Waltham Forest, a former employee in Haringey, would be seconded to Haringey for 6 months as Interim Head of Shared Economic Development service to establish the service and develop the service for both boroughs. The proposals for the ring fenced recruitment into these posts were set out on the final page of appendix 1. It was clarified that the pay and conditions of each staff member would be based on who their employing authority was (this was the local authority that employed them prior to the partnership agreement). This was an interim arrangement until the details of employment protocol were finalised and agreed by both boroughs. This arrangement also allowed for employees and managers to split back to their own respective boroughs if after six months they were not able to wok	

together. However the shared service was aiming to build upon existing working relationships. The two boroughs economic teams had already worked closely together on the Youth Enterprise bid, Regional Growth bid, and on bids for town centres. Employees in the new structure would be expected to hot desk and work in both boroughs

The grade of the Head of the Shared Economic Service was questioned and clarification provided on the duties that would be involved in this post to warrant this grade. Members noted the essential responsibility this post holder had for making the shared service work and delivering a local enterprise that would include other neighbouring boroughs. The grade of this post was decided by examining similar posts in other boroughs, and evaluating the duties that would be involved. Both boroughs operated the same HR policy of allowing an employee to be slotted into a post where it was one grade higher or one grade lower than their existing post. This policy allowed or the Head of Economic Development at Waltham Forest to be slotted into this post for a six month secondment. It was noted that the Head of Economy post was currently vacant in Haringey.

A question was asked about the work implications for both boroughs respective directors for overseeing the development and delivery of the shared service. Members were advised that, in the short term the work for establishing a social enterprise would be intensive. Also during this early period, both boroughs directors would need to ensure that their aspirations for the economic service were aligned as there would be fewer posts to deliver them.

RESOLVED

i. That the ongoing work on developing the new shared service including establishing the service based on the appended organisational structure and ring fenced recruitment process be agreed. — AD PRE

ii. That the Head of Economic Development in Waltham Forest be seconded to Haringey for 6 months as Interim Head of Shared Economic Development Service to establish the service and develop the service offer for both boroughs including accountability and location. — AD PRE

iii. That recruitment to the posts below the head of service including Economic Development manager proceeds as set out in ring fence recruitment schedule in appendix 1. — AD PRE

iv. Due regard is given to the authority’s public sector equality duties in relation to the agreement of Recommendation 4.1.

v. That it be noted the Council is currently reviewing its approach to tackling worklessness and the attached report focussed on the core economic development service as set out in the Cabinet report of the 08th February 2011. Delivery and Programme

	management Posts were covered by a separate report and process. vi. That it be noted that this is a separate restructure to the Planning, Regeneration and Economy (PRE) restructure agreed at the Committee's meeting in June but will sit within the PRE Service.	

Cllr George Meehan

Chair

Agenda Item 6

Haringey Council

Report for:	Corporate Committee	**Item number**	

Title:	Pension Fund quarterly update

Report authorised by :	Director of Corporate Resources

Lead Officer:	Nicola Webb, Head of Finance – Treasury & Pensions nicola.webb@haringey.gov.uk 020 8489 3726

Ward(s) affected: N/A	**Report for** Non Key Decision

1. Describe the issue under consideration

1.1 To report the following in respect of the quarter to 30th June 2011:

- Investment asset allocation
- Investment performance
- Responsible investment activity
- Budget management
- Late payment of contributions
- Reform of Local Government Pension Scheme Update
- Annual Administration Update

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That the information provided in respect of the activity in the quarter to 30th June 2011 is noted.

4. Other options considered

4.1 None.

Haringey Council

5. Background information

5.1 This report is produced on a quarterly basis to update the Committee on a number of Pension Fund issues. The Local Government Pension Scheme Regulations require the Committee to review investment performance on a quarterly basis and sections 13 and 14 provide the information for this. Appendix 1 shows the targets which have been agreed with the fund managers.

5.2 The Pension Fund has a responsible investment policy and section 15 of this report monitors action taken in line with it. The remainder of the report covers various issues which the Committee or it's predecessor body have requested they receive regular updates on.

6. Comments of the Chief Financial Officer and financial Implications

6.1 Volatility in the value of the Pension Fund's investments is to be expected due to the high proportion invested in equities. This volatility will not impact on the employer contribution rate payable, as the Fund Actuary takes a long term view of the Fund.

6.2 The reduction in contributions receivable and increase in pensions payable, which have followed the reduction in staff numbers at the Council means that unlike previous years, the Pension Fund is not expected to generate a surplus of contributions over benefits payable. A breakeven position is expected however, so this is not expected to impact on the investment strategy.

7. Head of Legal Services and Legal Implications

7.1 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.

8. Equalities and Community Cohesion Comments

8.1 There are no equalities issues arising from this report.

9. Head of Procurement Comments

9.1 Not applicable

10. Policy Implications

10.1 None.

11. Use of Appendices

11.1 Appendix 1: Benchmark and Target information

Appendix 2: Reform of the Local Government Pension Scheme Update

12. Local Government (Access to Information) Act 1985

12.1 Northern Trust performance monitoring reports
Fund Managers' Quarterly investment reports
Local Authority Pension Fund Forum bulletins

13. Investment Update

13.1 Fund Holdings at 30th June 2011

	Market Value £000		% of Fund
UK Equities		192,791	26.5%
held in individual shares	33,914		
held in pooled funds	158,877		
Overseas Equities		258,225	35.6%
held in individual shares	93,866		
held in pooled funds	164,359		
Index linked Gilts		106,460	14.6%
held in individual shares	46,036		
held in pooled funds	60,424		
Corporate Bonds		25,940	3.6%
held in pooled funds	25,940		
Property	51,732		7.1%
Private Equity	26,051		3.6%
Cash		65,677	9.0%
held by Fund Managers	6,676		
held in-house	59,001		
TOTAL		726,876	

13.2 Since 30th June 2011, there has been significant volatility in global stock markets. The value of the Fund varies on a daily basis, and on 6th September 2011 had fallen £54m to £673m.

14. Investment Performance Update: to 30th June 2011

Haringey Council

Appendix 1 provides details of the benchmarks and targets the fund managers have been set.

14.1 Whole Fund

	Return	Benchmark	Target	(Under)/Out
Quarter	1.71	1.74	2.15	(0.44)
Year	18.20	18.76	20.40	(2.20)
Since 01/04/07	2.41	4.31	5.95	(3.54)

- Total Value at 30/06/11: £726.9m
- Following last quarter's on target performance, this quarter returned to underperformance mainly due to the actively managed equity portfolios.

14.2 Fidelity Equities

	Return	Benchmark	Target	(Under)/Out
Quarter	0.57	1.17	1.60	(1.03)
Year	20.93	22.46	24.16	(3.23)
Since 01/04/07	4.27	4.49	6.19	(1.92)

- Total Value at 30/06/11: £154.3m
- Outperformance in Japan and Europe was more than offset by underperformance in all other regions.

14.3 Fidelity Bonds

	Return	Benchmark	Target	(Under)/Out
Quarter	4.06	3.44	3.59	0.47
Year	8.87	6.73	7.33	1.54
Since 01/04/07	8.06	6.48	7.08	0.98

- Total Value at 30/06/11: £86.4m
- During the quarter Pensions Committee's decision to move all UK gilts and half of corporate bonds into Index Linked gilts was implemented. As a result Fidelity now hold 70% of their portfolio in Index linked gilts and the remainder in corporate bonds. The outperformance has come from a combination of both.

14.4 Capital Equities

	Return	Benchmark	Target	(Under)/Out
Quarter	0.49	1.09	1.59	(1.10)
Year	22.36	22.65	24.65	(2.29)
Since 01/04/07	3.50	4.70	6.70	(3.20)

- Total Value at 30/06/11: £151.9m
- Outperformance in Japan and the UK was more than offset by underperformance in all other regions.

14.5 Capital Bonds

Haringey Council

	Return	Benchmark	Target	(Under)/Out
Quarter	4.30	4.55	4.80	(0.50)
Year	8.00	8.03	9.03	(1.03)
Since 01/04/07	5.88	6.47	7.47	(1.59)

- Total Value at 30/06/11: £46.3m
- During the quarter Pensions Committee's decision to move all UK gilts and half of corporate bonds into Index Linked gilts was implemented. The result is that the whole of Capital's bonds portfolio is now invested in Index Linked Gilts.

14.6 Legal & General Equities

	Quarter	Year	Since Inception
UK Fund	1.92	25.77	22.01
World Fund	0.39	22.31	22.27

- Total Value at 30/06/11: £151.0m
- Variation from benchmark limited to -0.01% in the quarter.

14.7 ING Real Estate

	Return	Benchmark	Target	(Under)/Out
Quarter	2.20	1.80	2.05	0.15
Year	8.80	7.71	8.71	0.09
Since 01/04/07	-5.79	-5.04	-4.04	(1.75)

- Total Value at 30/06/11: £51.9m
- Positive returns against target in the last two quarters has resulted in ING out-performing their target over the last 12 months.
- The sale of the ING Real Estate team to CBRE Investors is expected to be concluded by the end of September 2011. Further details about how the new business will be structured and what it means for the portfolio should be available shortly after this.

14.8 Pantheon

	Return	Drawdowns in period	% drawndown
Quarter	2.68	£1.14m	
Year	13.93	£7.23m	
Since inception	1.86	£22.62m	46

- Total Value at 30/06/11: £26.1m
- The largest drawdown in the period was for the European fund.

14.9 In house cash

Haringey Council

	Value	Average Credit Rating	Average Maturity (days)	Return
At 30/06/11	£59.0m	AA	58	0.78%
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%

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15. Responsible Investment Activity in quarter ended 30th June 2011

Fidelity	**Capital International**	**Legal & General**	**LAPFF**
15.1 Environmental Issues			
Fidelity have been examining the impact of palm oil production and have been engaging with companies involved in this activity. The rapid growth in this industry has raised concerns about impacts such as deforestation and the loss of habitat for a number of species in Indonesia and Malaysia.	Capital International met with Cairn Energy during the quarter to discuss the safety procedures they have put in place for their searches for Arctic oil reserves. Capital were pleased to see that Cairn is implementing the North Sea Offshore Standards which are more stringent than international standards.	At the AGM of Exxon Mobil Legal & General voted in favour of a shareholder proposal to request that the company release more information to shareholders on the subject of their oil sands operations. This was given significant support by shareholders sending a clear message to the company.	Representatives of the LAPFF met with Royal Dutch Shell to discuss complaints filed against them by Amnesty International and Friends of the Earth. The issues discussed were measures to manage oil spill risk and engagement with local communities. LAPFF plan to continue engaging with the company to follow up on progress.

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Fidelity	Capital International	Legal & General	LAPFF
15.2 Governance / Remuneration Issues			
During the quarter Fidelity voted at the BP plc AGM. They voted against the re-election of the Chairman, due to concerns about how he handled events following the Deepwater Horizon oil spill in 2010. Pearson put forward a new incentive scheme for senior executives at their AGM. Pearson engaged with investors, including Fidelity, in advance to ensure the scheme was in line with best practice.	Capital vote against AGM agenda items where there is insufficient disclosure to make an informed decision. In the case of Oman based Bank Muscat, they did not initially receive any information about directors or related party transactions. Following engagement with the company, they received all the information required and have met with the company to explain future requirements.	Legal & General voted against the remuneration levels put forward by management at the AGM. This was because they were excessive and outside best practice. They have since met with the Board Chairman, who has agreed to consult with them in advance of future meetings concerning such issues.	The LAPFF initiated dialogue with News Corp in June 2010 due to concerns about poor corporate governance. These concerns also led to News Corp being placed on the LAPFF's focus list of companies to prioritise engagement with. In the light of recent events the LAPFF Chairman held a conference call with the News Corp to make clear investor concerns. LAPFF will continue to engage with them to seek better governance arrangements.

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Fidelity	Capital International	Legal & General	LAPFF
15.3 Other Engagement activity			
Following the earthquake and tsunami in Japan, Fidelity's fund managers have been reviewing the impact on companies in the portfolio. This has included a review of nuclear energy companies, and other types of energy providers, as well as supply chain issues for a range of companies including automotive, technology and logistics companies.	Following reform in the US, US public companies are now required to put their executive remuneration policies to a shareholder vote. Capital have already noticed an increase in the number of companies approaching them to engage on their remuneration policies in the advance of votes.	Legal & General have been engaging with the Independent Commission on Banking to put forward their views about the impact of potential reform on all the asset classes.	LAPFF submitted a response to the consultation on the European Commission Green Paper on the European Union Corporate Governance Framework. The consultation covered issues such as boards of directors, shareholder engagement and enforcing existing national corporate governance codes. A response is expected from the European Commission in the Autumn.

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16. Budget Management – position at 30th June 2011

	Budget £000	Actual £000	Variance £000
Contributions & Benefit related expenditure			
Income			
Employee Contributions	1,650	1,537	113
Employer Contributions	5,917	7,397	(1,480)
Transfer Values in	1,300	1,316	(16)
Total Income	8,867	10,250	(1,383)
Expenditure			
Pensions & Benefits	(11,325)	(11,301)	(24)
Transfer Values paid	(1,000)	(722)	(278)
Administrative Expenses	(188)	(173)	(15)
Total Expenditure	(12,513)	(12,196)	(317)
Net of contributions & benefits	(3,646)	(1,946)	(1,700)
Returns on investment			
Net Investment Income	2,900	2,677	223
Investment Management Expenses	(750)	(628)	(122)
Net Return on investment	2,150	2,049	101
Total	**(1,496)**	**103**	**(1,599)**

- In previous years, a surplus of contribution income over benefit payments has been generated. However this is not expected to continue during 2011/12, due to the reduction in contribution income and increase in pensions payable, which both result from the staff cuts at the Council in particular.
- The key reason for the underspend at this early stage of the year is that a significant amount was received in the first quarter from the Council in respect of the capital cost of early retirements.

17. Late Payment of Contributions

17.1 The table below shows the employer who paid contributions relating to April to June 2011 late.

	Occasions late	Average Number of days late	Average monthly contributions
TLC	2	35	£5,980

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18. Reform of the Local Government Pension Scheme update

18.1 Appendix 2 sets out the latest information on the proposed reforms to the Local Government Pension Scheme. More detailed reports will be presented to the Committee when further details become available.

19. Annual Pensions Administration update

19.1 Employees retired early by their Employing Body on Redundancy/Business Efficiency grounds have immediate entitlement to payment of pension benefits. Benefits are also released early to employees who are allowed Flexible Retirement i.e. they remain in post on a lower grade or reduced hours and have access their pension benefits.

19.2 In either case a Capital Cost may be incurred which the employing body must pay to the Pension Fund. Haringey Council's policy is not to award Added Years. The schedule below shows the number of Early/Flexible Retirements for 2010/11 and the Capital Costs incurred. The total equivalent data for 2009/10 is also shown for comparison.

	Early and Flexible Retirements by the Council and Employing Bodies 1 April 2010 to 31st March 2011			
Haringey Council	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
Early Retirements	29	£577,000	£0	£577,000
Flexible Retirements	10	£13,000		£13,000
Sub –Total	39	£590,000	£0	£590,0000
Employing Bodies	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
Redundancy Retirement	7	£181,000	£0	£181,000
Flexible Retirement	1	£0	£0	£0
Sub-Total	8	£181,000	£0	£181,000
Total For Haringey Council and Employing Bodies				
Total 10//11	47	£771,000	£0	£771,000
Total 09/10	31	£608,000	£162,000	£770,000
The discretion to release benefits early has been exercised in accordance with the relevant employing bodies' Policy Statement and the Capital costs have been paid into the Fund within the timescale agreed by the Fund actuary.				

Haringey Council

19.3 Internal Disputes Resolution Procedure

Scheme members have a right to appeal against a decision of their Employing Body or the Council as the Administering Authority on any matter arising from the Pension Scheme.

Stage 1 appeals are referred to Steve Davies Head of Human Resources

Stage 2 appeals are referred to Bernie Ryan (Acting Head of Legal Services)

There were no appeals opened or in progress during 2010/11.

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Appendix 1 – Benchmark and Target information

Whole Fund Benchmark

Asset Class	Benchmark	Percentage
UK Equities	FTSE All Share Index	30.5
European Equities	FTSE All World Developed Europe ex UK index	10.5
North American Equities	FTSE All World North America index	12.6
Japanese Equities	FTSE All World Japan index	5.7
Pacific Equities	FTSE All World Developed Asia Pacific ex Japan index	2.6
Emerging Markets Equities	MSCI Emerging Markets Free Index	3.1
UK Gilts	FTSE Gilt Blended Index	7.0
Corporate Bonds	Merrill Lynch non gilt blended Index	7.0
Index Linked Gilts	FTSE Index linked (over 5 years)	6.0
Property	IPD Monthly Property Index	10.0
Private Equity	MSCI World GDR plus 500bps	5.0

Target: Benchmark plus 1.64% per annum

Fund Managers Benchmarks and targets

Manager	Mandate	Benchmark	Performance Target
Capital International	Global Equities	Customised see (a) below	+2.0% gross of fees p.a over a rolling 3 yr period
Capital International	Bonds	Customised see (b) below	+1.0% gross of fees p.a over a rolling 3 yr period
Fidelity International	Global Equities	Customised see (c) below	+1.7% gross of fees p.a over a rolling 3 yr period
Fidelity International	Bonds	Customised see (d) below	+0.6% gross of fees p.a over a rolling 3 yr period
Legal & General	UK Equities	FTSE All Share	Index (passively managed)
Legal & General	Global Equities	FTSE AW World Index	Index (passively managed)
ING Real Estate	Property	IPD UK Pooled Property Funds All Balanced Index	+1% gross of fees p.a. over a rolling 5 yr period

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(a) Capital International Global Equities

Asset Class	Benchmark	Percentage
UK	FTSE All Share	25
North America	FTSE AW Developed North America	25
Europe –Ex UK	FTSE AW Developed Europe (ex UK)	24
Japan	FTSE AW Developed Japan	13
Pacific(Ex Japan)	MSCI Pacific (ex Japan)	6
Emerging Markets	MSCI Emerging Markets	7

(b) Capital International Bonds

Since 1st June 2011:

Asset Class	Benchmark	Percentage
Index Linked	FTSE Index linked (over 5 years)	100

Previously:

Asset Class	Benchmark	Percentage
UK Gilts	FTSE All Stock over 15 year gilts	30
Corporate Bonds	Merrill Lynch Sterling non gilt all maturities	20
Index Linked	FTSE Index linked (over 5 years)	50

(c) Fidelity Global Equities

Asset Class	Benchmark	Percentage
UK	FTSE All Share Index	25.3
US	S&P 500	25.4
Europe –Ex UK	MSCI Europe ex UK Index	23.9
Japan	Topix Index	12.7
Pacific(Ex Japan)	MSCI Pacfic ex Japan index	6.0
Emerging Markets	MSCI Emerging Markets Index	6.7

(d) Fidelity Bonds

Since 1st June 2011:

Asset Class	Benchmark	Percentage
Corporate Bonds	Merrill Lynch Eurosterling over 10 year index	30
Index Linked	FTSE Index linked (over 5 years)	70

Previously:

Asset Class	Benchmark	Percentage
UK Gilts	FTSE All Stock over 15 year gilts	20
Corporate Bonds	Merrill Lynch Eurosterling over 10 year index	50
Index Linked	FTSE Index linked (over 5 years)	30

Appendix 2 – Reform of the Local Government Pension Scheme update

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Latest Developments

On 27th June 2011 in a statement concerning the public service pension talks with the TUC, Minister for the Cabinet office Francis Maude and the Chief Secretary to the Treasury Danny Alexander said:

“We recognise that the funding basis for the Local Government Pension Scheme is different. There are important implications for how the contributions and benefits interact, as both Lord Hutton and the Unions have set out. On that basis, we have agreed to have a more in depth discussion with local government unions and the TUC about how we take these factors into account.”

On 19th July 2011 the Chief Secretary to the Treasury issued a written statement on public service pensions, which included:

“For Local Government, the government recognises that the funded nature of the scheme puts it in a different position and will discuss whether there are alternative ways to deliver some or all of the savings.”

Following these statements, the Secretary of State for Communities and Local Government, Local Government employers and trade unions are meeting to develop a package of measures to deliver short term savings by 2014/15 with legislation in place by 1st April 2012.

Background

In March 2011 the Public Sector Pensions Commission led by Lord Hutton delivered a number of recommendations for the future of public sector pension schemes including the LGPS. Implementation of these recommendations is being considered by government. In the short term however it was announced that pension schemes should implement an average 3.2% increase in employee contributions starting from 1st April 2012. In doing this, schemes were advised to ensure that the low paid were protected.

The LGPS would be particularly hard hit by an increase in employee contributions, as it has a much larger proportion of low paid employees than other public sector schemes. This means in order to achieve an average increase of 3.2% while protecting the low paid, middle and higher earners would need to increase contributions significantly more than this.

It is feared that such increases in employee contribution rates would lead to significant opt-outs from the LGPS, particularly in the current environment of a pay freeze and high inflation. In addition to the damage to long term employees' retirement planning, they will lose life cover for their families.

Increases in the number of opt-outs would accelerate the point at which benefit payments exceed contribution income. Reaching this point would restrict Pension Funds' investment policies and could lead to employers having to pay in more to recover the deficit.

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Haringey Council

Report for:	Corporate Committee	**Item number**	

Title:	Pension Fund Annual Report and Accounts 2010/11 and ISA260 Audit report

Report authorised by :	Director of Corporate Resources

Lead Officer:	Nicola Webb, Head of Finance – Treasury & Pensions nicola.webb@haringey.gov.uk 020 8489 3726

Ward(s) affected: N/A	**Report for** Non Key Decision

1. Describe the issue under consideration

1.1 This report presents the audited Pension Fund Annual Report and Accounts for 2010/11 and the Annual Governance Report of the external auditors, Grant Thornton, which reports on their annual audit of the Pension Fund accounts.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That the Committee consider the contents of this report and any further verbal updates given at the meeting from Grant Thornton.

3.2 That the Committee approves the Pension Fund Annual Report and Accounts for 2010-11.

4. Other options considered

4.1 None.

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5. Background information

5.1 The Local Government Pension Scheme Administration Regulations 2008 require local government pension funds to produce an annual report every year and they set out the contents of such a report. The report is required to be published by 1st December each year. One of the key components of the annual report is the audited pension fund accounts for the year. The pension fund accounts are also still required to be part of the Council's main accounts, even though they are now audited separately. The deadline for the publication of the audited accounts is 30th September each year.

5.2 At the Pensions Committee meeting on 12th April 2011 Grant Thornton presented their plan detailing how they would undertake the audit of the 2010/11 accounts. The Audit Commission's statutory Code of Practice for Local Government bodies requires the external auditor to report to those charged with governance on matters arising from their audit before it is finalised.

6. Comments of the Chief Financial Officer and financial Implications

6.1 The Pension Fund accounts have been prepared in accordance with the new International Financial Reporting Standards. The additional disclosures required concern risk and the value of liabilities. The value of liabilities figure included in the accounts is for the purpose of accounting under International Accounting Standard 19 only. It is the results of the formal funding valuation which are used to determine the funding strategy and employer contribution rates for the Pension Fund.

7. Head of Legal Services and Legal Implications

7.1 The Head of Legal Services has been consulted on the content of this report and the annexed Annual Report and Accounts. As the report confirms the Authority is required to publish a pension fund annual report in a specific format annually on or before 1 December of the year following the year end to which the annual report relates. Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008 sets out this requirement and the format in which the report should be published. The annual report annexed to this report complies with the requirements of Regulation 34.

8. Equalities and Community Cohesion Comments

8.1 There are no equalities issues arising from this report.

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9. Head of Procurement Comments

9.1 Not applicable

10. Policy Implications

10.1 None.

11. Use of Appendices

11.1 Appendix 1: Pension Fund Annual Report and Accounts 2010-11
Appendix 2: ISA260 - Annual Governance Report, Grant Thornton
Appendix 3: Letter of Representation

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Annual Report and Accounts 2010/11

13.1 The annual report has been prepared in accordance with the Local Government Pension Scheme Administration Regulations 2008 and includes all the items required.

13.2 The first section of the report sets out what the management arrangements for the Pension Fund were during 2010/11 including the Pensions Committee membership and the Fund's advisers. It also includes reference to the new governance arrangements and Corporate Committee.

13.3 The following section covers investments. It sets out the investment strategy operated during the year and the resulting performance. The administration section is next describing the administration arrangements during the year and reporting on the membership. The results of the formal actuarial valuation are set out in the funding section.

13.4 The Financial report follows (details are shown below) and the appendices are the latest versions of the Pension Fund's policy statements.

13.5 The accounts are made up of the Fund Account, which shows income and expenditure during the year, the Net Assets Statement, which shows the Fund's investments and other asset and liabilities at the end of the year and the Notes to the Accounts which provide more detail

Haringey Council

about the figures. There are two main additional disclosures in this year's accounts to reflect the introduction of International Financial Reporting Standards. These are:

- A note to describe the nature and extent of risks of the Fund's investments (Note 16);
- An annex to the financial statements setting out a calculation of the value of the Fund's liabilities on the balance sheet date.

13.6 In the Fund Account, it can be seen that net additions from dealing with members, which is effectively contributions less benefits provided £11m in the year. This was less than the £16m seen the year before. This was mainly due to an increase in benefits payable, particularly in the last quarter when more retirement lump sums were paid.

13.7 The market value of the Fund was £721m on the balance sheet date of 31st March 2011. In addition to the surplus of contributions over benefits described in 15.6 above, investment income added £8m net of investment management expenses and the increase in the value of investments added a further £38m.

14. Auditor's Annual Governance Report

14.1 The ISA260 - Annual Governance Report from Grant Thornton is attached at Appendix 2. This sets out their findings in detail. This is marked as "draft" to allow the Committee to make any comments before it is finalised. The report will be presented to the meeting by Subarna Banerjee, the Audit Director and Mitesh Tanna, the Audit Manager from Grant Thornton.

14.2 The report shows that the auditors' believe that the Pension Fund Accounts present a true and fair view of the Pension Fund's financial position. They have not requested any changes be made to the draft accounts submitted to them by officers.

15. Letter of Representation

15.1 The Director of Corporate Resources is required to sign a letter of representation to acknowledge the responsibility for the fair presentation of the information in the financial statements and the Pension Fund Annual Report. A proposed draft of this letter is shown at Appendix 3 of this report for the Committee's information.

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APPENDIX 1

Annual Pension Fund Report and Accounts

For the year ended 31 March 2011

Registration 00329316RX

Contents

Introduction

Haringey Council Pension Fund presents its Annual Pension Fund Report and Accounts of the Haringey Local Government Pension Fund for the year ended 31st March 2011.

The Local Government Pension Scheme is a defined benefit Pension Scheme and was established on 1st April 1965. The Scheme is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004, and is contracted-out of the State Second Pension (S2P). It is a national scheme run locally by councils nominated as "Administering Authorities".

Haringey Council is the Administering Authority in the Haringey area and runs the Scheme to provide retirement benefits to all eligible employees of Haringey Council and other eligible organisations in the Haringey area. More detail about these organisations can be found in the Membership section on page 17. The Management report on page 4 provides information about how the scheme is run. The registration number is 00329316RX.

Scheme Rules

There have been no changes in the Scheme rules during the year. Otherwise than in accordance with legislative requirements, there were no increases to benefits in payment in the year. The Administration report on page 13 provides details about the administration of the Scheme.

Membership

There were 6,610 active (2010: 6,787), 6,939 (2010: 6,586) deferred members, and 6,089 (2010: 5,892) pensioners and dependents receiving benefits. More details can be found in the Membership section on page 17.

Financial position

The financial statements on pages 26 to 48 show that the value of the Scheme's assets increased by £57m to £721m as at 31 March 2011. The increase in the value of the fund was mainly due to an increase in the market value of investments of £38m. A net surplus of contributions over benefits contributed £11m and investment income net of investment management expenses and taxation added a further £8m.

Investments

During the year the rate of return on the Fund's investments was 8.07%. This was 2.17% below the Fund's target for the year. The actions being taken as a result of this and more details of the performance can be found in the Investment Report on page 9.

Funding position

The last formal valuation of the funding position took place as at 31st March 2010, when the funding level was 69% – details can be found in the Funding report on page 20. The next formal valuation will be as at 31st March 2013.

Management Report

Governance Arrangements

Up to 23rd May 2011, Haringey Council in its role as Administering Authority had delegated responsibility for administering the Pension Scheme to the Pensions Committee. Details of the Pensions Committee which served throughout the year this report relates to are shown below.

Pensions Committee

The terms of reference for the Committee were adopted by Council in May 2007 and were included in the Council's Constitution. The Committee generally consisted of seven elected Councillors, with full voting rights and three representatives. Councillors were selected by their respective political Groups, and their appointment was confirmed at the next meeting of the full Council. They were not appointed for a fixed term but the membership was reviewed regularly by the political groups. The three representatives were appointed by their peer groups. Those who served on the Pensions Committee, which met 6 times, during 2010/11 were:

Cllr Richard Watson	Chair appointed 24 May 2010
Cllr Catherine Harris	Chair to 24 May 2010
Cllr Charles Adje	Vice Chair from 24 May 2010 to 7 April 2011
Cllr David Beacham	throughout 2010/11
Cllr Pauline Gibson	Appointed 24 May 2010
Cllr Jim Jenks	Appointed 24 May 2010
Cllr Anne Stennett	Appointed 24 May 2010
Cllr Richard Wilson	throughout 2010/11
Cllr Matt Cooke	Until 24 May 2010
Cllr Emma Jones	Until 24 May 2010
Cllr Toni Mallett	Until 24 May 2010
Cllr Monica Whyte	Until 24 May 2010
Cllr David Winskill	Until 24 May 2010

Roger Melling	Employee representative – throughout 2010/11
Michael Jones	Pensioner representative – appointed 22 July 2010
David Corran	Pensioner representative – until 22 July 2010
Keith Brown	Admitted and Scheduled Bodies representative – appointed 31 August 2010
Earl Ramharacksingh	Admitted and Scheduled Bodies representative – until 31 August 2010

The Pensions Committee members have undertaken a self-assessment of their effectiveness during 2010/11 and have assessed that it was "Good". They identified a number of areas to develop to improve this rating including undertaking more and better focused training, reviewing the quarterly data provided to the Committee and reviewing the business plan setting process.

Corporate Committee

On 23rd May 2011 Haringey Council made changes to the governance arrangements and it delegated responsibility for administering the Pension Scheme to the newly formed Corporate Committee. The terms of reference for the Committee are set out in the Council's constitution.

The Committee consists of ten elected Councillors, with full voting rights and three representatives. Councillors are selected by their respective political Groups, and their appointment was confirmed at the meeting of the full Council on 23rd May 2011. They were not appointed for a fixed term but the membership is reviewed regularly by the political groups. The three representatives who served on the Pensions Committee now serve on the Corporate Committee.

The membership of Corporate Committee from 23rd May 2011 is as follows:

Cllr George Meehan	Chair
Cllr Gmmh Rahman Khan	Vice Chair
Cllr Kaushika Amin	
Cllr Eddie Griffith	
Cllr Richard Watson	
Cllr Stuart McNamara	
Cllr Robert Gorrie	
Cllr Jim Jenks	
Cllr Monica Whyte	
Cllr Neil Williams	

Roger Melling	Employee representative
Michael Jones	Pensioner representative
Keith Brown	Admitted and Scheduled Bodies representative

Governance Compliance Statement

The Pension Fund has published an updated Governance Compliance Statement in accordance with the LGPS Regulations and this is set out in Appendix 1 on page 50. The objective of the statement is to make the administration and stewardship of the Pension Fund transparent and accountable to all stakeholders.

Service Delivery

Haringey Council Pension Service is composed of two distinct arms: Fund Management and Pension Administration. These two functions are run from two business units in Haringey Council; Fund Management is part of Finance (Corporate Resources Directorate), while Pensions Administration is part of Personnel (Assistant Chief Executive People, Organisation and Development's Service).

Finance is responsible for Fund Management work. Key tasks include:

- Support to the Committee to set investment strategy and monitor investment performance;
- Managing the contracts with the Pension Fund's advisers;
- Producing the annual Pension Fund budget and Annual report and accounts; and
- Maintaining the key governance statements the Pension Fund is required to publish (the current versions can be found in the Appendices).

The Administration report on page 13 sets out the key tasks of the Pensions Administration service.

The Pension Fund's internal auditors are Deloitte & Touche Public Sector Internal Audit Limited. Regular audits are carried out on both Pension Fund investments and Pensions administration.

<u>Key Officer contacts</u>

Director of Corporate Resources / Chief Financial Officer	Julie Parker
Acting Head of Legal Services and Monitoring Officer	Bernie Ryan
Lead Finance Officer	Kevin Bartle
Head of Finance: Treasury & Pensions	Nicola Webb
Pensions Manager	Ian Benson

Pension Fund Advisers

The Pension Fund retains a number of advisers to provide specialist advice and services. The contracts with these advisers are reviewed on a regular basis. A list of all advisers is provided below:

Secretary to the Committee	Head of Local Democracy and Member Services
Scheme Administrator	Director of Corporate Resources / Chief Financial Officer
Actuary	Hymans Robertson
Investment Managers	Capital International Fidelity International ING Real Estate Legal & General Pantheon
Custodian	Northern Trust
Investment Consultants	Aon Hewitt Limited
Independent Adviser to the Pensions Committee	Howard Jones (during 2010/11)
Bankers	Royal Bank of Scotland
Legal advisers	Head of Legal Services
Additional Voluntary Contribution providers	Clerical and Medical Equitable Life Assurance Society Prudential Assurance
Internal Auditors	Deloitte & Touche Public Sector Internal Audit Limited
External Auditors	Grant Thornton UK LLP

Investment Report

Investment Strategy

Fund Managers

Investment Performance

Investment Strategy

The Pension Fund's investment strategy is formulated within the parameters of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

Corporate Committee (Pensions Committee during 2010/11) is responsible for setting investment strategy with the aid of independent advice from the Pension Fund's advisers. Day to day investment decisions are delegated to fund managers.

The strategy is set out in detail in the Statement of Investment Principles, which is shown in Appendix 2 on page 55. All investments are externally managed, with the exception of a small allocation of cash pending investment, which is held in-house. During 2010/11 the majority of the Fund was actively managed, with approximately 21% passively managed. Passive management is investing in line with a benchmark; active management involves taking positions away from the benchmark to achieve a higher return.

The benchmark in place during 2010/11, showing target asset allocation, which was set in 2007, is shown below alongside the actual allocation of the Fund's investments at 31st March 2011.

Asset class	**Benchmark %**	**Actual % at 31 March 11**
UK Equities	30.5	27.0
Overseas Equities	34.5	35.6
UK Gilts	7.0	3.8
UK Index linked gilts	6.0	5.8
Corporate Bonds	7.0	8.1
Property	10.0	7.0
Private Equity	5.0	3.4
Cash	0.0	9.3

The allocation to cash is being held pending appropriate opportunities in other asset classes.

Custodial arrangements

The Council employs Northern Trust to act as independent custodian of the Pension Fund's investments. As professional custodians, they employ a rigorous system of controls to ensure the safekeeping of assets entrusted to them. The custodian is responsible for the settlement of all day-to-day investment transactions, collection of investment income, and the safe custody of the Pension Fund's investments.

Fund Managers

The Pension Fund has appointed external fund managers to undertake day to day management of the Fund's investments. Each fund manager is appointed with a mandate covering a defined asset class or classes with a target set that relates to a benchmark covering the asset class or classes they are managing. The current fund managers, the asset classes they cover and their percentage of the Fund's investments are shown in the table below (the remaining 8.6% is invested in-house in cash):

Investment Manager	**Mandate**	**% at 31 March 11**
Capital International	Global Equities & Bonds	27.3
Fidelity International	Global Equities & Bonds	32.9
Legal & General	Global Equities & Bonds (Passive)	20.7
ING Real Estate	Property	7.1
Pantheon	Private Equity	3.4

The benchmarks and targets set for the fund managers are detailed below:

Investment Manager	**Benchmark**	**Target over 3 year rolling periods**
Capital International	Customised Global Equities	+2% (gross) of fees p.a.
	Customised Bonds	+1% (gross) of fees p.a.
Fidelity International	Customised Global Equities	+1.7%(gross) of fees p.a.
	Customised Bonds	+0.6% (gross) of fees p.a.
Legal & General	FT World for Global equity mandate	Benchmark (passively managed)
	FTSE All Share for UK equity mandate	Benchmark (passively managed)
ING Real Estate	HSBC/APUT Balance Funds Index	+1 % (gross) of fees p.a.
Pantheon	MSCI World Index plus 5%	+0.75% (gross) of fees p.a.

Investment Performance

The investment performance of the Pension Fund and the fund managers is regularly reviewed by Committee members. Performance reports to compare actual performance against the targets set for the fund managers are provided to and discussed by the Committee quarterly.

The overall Pension Fund performance is summarised in the table below:

	Annual performance to 31 March 2011 (%)	Annualised performance from inception of strategy to 31 March 2011 (%)
Overall Pension Fund performance	8.07	2.13
Benchmark	8.60	4.14
Performance versus benchmark	**(0.53)**	**(2.01)**
Target	10.24	5.78
Performance versus target	**(2.17)**	**(3.65)**

This table shows that the absolute return on investments was positive during 2010/11 and since the inception of the current investment strategy on 1st April 2007. However, the performance was below benchmark and target and the Committee have been undertaking a comprehensive review of investment strategy during 2010/11 to respond to this. Changes to the strategy to invest the whole of the equity and bond elements of the Fund on a passive basis are planned for 2011/12.

Individual fund manager performance against the targets set during 2010/11 is shown in the table below. Although the private equity returns are reflected in the overall Pension Fund return, separate performance figures for Pantheon are not shown because, due to the nature of private equity, they are not meaningful in the early years of investment.

Fund Manager	Mandate	Annual actual return %	Annual target return %	Annual (Under)/Over Performance %
Capital International	Equities	8.61	9.71	(1.10)
	Bonds	6.12	8.09	(1.97)
Fidelity International	Equities	6.34	9.21	(2.87)
	Bonds	7.34	6.76	0.58
Legal & General	Global Equities	8.16	8.15	0.01
	UK Equities	8.88	8.72	0.16
ING Real Estate	Property	6.01	10.09	(4.08)
Total Fund Performance		**8.07**	**10.24**	(2.17)

Administration Report

Local Government Pension Scheme

Administration Service Delivery

Membership

Communications Policy

Local Government Pension Scheme

The Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS), which is a statutory scheme with defined benefits based on membership and final pay and guaranteed by law. The benefits are set out in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007. Haringey Pension Fund cannot make changes to the scheme, and may only exercise such discretions as are prescribed by the LGPS regulations.

Membership is open to the non-teaching employees of the Administering Authority, all scheduled bodies and certain admitted bodies and Councillor Members until the day before age 75. There were no changes to scheme benefits during the 2010/11 financial year.

The Independent Public Service Pensions Commission reported to the UK Government in March 2011 with a series of recommendations which will impact on the Local Government Pension Scheme. Consultation on changes to the LGPS is expected to commence in Autumn 2011.

Administration Service Delivery

The Haringey Council Pension Service is composed of two distinct arms: Fund Management and Pension Administration. Pensions Administration is part of Personnel (Assistant Chief Executive People, Organisation and Development's Service).

The Pension Administration service is included in the Personnel business plan which makes links to the Council's aims and objectives. The Pensions team calculates and pays pension benefits, maintains a database of members and is responsible for the interpretation and implementation of the Local Government Pension Scheme regulations and related legislation.

The service operates in accordance with their professional standards and within the regulations laid down by the Local Government Pension Scheme.

Internal Dispute Resolution Procedure

Members of pension schemes have statutory rights to ensure that complaints, queries and problems concerning pension rights are properly resolved.

To facilitate this process, an Internal Disputes Resolution Procedure has been established. In the first instance, members are expected to take up matters with the Pensions Manager, Ian Benson at the following address: Level 4, Alexandra House, 10 Station Road, Wood Green, London, N22 7LR or ian.benson@haringey.gov.uk. If the matter remains unresolved, a stage 1 appeal may be made to Steve Davies, Head of Human Resources, steve.davies@haringey.gov.uk and thereafter, if necessary a further appeal may be made to Bernie Ryan, Acting Head of Legal Services at Level 5, River Park House, 225 High Road, Wood Green, London, N22 8HQ or bernie.ryan@haringey.gov.uk.

If the problem remains unresolved, members then have the facility to refer the matter to The Pensions Advisory Service (TPAS) which has a network of pension advisers who will try to resolve problems before they are referred on to the Pensions Ombudsman. However, the TPAS service may be invoked at any stage of the appeal process. Both TPAS and the Pensions Ombudsman can be contacted at:
11 Belgrave Road
London
SW1V 1RB

The statutory body responsible for the regulation of pension schemes in the United Kingdom is The Pensions Regulator and can be contacted at the following address:
The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

A central tracing agency exists to help individuals keep track of deferred pension entitlements from previous employers' pension schemes. An application for a search can be submitted to:
Pension Tracing Service
The Pension Service
Whitley Road
Newcastle upon Tyne
NE98 1BA
The Haringey Pension Fund's details are registered with the tracing agency.

Further information
For information about the Scheme generally, further information about resolving disputes, or an individual's entitlement to benefit, please refer to the member's booklet issued to all members of the Scheme or contact the Pensions Team, 4th Floor, Alexandra House, 10 Station Road, Wood Green, N22 7TR / telephone 020 8489 5919 or refer to the Council's website: www.haringey.gov.uk/pensionfund

Membership

Haringey Council is the Administering Authority for the Haringey Pension Fund and eligible staff are members of the scheme. In addition the Pension Fund has a number of other organisations participating in the Fund.

A scheduled body is a public body which is required by law to participate in the LGPS. Each scheduled employer is listed in the LGPS regulations.

A transferee admission body is an employer permitted to participate in the LGPS. This might be a non profit making body carrying out work that is similar in nature to a public service like local government or it might be a private company to which a service or assets have been outsourced.

A community admission body is an organisation providing a public service in the UK otherwise than for gain. The organisation is expected to have sufficient links with the Council such that it is regarded as having a community interest.

The list below shows the organisations who were actively participating in the Pension Fund on 31st March 2011.

Organisation name	Type of employer
Haringey Council	Administering Authority
Homes for Haringey	Scheduled Body
College of Haringey, Enfield & North East London	Scheduled Body
Greig City Academy	Scheduled Body
Fortismere School	Scheduled Body
John Loughborough School	Scheduled Body
Alexandra Palace Trading Co Ltd	Community Admission Body
Haringey Age Concern	Community Admission Body
Haringey Citizens Advice Bureau	Community Admission Body
Enterprise Futures London Ltd	Transferee Admission Body
Europa	Transferee Admission Body
RM Education Ltd	Transferee Admission Body
TLC Ltd	Transferee Admission Body
Urban Futures London Ltd	Transferee Admission Body

The membership of the Pension Fund at 31st March 2011 compared with the previous financial year is shown in the table below:

	31st March 2011	31st March 2010
Active members	6,610	6,787
Deferred members	6,939	6,586
Pensioners & Dependants	6,089	5,892
TOTAL	19,638	19,265

The table above shows an increase an overall increase in membership of 1.9%, however the active membership has reduced by 2.6%. The number of active members as a proportion of total membership has reduced to 33.7%.
A schedule of the membership from each of the employers is shown below. There are employers in addition to the table above – this is because there are a number of

employers who no longer have active members and do not actively participate in the Pension Fund, but the Fund is responsible for paying their pensioners.

Employer	Active Members	Deferred Beneficiaries	Pensioners & Dependants
Scheduled Bodies			
Haringey Council Employees	5,603	6,467	5,744
Haringey Council Councillors	23	5	3
Homes for Haringey	569	101	73
College Haringey, Enfield & NE London	187	183	97
Greig City Academy	38	16	3
Fortismere School	31	9	4
John Loughborough School	11	1	0
Community Admission Bodies			
Alexandra Palace Trading Co Ltd	5	9	8
Haringey Age Concern	3	3	17
Haringey Citizens Advice Bureau	9	0	3
Transferee Admission Bodies			
Enterprise Futures London Ltd	103	39	43
Europa	1	0	0
RM Education Ltd	2	1	0
TLC Ltd	21	6	1
Urban Futures London Ltd	4	7	0
Bodies no longer actively participating			
CSS (Haringey) Ltd	0	37	49
Haringey Magistrates	0	22	21
Harrisons Catering	0	2	1
Initial Catering Ltd	0	1	1
Jarvis Workspace Ltd	0	27	17
Mittie Ltd	0	0	2
One Complete Solution Ltd	0	1	1
Ontime Parking Solutions	0	2	1
Totals	**6,610**	**6,939**	**6,089**

Communications Policy

Effective communication between the Administering Authority, the scheme members, and the employers within the Fund is essential to the proper management of the Local Government Pension Scheme on a transparent and accountable basis.

The current policy, which has been prepared in accordance with the LGPS regulatory requirement is attached in Appendix 3 on page 68 and sets out the policy framework within which the Pension Fund communicates with:

- Members of the scheme;
- Representatives of scheme members;
- Employing bodies; and,
- Prospective scheme members.

It identifies the format, frequency and method of distributing information and publicity. It also outlines the processes for promoting the scheme to prospective members and employing bodies.

The Communications Policy includes the provision of a pensions page on the Haringey website www.haringey.gov.uk/pensionfund This facility enables staff to access information about the Local Government Pension Scheme in their own home with families and partners who may also have an interest in the benefits of the scheme.

Funding Report

Funding Position

Funding Strategy Statement

Statement of the Fund Actuary

Funding Position

The Pension Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's assets to meet its long term obligations.

The most recent triennial actuarial valuation of the Fund was carried out as at 31 March 2010 in a report dated 31 March 2011.

The 2010 valuation was carried out in accordance with the Fund’s Funding Strategy Statement and Guidelines GN9: Funding Defined Benefits – Presentation of Actuarial Advice published by the Board for Actuarial Standards. The valuation method used was the projected unit method. The resulting contribution rates reflected the cost of providing year by year accrual of benefits for the active members and the level of funding for each employer’s past service liabilities.

The market value of the Fund at the time of the last triennial valuation as at 31 March 2010 was £664m. Against this sum liabilities were identified of £960m equivalent to a funding deficit of £296m. The movement in the actuarial deficit between 2007 and the last valuation in 2010 is analysed below:

Reason for change	**£m**
Interest on deficit	(32)
Investment returns lower than expected	(123)
Change in demographic assumptions	(25)
Experience items	63
Change in financial assumptions	(1)
Total	(118)
Deficit brought forward	(178)
Deficit carried forward	(296)

The level of funding on an ongoing funding basis reduced from 77.7 per cent to 69.2 per cent between the triennial actuarial valuations as at 31st March 2007 and as at 31st March 2010. The main reason for the reduction in the funding level was the lower than expected investment returns following the falls in world stock markets during the three years.

The funding objective of the Scheme is to be fully funded. As this objective had not been achieved at the last valuation date it was agreed with the actuary that the past service deficit would be recovered over a period not exceeding 20 years. Further information about the principles for achieving full funding is set out in the Funding Strategy Statement in Appendix 4 on page 71.

Following the valuation as at 31 March 2010, the actuary agreed that the Council’s contribution rate could remain at the 2010/11 rate of 22.9 per cent of pensionable salaries for the following three financial years. The 2010/11 contribution rate, which was based on the 2007 valuation was split between 8.8 per cent for the past service adjustment to fund the deficit over 20 years and the future service rate of 14.1 per cent.

The main assumptions used in the 2010 valuation were:

Investments	**Annual nominal rate of return %**
Equities	6.1
Bonds	4.5

	Annual change %
Pay increases	5.3*
Price Increases (pension increases)	3.3

** Assumed to be 5.3% in the long term, however an increase of 1% has been assumed for 2010/11 and 2011/12.*

Funding Strategy Statement

The Local Government Pension Scheme Regulations require Local Government Pension Funds to prepare, publish and maintain a Funding Strategy Statement in accordance with guidance issued by CIPFA.

The purposes of a Funding Strategy Statement are:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and,
- to take a prudent longer-term view of funding those liabilities.

The Funding Strategy Statement is reviewed in detail every three years alongside the triennial valuation. It is reviewed in collaboration with the Pension Fund's actuary, and after consultation with the Pension Fund's employers and investment advisers. The current statement was reviewed during 2010/11 and agreed in February 2011.

The objectives of the Funding policy set out in the Statement are:

- to ensure the long-term solvency of the Fund (and of the share of the Fund notionally allocated to individual employers);
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue;
- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

The policy is shown in full in Appendix 4 on page 71.

Statement of the Fund Actuary

This statement has been prepared in accordance with Regulation 34(1) of the Local Government Pension Scheme (Administration) Regulations 2008, and Chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2010/11.

Description of Funding Policy
The funding policy is set out in the London Borough of Haringey Funding Strategy Statement (FSS), dated 31 March 2011. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised below the theoretical rate required to return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still a better than 50% chance that the Fund will return to full funding over 24 years.

Funding Position as at the last formal funding valuation
The most recent actuarial valuation carried out under Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 was as at 31 March 2010. This valuation revealed that the Fund's assets, which at 31 March 2010 were valued at £664 million, were sufficient to meet 69.2% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2010 valuation was £296 million.

Individual employers' contributions for the period 1 April 2011 to 31 March 2014 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities
Full details of the methods and assumptions used are described in the valuation report dated 31 March 2011.

Method
The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions
A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2010 valuation were as follows:

Financial assumptions	**31 March 2010**	
	% p.a. Nominal	**% p.a. Real**
Discount rate	6.1%	2.8%
Pay increases *	5.3%	2.0%
Price inflation/Pension increases	3.3%	-

** plus an allowance for promotional pay increases. Short term pay growth was assumed to be 1% p.a. for 2010/11 and 2011/12, reverting to 5.3% p.a. thereafter.*

The key demographic assumption was the allowance made for longevity. The baseline longevity assumptions adopted at this valuation were in line with standard pension scheme mortality tables, and included improvements based on medium cohort projections and a 1% p.a. underpin effective from 2007. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	**Females**
Current Pensioners	21.9 years	24.7 years
Future Pensioners	23.3 years	26.1 years

Copies of the 2010 valuation report and Funding Strategy Statement are available on request from London Borough of Haringey, administering authority to the Fund.

Experience over the year since April 2010
The funding level is likely to have remained broadly unchanged over 2010/11. The reasons for this are:

i. Total investment returns were roughly in line with the long term assumption made at the 2010 valuation; and
ii. The outlook for long term inflation implied by the market reduced. However this was roughly matched by a fall in Government bond yields, leading to little overall change to the real discount rate. There is therefore likely to have been minimal change to the value placed on the liabilities.

The next actuarial valuation will be carried out as at 31 March 2013. The Funding Strategy Statement will also be reviewed at that time.

Bryan T Chalmers
Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP
March 2011

Financial Report

The Chief Financial Officer's Responsibilities

The financial statements are the responsibility of the Chief Financial Officer. Pension scheme regulations require that audited financial statements for each Scheme year are made available to Scheme members, beneficiaries and certain other parties, which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The Chief Financial Officer has supervised the preparation of the financial statements and has, agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

The Chief Financial Officer is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Chief Financial Officer is responsible for ensuring that records are kept in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Administering Authority and other participating bodies by the due dates.

The Chief Financial Officer is responsible for the maintenance and integrity of the financial information of the Scheme included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Chief Financial Officer also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Basis of Preparation

The financial statements have been prepared in accordance with the Local Government Pension Scheme Regulations 2007 (as amended) and with the guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: Based on International Financial Reporting Standards ("The Code"), and having regard to the Financial Reports of Pension Schemes – A Statement of Recommended Practice. The principal accounting policies of the Scheme are set out below. The policies have remained unchanged from the previous year except where indicated.

The financial statements for 2010/11 are the first to be prepared on the basis of International Financial Reporting Standards (IFRS). In accordance with the transitional requirements, comparative Net Assets Statements and relevant notes have been prepared as at 31st March 2010 and 1st April 2009. While adoption of IFRS has not resulted in any material changes to figures in the financial statements, the following additional disclosures have been made:

- Current assets and liabilities – further analysis between types of debtors and creditors – Notes 10 & 12;
- Actuarial present value of promised retirement benefits – Note 15 & Annex 1;
- Nature and extent of risks arising from financial instruments – Note 16.

Accounting Policies

Contributions
Employer and employee contributions are included on an accruals basis relating to wages and salaries payable for the financial year.

Benefits
Benefits are shown on an accruals basis relating to the date on which they become payable.

Transfers in and out
Transfers in and out are accounted for on a cash basis whenever the transfer value is paid or received.

Administrative expenses
Administrative expenses are shown on an accruals basis. A proportion of relevant Council officers' time, including related on-costs, has been charged to the Fund on the basis of actual time spent on scheme administration and investment related matters.

Investment income
Dividends are shown on an accruals basis by reference to the ex-dividend date. Withholding tax, which is recoverable, is accrued on the same basis as the income to which it relates.

Interest on fixed interest investments, index linked securities, cash and short term deposits is accounted for on an accruals basis.

Derivative contracts
In relation to income from forward foreign exchange contracts, all realised and unrealised gains and losses are included within change in market value. All interest receivable is accrued on a daily basis. The Pension Fund holds no other types of derivative contract.

Investment management expenses
Fund managers' fees are based on the market values of the portfolios under management. Where managers invest in in-house investment vehicles, e.g. unit trusts where management fees are covered in the price of the units, the market value of such holdings are deducted from the portfolio value before calculating chargeable fees. All the Investment Management expenses are shown on an accruals basis.

Investments – market values
Investments are stated at fair value on the final working day of the financial year as follows:

- Listed securities are stated at bid value;
- Unquoted securities are stated at the estimate of fair value provided by the investment manager;
- Units in managed funds and pooled investment vehicles are stated at bid value; and
- Forward foreign exchange contracts are valued by establishing the gain or loss that would arise on closing out the contract at the accounting date by entering into an equal and opposite contract on that date.

The value of Private equity holdings is assessed by the Private Equity Fund Manager on a fair value basis as determined at 31st December 2010 adjusted for drawdowns paid and distributions received in the period 1st January 2011 to 31st March 2011.

The valuation of foreign equities is calculated by using the overseas bid price current at the relevant date and the exchange rate for the appropriate currency at the time to express the value as a sterling equivalent.

Actuarial Present Value of Promised Retirement Benefits
The present value of promised retirement benefits has been projected by the Fund Actuary using a roll forward approximation from the latest formal funding valuation as at 31st March 2010. The Fund Actuary has advised that this has provided a reasonable estimate of the actuarial present value of promised retirement benefits.

Additional Voluntary Contributions ("AVCs")
Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed within transfers-in.

Further details about the AVC arrangements are disclosed in note 17 to the financial statements.

Fund Account

2008/09	2009/10		Notes	2010/11
£'000	**£'000**			**£'000**
		Dealings with members, employers and others directly involved in the scheme		
44,239	45,866	Contributions receivable	1	45,581
2,562	7,003	Transfers In	2	6,034
(28,846)	(29,405)	Benefits payable	3	(32,218)
(6,612)	(6,328)	Payments to and on account of leavers	4	(7,688)
(673)	(725)	Administrative expenses	5	(680)
10,670	**16,411**	**Net additions from dealings with members**		**11,029**
		Returns on Investments:		
18,339	12,148	Investment Income	6	11,604
(142,861)	150,357	Change in market value of investments	9	37,955
(197)	(152)	Taxes on Income	7	(122)
(3,541)	(2,591)	Investment management expenses	8	(3,200)
(128,260)	**159,762**	**Net returns on investments**		**46,237**
(117,590)	**176,173**	**Net increase in the fund during the year**		**57,266**
605,103	**487,513**	**Add: Opening net assets of the scheme**		**663,686**
487,513	**663,686**	**Closing net assets of the scheme**		**720,952**

Net Asset Statement

01/04/09	31/03/10		Notes	31/03/11
£'000	£'000			£'000
485,953	665,237	Investment assets	9	719,333
(3,662)	(2,721)	Investment liabilities	9	(1,366)
482,291	662,516			717,967
427	820	Debtors	10	3,907
5,489	818	Cash at bank	11	1
(694)	(468)	Creditors	12	(923)
487,513	**663,686**	**Total Assets**		**720,952**

Notes to the Financial Statements

1. Contributions receivable

2009/10 £'000		2010/11 £'000
23,024	Employers' normal contributions	22,704
11,481	Employers' deficit funding contributions	11,436
759	Employers' other contributions	852
35,264		**34,992**
10,602	Members' normal contributions	10,589
45,866	**Total**	**45,581**

Employers' deficit funding contributions include lump sum payments and the deficit element of the employers' contribution rate. In addition, payments resulting from cessation valuations are also included.

Employers' other contributions relate to capital cost payments and cover the cost to the Fund of members awarded early retirement before age 60, or otherwise after 60, but before their normal protected retirement age.

Contributions are further analysed as follows:

2009/10 £'000		2010/11 £'000
38,315	Administering authority	38,235
6,170	Scheduled bodies	5,955
1,381	Admitted bodies	1,391
45,866	**Total**	**45,581**

Haringey Council is the administering authority. Scheduled bodies are public bodies required by law to participate in the LGPS. Admitted bodies are in the LGPS either because services have been outsourced or because they have sufficient links with the Council to be regarded as having a community interest. See the membership section on page 17 for further information.

2. Transfers in

2009/10 £'000		2010/11 £'000
7,003	Individual transfers in from other schemes	6,034
7,003	**Total**	**6,034**

3. Benefits payable

2009/10 £'000		2010/11 £'000
24,484	Pensions	25,347
4,243	Commutation of pensions & lump sum retirement benefits	5,989
678	Lump sum death benefits	882
29,405	**Total**	**32,218**

Benefits payable are further analysed as follows:

2009/10 £'000		2010/11 £'000
27,152	Administering authority	29,237
1,345	Scheduled bodies	1,879
908	Admitted bodies	1,102
29,405	**Total**	**32,218**

4. Payments to and on account of leavers

2009/10 £'000		2010/11 £'000
4	Refunds of contributions	1
6,324	Individual transfers out to other schemes	7,687
6,328	**Total**	**7,688**

5. Administrative expenses

2009/10 £'000		2010/11 £'000
610	Administration and processing	569
115	Legal and professional fees	111
725	**Total**	**680**

Other than costs disclosed, all administrative costs of running the Scheme are borne by the Administering Authority.

6. Investment income

2009/10 £'000		2010/11 £'000
758	Interest from fixed interest securities	509
4,534	Dividends from equities	3,323
298	Income from index-linked securities	271
6,249	Income from pooled investment vehicles	6,989
309	Interest on cash deposits	512
12,148	**Total**	**11,604**

7. Taxes on income

2009/10 £'000		2010/11 £'000
152	Irrecoverable withholding tax on investment income	122
152	**Total**	**122**

8. Investment management expenses

2009/10		2010/11
£'000		£'000
2,361	Fund managers fees	3,035
113	Custodian fees	86
17	Independent adviser fees	11
53	Investment consultant fees	48
47	Other	20
2,591	**Total**	**3,200**

Other includes legal and subscription charges relating to investment management.

9. Investment assets & liabilities

	Value as at 1 April 2010	Purchases at Cost & Derivative payments	Sales Proceeds & derivative receipts	Changes in market value	Value as at 31 March 2011
	£'000	£'000	£'000	£'000	£'000
Fixed Interest securities	16,335	34,153	(40,573)	538	10,453
Equities	122,067	57,664	(53,449)	7,529	133,811
Index-linked securities	17,508	4,171	(5,579)	744	16,844
Pooled Investment vehicles	469,010	106,140	(114,536)	29,138	489,752
Derivative Contracts	38	216	(267)	13	0
	624,958	202,344	(214,404)	37,962	650,860
Cash Deposits	36,199	30,469	0	(31)	66,637
Other Investment Balances	1,359	679	(1,592)	24	470
	37,558	31,148	(1,592)	(7)	67,107
Net Investment Assets	**662,516**	**233,492**	**(215,996)**	**37,955**	**717,967**

The changes in market value during the year comprise all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £149k (2009/10: £322k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

The following investments each exceed 5% of the total value of the net assets of the Scheme:

Name of holding	**Value at 31/03/11 £'000**	**% of Fund at 31/03/11**
Legal & General UK Equity Index	118,326	16.5%
Fidelity UK Institutional Long Corporate Bond Fund	41,499	5.8%
Fidelity UK Institutional UK Equities	38,724	5.4%
Fidelity Institutional Exempt America	38,558	5.4%
Fidelity Institutional Europe Ex UK	37,241	5.2%

Restatement of investment assets & liabilities: 1st April 2009 to 31st March 2010

	Value as at 1 April 2009	**Purchases at Cost & Derivative payments**	**Sales Proceeds & derivative receipts**	**Net Security Movements**	**Changes in market value**	**Value as at 31 March 2010**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fixed Interest securities	18,665	37,202	(38,691)	0	(841)	16,335
Equities	171,166	76,389	(72,166)	(97,877)	44,555	122,067
Index-linked securities	14,273	25,522	(23,720)	0	1,433	17,508
Pooled Investment vehicles	243,513	136,852	(114,338)	99,298	103,685	469,010
Derivative Contracts	0	0	(22)	0	60	38
	447,617	275,965	(248,937)	1,421	148,892	624,958
Cash Deposits	31,852	11,430	(7,116)	0	33	36,199
Other Investment Balances	2,822	2,939	(4,413)	0	11	1,359
	34,674	14,369	(11,529)	0	44	37,558
Net Investment Assets	**482,291**	**290,334**	**(260,466)**	**1,421**	**148,936**	**662,516**

9a. Analysis of investment assets

01/04/09	31/03/10		31/03/11
£'000	£'000		£'000
		Fixed Interest Securities	
18,612	16,335	UK Public Sector quoted	10,453
53	0	UK Corporate quoted	0
18,665	**16,335**		**10,453**
		Equities	
87,800	36,338	UK quoted	36,493
83,180	85,663	Overseas quoted	97,318
186	66	Overseas unquoted	0
171,166	**122,067**		**133,811**
		Index Linked Securities	
13,018	16,774	UK Public sector quoted	16,074
1,123	734	UK Other quoted	770
132	0	Overseas Other quoted	0
14,273	**17,508**		**16,844**
		Pooled Investment Vehicles	
		Unit Trusts:	
24,674	37,503	- Property - UK	43,569
26,422	32,202	- Other - UK	13,463
11,083	19,375	- Other - Overseas	16,371
		Unitised Insurance Policies	
0	108,674	- UK	118,326
0	27,988	- Overseas	30,275
		Other managed funds	
7,779	7,303	- Property - Overseas	6,855
99,386	113,523	- Other - UK	121,753
74,169	122,442	- Other - Overseas	139,140
243,513	**469,010**		**489,752**
		Cash Deposits	
30,790	36,196	Sterling	66,590
1,062	3	Foreign Currency	47
31,852	**36,199**		**66,637**

The managed funds in which the Scheme has invested are all operated or managed by companies registered in the United Kingdom.

9b. Derivative contracts

01/04/09	31/03/10		31/03/11
£'000	£'000		£'000
		Forward Foreign exchange:	
2,130	1,569	Pending forward foreign exchange purchases (asset)	47
(2,134)	(1,531)	Pending forward foreign exchange sales (liability)	(47)
4	0	**Futures**	0
0	**38**	**Total**	**0**

A summary of the forward foreign exchange contracts is set out below:

Currency	Bought	Sold	Net Asset
	£'000	£'000	£'000
British Pound Sterling	8	(39)	(31)
United States Dollar	39	(8)	31
Total	**47**	**(47)**	**0**

In addition to forward foreign exchange contracts, the Pension Fund investment managers are permitted to use certain derivatives in managing their portfolios, including warrants, futures, convertible securities and swaps. The Pension Fund did not hold any such derivative contracts as at 31 March 2011 or 31 March 2010. However, as at 31 March 2009 the economic value of Futures contracts held was £155k, outstanding margin settlement was £4k and forward foreign exchange outstanding margin was a loss of £4k.

9c. Investment Assets – Other Investment Balances

01/04/09	31/03/10		31/03/11
£’000	£’000		£’000
1,586	851	Outstanding dividend entitlements	858
1,007	250	Interest receivable	63
1,584	1,053	Outstanding trade sales proceeds	536
173	395	Pending foreign exchange purchases - spot deals	332
4,350	**2,549**		**1,789**

9d. Investment Liabilities – Other Investment Balances

01/04/09	31/03/10		31/03/11
£'000	£'000		£'000
(178)	(395)	Pending foreign exchange sales - spot deals	(334)
(1,350)	(795)	Unsettled investment trade purchases	(985)
(1,528)	**(1,190)**		**(1,319)**

9e. Investment Management

Fund Manager	Funds Managed as at 31/03/11 £ million	% of Fund Managed 31/03/11	Funds Managed as at 31/03/10 £ million	% of Fund Managed 31/03/10
Capital International	196.2	27.3	210.1	31.7
Fidelity International	236.6	32.9	222.0	33.5
Legal & General	148.6	20.7	136.5	20.6
ING Real Estate	50.7	7.1	45.0	6.8
Pantheon	24.3	3.4	13.8	2.1
In house cash deposits	61.5	8.6	35.1	5.3
Total	**717.9**	**100.0**	**662.5**	**100.0**

10. Debtors

01/04/09	31/03/10		31/03/11
£'000	£'000		£'000
		Local Authorities	
		Contributions due from :	
91	177	Administering Authority in respect of the Council	2,367
25	24	Administering Authority in respect of members	704
116	201		3,071
		Other entities and individuals	
		Contributions due from :	
55	51	Admitted Bodies in respect of employers	60
25	16	Admitted Bodies in respect of members	19
71	107	Scheduled Bodies in respect of employers	323
15	35	Scheduled Bodies in respect of members	136
137	203	Other - Reimbursement of Fund management expenses	229
8	207	Other	69
311	619		836
427	**820**		**3,907**

All contributions due to the Scheme were paid in full to the Scheme. All were paid within the timescales required by the Scheme Rules, with the exception of one employer, whose contributions were received late.

11. Cash at bank

01/04/09	31/03/10		31/03/11
£'000	£'000		£'000
5,489	818	Cash at bank	1
5,489	**818**		**1**

12. Creditors

01/04/09	31/03/10		31/03/11
£'000	£'000		£'000
		Central Government Bodies	
0	0	HM Revenue & Customs	264
		Other entities and individuals	
289	27	Unpaid benefits in respect of the Administering Authority	188
405	419	Fund manager and adviser fees	437
0	22	Other	34
694	**468**		**923**

13. Contingent assets

There were no contingent assets at 31 March 2011 or at 31 March 2010.

14. Related party transactions

In 2010/11 the Pension Fund paid £0.535m to the Council for administration and legal services (£0.61m in 2009/10). As at 31 March 2011 £3.045m was due from the Council to the fund (£0.997m in 2009/10), mainly in relation to employer and employee contributions. During 2010/11 seven council members who served on the Pensions Committee were also members of the Pension Fund. There were no other material related party transactions.

15. Actuarial present value of promised retirement benefits

Annex 1 to the Financial Statements on page 45 is a report from the Fund's Actuary setting out this information.

The figures included in this note are for the purpose of accounting under International Accounting Standard 19 only. It is the results of the formal funding valuation which are used to determine the funding strategy and employer contribution rates for the Pension Fund. Details of the results of the formal funding valuation can be found on page 21.

16. Nature and extent of risks arising from Pension Fund investments

The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to meet the funding objectives. The Pension Fund's investment strategy has an inherent degree of risk which is taken in order to achieve this objective.

a) Management of risk

The Pension Fund is invested in a range of different types of asset – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of a Statement of Investment Principles (see Appendix 2 for the current version), which sets out the Fund's approach to investment including the management of risk.

The majority of the Pension Fund's assets are managed by external fund managers and they are required to provide an audited internal controls report regularly to the Council which sets out how they ensure the Fund's assets are managed in accordance with the Investment Management Agreement the Council has signed with each fund manager.

b) Market risk
The key risk for the Pension Fund is market risk, which is the risk that the value of the investments fluctuates due to changes in market prices. The majority of the Fund is invested in assets which can fluctuate on a daily basis as market prices change e.g. equities and bonds. The Fund's investments increased in value during 2010/11 by £57m, equivalent to around 8%.

A number of controls have been put in place to minimise this risk. A key method to reduce risk is to diversify the Pension Fund's investments. This is achieved through the setting of a benchmark, which incorporates a wide range of asset classes and geographical areas. A range of investment managers have been appointed to further diversify the Pension Fund's investments and lower risk. In addition to diversification, parameters have been set for the investment managers to work within to ensure that the risk of volatility and deviation from the benchmark are within controlled levels.

Investment values and performance of the fund managers is measured on a quarterly basis through reporting to Committee.

c) Credit risk and counterparty risk
Credit risk is the risk a counterparty fails to fulfil a transaction it has committed to entering into. This risk is particularly relevant to the Council's bond and cash investments.

The Investment Management Agreements the Council has signed with the external fund managers set out limits on the types of bonds the fund managers can purchase for the Fund in order to limit the possibility of default.

The cash which the Council manages internally on behalf of the Pension Fund is invested in line with the Council's Treasury Management Strategy, which sets out very strict limits on the counterparties which can be used and the amounts which can invested with them.

The limits for both bonds and cash are kept under constant review to be able to respond quickly to changes in creditworthiness of counterparties which may increase risk.

d) Exchange rate risk
The Pension Fund holds a number of assets in currencies other than sterling, most notably 35.6% in overseas equities. There is a risk that due to exchange rate movements that the sterling equivalent value of the investments falls. The external fund managers are required to consider the potential impact of currency movements when selecting investments. The cash balances managed internally are only permitted to be in sterling.

e) Liquidity risk
Liquidity risk is the risk that monies are not available to meet the Pension Fund's obligation to pay pension benefits on time.

Maintaining a level of internally managed cash balances enables the Pension Fund to ensure liquidity is not an issue. A proportion of the internally managed cash is held in instant access money market funds, which ensures cash is available as required. Monitoring of the cashflow position daily assists with maintaining this position.

The majority of the Council's investments are in publicly listed stock exchanges, which ensure it is possible to realise the investments easily if necessary.

17. Additional Voluntary Contributions ("AVCs")
Separately invested AVCs are held with the Equitable Life Assurance Society, Prudential Assurance, and Clerical Medical in a combination of With Profits, Unit Linked and Building Society accounts, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Movements by provider are summarised below and overleaf:

2009/10	**Equitable Life Assurance Society**	**2010/11**
£		**£**
424,130	Value as at 6 April	443,881
7,276	Contributions received	7,506
(30,382)	Retirement benefits and charges	(17,565)
42,857	Change in market value	20,158
443,881	Value as at 5 April	**453,980**
227,308	Equitable With Profits	219,211
92,949	Equitable Deposit Account Fund	95,843
123,624	Equitable Unit Linked	138,926
443,881	Total	**453,980**
40	Number of active members	40
27	Number of members with preserved benefits	24

2009/10	Prudential Assurance	2010/11
£		£
741,571	Value as at 1 April	925,642
194,885	Contributions received	471,953
(93,504)	Retirement benefits and charges	(324,563)
82,690	Change in market value	43,991
925,642	Value as at 31 March	**1,117,023**
565,166	Prudential With Profits Cash accumulation	718,139
8,713	Prudential Deposit Fund	26,526
351,763	Prudential Unit Linked	372,358
925,642	Total	**1,117,023**
102	Number of active members	96
20	Number of members with preserved benefits	17

2009/10	Clerical and Medical	2010/11
£		£
29,660	Value as at 1 April	45,420
6,442	Contributions received	7,665
9,318	Change in market value	3,816
45,420	Value as at 31 March	**56,901**
3,589	Clerical Medical With Profits	4,215
41,831	Clerical Medical Unit Linked	52,686
45,420	Total	**56,901**
3	Number of active members	4
2	Number of members with preserved benefits	2

Annex 1 to the Financial Statements

As referred to in note 15 to the Financial Statements, the following actuarial report has been provided by Hymans Robertson.

Pension Fund Accounts Reporting Requirement

Introduction
CIPFA's Code of Practice on Local Authority Accounting 2010/11 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. This change is one of many which are being adopted by employers under CIFPA guidance in the financial year 2010/11.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS19. There are three options for its disclosure in pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

In order for the Administering Authority to comply, I have provided the information required below.

Assumptions
The assumptions used are those adopted for the Administering Authority's FRS17/IAS19 reports at each year end as required by the Code of Practice. These can be found at the end of this report.

Balance Sheet

31/03/10		31/03/11
£'000		£'000
1,152,000	Present Value of Promised Retirement Benefits	1,065,000
1,152,000	**Total**	**1,065,000**

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31st March 2010. I estimate this liability at 31st March 2011 comprises £510m in respect of employee members, £222m in respect of deferred pensioners and £354m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. I have not made any allowance for unfunded benefits.

It should be noted that the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Financial Assumptions
My recommended financial assumptions are summarised below:

31/03/10		31/03/11
% p.a.		% p.a.
3.3%	Inflation / Pension Increase Rate	2.8%
3.3%	Salary Increase Rate*	5.1%
5.5%	Discount Rate	5.5%

** Salary increases are 1% p.a. nominal for the year to 31 March 2011 and the year to 31 March 2012 reverting to 5.1% thereafter.*

Mortality
Life expectancy is based on the SAPS year of birth tables with improvements from 2007 in line with the Medium Cohort and a 1% per annum underpin. Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.9 years	24.7 years
Future Pensioners (assumed to be currently aged 45)	23.3 years	26.1 years

Historic mortality
Life expectancy for the below year end is based on the PFA92 and PMA92 tables. The allowance for future life expectancy is shown in the table below.

Year Ended	Prospective Pensioners	Pensioners
31 March 2010	year of birth, medium cohort & 1% minimum improvements from 2007	year of birth, medium cohort & 1% minimum improvements from 2007

Age ratings and loadings are applied to the above tables based on membership profile.

Commutation
An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post 2008 service.

Douglas Green FFA
Hymans Robertson LLP
28th April 2011.

Auditor’s Report

Opinion on the pension fund accounting statements

We have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of London Borough of Haringey Pension Fund in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London Borough of Haringey Pension Fund and the Corporate Committee members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer’s Responsibilities, the Chief Financial Officer is responsible for the preparation of the pension fund’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Our responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the fund; and the overall presentation of the accounting statements. We read all the information in the annual report to identify material inconsistencies with the audited accounting statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounting statements

In our opinion the pension fund’s accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund’s assets and liabilities as at 31 March 2011, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In our opinion, the information given in the annual report for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which we report by exception

We have nothing to report in respect of the governance statement on which we report to you if, in our opinion the governance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance.

Paul Dossett
Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
London.

Appendices

Current approved versions of key policy statements

1 Governance Compliance Statement

2 Statement of Investment Principles

3 Communications Policy

4 Funding Strategy Statement

Appendix 1: 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. Annex 1 details this compliance in each area of the guidance.

Annex 1: Compliance with Statutory Guidance

A. Structure
a) *The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.* b) *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.* c) *That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.* d) *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.*
<u>Haringey position</u> Fully compliant. 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. The investment working group is a sub-group of the main Committee, so all members attend both working group meetings and the main Committee, which ensures all issues are communicated.
B. Representation
a) *That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-* *i) employing authorities (including non-scheme employers, e.g, admitted bodies);* *ii) scheme members (including deferred and pensioner scheme members);* *iii) independent professional observers, and* *iv) expert advisers (on an ad-hoc basis).* b) *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.*

Haringey position 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.
C. Selection and role of lay members
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.
Haringey position 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.
D. Voting
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.
Haringey position 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 have been reached by consensus, rather than voting.

E. Training, Facility time, Expenses
a) 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. *b) 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.*
<u>Haringey position</u> Fully compliant. 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.
F. Meetings (frequency/quorum)
a) That an administering authority's main committee or committees meet at least quarterly. *b) 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.* *c) 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.*
<u>Haringey position</u> Fully compliant. The Committee meets four times a year and the investment sub-group meets as required to consider investment issues. The meetings of the sub-group are synchronised with the main committee to ensure issues are reported back on a timely basis.

G. Access
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.
Haringey position Fully compliant. All members of the Committee have equal access to all papers, documents and advice.
H. Scope
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.
Haringey position Fully compliant. The Committee's terms of reference include the wide range of pensions issues – investment, funding, administration, admission and budgeting.
I. Publicity
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 can express an interest in wanting to be part of those arrangements.
Haringey position Fully compliant. The Governance Compliance Statement is circulated to all employers in the Pension Fund and published on the Council's website.

Appendix 2: Statement of Investment Principles

1 Introduction

This Statement of Investment Principles document sets out the principles governing the Haringey Council Pension Fund's decisions about the investment of Pension Fund money. It is prepared in accordance with Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

2 Governance and decision making

Haringey Council is the Administering Authority for the Local Government Pension Scheme in the London Borough of Haringey area and as such is responsible for the investment of Pension Fund money. The Council has delegated this responsibility to the Pensions Committee during 2010/11 and to Corporate Committee from May 2011. Both referred to as "the Committee" throughout this document.

The Committee is responsible for setting the investment strategy for the Pension Fund, appointing fund managers to implement it and monitoring the performance of the strategy. The Committee retains an independent adviser and the services of an investment consultancy company, in addition to the advice it receives from the Director of Corporate Resources and their staff.

Further information on the governance of the Pension Fund can be found in the Governance Compliance Statement on the website www.haringey.gov.uk/pensionfund

Stock level decisions are taken by the investment managers appointed by the Committee to implement the agreed investment strategy. These decisions are taken within the parameters set out for each manager – more detail is provided in section 6 below.

3 Objectives of the Pension Fund

The primary objective of the Pension Fund is:

- To provide for members' pension and lump sums benefits on their retirement or for their dependants benefits on death before or after retirement on a defined benefits basis.

The investment objective of the Pension Fund is:

- To achieve a return on Fund assets, which is sufficient, over the long term, to meet the funding objectives.

The Pension Fund recognises that the investment performance of the Fund is critical as it impacts directly on the level of employer's contributions that the employers are required to pay.

The key funding objectives that relate to investment strategy are summarised below and more detail about them and how they will be achieved can be found in the Pension Fund's Funding Strategy Statement on the website www.haringey.gov.uk/pensionfund

- To ensure the long-term solvency of the Fund;
- To ensure that sufficient funds are available to meet all benefits as they fall due for payment;and
- Not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk.

This Statement of Investment Principles describes how the Haringey Council Pension Fund seeks to meet its objectives.

4 Investment Parameters

The investment strategy of the Pension Fund must operate within the parameters set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 ("the regulations"). The regulations state that the Pension Fund must invest any monies not needed immediately to make payments.

The regulations also state that the Pension Fund must have regard to the suitability and range of investments used and take proper advice in determining its investment strategy. These issues are covered in more detail in sections 5-7 below.

The limits within which the Pension Fund operates are shown overleaf. All the limits are the lowest set by Schedule 1 to the regulations with the exception of the two related to Open Ended Investment Companies (OEICs). OEICs are like unit trusts where investors own units of a range of underlying investments. The Committee has exercised its right to increase its limit for OEICs within the range set by the regulations. This was done, after taking proper advice, in order to maximise the diversification and performance of the Fund's assets while minimising the costs to the Pension Fund.

Type of Investment	Limit
Any single sub-underwriting contract	1%
All contributions to any single partnership	2%
All contributions to partnerships	5%
The sum of all loans (except a Government loan) and all deposits with local authorities	10%
All investments in unlisted securities of companies	10%
Any single holding (except unit trusts & UK gilts)	10%
All deposits with any single institution	10%
All sub-underwriting contracts	15%
All investments in units or shares of the investments subject to the trusts of unit trust scheme managed by any one body	25%
All investments in open ended investment companies where the collective investment schemes constituted by the companies are managed by one body	35%*
All investments in unit or other shares of the investments subject to the trusts of unit trust schemes and all investments in open-ended investment companies where the unit trust schemes and the collective investment schemes are constituted by those companies are managed by any one body.	35%*
Any single insurance contract	25%

* These limits are at the higher limit of the range (25-35%) laid down in the regulations.

5 Types of investments

The Committee has determined an overall asset allocation for the Pension Fund to meet the objectives within the parameters set out in section 4 above and to comply with the regulations. The Committee have considered the suitability of different investments and the need to diversify the investments to reduce risk.

The target asset allocation is shown in the table overleaf, alongside the current asset mix.

Asset class	Benchmark %	Actual % at 31 Mar 11
UK Equities	30.5	27.0
Overseas Equities	34.5	35.6
UK Gilts	7.0	3.8
UK Index linked gilts	6.0	5.8
Corporate Bonds	7.0	8.1
Property	10.0	7.0
Private Equity	5.0	3.4
Cash	0.0	9.3

The Committee has decided to invest the majority of the Pension Fund investments in actively managed portfolios in order to generate out performance to meet the objectives of the Pension Fund. The only exception is when a manager underperforms, the Committee may decide to place monies in a passively managed portfolio pending further review.

Due to the size of the portfolios allocated to the investment managers, many holdings are in Open Ended Investment Companies (OEICs), rather than separate individual holdings. Investment managers use OEICs rather than unit trusts because they can act as an umbrella fund and allow them to add sub-funds without going through another registration process with the FSA. The reason for this is to achieve diversification of holdings at minimum cost.

The majority of the investment types the Committee have decided to invest in are quickly realisable if required, as they are quoted on major markets. The only exceptions to this are property and private equity, which are long term less liquid investments not designed to be realised early. At the present time the Pension Fund generates regular cash surpluses to invest and does not need to realise investments quickly.

The asset allocation and associated benchmark is expected to produce a return in excess of the investment return assumed in the actuarial valuation over the long term.

6 Investment Management arrangements

The Committee has appointed a number of external investment managers to implement its investment strategy. As discussed in section 5 above, the majority of the investment managers are active managers. The current exception is Legal & General, who are managing on a passive basis. The current investment managers and the percentage of the Pension Fund they managed at 31st March 2011 is shown in the table below:

Investment Manager	**Mandate**	**% at 31 Mar 11**
Capital International	Global Equities & Bonds	27.3
Fidelity International	Global Equities & Bonds	32.9
Legal & General (Passive)	Global Equities & Bonds	20.7
ING Real Estate	Property	7.1
Pantheon	Private Equity	3.4
In House	Cash(pending investment)	8.6

A range of investment managers have been appointed to diversify the Pension Fund and so reduce the risk of poor performance.

The investment managers are expected to outperform their benchmarks in line with the targets set and detailed in Annex A. Through this outperformance it is expected that the investment return in the long term will be in excess of the actuary's assumption.

Annex B sets out the parameters within which the investment managers are required to operate to ensure that the risk of the Pension Fund's investments moving away from the benchmark is limited.

The investment managers' performance is assessed on a quarterly basis, when independent performance data is provided by the Pension Fund's global custodian Northern Trust. The Director of Corporate Resources and/or their representative meet with the bond and equity investment managers on a quarterly basis to discuss performance. Meetings are held with the property and private equity investment managers on a semi-annual basis reflecting the longer term nature of these investments.

The equity and bond investment managers attend formal meetings with the Committee twice a year and the property and private equity investment managers once a year to explain their performance and answer questions from the Committee.

The investment managers are paid fees relating to the value of the funds they are managing on the Pension Fund's behalf, or in the case of private equity on the amount committed.

7 Advice

The regulations set out the requirement for the Pension Fund to obtain proper advice at reasonable intervals. The Committee has three sources of advice independent of the investment managers used by the Pension Fund:

- Director of Corporate Resources and their staff
- Investment Consultant – currently the Pension Fund use Aon Hewitt

The Director of Corporate Resources (or their representative) and the independent adviser attend all Committee meetings to support the Committee to scrutinise both the performance of the investment managers and the investment consultant. The Investment Consultant attends Committee meetings as required.

8 Risk

The Pension Fund's investment strategy has an inherent degree of risk which has to be taken in order to achieve the rate of return required. The Pension Fund has put in place a number of controls in order to minimise the level of risk taken.

The benchmark the Committee has set involves a wide range of asset classes and geographical areas. This diversification reduces the risk of low returns.

The parameters set for the investment managers to work within ensure that the risk of volatility and deviation from the benchmark the Committee has set is within controlled levels.

Appointing a range of investment managers ensures that the risk of underperformance is reduced through diversification.

9 Responsible ownership

The Committee has agreed a responsible investment policy, which can be found on the website www.haringey.gov.uk/pensionfund

The Pension Fund believes the adoption by companies of positive Environmental, Social and Governance principles can enhance their long term performance and increase their financial returns. The Pension Fund has demonstrated this by adopting the United Nations Principles for Responsible Investment and by being a member of the Local Authority Pension Fund Forum, which undertakes engagement activity with companies on behalf of its members.

The investment managers are expected to consider responsible investment issues when voting on behalf of the Pension Fund. However in instances where shareholder value and responsible investment conflict, the investment managers are instructed to vote for shareholder value and report these instances to the Committee. All investment managers are expected to vote in respect of all equities and pooled funds.

10 Compliance with Myners Principles

The regulations require Local Government Pension Funds to state in their Statement of Investment Principles the extent to which the Fund's investment policy complies with published guidance on the Myners Principles. The Myners principles are a set of principles on investment decision making for occupational pension schemes. The Pension Fund complies with all of these principles. The detail of the principles is set out in Annex D.

11 Additional Voluntary Contributions (AVCs)

The Pension Fund is required to provide scheme members with the opportunity to invest additional voluntary contributions. These are invested separately from the Pension Fund's other assets and the scheme members take the investment risk.

AVCs are invested with Prudential Assurance, Clerical & Medical and Equitable Life. Scheme members can choose which company to invest with (except Equitable Life, which is not open to new members) and select from a range of policies to suit their appetite for risk.

12 Other issues

Custody – The Pension Fund's assets are held by an independent global custodian, Northern Trust. The performance and fees for their contract are reviewed on an annual basis.

Stock Lending – The Pension Fund does not undertake any stock lending activities.

Review process – This document is reviewed by the Committee on annual basis and whenever any major change to the investment strategy is undertaken to ensure it remains up to date.

Publication – This document is published on the Haringey Council Pension Fund website www.haringey.gov.uk/pensionfund and forms part of the Pension Fund Annual Report.

Annexes

A	Investment managers and value of assets held
B	Investment managers' customised benchmarks
C	Asset Allocations and tolerances
D	Compliance with Myners principles

Annex A: Investment Managers and Value of Assets Held as at 31st March 2011

Manager	Value £m	% of Total Portfolio	Mandate	Benchmark	Performance Target
Capital International: Global Equities	151.7	21.1	Global Equity	Customised (Annex B(1))	+2.0% gross of fees p.a over a rolling 3 yr period
Capital International: Bonds	44.5	6.2	Bonds	Customised (Annex B(2))	+1.0% gross of fees p.a over a rolling 3 yr period
Fidelity International: Global Equities	153.6	21.4	Global Equity	Customised (Annex B(3))	+1.7% gross of fees p.a over a rolling 3 yr period
Fidelity International: Bonds	83.0	11.5	Bonds	Customised (Annex B(4))	+0.6% gross of fees p.a over a rolling 3 yr period
Legal & General: UK Equities	118.3	16.5	UK Equities	FTSE All Share	Index (passively managed)
Legal & General: Global Equities	30.3	4.2	Global Equity	FTSE AW World Index	Index (passively managed)
ING Real Estate	50.7	7.1	Property	IPD UK Pooled Property Funds All Balanced Index	+1% gross of fees p.a. over a rolling 5 yr period
Pantheon Private Equity	24.3	3.4	Private Equity	MSCI World Index plus 5%	+ 0.75% gross of fees p.a.
Cash (pending investment)	61.5	8.6	N/A	N/A	N/A
Total	**717.9**	**100**			

Annex B: Customised Benchmarks at 31st March 2011

Asset Class	Asset Description	Benchmark
1. Capital International - Global Equities	UK	FTSE All Share
	North America	FTSE AW Developed North America
	Europe –Ex UK	FTSE AW Developed Europe (ex UK)
	Japan	FTSE AW Developed Japan
	Pacific(Ex Japan)	MSCI Pacific (ex Japan)
	Emerging Markets	MSCI Emerging Markets
2. Capital International - Bonds	UK Gilts	FTSE All Stock over 15 year gilts
	Corporate Bonds	Merrill Lynch Sterling non gilt all maturities
	Index Linked	FTSE Index linked (over 5 years)
3. Fidelity International – Global Equities	UK	FTSE All Share Index
	US	S&P 500
	Europe –Ex UK	MSCI Europe ex UK Index
	Japan	Topix Index
	Pacific(Ex Japan)	MSCI Pacfic ex Japan index
	Emerging Markets	MSCI Emerging Markets Index
4. Fidelity International - Bonds	UK Gilts	FTSE All Stock over 5 year gilts
	Corporate Bonds	Merrill Lynch Euro Sterling over 10 years
	Index Linked	FT British Government Index Linked > 5 years

Annex C: Asset Allocation & tolerances at 31st March 2011

Manager Asset Allocation (tolerance)	Capital (Global Equities) %	Capital (Bonds) %	Fidelity (Global Equities) %	Fidelity (Bonds) %	Legal & General (UK Equities) %	Legal & General (Global Equities)* %	Pantheon %	ING %
Equities								
UK	25 (+/-10)	0	25.3 (+/-10)	0	100	9	0	0
North America	25 (+/-10)	0	25.4 (+/-4)	0	0	49	0	0
Europe (ex UK)	24 (+/-10)	0	23.9 (+/-4)	0	0	19	0	0
Japan	13 (+/-5)	0	12.7 (+/-3.5)	0	0	8	0	0
Pacific Basin	6 (+/-2.5)	0	6 (+/-2.5)	0	0	10	0	0
Emerging Markets	7 (+/-7)	0	6.7 (+/-2)	0	0	5	0	0
Private Equity	0	0	0	0	0	0	100	0
Bonds								
UK Gilts	0	30 (+/-20)	0	20 (+/-15)	0	0	0	0
Corporate Bonds	0	20 (+/-20)	0	50 (+/-15)	0	0	0	0
Index Linked	0	50 (+/-20)	0	30 (+/-10)	0	0	0	0
Property	0	0	0	0	0	0	0	100

* Legal and General do not manage against a fixed weight benchmark unlike the other managers. They manage against an index and the percentages in each asset class vary over time. The percentages shown are those at 31st March 2011

Annex D: Compliance with Myners Principles

1. Effective Decision Making
Administering authorities should ensure that: • *decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation;* *and* • *those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.*
<u>Haringey position</u> Haringey offers regular training to all members of the Committee to ensure they have the necessary knowledge to make decisions and challenge the advice they receive.
2. Clear Objectives
An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisers and investment managers.
<u>Haringey position</u> The Pension Fund sets out an investment objective in section 2 of this Statement of Investment Principles, which reflects the current deficit position of the Pension Fund and the desire to return to full funding with a minimum impact on the local tax payer. The Statement of Investment Principles is provided to all the Pension Fund's advisers and investment managers whenever it is updated.

3. Risk and Liabilities
In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.
Haringey position The Committee's investment strategy was set following the results of the last formal valuation of the Pension Fund, which incorporated these issues.
4. Performance Assessment
Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers. *Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.*
Haringey position The Committee reviews the performance of Pension Fund investments on a quarterly basis and meets with investment managers at least once a year. Contracts with advisers are reviewed regularly. The Committee undertakes an annual assessment of their own effectiveness and reports this in the Pension Fund Annual Report.

5. Responsible ownership
Administering authorities should: • *adopt or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents* • *include a statement of their policy on responsible ownership in the statement of investment principles* • *report periodically to scheme members on the discharge of such responsibilities.*
Haringey position The Pension Fund's fund managers have adopted or are committed to the Institutional Shareholders' Committee Statement of Principles. The Pension Fund includes a statement of their policy on responsible ownership in section 9 of this Statement of Investment Principles. This is monitored on a quarterly basis through the Committee and reported to scheme members through the annual report to scheme members and the Annual General Meeting.
6.Transparency and reporting
Administering authorities should: • *act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives* • *provide regular communication to scheme members in the form they consider most appropriate.*
Haringey position The Pension Fund communicates with its stakeholders through the publication of policy statements and an Annual Report on its website. The Pension Fund communicates regularly with its scheme members and the communication policy statement provides information about how this is done.

Appendix 3: Communications Policy

Local Government Pension Scheme Regulations 1997 (as amended) Reg. 106B
Policy Statement on Communications with Members and Employing Bodies

Effective communication between Haringey Council, the scheme members, and the employers within the fund is essential to the proper management of the LGPS on a transparent and accountable basis.

This document sets out a policy framework within which the Council will communicate with:-

- Members of the scheme
- Representatives of members
- Employing bodies and
- Prospective members

It identifies the format, frequency and method of distributing information and publicity. It also outlines the processes for promoting the scheme to prospective members and employing bodies.

Members of the scheme:

A. Points of Contacts:

i. Admin Team for day-to-day contact and visits. The Pension Team operate an open door policy for visitors such that pre booked appointments are not required

ii. Ad hoc briefings and workshops

iii. Harinet

iv. Pensions web page www.haringey.gov.uk/pensionfund

A pensions page is maintained on Harinet which provides:-

- Guides to the LGPS including Pension Sharing on Divorce, Increasing Pension Benefits and the Appeals Process
- Policy Statements on the use of the Council's Discretionary Powers, Statement of Investment Principles, the Funding Strategy Statement and the Communications Policy
- Annual Reports and Pensions Bulletins
- Notice of events
- Contact List for Pensions Team
- Cost calculator for purchase of additional pension
- Links to other useful sites including the scheme regulations and the national LGPS website

The information held on the Harinet pensions page is reviewed and updated on a regular basis.

B. Levels of Communication:

i. General day to day administration of the scheme

ii. Payslips in April and May of each year and thereafter if net pay varies by £1

iii. Annual newsletter to Pensioner Members

iv. Statutory notices and statements e.g. : individual notices regarding entry to the scheme or hours changes and Annual Benefits Statements

v. Formal notice of significant proposals to change the scheme

vi. Life certificates to Pensioners living abroad.

C. Medium of communication

i. Telephone and e-mail

ii. Hard copy dispatches

iii. Annual Open Day for all fund members and employing bodies

iv. Workshops / Employee Briefings

v. Face to face meetings

D. Timing

i. General policy is to issue statutory notifications and statements within the prescribed limits and to respond to written enquiries within 10 working days.

ii. A summary Annual Report on the Fund is published annually prior to the Annual Open Day.

iii. Pension Bulletins on items of significance are issued as the need arises.

iv. The Pensions Newsletter is published in April of each year to coincide with pensions increase awards.

v. The Deferred members newsletter is published in June each year and coincides with the distribution of the deferred members Annual Benefit Statements.

<u>Representatives of scheme members</u>

A. Points of Contact

i. The Corporate Industrial Relations Group

ii. Council and Staff Joint Consultative Committee

iii. Corporate Committee

iv. Face to face meetings or issues raised in correspondence or by telephone.

v. Ad hoc presentations to Trade Union Officers and work place representatives.

B. Levels of communication

i. Consultation on proposed scheme changes and significant policy issues on the use of employer discretions.

ii. Joint meetings with staff affected by TUPE transfers

iii. Response to employee complaints or queries via their representatives.

iv. Semi-formal meetings to brief employee representatives on scheme changes or to explain existing scheme rules.

C. Medium of communication

i. Telephone and e-mail

ii. Hard copy dispatches

iii. Ad-hoc informal meetings at Officer level

iv. Committee meetings at Elected Member level

v. Face to face meetings

D. Timing

Formal meetings are dictated by pre determined dates. Informal meetings as and when required.

<u>Employers</u>

A. Points of contact:

Day to day contact falls into three categories:-

i. Pensions team for day to day administration

ii. Pay Support (where the Council provides a payroll service)

iii. Finance for FRS 17 disclosure and funding issues.

B. Levels of Communication:

i. General day to day administration of the scheme

ii. Formal notification of discussion documents and consultation papers

iii. Employer briefings on issues affecting the scheme including an Employers Guide to the LGPS

iv. Pre and post fund valuation meetings.

C. Medium of communication

i. Telephone and e-mail

ii. Site visits

iii. Hard copy dispatches

iv. Annual General Meeting

D. Timing

The general policy is to keep employers informed of issues as they arise or are expected to arise in good time for the appropriate action to be taken or comments considered.

<u>Prospective Members and promoting the LGPS</u>

i. All new starters are issued with a leaflet Pensions Choice as part of their new starter packs. This gives a brief outline of the scheme benefits and the alternative choices available.

ii. All new Haringey Council starters attend an induction course where they are reminded of the right to join the scheme.

iii. An Annual Benefits Statement is issued which includes a forecast of State Scheme benefits. This ensures that members appreciate the value of being a scheme member which they can share with colleagues.

iv. Promotions of the Additional Voluntary Contributions Scheme are held in conjunction with the Council's AVC providers. These events are open to all staff and act to attract non members to the LGPS.

Appendix 4: Funding Strategy Statement

1. Introduction

This is the Funding Strategy Statement (FSS) of the London Borough of Haringey Pension Fund, ("the Fund") that is administered by Haringey Council, ("the Administering Authority").

It has been prepared by the Administering Authority in collaboration with the Fund's actuary, Hymans Robertson LLP, and after consultation with the Fund's employers and investment adviser. This revised version replaces the previous Funding Strategy Statement and is effective from 31 March 2011.

1.1 Regulatory Framework

Scheme members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the Regulations at a level that covers only part of the cost of accruing benefits. Employers currently pay the balance of the cost of delivering the benefits to members. The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.
The FSS forms part of a framework that includes:

- the Local Government Pension Scheme Administration Regulations 2008 (regulations 35, 36 and 38 are particularly relevant);
- the Rates and Adjustments Certificate, which can be found appended to this statement in Annex A and the Fund actuary's triennial valuation report;
- actuarial factors for valuing early retirement costs and the cost of buying extra service; and
- the Statement of Investment Principles.

This is the framework within which the Fund's actuary carries out triennial valuations to set employers' contributions, provides recommendations to the Administering Authority when other funding decisions are required, for example when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

The key requirements relating to the FSS are that:

- After consultation with all relevant interested parties involved with the Fund, the administering authority will prepare and publish their funding strategy.
- In preparing the FSS the administering authority must have regard to :
    - FSS guidance produced by CIPFA
    - It's Statement of Investment Principles published under Regulation 12 of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009
- The FSS must be revised and published whenever there is a material change in either the policy on the matters set out in the FSS or the Statement of Investment Principles.

The Fund's actuary must have regard to the FSS as part of the fund valuation process.

1.2 Reviews of FSS

The FSS is reviewed in detail at least every three years in conjunction with triennial valuations being carried out, with the next full review due to be completed by 31 March 2014. More frequently, Annex A is updated to reflect any changes to employers.

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. If you have any queries please contact Nicola Webb in the first instance at Nicola.webb@haringey.gov.uk or on 020-8489-3726.

2. Purpose

2.1 Purpose of FSS

The Department for Communities and Local Government (CLG) has stated that the purpose of the FSS is:

- *"to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and*
- *to take a prudent longer-term view of funding those liabilities."*

These objectives are desirable individually, but may be mutually conflicting. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.
This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis across a range of employers participating in the Fund.

2.2 Purpose of the Fund

The Fund is a vehicle by which scheme benefits are delivered. The Fund:

- receives contributions, transfer payments and investment income;
- pays scheme benefits, transfer values and administration costs.

One of the objectives of a funded scheme is to reduce the variability of pension costs over time for employers compared with an unfunded (pay-as-you-go) alternative.
The roles and responsibilities of the key parties involved in the management of the pension scheme are summarised in Annex B.

2.3 Aims of the Funding Policy

The objectives of the Fund's funding policy include the following:

- to ensure the long-term solvency of the Fund (and of the share of the Fund notionally allocated to individual employers);
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue;
- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

3. Solvency Issues and Target Funding Levels

3.1 Derivation of Employer Contributions

Employer contributions are normally made up of two elements:

a) the estimated cost of future benefits being accrued, referred to as the "*future service rate*"; plus

b) an adjustment for the funding position (or "solvency") of accrued benefits relative to the Fund's solvency target, "*past service adjustment"*. If there is a surplus there may be a contribution reduction; if a deficit a contribution addition, with the surplus or deficit spread over an appropriate period.

The Fund's actuary is required by the regulations to report the *Common Contribution Rate* (see regulation 36(4) of the Local Government Pension Scheme (Administration) Regulations 2008), for all employers collectively at each triennial valuation. It combines items (a) and (b) and is expressed as a percentage of pay. For the purpose of calculating the Common Contribution Rate, the surplus or deficit under (b) is currently spread over a period of 20 years.

The Fund's actuary is also required to adjust the Common Contribution Rate for circumstances which are deemed "peculiar" to an individual employer (see regulation 36(7) of the Local Government Pension Scheme (Administration) Regulations 2008). It is the adjusted contribution rate which employers are actually required to pay. The sorts of "peculiar" factors which are considered are discussed in Section 3.5.
In effect, the *Common Contribution Rate* is a notional quantity. Separate future service rates are calculated for each employer together with individual past service adjustments according to employer-specific spreading and phasing periods. For some employers if may be agreed to pool contributions, see Section 3.7.8.

Annex A contains a breakdown of each employer's contributions following the 2010 valuation for the financial years 2011/12, 2012/13 and 2013/14. It also identifies if employers' contributions have been pooled with others.
Any costs of early retirements other than on the grounds of ill-health must be paid as lump sum payments at the time of the employer's decision in addition to the contributions described above (or by instalments shortly after the decision).

Employers' contributions are expressed as minima, with employers able to pay regular contributions at a higher rate. Employers should agree with the Administering Authority before making one-off capital payments.

3.2 Solvency and Target Funding Levels

The Fund's actuary is required to report on the "solvency" of the whole fund at least every three years.
'Solvency" for ongoing employers is defined to be the ratio of the market value of assets to the value placed on accrued benefits on the Fund actuary's *ongoing funding basis*. This quantity is known as a funding level.
The ongoing funding basis is that used for each triennial valuation for all employers in the Fund. The on-going funding basis assumes employers in the Fund are an on-going concern and is described in the next section. The Fund actuary agrees the financial and demographic assumptions to be used for each such valuation with the Administering Authority.

The Fund operates the same target funding level for all ongoing employers of 100% of its accrued liabilities valued on the ongoing basis. The time horizon of the funding target may vary by employer depending on the expected duration of their participation in the Fund. Please refer to paragraph 3.8 for the treatment of departing employers.

3.3 Ongoing Funding Basis

The demographic assumptions are intended to be best estimates of future experience in the Fund based on past experiences of LGPS funds advised by the Fund Actuary. It is acknowledged that future life expectancy and in particular, the allowance for future improvements in mortality, is uncertain. Allowance has been made in the ongoing valuation basis for future improvements in line with "medium cohort" and a 1% minimum underpin to future reductions in mortality rates.

The approach taken is considered reasonable in light of the long term nature of the Fund and the assumed statutory guarantee underpinning members' benefits. The demographic assumptions vary by type of member and so reflect the different profiles of employers.

The key financial assumption is the anticipated return on the Fund's investments. The investment return assumption makes allowance for anticipated returns from the Fund's assets in excess of gilts. There is, however, no guarantee that assets will out-perform gilts. The risk is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply.

In light of the statutory requirement for the Actuary to consider the stability of employer contributions, it is therefore normally appropriate to restrict the degree of change to employers' contributions at triennial valuation dates.

Given the very long-term nature of the liabilities, a long term view of prospective returns from equities is taken. For the 2010 valuation, it is assumed that the Fund's investments will deliver an average real additional return of 1.6% a year in excess of the return available from investing in index-linked government bonds at the time of the valuation. The long term in this context would be 20 to 30 years or more. In the opinion of the Fund Actuary, based on the current investment strategy of the Fund, an asset out-performance assumption (AOA) of 1.6% p.a. is within a range that would be considered acceptable for the purposes of the funding valuation.

Pay for public sector employees will be frozen by Government until 2012, with a flat increase of £250 being applied to all those earning less than £21,000 p.a. Although this "pay freeze" does not officially apply to local government employers, it has been suggested that they are expected to show similar restraint in respect of pay awards. Based on an analysis of the membership in LGPS funds, the average expected increase in pensionable pay across all employees should be around 1% p.a. for the next two years. Therefore the salary increase assumption at the 2010 valuation has been set to 1% p.a. for 2010/11 and 2011/12 for all employers. After this point, the assumption will revert back to RPI plus 1.5% p.a, as adopted for the previous valuation, although this will be subject to monitoring by the actuary to the Fund.

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index (CPI) rather than the retail prices index (RPI) will be the basis for future increases to public sector pensions in payment and in deferment. This proposed change has been allowed for in the valuation calculations as at 31 March 2010.

At the 2007 valuation, the assumption for RPI was derived from market data as the difference between the yield on long-dated fixed interest and index-linked government bonds. At this valuation, we propose to adjust this market-derived rate downwards by 0.5% p.a. to allow for the "formula effect" of the difference between RPI and CPI. Basing pension increases on CPI rather than RPI will serve to reduce the value placed on the Fund's liabilities.
The demographic assumptions vary by type of member and so reflect the different membership profiles of employers. The same financial

assumptions are adopted for all ongoing employers. All employers have the same asset allocation.

3.4 Future Service Contribution Rates

The future service element of the employer contribution rate is calculated on the ongoing valuation basis, with the aim of ensuring that there are sufficient assets built up to meet future benefit payments in respect of future service. The future service rate has been calculated separately for all the employers, although employers within a pool will pay the contribution rate applicable as a whole.
The approach used to calculate the employer's future service contribution rate depends on whether or not new entrants are being admitted.
Employers should note that it is only Admission Bodies that may have the power not to admit automatically all eligible new staff to the Fund, depending on the terms of their Admission Agreements and employment contracts.

3.4.1 Employers that admit new entrants

The employer's future service rate will be based upon the cost (in excess of members' contributions) of the benefits which employee members earn from their service each year. Technically these rates will be derived using the *Projected Unit Method* with a one year control period. This method calculates the contribution rate which meets the cost of benefits accruing in the year after the valuation date.

If future experience is in line with assumptions, and the employer's membership profile remains stable, this rate should be broadly stable over time. If the membership of employees matures (e.g. because of lower recruitment) the rate would rise.

3.4.2 Employers that do not admit new entrants

Certain Admission Bodies have closed the scheme to new entrants. This is expected to lead to the average age of employee members increasing over time and hence, all other things being equal, the future service rate is expected to increase as the membership ages.

To give more long term stability to such employers' contributions, the *Attained Age* funding method is normally adopted. This method anticipates the ageing of the membership and, for a closed employer, would lead to a stable total contribution rate if the assumptions are borne out in practice. This will limit the degree of future contribution rises by paying higher rates at the outset.

Both funding methods are described in the Actuary's report on the valuation.

Both future service rates will include an allowance for expenses of administration to the extent that they are borne by the Fund and include an allowance for benefits payable on death in service and ill health retirement.

3.5 Adjustments for Individual Employers

Adjustments to individual employer contribution rates are applied both through the calculation of employer-specific future service contribution rates and the calculation of the employer's funding position.
The combined effect of these adjustments for individual employers applied by the Fund actuary relate to:

- past contributions relative to the cost of accruals of benefits;
- different liability profiles of employers (e.g. mix of members by age, gender, part-time/full-time, manual/non manual);
- the effect of any changes to the valuation basis from the one used in the previous valuation, on the value placed on the employer's liabilities;
- any different deficit/surplus spreading periods or phasing of contribution changes;
- the difference between actual and assumed rises in pensionable pay;
- the difference between actual and assumed increases to pensions in payment and deferred pensions;
- the difference between actual and assumed retirements on grounds of ill-health from active status;
- the difference between actual and assumed amounts of pension ceasing on death;
- the additional costs of any non ill-health retirements relative to any extra payments made;

over the period between the 2007 and 2010 valuations and each subsequent triennial valuation period.

Actual investment returns achieved on the Fund between each valuation are applied proportionately across all employers. Transfers of liabilities between employers within the Fund occur automatically within this process, with a sum broadly equivalent to the reserve required on the ongoing basis being exchanged between the two employers.

The Fund actuary does not allow for certain relatively minor events occurring in the period since the last formal valuation, including, but not limited to:

- the actual timing of employer contributions within any financial year; and
- the effect of the premature payment of any deferred pensions on grounds of incapacity.

These effects are swept up within a miscellaneous item in the analysis of surplus, which is split between employers in proportion to their liabilities.

3.6 Asset Share Calculations for Individual Employers

The Administering Authority does not account for each employer's assets separately. The Fund's actuary is required to apportion the assets of the whole Fund between the employers (or pool of employers) at each triennial valuation using the income and expenditure figures provided for certain cash flows for each employer or pool of employers. This process adjusts for transfers of liabilities between employers participating in the Fund, but does make a number of simplifying assumptions. The split is calculated using an actuarial technique known as "analysis of surplus". The methodology adopted means that there will inevitably be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of the Fund. The asset apportionment is capable of verification but not to audit standard.

The Administering Authority recognises the limitations in the process, but having regard to the extra administration cost of building in new protections, it considers that the Fund actuary's approach addresses the risks of employer cross-subsidisation to an acceptable degree.

3.7 Stability of Employer Contributions

3.7.1 Solvency issues and target funding levels

In setting employer contribution rates, the Administering Authority must balance the aims of stability and affordability with the requirement to take a prudent, longer-term view of funding and ensure the solvency of the Fund. The more secure the employer, the more emphasis can be placed on stability of employer contributions without jeopardising the Administering Authority's commitment to prudent stewardship of the Fund. For the most secure, long term employers an explicit stabilisation overlay based on a risk-based, stochastic valuation approach is used (see para 3.7.2).

For less secure and shorter term employers (principally, but not exclusively, the admission bodies) it is generally not possible to achieve the same degree of stability in employer contribution rates without compromising on prudent stewardship. However, other measures such as re-lengthening deficits recovery periods, phasing in of employer contribution increases or pooling help achieve a greater degree of stability of employer contributions than would otherwise be the case. Further, in cases where employers provide additional security to the Fund, the Administering Authority may, at its discretion, be prepared to agree to employer contributions below the theoretical rate derived from the valuation results.

The Administering Authority's policies in respect of the use of these approaches are set out in the remainder of 3.7 and in 3.8 below.

3.7.2 Stabilisation

For the most secure, long term employers there is an explicit stabilisation overlay. The stabilisation mechanism analyses a number of metrics over the long-term including the evolution of the funding level to check the likelihood of achieving the solvency of the Fund over the longer-term under a variety of contribution strategies. This analysis enables the Administering Authority to reduce the effect of short term investment market volatility on the contribution rates of eligible employers.

Stabilisation overlay rules and eligibility

Under the stabilisation overlay, variations in the employer contribution rate from year to year are kept within a pre-determined range so that eligible employers' contribution rates can remain relatively stable. Only precepting employers are eligible for stabilisation.

The stabilisation overlay rules for eligible employers are

- No increases for the period 1 April 2011 to 31 March 2014; and
- Maximum change of 1% p.a. thereafter.

<u>Notes:</u>

1) Increases and reductions apply over the three year period between valuations;
2) Increases and reductions are relative to rates certified at the previous valuation.

Circumstances in which eligibility for stabilisation will be reviewed

- The Administering Authority may review an employer's eligibility for stabilisation at any time in the event of significant changes in the employer's membership (due for example to redundancies or outsourcing) or if there is a significant change in the Administering Authority's assessment of an employer's security.

- Stabilisation rules and eligibility may be reviewed at any time in the event of changes to scheme benefits. Changes in scheme benefits may arise because of changes in regulations or other events that have a material impact (such as the change with effect from April 2011 from RPI to CPI for increases to pensions in payment).

- The stabilisation rules and eligibility criteria will be reviewed no later than at the 31 March 2013 valuation, with any changes in contribution strategy taking effect from 1 April 2014. The review will take into account factors including, but not necessarily restricted to, market conditions (the long-term risk-based analysis will be recalibrated to market conditions as at 31 March 2013), the Administering Authority's assessment of employer's security and the maturity of each employer's membership profile.

Setting the parameters of the stabilisation overlay

The parameters for the stabilisation overlay have been determined by carrying out an asset liability modelling exercise. This allows for the future uncertainty in investment returns, interest rates and inflation using a stochastic modelling technique. The actuary tested the contribution stabilisation rules to ensure that they were compatible with the current investment strategy. He has advised the Administering Authority that the stabilisation overlay for secure long term secure employers satisfies the requirement for the funding strategy to take a prudent longer-term view based on a reasonably prudent ongoing funding basis.

3.7.3 Deficit Recovery Periods

The Administering Authority normally targets the recovery of any deficit over a period not exceeding 20 years. However, these are subject to the maximum lengths set out in the table below unless otherwise agreed by the Administering Authority and the Fund's actuary.

Type of Employer	**Maximum Length of Deficit Recovery Period**
Statutory bodies with tax raising powers	A period to be agreed with each employer not exceeding 20 years.
Scheduled Bodies	A period to be agreed with each employer depending on the strength of their covenant, but not exceeding 20 years.
Community Admission Bodies with funding guarantees	A period to be agreed with each employer depending on the terms of the guarantee, but not exceeding 20 years.
Transferee Admission Bodies	The period from the start of the revised contributions to the end of the employer's contract.
All other types of employer	A period to be agreed with each employer depending on the strength of their covenant; this will generally be equivalent to the expected future working lifetime of the remaining scheme members.

This *maximum* period (unless otherwise agreed by the Administering Authority and the Fund's actuary) is used in calculating each employer's *minimum* contributions. Employers may opt to pay higher regular contributions than these minimum rates.

The deficit recovery period starts at the commencement of the revised contribution rate (1 April 2011 for 2010 valuation).

3.7.4 Deficit Recovery Payments

For employers where stabilisation is not being applied, the deficit recovery payments for each employer covering the three year period until the next valuation will usually be set as a percentage of salaries. However, the Administering Authority reserves the right to amend these rates between valuations and/or to require these payments in monetary terms instead, for instance where:

- the employer is an admitted body with a relatively large deficit recovery contribution rate, or
- there has been a significant reduction in payroll due to outsourcing or redundancy exercises, or
- the employer has closed the Fund to new entrants.

3.7.5 Surplus Spreading Periods

For any employer deemed to be in surplus, the approach is to maintain contributions at no less than the assessed future service level. At the Administering Authority's discretion however, employers may be permitted to reduce their contributions below the cost of accruing benefits, by spreading the surplus element over the maximum periods shown above for deficits in calculating their <u>minimum</u> contributions.
However if they take the full benefit of their surplus re-payments then their ability to withstand future adverse shocks in the 2013 valuation will be diminished. Employers should consider carefully whether or not to take the full benefit of their current surplus.

3.7.6 Phasing in of Contribution Rises

Transferee Admission Bodies are not eligible for phasing in of contribution rises. Other employers may opt to phase in contribution rises over a three year period providing they pay a minimum of the future service rate.

3.7.7 Phasing in of Contribution Reductions

Any contribution reductions will be phased in over three years for all employers except Transferee Admission Bodies who can take the reduction with immediate effect.

3.7.8 The Effect of Opting for Longer Spreading or Phasing-In

Employers which are permitted and elect to use a longer deficit spreading period than was used at the 2007 valuation, or to phase-in contribution changes, will be assumed to incur a greater loss of investment returns on the deficit by opting to defer repayment. Therefore, deferring paying contributions will lead to higher contributions in the long-term (depending on the actual financial and demographic performance of the Fund relative to the valuation assumptions).

However any adjustment is expressed for different employers, the overriding principle is that the discounted value of the contribution adjustment adopted for each employer will be equivalent to the employer's deficit.

3.7.9 Pooled Contributions

The Administering Authority currently allows Haringey Council to pool the legacy liabilities and assets that remain when an employer leaves the Fund. The Administering Authority will consider the arguments for pooling on a case by case basis, but in general does not permit the pooling of contribution rates.

3.7.10 Regular Reviews

The Administering Authority reserves the right to review contribution rates and amounts and the level of security provided, at regular intervals. These intervals may be annual, in the case of Admission Bodies and/or in the last few years of the employer's contract. Such reviews may be triggered by significant reductions in payroll, altered employer circumstances, Government restructuring affecting the employer's business or failure to pay contributions or arrange appropriate security as required by the Administering Authority.

The result of a review may be to require increased contributions payable (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions), an increased level of security or guarantee, or some combination of these.

3.8 Admission Bodies ceasing

Admission Agreements for Best Value contractors are assumed to expire at the end of the contract.

Admission Agreements for other employers are generally assumed to be open-ended and to continue until the last pensioner dies. Contributions, expressed as capital payments, can continue to be levied after all the employees have retired. These Admission Agreements can however be terminated at any point.

The Fund, however, considers any of the following as triggers for the termination of an admission agreement:

- Last active member ceasing participation in the LGPS;
- The insolvency, winding up or liquidation of the admission body;
- Any breach by the Admission Body of any of its obligations under the agreement that they have failed to remedy to the satisfaction of the Fund;
- A failure by the admission body to pay any sums due to the Fund within the period required by the Fund; or
- The failure by the admission body to renew or adjust the level of the bond or indemnity or to confirm appropriate alternative guarantor as required by the Fund.

In addition either party can voluntarily terminate the admission agreement by giving the appropriate period of notice as set out in the admission agreement to the other party (or parties in the case of a Transferee Admission Body).

If an Admission Body's admission agreement is terminated, the Administering Authority instructs the Fund actuary to carry out a special valuation to determine whether there is any deficit.

The assumptions adopted to value the departing employer's liabilities for this valuation will depend upon the circumstances. For example:

(a) For Transferee Admission Bodies, the assumptions would be those used for an ongoing valuation to be consistent with those used to calculate the initial transfer of assets to accompany the active member liabilities transferred.

(b) For non-Transferee Admission Bodies that elect to voluntarily terminate their participation, the Administering Authority must look to protect the interests of other ongoing employers and will require the actuary to adopt valuation assumptions which, to the extent reasonably practicable, protect the other employers from the likelihood of any material loss emerging in future. In order to protect other employers in the Fund, the cessation liabilities and final deficit will normally be calculated using a "gilts cessation basis" with no allowance for potential future investment outperformance and with an allowance for further future improvements in life expectancy. This approach results in a higher value being placed on the liabilities than would be the case under a valuation on the ongoing funding basis and could give rise to significant payments being required.

(c) For Admission Bodies with guarantors or a successor body, it is possible that any deficit could be transferred to the guarantor/successor in which case it may be possible to simply transfer the former Admission Bodies members and assets to the guarantor/successor, without needing to crystallise any deficit.

Under (a) and (b), any shortfall would be levied on the departing Admission Body as a capital payment.

As an alternative to (b) above where the ceasing Admission Body is continuing in business, the Fund, at its absolute discretion, reserves the right to enter into an agreement with the ceasing Admission Body to accept an appropriate alternative security to be held against any funding deficit and to carry out the cessation valuation on an ongoing valuation basis. This approach would be monitored as part of each triennial valuation and the Fund reserves the right to revert to a "gilts cessation basis" and seek immediate payment of any funding shortfall identified.

In the event that the Fund is not able to recover the required payment in full directly from the Admission Body or from any bond or indemnity or guarantor, then:

a. In the case of Transferee Admission Bodies the awarding authority will be liable. At its absolute discretion, the Administering Authority may agree to recover any outstanding amounts via an increase in the awarding authority's contribution rate over an agreed period.

b. In the case of admission bodies that are not Transferee Admission Bodies and have no guarantor, the unpaid amounts fall to be shared amongst all of the employers in the Fund. This will normally be reflected in contribution rates set at the formal valuation following the cessation date.

3.9 Early Retirement Costs

3.9.1 Non Ill Health retirements

The actuary's funding basis makes no allowance for premature retirement except on the grounds of ill-health. All employers are required to pay additional contributions wherever an employee retires "early" (see below) with no reduction to their benefit or receives an enhanced pension on retirement.

It is assumed that members' benefits on age retirement are payable from the earliest age that the employee could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire. Members receiving their pension unreduced before this age other than on ill-health grounds are deemed to have retired "early".

The additional costs of premature retirement are calculated by reference to these ages. Employers must make these additional contributions as a one off payment to the Fund immediately on awarding the early retirement.

3.9.2 Ill health monitoring

The Fund monitors each employer's ill health experience on an ongoing basis. If the cumulative number of ill health retirements in any financial year exceeds the allowance at the previous valuation, the employer will be charged additional contributions on the same basis as applies for non ill-health cases.

3.9.3 Ill health insurance

Employers have the ability to insure ill health early retirement strains through a policy that can currently be arranged with Legal & General. Where this insurance is effected:

- the employer's contribution to the Fund each year is reduced by the amount of that year's insurance premium, so that the total contribution is unchanged;
- there is no need for monitoring of allowances.

3.10 New admitted bodies

The Fund requires the following from any potential Admission Bodies wishing to join the Fund.

Transferee Admission Bodies will be required to have a guarantee from the transferring scheduled body and also provide a bond if requested by the Administering Authority. The bond is required to cover the following:

- the strain cost of any redundancy early retirements resulting from the premature termination of the employer's contract
- allowance for the risk of asset underperformance
- allowance for the risk of a fall in gilt yields
- allowance for unpaid contributions

The employer may also be required to include their current deficit within the bond amount. The bond will be reassessed on an annual basis.
When the Administering Authority considers requests from Community Admission Bodies to join the Fund, they will be seeking sponsorship for the Body from a scheduled body with tax raising powers guaranteeing their liabilities and also if appropriate a bond.

This reduces the risk to the Fund of potentially having to pick up any shortfall in respect of Admission Bodies.

4. Links to Investment Strategy

Funding and investment strategy are inextricably linked. Investment strategy is set by the administering authority, after consultation with the employers and after taking investment advice.

4.1 Investment Strategy

The investment strategy currently being pursued is described in the Fund's Statement of Investment Principles.

The investment strategy is set for the long-term, but is reviewed from time to time, normally every three years, to ensure that it remains appropriate to the Fund's liability profile. The Administering Authority has adopted a benchmark, which sets the proportion of assets to be invested in key asset classes such as equities, bonds and property. As at 31 March 2010, the proportion held in equities and property was 72% of the total Fund assets.

The investment strategy of lowest risk would be one which provides cash-flows which replicate the expected benefit cash-flows (i.e. the liabilities). Equity investment would not be consistent with this.

The Fund's benchmark includes a significant holding in equities in the pursuit of long-term higher returns than from a liability matching strategy. The Administering Authority's strategy recognises the relatively immature liabilities of the Fund and the secure nature of most employers' covenants.

The same investment strategy is currently followed for all employers. The Administering Authority does not currently have the facility to operate different investment strategies for different employers.

4.2 Consistency with Funding Basis

The key financial assumption is the anticipated return on the Fund's investments. The investment return assumption makes allowance for anticipated returns from equities in excess of bonds. There is, however, no guarantee that equities will out-perform bonds. The risk is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply. It is therefore normally appropriate to restrict the degree of change to employers' contributions at triennial valuation dates.
In the opinion of the Fund actuary, the current funding policy is consistent with the current investment strategy of the Fund, the asset outperformance assumption is within a range that would be considered acceptable for the purposes of the funding valuation and consistent with the requirement to take a "prudent longer-term view" of the funding of liabilities (see para 2.1). The same financial assumptions are adopted for all employers which fund on the ongoing basis. However, low risk financial assumptions are adopted for all employers which fund on the low risk basis.

However, in the short term – such as the three yearly assessments at formal valuations – there is the scope for considerable volatility and asset returns may fall short of this target. The stability measures described in Section 5 will damp down, but not remove, the effect on employers' contributions.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

4.3 Balance between risk and reward

Prior to implementing its current investment strategy, the Administering Authority considered the balance between risk and reward by altering the level of investment in potentially higher yielding, but more volatile, asset classes like equities.

4.4 Inter-valuation monitoring of funding position

The Administering Authority monitors investment performance relative to the growth in the liabilities by means of annual interim valuations. If appropriate, investigations will also be made into the individual employer funding positions.

5. Key Risks & Controls

5.1 Types of Risk

The Administering Authority has an active risk management programme in place. The measures that the Administering Authority has in place to control key risks are summarised below under the following headings:

- Financial;
- Demographic;
- Regulatory; and
- Governance.

5.2 Financial Risks

Risk	**Summary of Control Mechanisms**
Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	*Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.* *Analyse progress at three yearly valuations for all employers.* *Annual interim valuations.*
Inappropriate long-term investment strategy	*Set a Fund-specific benchmark following receipt of professional investment advice.*
Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities	*Inter-valuation monitoring, as above.* *Some investment in bonds helps to mitigate this risk.*
Active investment manager under-performance relative to benchmark	*Short term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark and target.*
Pay and price inflation significantly more than anticipated	*The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.* *Inter-valuation monitoring, as above, gives early warning.* *Some investment in index linked bonds also helps to mitigate this risk.* *Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.*

Risk	Summary of Control Mechanisms
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	*Seek feedback from employers on scope to absorb short-term contribution rises.* *Mitigate impact through deficit spreading and phasing in of contribution rises.*

5.3 Demographic Risks

Risk	Summary of Control Mechanisms
Ill-health retirements significantly more than anticipated.	*Monitoring of each employer's ill-health experience on an ongoing basis. The employer may be charged additional contributions if this exceeds the ill-health assumptions built in.*
Pensioners living longer.	*Set mortality assumptions with some allowance for future increases in life expectancy.* *Fund actuary monitors combined experience of around 50 funds to look for early warnings of lower pension amounts ceasing than assumed in funding.*
Deteriorating patterns of early retirements.	*Employers are charged the extra capital cost of non ill health retirements following each individual decision.* *Employer ill health retirement experience is monitored.*
Maturing Fund i.e. proportion of actively contributing employees declines relative to retired employees.	*Continue to monitor at each valuation, consider seeking monetary amounts rather than percentage of pay and consider alternative investment strategies.*

5.4 Regulatory

Risk	Summary of Control Mechanisms
Changes to regulations, e.g. more favourable benefits package, potential new entrants to scheme, e.g. part-time employees	*The Administering Authority is alert to the potential creation of additional liabilities and administrative difficulties for employers and itself.*

Changes to national pension requirements and/or HM Revenue and Customs rules e.g. effect of abolition of earnings cap for post 1989 entrants from April 2006, abolition of 85 year rule and new 2008 scheme	*The Administering Authority considers all consultation papers issued by the CLG and comments where appropriate.* *The Administering Authority will consult employers where it considers that it is appropriate*

5.5 Governance

Risk	**Summary of Control Mechanisms**
Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements).	*The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions (under Regulation 38) between triennial valuations* *Deficit contributions are expressed as monetary amounts and percentages (see Annex A).*
Administering Authority not advised of an employer closing to new entrants.	
Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a debt.	*The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes.* *It also operates a diary system to alert it to the forthcoming termination of Best Value Admission Agreements.*
An employer ceasing to exist with insufficient funding or adequacy of a bond.	*The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure.* *The risk is mitigated by:* • *Seeking a funding guarantee from another scheme employer, or external body, wherever possible.* • *Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.* • *Vetting prospective employers before admission.* • *Where permitted under the regulations requiring a bond to protect the scheme from the extra cost of early retirements on redundancy if the employer failed.*

Annex A – Employers' Contributions

Following the 2010 valuation, the minimum employer contributions shown in the Rates and Adjustment certificate attached to the 2010 valuation report are based on the deficit recovery periods and phasing periods shown in the table below.

Employer name	Contributions paid in 2010/11	Minimum Contributions for the Year Ending		
		31 March 2012	31 March 2013	31 March 2014
Haringey Council	22.9%	22.9%	22.9%	22.9%
Age Concern Haringey	33.8%	22.6% plus £32,000	33.8%	33.8%
College of Enfield and North East London	19.9%	17.2% plus £303,000	17.2% plus £468,000	17.2% plus £662,000
Haringey Citizens Advice Bureaux	19.6%	21.7% plus £22,000	21.7% plus £22,000	21.7% plus £23,000
Alexandra Palace Trading Co Ltd	18.7%	23.0% plus £41,000	23.0% plus £41,000	23.0% plus £43,000
Urban Futures London Ltd	17.4%	19.5% plus £28,000	19.5% plus £29,000	19.5% plus £30,000
Greig City Academy	13.0%	16.8% plus £8,000	16.8% plus £8,000	16.8% plus £8,000
Homes for Haringey	15.4%	18.3% plus £69,000	18.3% plus £70,000	18.3% plus £74,000
John Loughborough	17.2%	18.9%	18.9%	18.9%
TLC at Coopercroft	19.0%	25.4%	25.4%	25.4%
Fortismere School	18.1%	19.2% plus £25,000	19.2% plus £25,000	19.2% plus £27,000
RM Education PLC	12.3%	17.6%	17.6%	17.6%
Ontime Parking Solutions	21.4%	22.1%	22.1%	22.1%
ESSL	28.0%	24.6%	24.6%	24.6%

Annex B – Responsibilities of Key Parties

The Administering Authority should:

- collect employer and employee contributions;
- invest surplus monies in accordance with the regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- manage the valuation process in consultation with the fund's actuary;
- prepare and maintain a Funding Strategy Statement and Statement of Investment Principles, both after proper consultation with interested parties;
- monitor all aspects of the fund's performance and funding and amend Funding Strategy Statement and Statement of Investment Principles as necessary;
- prepare annual accounts and get these audited, control cash flow and administration costs.

The Individual Employer should:

- deduct contributions from employees' pay correctly;
- pay all contributions, including their own as determined by the actuary, promptly by the due date;
- exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain, excess ill-health early retirements if appropriate;
- notify the administering authority promptly of all changes to membership or, as may be proposed, which affect future funding.

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates after agreeing assumptions with the Administering Authority and having regard to the Funding Strategy Statement;
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

The Committee should:

- carry out statutory functions relating to local government pensions under regulations made under Sections 7, 12 and 24 of the Superannuation Act 1972. Broadly this enables them to oversee the general framework within which the Fund is managed
- monitor investment and administration performance
- carry out regular reviews of investments and investment strategy
- determine and keep under constant review, an overall asset allocation policy for the Fund, including appointment and termination of fund managers
- consider appropriate professional advice on all matters with a material impact on the Scheme
- approve significant internal decisions and documents for the scheme including the valuation, Annual Report and Accounts and the FSS, and
- determine and keep under constant review, all policies and strategies of the Fund.

London Borough of Haringey Pension Fund ("The Fund")

Audit of Financial Statements 2010/11
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1 Executive Summary

ISAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected.

1.1 Purpose of report

The London Borough of Haringey ('the Council') is responsible for the preparation of accounts which record its financial position as at 31 March 2011 and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Council's accounts present fairly the financial position of the Council. Those accounts are required to include, as a separate appendix, the accounts of the Council's Pension Fund.

This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and the Corporate Committee of London Borough of Haringey Pension Fund ('the Fund') to specifically consider the key issues affecting the Fund, and the preparation of the Fund's accounts for the year ended 31 March 2011. We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the accounts of the Council.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might develop.

The document is also used to report to management to meet the mandatory requirements of International Standard on Auditing (UK & Ireland) (ISAUK) 260, and to report audit findings to "those charged with governance", designated as the Corporate Committee.

1.2 Status of audit

Our audit of the Fund is substantially complete. No matters remain unresolved which will prevent the full accounts being recommended for approval at the Corporate Committee.

1.3 Audit conclusions

Overall, our review of the Pension Fund concluded that the pensions department operates with the level of efficiency we would expect for a fund of its size. The working papers produced supporting the disclosures in the accounts were clear to understand. Documents were suitably annotated, demonstrating those that had been subject to peer review, by whom, and when the review had taken place.

In section 2 we highlight new issues identified during the course of the audit. Section 3 provides a summary of how matters raised during previous audits have progressed.

In section 4, we highlight how potential adjustments identified during the audit were concluded.

1.4 Acknowledgements

We would like to record our appreciation for the positive co-operation and assistance provided to us by the finance department and other staff at the Council during the course of our audit.

Grant Thornton UK LLP

September 2011

2 Detailed findings during the 2010/11 audit

2.1 Additional contributions deduction testing

At the request of the Pensions Committee, in addition to testing contribution deductions from the main payroll, the payroll for members from an additional employer was also tested to ensure that contributions were being deducted and paid over at the correct rates. The Employer chosen this year was RM Education. No issues arose from that testing.

2.2 Anomalies in relation to Investment valuations

When preparing the accounts, reports obtained from the custodian are used as the basis for preparing the accounts. Quarterly reconciliations are carried out, and significant differences are pursued with the custodian. Our work includes obtaining, and comparing, independent valuation reports from both the custodian and fund managers to ensure consistency with the accounts, and with each other.

For the purposes of our audit, differences greater than 0.3% between individual fund manager and custodian valuations are investigated further.

The following points were noted:

ING

The Pension team identified a difference between the valuation provided by ING and the valuation provided by Northern Trust. The total value reported by Northern Trust (NT) in relation to ING amounted to £50.9m as compared to that provided directly by ING amounting to £50.6m equating to 0.71% difference. This variance was investigated by the Pension team and discussed with ING, as a result a pricing error of £183k was identified and adjusted for by the Pension team. Further differences identified related to valid accruals included by NT but not by ING. The remaining difference was insignificant and we therefore conclude that the value in the accounts is reasonable.

We note that the difference was identified and resolved by the Pension team before commencement of the audit.

Pantheon

The normal valuation date for the private equity funds held with Pantheon is 31 December. The valuation in the financial statements takes into account cash movements from the valuation date to the end of the financial year. We concur that the valuation method adopted is in accordance with the accounting policy.

A choice is available when valuing such investments, the choices being to either adopt the March valuation or to start from the December valuation and adjust the value taking into account the cash movements to March. Either approach is acceptable under accounting standards and therefore we concur with the approach adopted.

First time adoption of IFRS

In order for the Fund to comply with the code of practice "the code" on local authority accounting the Fund is required to adopt International Financial Reporting Standards ("IFRS") for the first time for the year ended 31 March 2011.

In accordance with the transitional requirements, comparative Net Assets Statements and relevant notes have been prepared as at 31 March 2010 and 1 April 2009. While adoption of IFRS has not resulted in any material changes to figures in the financial statements, the following additional disclosures have been made:

- Current assets and liabilities – further analysis between types of debtors and creditors;
- Actuarial present value of promised retirement benefits;
- Nature and extent of risks arising from financial instruments.

The Pension Fund has adopted 'Option C' under International Accounting Standard 26 Accounting and Reporting by Retirement Benefit Plans ("IAS 26"). On this basis the Pension Fund has not included the pension liability within the net assets statement but included in Annex 1 as provided by the actuary Hymans Robertson LLP.

3 Update on matters identified in prior years

3.1 Use of shared bank accounts

As previously highlighted, cash balances are held in shared bank accounts with Council main funds, and concerns were raised over the suitability of this practice in the longer term. Our previous reviews concluded that good controls are in place to ensure balances relating to the fund are easily identifiable from Council funds.

Whilst accepting that the use of shared bank accounts was in accordance with existing regulations, our recommendation that consideration is given to the Fund having its own bank accounts separate from those of the Council remained.

Update to the year ended 31 March 2011

In the light of revised regulations due to come into force from April 2011, separate banking arrangements were in place from September 2010.

3.2 Timeliness of contributions receipts

Regulations require that contributions deducted from members' salaries are paid over to the fund by no later than the nineteenth day following the calendar month from which the contributions have been deducted.

During the year ended 31 March 2010 it was noted that in total there were 33 late payments for two of the scheduled and admitted bodies. Contributions were late for between one and two months up to a maximum of five occasions each.

Update to the year ended 31 March 2011

Our review this year revealed the following:

We noted during our contributions testing that 3 bodies of the pension fund were not transferring contribution payments to the council within the 19 day limit. This occurred on 16 occasions. For one of the bodies there was one late payment, for another body there were 10 late payments and for a third body there were 5 late payments. Of these instances 14 payments were made within a month of the due date and 2 payments were made between 1 and 2 months of the due date.

Late payments are followed up and chased by the Pension Admin team on a monthly basis and the results are reported to the committee quarterly.

4 Audit adjustments

No potential adjustments were identified.

A Reporting requirements of ISA 260

The principal purpose of the ISA 260 report is:

To reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and those charged with governance.
To share information to assist both the auditor and those charged with governance fulfil their respective responsibilities.
To provide to those charged with governance constructive observations arising from the audit process.

Matters Reported under ISA 260

Area	Key Messages
Independence	We are able to confirm our independence and objectivity as auditors and draw attention to the following points: We are independently appointed by the Audit Commission. The firm has been assessed by the Audit Commission as complying with its required quality standards. The appointed auditor and client service manager are subject to rotation every 5 years We comply with the Auditing Practices Board's Ethical Standards.
Audit Approach	Our approach to the audit was set out in our 2010/11 audit plan. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice. Other key factors to highlight include: We consider the materiality of items in the financial statements in determining the audit approach and in determining the impact of any errors. We have been able to place appropriate reliance on the key accounting systems operating at the Fund for final accounts audit purposes.

Area	Key Messages
Accounting Policies	We consider that the Fund has adopted appropriate accounting policies in the areas covered by our testing. Accounting policies were in accordance with the Local Government Pension Scheme Regulation 2007 (As Amended) and with guidelines set out in the Code of Practice of Local Authority Accounting in the United Kingdom 2008. The financial statements also comply with Statement of Recommended Practice, Financial Reporting of Pension Schemes (Revised May 2007), as applicable to Local Government Pension Schemes. The Corporate Committee should confirm that it is satisfied that the accounting policies adopted are the most appropriate, as required by accounting standards.
Audit Adjustments	No potential adjustments were required.
Unadjusted Errors	We have not identified any adjustments that we consider to be material to the financial statements.
Other Matters	No material weaknesses in internal control were identified during our audit.

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Director of Corporate Resources Julie Parker

Haringey Council

APPENDIX 3

Your ref:
Date: 27th September 2011
Our ref: Letter of rep

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

Dear Sir/Madam

London Borough of Haringey Pension Fund - financial statements for the year ended 31 March 2011

I confirm to the best of my knowledge and belief that the following representations are made on the basis of appropriate enquiries of other members, related parties, controlling bodies, management and staff of The London Borough of Haringey ('the authority'), with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you in respect of your audit of the above financial statements, in accordance with the terms of your audit plan for 2010/11.

i I acknowledge my responsibility for ensuring that financial statements are prepared which give a true and fair view of the financial position of the pension fund and for making accurate representations to you.

ii As far as I am aware:
- there is no relevant audit information of which you are unaware; and
- I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that you are aware of that information.

iii I have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.

iv All the accounting records of the pension fund have been made available to you for the purpose of your audit and all the transactions undertaken by the pension fund have been properly recorded in the accounting records and reflected in the financial statements.

v All other records and related information, including minutes of all management and Committee meetings, have been made available to you.

vi The financial statements are free of material misstatements, including omissions.

vii I acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.

viii I have no knowledge of fraud or suspected fraud affecting the pension fund involving:
- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

ix I have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

x I am not aware of any instances of actual or possible non-compliance with laws, regulations, contracts, agreements or the Council's constitution that might result in the pension fund suffering significant penalties, other loss or affecting the financial statements. No allegations of such irregularities, including fraud, or such non-compliance have come to our notice.

xi Except as stated in the accounts:
- there are no unrecorded liabilities, actual or contingent
- there are no employer related investments
- none of the assets of the pension fund have been assigned, pledged or mortgaged
- there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

xii All related parties have been identified to you and there were no transactions with related parties which should be disclosed in the financial statements that are not already disclosed in the notes to the accounts.

xiii There are no claims, legal proceedings or other matters which may lead to a loss falling on the authority or which could result in the creation of an unrecorded asset that should be disclosed in the financial statements.

xiv The pension fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

xv I am not aware of any instances of actual or possible non-compliance with laws and regulations which might affect the view given by the financial statements.

xvi No significant events having an effect on the financial position of the pension fund have taken place since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto.

Approval

The approval of this letter of representation was minuted by the Corporate Committee at its meeting on 27th September 2011.

Signed on behalf of The London Borough of Haringey Pension Fund.

Name Julie Parker

Position Director of Corporate Resources

Date ....

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Grant Thornton

London Borough of Haringey

Review of the Council's arrangements for securing financial resilience

12 September 2011

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Contents

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Section 1

Executive summary

Introduction

Background

Haringey is a densely populated borough in north London with a population of over 227,000 people. The borough stretches from the prosperous neighbourhood of Highgate in the west to Tottenham in the east; one of the most deprived areas in the country. Overall Haringey is one of the most deprived boroughs in the country. It is also one of the most diverse, with a significant proportion of people from ethnic minority backgrounds and over 160 different languages are spoken in the borough.

Haringey retains a pattern of older "village" centres and open spaces alongside newer development. There are good rail and road links in and out of central London. Haringey is situated in the growth corridor, connecting London with Stanstead, Cambridge and Peterborough.

Context

The Chancellor of the Exchequer announced the 2010 Spending Review (SR10) to Parliament on 20 October 2010. This formed a central part of the Coalition Government's response to reducing the national deficit, with the intention to bring public finances back into balance during 2014/15.

The associated report published Government Departmental Expenditure Limits (DELs) for the four-year spending review period: 2011/12 to 2014/15. CLG funding was reduced by 26% over the period.

SR10 represented the largest reductions in public spending since the 1920's. Revenue funding to local government will reduce by 19% by 2014/15 (excluding schools, fire and police). After allowing for inflation, this equates to a 28% reduction in real terms with local government facing some of the largest cuts in the public sector. In addition, local government funding reductions have been frontloaded, with 8% cash reductions in 2011/12.

The provisional Local Government Finance Settlement was announced on 13 December 2010. The final figures were announced on 31st January with the debate and approval by the House of Commons on 9th February. This represents a two year funding announcement, because the Government is delaying a decision on later years until after their review of local government finance.

This follows a period of sustained growth in local government spending, which increased by 45% during the period 1997 to 2007. The funding reductions come at a time when demographic and recession based factors are increasing demand for some services, and there is a decreasing demand for some services, such as car parking, where customers pay a fee or charge.

Our Approach

Value for Money Conclusion
As part of the work informing our 2010/11 Value for Money (VFM) conclusion we have undertaken a review to determine if the Council has proper arrangements in place for securing financial resilience.

In so doing we have considered whether the Council has robust financial systems and processes in place to manage its financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The definition of foreseeable future for the purposes of this financial resilience review is 12 months from the date of this report .

We have reviewed the financial resilience of the Council by looking at:

- Key indicators of financial performance;
- It's approach to strategic financial planning;
- It's approach to financial governance; and
- It's approach to financial control.

Further detail on each of these areas is provided in the sections of the report that follow. Our overall conclusion is that whilst the Council faces significant risks and challenges in 2011/12 and beyond its current arrangements for achieving financial resilience are adequate.

This report needs to read in context that we are at the start of SR10 where some of the potential risks and challenges over the next four years have yet to materialise. Our assessment may change in future years, although we would note the Council has systems in place to address future challenges.

We have used a red / amber / green (RAG) rating with the following definitions.

Green	**No cause for concern**. Adequate arrangements identified and key characteristics of good practice appear to be in place.
Amber	**Potential risks and / or weaknesses**. Adequate arrangements and characteristics are in place in some respects, but not all . Evidence that the Council is taking forward areas where arrangements need to be strengthened.
Red	**High risk**: The Council's arrangements are generally inadequate and not in line with good practice or may have a high risk of not succeeding

Our findings are detailed between pages 10 and 32 of this report.

Where areas have been assessed as amber or red we have discussed these with officers and, as appropriate, made recommendations on pages 8 and 9.

Overview of Arrangements

Area	Summary observations	Summary level risk assessment
Key Indicators of Performance	• Benchmarked key indicators of financial performance indicate that, in general terms, Haringey is following recent trends of the London Borough comparator group for most indicators. These trends, however, indicate reductions in liquidity, reducing DSG balances, and above average borrowing levels. • GF reserves have increased over the three year period to 31 March 2010, whilst the London Borough average is on a decreasing trend. The level of GF reserves at 31 March 2011 for Haringey (£10.5m) remains lower than the London borough average of £14.6m, although it should be noted that GF reserves represent only one source of funding for future years costs and the Council has access to further earmarked reserves albeit the redundancy programme has diminished them in year. • Overall, the Council's level of available reserves and contingencies provide adequate cover for known future financial risks. • The Council's 2010/11 revenue outturn provided a net general fund surplus of £51k. This represented a £1.6m improvement on the period 11 outturn forecast. • Haringey has not faired well compared to the rest of London in terms of spending power reductions, and has had to take significant steps to ensure financial balance. • The Council has been developing a robust approach to absence management, and it will be important to maintain this focus during the MTFP period.	Green
Strategic Financial Planning	• The Council strengthened its most recent financial planning process in light of the Government's deficit reduction programme. It is clear that the Council took account of its corporate priorities when setting what was a generationally challenging budget. The Council initially adopted a corporate approach to identifying savings, followed by the introduction of departmental targets, to ensure savings levels were achieved. Budgets and savings were agreed at a corporate level, by senior officers and Members. • In addition, like many councils, the lack of significant alternative savings scenarios in advance of SR10 and the finance settlement, resulted in some aspects of the planning process being understandably rushed, impacting on the ability of some services to finalise savings and budget assumptions prior to the start of the 2011/12 financial year. • This has been recognised by the Council, which is intending to conclude its review of the 2012/13 budget significantly earlier than the previous year, and by making provision of £1.8m in the MTFP for slippage in delivering savings. • Significant work is still required to meet the outstanding budget gap of £ 28.1m with the MTFP	Amber

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Overview of Arrangements

Area	Summary observations	Summary level risk assessment
Financial Governance	• The Council has a well established approach to financial governance that has delivered solid results in recent financial years. • Significant reductions to finance resource, allied to reductions in service manager posts and some operational challenges in relation to the use of some key financial systems raise risks in relation to the role and responsibilities of the "Haringey Manager". (These are set out in more detail on page 30 of this report.) The Council understands these risks and is progressing mitigating actions. However, as with many other local authorities, failure to embed the necessary cultural, system, and process changes could impact on the Council's financial governance effectiveness.	Green
Financial Control	• The Council's has a robust approach to financial and performance management, and has a largely good record in controlling spend in non demand led services. The Council also demonstrates appropriate deployment of internal and external assurance mechanisms. • Whilst key financial systems have historically been used to provide reliable financial monitoring information for the Council to manage financial risks in a timely way, the current procedures incorporate a number of labour intensive work around activities that may be challenging for the restructured organisation to deliver. As already noted, the Council understands the risks associated with this change and is progressing mitigating actions. We see achieving the financial management cultural change throughout the organisation as one of the Council's biggest barriers to delivering effective budgetary controls in the period beyond delivering the front ended savings of the SR 10.	Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Recommendations

Area of review	Recommendations	Responsibility	Timescale	Comment
Key Indicators of Performance	The Council should ensure profiles are appropriate across the life of the capital programme.	Head of Finance – Budgets, Accounting and Systems	January 2012	Profiles are normally used as part of the capital budget management process in the Council. However it is accepted that the process may benefit from a review and this will, therefore, be undertaken.
	The Council should continue to maintain appropriate levels of reserves and monitor the Council's liquidity to ensure financial resilience is maintained.	Chief Finance Officer	On-going	Agreed
Strategic Financial Planning	The Council should, where appropriate, utilise a greater level of scenario planning during the planning process and ensure that all savings assumptions are understood and agreed in a timescale that maximises their delivery.	N/A	N/A	The current level is considered appropriate given the reduced level of resources available for this work in the Council.
	The Council should adapt its MTFP to reflect the new corporate structures.	Deputy Chief Finance Officer	October 2011	The new MTFP will reflect the new corporate structure.
	The Council should consider adopting ,in an appropriate and controlled way ,aspects of Zero Based Budgeting to improve the strategic prioritisation during the financial planning cycle.	Deputy Chief Finance Officer	April 2012	Given the significantly reduced number of finance staff in the Council, resources may not be available to undertake this very time consuming technique. The Council may consider adopting some ZBB on a limited pilot basis.

Recommendations

Area of review	Recommendations	Responsibility	Timescale	Comment
Financial Governance	The Council should review and update its chart of accounts so that budgets and actuals are aligned to the new corporate structures.	N/A	N/A	The overall high level structure following Re-Thinking Haringey is now reflected in SAP
	The Council should ensure that services improve their understanding of the relationship between demand and expenditure, for example by utilising Activity Based Costing where appropriate, to better inform financial planning and financial monitoring discussions.	N/A	N/A	Key unit cost data is currently in use for example in Looked After Children. However, given the significantly reduced numbers of staff within the Council, resources have to be prioritised. Extending ABC across the Council is not seen as a key priority at this time.
	The Council should ensure that the new "Haringey Manager" financial management responsibilities are reflected in appropriate person specifications and that the associated performance appraisal targets are effectively set and monitored.	N/A	N/A	Budget management responsibilities are already incorporated within the revised Performance Appraisal documentation and is established as a key competency.
Financial Control	The Council should ensure that planned enhancements to SAP and other financial systems are delivered during 2011/12 and associated training is provided to service managers.	Deputy Chief Finance Officer	December 2012 (estimated)	This is linked to the current tendering exercise to appoint a new Managed Service Provider. The enhancements will result from the implementation of a new version of SAP which will not be in place until at least the end of 2012/13.
	The ability of the reorganised finance function to provide appropriate risk-based support to services will need to be regularly monitored, particularly during the period of transition embedding the new financial responsibilities within departments.	Deputy Chief Finance Officer	April 2012	Agreed – this already planned to take place.
	If the Council continues to use the HESP monitoring tool, it needs to be updated to ensure slippage is appropriately reflected in projections, and that the template is aligned to the new corporate structure.	N/A	N/A	Revisions have already been actioned.

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Section 2

Key Indicators

Introduction

This section of the report include analysis of key indicators of financial performance, benchmarked where this data is available. These indicators include:

- Working capital ratio
- Useable Reserves: Gross Revenue Expenditure
- Long term borrowing to tax revenue
- Long term borrowing to long term assets
- Schools Reserves - Balances to DSG allocations
- Sickness absence levels
- Out-turn against budget

The associated graphs and explanations of the ratios are included in Appendix 1.

We have used the Audit Commission's nearest neighbours benchmarking group, which is the following authorities.

Greenwich London Borough Council
Wandsworth Borough Council
Southwark Council
Merton Council
Hounslow London Borough Council
London Borough of Ealing
London Borough of Tower Hamlets
London Borough of Lambeth
London Borough of Waltham Forest
London Borough of Enfield
Haringey London Borough Council
Brent London Borough Council
London Borough of Lewisham
London Borough of Hackney
Islington London Borough Council
Newham London Borough Council

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Overview of performance

Area of Focus	Summary observations	High level risk assessment
Liquidity	• Haringey's working capital ratio has reduced from 2.08 in 2007 to 1.10 in 2009. This has taken the Borough from above the industry standard range of 2:1. This indicates that the council's liquidity is decreasing. However, unlike some other authorities in this benchmark group, Haringey is, just, maintaining a positive working capital ratio. Working capital will come under increasing pressure during SR10 and will need to be carefully monitored. • The Council's collection rate for Council Tax for 2008/09 was 93.0% (against a the London average of 92.6%) , which dropped slightly to 92.6% during 2009/10, against a target of 93.25%. The local government average for the same period was 97%. Haringey was one of 11 London Boroughs which had a collection rate lower than 95% during 2009/10. We note that levels of deprivation in some parts of the borough, and the levels of transient population, are likely to impact on this collection rate. • The Council's collection rate for NNDR was 95.7% for 2008/09 and this rose to 97.5% during 2009/10, against a target of 98.5%.	Amber
Borrowing	• Haringey's long term borrowing to long term asset ratio of 0.35 shows that the Council's long term borrowing represents approximately one third of its long term assets - i.e. long term borrowing does not exceed its long term assets. In comparison to other authorities in its benchmarked group, Haringey has a higher than average long term borrowing to long term assets ratio. • Haringey's long term borrowing exceeds tax revenue by 2.53 times. Haringey has the third highest ratio in comparison to the benchmark group, although half of the authorities have a ratio greater than 2, indicating that Haringey is reasonably consistent with other benchmarked authorities.	Green
Workforce	• Sickness absence levels during 2009/10 was an average of 9.38 per FTE. This compares to the London average of 9.4 and the national average of 12.3 for the same period. • Haringey's sickness absence levels have fluctuated over the past three years, with an increase of an average 0.5 per FTE (5.6%) during 2009/10 and a reduction during 2010/11 of an average of 1.42 per FTE (15%). 2011/12 and beyond will represent a real challenge in terms of maintaining the downward momentum when budgets are squeezed and staff are under more pressure to delver "more for less" • The Council operates a highly regarded workforce management monitoring system, and outputs from this system are included in the finance and performance monitoring reports to CEMB and the Cabinet, where actions are agreed to manage related workforce issues. • Sickness absence levels have an appropriate profile with senior management and actions are agreed and minuted by CEMB. Given the significant organisational change that is taking place during 2011/12, it will be important for CEMB to continue to carefully manage workforce issues when they arise and maintain a robust approach to sickness absence monitoring for the recent downward trend to improve.	Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Overview of performance

Area of Focus	Summary observations	High level risk assessment
Performance Against Budget	• The 2009/10 General Fund revenue budget overspent by £2.183m. The majority of departments overspent their approved revenue budget total, with Children and Young People (£4.3m) and Urban Environment (£1.7m) representing the largest overspends. • The 2010/11 General Fund was forecast to overspend by £2.4m in 2010/11, at period 10. However, following management actions, the final outturn position was a surplus of £51k.The Council has recognised an underlying budget pressures in Children's Services and a growth of £7.3m has been included in the 2011/12 budget. • The capital programme underspent by £27.8m during 2009/10 (14.1% of the approved budget). This was a net increase in underspend of £3.3m on the previous forecast reported to Cabinet. £21.4m capital programme spend was recommended as carry forwards. The capital programme was forecast to underspend by £17.7m during 2010/11, with £12.6m carry forward proposals. The provisional outturn for 2010/11 was a net underspend of £14.8m (8.7% of approved budget), which was £2.2m less than forecast at period 11. We note that, of this contingency, £5.6m related to BSF, which was part of a planned approach agreed by the BSF Project Board. Furthermore, rather than indicating slippage, the underspend primarily reflects changes to payment profiles. • The HRA recorded a surplus of £0.538m for 2009/10. A similar level of surplus is forecast for 2010/11.	Amber
Reserve Balances	• The MTFP notes the general reserves target for 2011/12 has been set at £10.5m which represents 4% of the Council's budget. This level is the same as 2010/11. There are also a number of earmarked and other reserves which are projected to be £48.6m at 31 March 2011, and £18m as at 31 March 2012. The main variance between these two projections is the use of reserves to fund redundancy costs during 2011/12. The General Purposes Committee (to be replaced by the Corporate Committee in 2011/12) will consider the actual reserves when approving the accounts, with the Cabinet to make the final decision on the Council's level of reserves. • Between 2007/08 and 2009/10 the Council reduced the value of its useable capital and revenue reserves, from 8% to 3%. This was in line with the general trend of its benchmark group of London Boroughs. • Haringey's General Fund reserves have increased over the three year period to 31 March 2010, whilst the London Borough average is on a decreasing trend. However, the level of forecast reserves at 31 March 2011 for Haringey (£10.5m) remains lower than the London borough average of £14.6m. • Haringey has not faired well compared to the rest of London, in terms of spending power reductions, and there is very limited ability from 2011/12 to rely on the use of GF reserves to meet short term government funding reductions. Whilst this is true for London as a whole, Haringey's General Fund Reserve's ability to fund the spending power reduction is less than the London average. However we would note that despite the use of earmarked reserves to fund redundancies the Council still has earmarked reserves available to cover future risks.	Green

Overview of performance

Area of Focus	Summary observations	High level risk assessment
Schools Balances	• Haringey's ratio has decreased by 1% each year over the thee years to 2009/10. This is in line with the broad trend of the benchmark group. Haringey has consistently remained one of the authorities with the one of the lowest ratios over this three-year period. It's 2009/10 ratio of 2% was the second lowest in the benchmark group. • This ratio indicates that DSG is drawing down on balances as result of budgetary pressures. The 2009/10 outturn noted a £2.2m overspend on schools DSG budgets and an underspend of £722k on non schools DSG budgets. • This needs to be carefully monitored to ensure DSG balances remain at an appropriate level and the reducing trend is effectively managed. • We recognise that managing schools balances is a fine judgement and that excessive balances are inappropriate and should be discouraged. • The Council will need to continue to consider the impact of Academies on the level of schools' balances, as part of its wider consideration of the wider issues relating to Academies.	Amber

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

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Section 3

Strategic Financial Planning

Key indicators of good Strategic Financial Planning

- Focus on achievement of corporate priorities is evident through the financial planning process. The MTFS focuses resources on priorities
- Service and financial planning processes are integrated.
- The MTFS includes outcome measures, scenario planning, benchmarking, resource planning and details on partnership working. Targets have been set for future periods in respect of reserve balances, prudential indicators etc
- Annual financial plans follow the longer term financial strategy
- There is regular review of the MTFS and the assumptions made within it. The Council responds to changing circumstances and manages its financial risks
- The Council has performed stress testing on its model using a range of economic assumptions including SR10
- The MTFS is linked to and is consistent with other key strategies, including workforce.
- KPIs can be derived for future periods from the information included within the MTFS
- Effective treasury management arrangements are in place.
- The council operates within an appropriate level of reserves and balances

Medium Term Financial Strategy

Area of Focus	Summary observations	High level risk assessment
Focus of the MTFP	• The MTFP indicates that the Council is reviewing the outcomes and priorities for Haringey, and how these will be delivered. For example, linkages to the Rethinking Haringey paper. The Council agreed spending priorities and actions linked to these outcomes based on evidence of need and available resources for 2011/12. • The current MTFP covers the three year period 2011/12 to 2013/14. • The scale of the savings requirement meant that most services received a robust level of challenge and scrutiny. There were some exceptions to this, based on the Council's priorities, in particular in relation to looked after children and safeguarding services. • The Council initially took a corporate approach to identifying savings. This was followed by the allocation of targets to departments to support the identification of the level of savings required. Targets of 25% for front line services and 50% for support services were allocated, to ensure the impact on front-line services was mitigated. We note that confirmed savings that are cross council total £2.8m in 2011/12 , or 7% of the total for this financial year, and that all departmental savings were considered corporately by CEMB and the Cabinet. • The Council should consider adopting aspects of strategic Zero Based Budgeting (ZBB) approach to financial planning. ZBB is an approach to budgeting that starts from the premise that no costs or activities should be factored into the plans for the coming budget period, just because they figured in the costs or activities for the current or previous periods. Rather, everything that is to be included in the budget must be considered and justified. By adopting this approach the Council will be able to prioritise and rank services, so that all financial planning decisions can be made in a fully informed and transparent way. Effective implementation of such and approach needs to be controlled and focused and the continuation of incremental budgeting in key services needs to be effectively challenged and linked carefully to the Council's strategic objectives.	Amber

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

DRAFT

Medium Term Financial Strategy

Area of Focus	Summary observations	High level risk assessment

Adequacy of planning assumptions	• The December 2010 finance settlement confirmed a 13% funding reduction to the 2011/12 budget which was significantly higher than had been expected. In cash terms the settlement represented a funding reduction of £34m for 2011/12, with the final savings requirement of £41m for the year, when growth items were taken into account. The equivalent July 2010 forecast had been a budget gap of £22.8m, but as with the sector as a whole, the front loading of savings was not forecast. The Council did not consider in detail any alternative savings scenarios.
	• Given the scale of savings required, the pressure on the final stages of the planning cycle impacted on the timescales for 2011/12. For example:
	  • the £5m Supporting People saving, which is the largest single saving to be made during 2011/12, did not conclude a detailed analysis of the assumptions that underpin the realisation of this saving until mid May 2011.
	  • the proposed closures of children's centres did not finalise its assumptions until the start of 2011/12.
	• There is a risk to the achievability of the MTFP savings target if the Council does not agree to decommission services, such those relating to children's centres, following consultation.
	• The Council reviewed potential savings delays as part of the associated planning cycle, and a provision of £1.8m for slippage has been included in the 2011/12 budget, reflecting the fact that the Council recognised these risks and factored them into the budget. Nonetheless, it also reflects the difficulty the Council has had in some areas in finalising savings prior to the start of the new MTFP period.
	• Our discussions with officers indicated that, whilst individual services undertake modelling of demand to understand the impact on future spending levels, this information is not consolidated within the plan, limiting the potential of Members to understand in detail all the challenges the Council faces.
	• The MTFP, whilst covering a three-year financial horizon, retains an annualised approach to planning assumptions, with a particular focus on year one of the plan. For example, whilst £62m savings have been included for the three-year period, a balance of an additional £21m savings is required for years two and three of the plan.
	• The MTFP confirms that corporate priorities are being reviewed during 2011/12.
	• Approximately £25m redundancy payments are forecast during 2011/12. A £10m transition reserve is being used to contribute to this, with other reserves being used to fund the balance, with a small proportion to be capitalised, which reflects the Council's historically prudent level of reserves.
	• The impact of the civil disturbances experienced in Haringey, and other authority areas across England during August 2011, will take time to fully understand. This includes understanding if they create any risks to the MFTP.
		Amber

Medium Term Financial Strategy

Area of Focus	Summary observations	High level risk assessment
Adequacy of planning assumptions ***(Continued)***	• The MTFP assumes a Council Tax freeze in 2011/12 (to qualify for CLG £2.5m funding) and assumes a 2.5% increase in Council Tax from 2012/13 onwards, with a decision to be made on future Council Tax levels "when the medium term financial picture becomes clearer". • The MTFP includes provision of £4m on the assumption that the planned reduction in Council Tax Benefit from 2013/14 may be funded by the Council. This provides the option for Members to agree to fund this gap or, if not, can contribute to the outstanding savings requirement for the MTFP period, which appears reasonable. • A total provision for inflation of £19.8m is included in the MTFP over its three year period. Not all service budgets have received inflation allocations, and a process is in place for services to receive supplementary budgets for inflationary pressure where this is deemed necessary, which is good practice.	
Scope of the MTFP and links to annual planning	• The Council launched Rethinking Haringey in January 2011, which set out the current challenges facing the Council, and the plans for transforming service delivery. The related new management structure was a key driver in the financial planning process, particularly with regard to achieving staffing related savings. • During the most recent planning cycle Cabinet led forums were established to discuss budget planning. This formed part of the Leader of the Council's wider approach to build a critical mass of members who understood the financial issues facing the Council, in particular the context of taking difficult financial decisions. • It is generally accepted that the financial planning cycle needs to commence earlier during 2011/12 to ensure implementation planning for savings starts earlier than during the previous planning cycle. The 2012/13 financial planning cycle has now commenced – CEMB had an away day during May, and a Cabinet led forums took place during the Summer. • The Council is planning to agree indicative budgets and savings for 2012/13 during September 2011. Whilst delays during the previous cycle were clearly impacted by the timing of SR10 and the finance settlement, it is felt by some services that greater use of scenario planning could have mitigated elements of the financial planning process which appeared rushed, and impacted on some savings profiles for 2011/12.	Amber

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Medium Term Financial Strategy

Area	Summary observations	High level risk assessment
Review processes	• During the financial planning cycle, budget forecasts and savings options were developed by services and discussed at divisional management teams, and then by Departmental Management Teams. Proposals were then reviewed by CEMB and Cabinet. Portfolio holders were regularly engaged through Cabinet led forums, and there were weekly meetings of the Efficiency Board (the Chief Executive, the Leader, the Deputy Leader, the S151 Officer and the Assistant Chief Executive) which reviewed services on a risk basis. • A review of the MTFP, focussing on 2012/13 and 2013/14 has already commenced. • The Council has a Treasury Management strategy in place that is included in the MTFP that is approved by Cabinet and Council. The General Purposes committee receives quarterly reports on treasury management activity and performance including monitoring of prudential indicators. The Audit Committee is also responsible for the scrutiny of treasury management activities. From review of minutes, we have noted that monitoring reports have been provided to the General Purposes committee in 2010/11 and that there is scrutiny of these reports. A review of the arrangements in previous years has not identified any issues. • The General Purposes committee and Audit Committee are being merged into the Corporate Committee in 2011/12, which will meet quarterly. The Council will need to ensure that this new Committee has appropriate agenda time to review and scrutinise appropriate issues.	● Green
Responsiveness of the Plan	• The Council adapted it's MTFP during the most recent financial planning cycle, in particular in response to SR10 and the finance settlement. • Future years will be reviewed during the lifetime of the plan, and this process has already commenced for 2012/13.	● Green

Key:
- ● High risk area
- ● Potential risks and/or weaknesses in this area
- ● No causes for concern

Section 4

Financial Governance

Key indicators of effective Financial Governance

There is a clear understanding of the financial environment the Council is operating within:

- Regular reporting to Members. Reports include detail of action planning and variance analysis etc
- Actions have been taken to address key risk areas
- The CFO is a key member of the leadership team
- Officers and managers across the council understand the financial implications of current and alternative policies, programmes and activities
- The leadership ensure appropriate financial skills are in place across all levels of the organisation
- The leadership foster an open environment of open challenge to financial assumptions and performance

There is engagement with stakeholders including budget consultations

There are comprehensive policies and procedures in place for Members, Officers and budget holders which clearly outline responsibilities.

Number of internal and external recommendations overdue for implementation

Committees and Cabinet regularly review performance and it is subject to appropriate levels of scrutiny

There are effective recovery plans in place (if required)

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Understanding and engagement

Area of focus	Summary observations	High level risk assessment
Understanding the Financial Environment The controls assurance performance monitoring focuses on financial management, governance and risk management	• The Local Code of Corporate Governance (LCCG) has been largely effective in driving improvements and ownership of governance issues and arrangements across the Council. There are regular meetings and work programme for key officer groups to ensure that key statutory processes and good governance arrangements are completed and awareness raised. • As part of the finance reports to Cabinet, risks associated with achieving the MTFP are highlighted. Financial risks are also identified in the MTFP. • The Council's constitution describes the overall areas of financial responsibility for Members of the Cabinet and for Committees and Sub-Committees. • The S151 Officer is a member of the Chief Executive's Management Board, and the Deputy S151 Officer attends when required. • The staff suggestion box via the Council's intranet has received clarifications and challenges (for example, "did you know in my section the principles of spans of control are not being followed") indicating a willingness of staff to enter into dialogue on factors relating to the Plan. • Budget holders are supported by the finance team to manage their budgets. However with the changes to the finance function (40% reduction to staff), budget holders will need to ensure they fully understand how to manage and control their budgets, given more significant reliance being placed on them than in previous years. • The Council has developed the concept of "the Haringey Manager" in response to the centralisation of the finance function, and other support services, and the reduction in support service staff. This is because there will be greater responsibility for service managers to undertake a greater level of tasks previously provided by support services, including financial management and HR The Haringey Manger reflects the cultural change required and the associated responsibilities and accountabilities. The Council will need to ensure that these new financial management responsibilities are reflected in person specifications and associated performance appraisal targets are set and effectively monitored, for the required cultural changes to become embedded. The Council clearly recognises these risks. • There is general acceptance that there are currently mixed levels of financial management ability for non financial managers across the Council, For example, in relation to a detailed understanding of unit costs, cost drivers, and benchmarking data. The reduction in service manager posts and associated increases in spans of control for managers, and the reduction in finance and other central support services to these managers, allied to some weaknesses in the functionality and use of SAP (mentioned in more detail on page 30), is a significant risk for the Council. This is recognised, and finance support will be prioritised on the basis of risk based judgements, the provision of financial management and SAP related training, and the development of enhancements to SAP. • Services could improve their understanding of the relationship between demand and expenditure, for example by utilising Activity Based Costing, to better inform financial planning and financial monitoring discussions.	Amber

Understanding and engagement

Area of focus	Summary observations	High level risk assessment

Executive and Member Engagement
 	
Overview for controls over key cost categories
	• There is an appropriate level of senior management and member engagement in the financial management process.
	• The Council has undertaken significant work to engage with stakeholders in the budget setting process. The Council has used several methods of consultation for the 2010/11 budget including:
	  • the Haringey website
	  • 250 known residents who have previously agreed to take part in consultation and research were directly targeted
	  • HAVCO and economic regeneration networks
	  • the Council's Youth Space website
	  • through youth network contacts
	  • a questionnaire for the general public and voluntary, statutory and business organisations
	  • a questionnaire for young people.
	• The council has an on-going consultation called Shaping Our Future. Based on consultations, including savings proposals, the Council is reviewing its priorities. The MTFP notes the public consultation and includes evidence that issues raised have informed the budget setting for 2011/12.
	• The Council introduced changes to procurement authorisation during 2010/11 (ADs to authorise procurement spend over £500, and Directors authorise spend over) to control expenditure. This was a temporary measure during the year that formed part of the Council's planned response to the forecast revenue overspend.
	• The Council has also recently reviewed the use of agency staff and consultants to control this category of spend, and continues to keep this under review.
	• Finance have monthly control days to monitor balance sheet codes and to reconcile holding codes, to ensure there are no mis-codings or unknown balances.
		Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

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Monitoring and review

Area	Summary observations	High level risk assessment

Performance Management of Budgets
Overview of information reported at Cabinet in year and at year end. Commentary on in year variances against plan in addition to year end variances
	• The Cabinet reports include information on the overall financial outturn of the Council and financial performance for each of the services. It includes information on over and under spends for each of the directorates and actions being taken to ensure the budget is brought back in line and managing cost pressures. For example the September 2010 report to Cabinet forecast an overspend of £9.2m. As a result council wide mitigating actions were introduced which included :
	  • council wide recruitment freeze,
	  • limitations on spending authorisation,
	  • suspension of the use of purchase cards, and creation of directorate level contingencies created from top slicing supplies and services budgets.
	• The reports also included any budget virements as an appendix for Cabinet to approve. The reports also include information on treasury management and the performance against the capital programme.
	• Monthly meetings of the CEMB include a review of financial and performance monitoring reports. Actions arising are minuted.
	• As mentioned above the monitoring reports to Cabinet include information on the variances against the budget for the Council and is also reported at directorate level. The reports include forecast outturn for revenue and HRA. The appendix to the report includes information on the variation of each directorate against the approved budget. For example, the March 2011 report (for period 10) noted that Adult Services were forecasting a year-end underspend of £0.1m. This service had experience high demand during the year, but had been mitigating the cost pressures with a vacancy factor against all non-statutory positions. The same report estimated the outturn for Children and Young People as £7.7m above budget. The increase of costs were being mitigated by maximising grant income. The overall General Fund outturn for the year was forecast as on overspend of £2.4m, a reduction from £2.9m in the previous report. The capital programme was forecasting an underspend of £17.7m, an increase from the £11.4m forecast in the previous report.
	• The actual 2010/11 revenue outturn was a net general fund surplus of £51k. This represented an improvement of £1.6m on the period 11 forecast. This principally related to lower than anticipated costs (social care and NLWA), increased net savings on ABG, and the transfer of redundancy costs to the Transition Reserve.
	• The most significant revenue variance during 2010/11 related to a net overspend of £7.7m in Children and Young People (non DSG). The overspend related primarily to an increase in the numbers of looked after children. This has been an underlying budget pressure for the Council, and the 2011/14 MTFP reflected this by including a growth in this service budget of £7.4m, which represents 10.4% of the revised budget for 2011/12. The Council's ability to manage this service within this increased budget will be critical during the MTFP period.
		Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Monitoring and review

Area	Summary observations	High level risk assessment
Review of accuracy of Committee/Cabinet Reporting -e.g. reconciliation of Cabinet Reports to management accounts	• The monitoring report is presented to Cabinet. This includes both information on the performance management and financial performance of the Council. Commentary is on an exception basis. The Cabinet minutes provide evidence of the scrutiny of overspends against the budget by members. • The Council understands the need to review and update its chart of accounts so that that cost centres and associated budgets and actuals are aligned to the new corporate structure. The reduction in finance resource places a risk on the speed with which this will be completed. • The Council is also updating its process for budget monitoring, to reduce the level of documentation that services need to provide, to make the process more efficient under the new Council structures. This change will need to be monitored to ensure the robustness of financial information is not compromised.	Amber

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

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Section 5

Financial Control

Key indicators of Effective Financial Control

Budget setting and budget monitoring

- Budgets are robust and prepared in a timely fashion and the council has a good track record of operating within its budget
- Budgets are monitored at an officer, member and Cabinet level and officers are held accountable for budgetary performance
- Financial forecasting is well-developed and forecasts are subject to regular review, including trend analysis, benchmarking of unit costs, risk and sensitivity analysis.
- There is particular focus on monitoring income related budgets

The capacity and capability of the Finance Department and Service Departments are fit for purpose

Financial Systems

- Key financial systems have received satisfactory reports from internal and external audit
- Financial systems are adequate for future needs, for example commitment accounting functionality is available

Internal Control

- Strength of internal control arrangements - there is an effective internal audit which has the proper profile within the organisation. Agreed Internal audit recommendations are routinely implemented in a timely manner
- There is a an assurance framework in place which is used effectively by the Council and is how business risks are managed and controlled.
- The Annual Governance Statement gives a true reflection of the organisation.

Internal arrangements

Area of focus	Summary observations	High level risk assessment
Performance Management of Budgets **Budget setting and budget monitoring and forecasting including detail of frequency of forecasting**	• The Council has well established budget setting processes that encourages ownership from budget holders, and finance training is provided to officers and members. The Council has a good track record in managing budgets on a service by service basis. We have first hand evidence, from discussions at Audit Committee, General Purposes Committee and other forums, of Members challenging on finances (e.g. exploring and understanding the risks to the Council's finances of not submitting claims and returns on time and potentially not identifying potential funding streams) and, recently, understanding the scale of the financial management challenge ahead. • Monitoring reports are produced monthly for discussion by senior management and quarterly for Cabinet. The monitoring process clearly recognises the accountabilities of Directors for the financial management of their departments. • The Council uses an incremental budgeting approach, which focuses on historic baselines with adjustments for inflation, growth and savings pressures. The Council should consider a phased introduction of zero based budgeting to ensure the accuracy of service budgets in light of the recent corporate reorganisation and the new MTFP.	Green
Performance against Savings Plans	• A summary of the progress made against the savings plan are reported as part of the monitoring report to Cabinet. This is RAG rated. The most recent monitoring report provided to us forecast, of the £8,004k saving required for 2010/11, £7,380k rated as green, £469k amber and £155k red. • The savings programme has been identified as a significant risk for the Council and included in the Internal Audit plan for 2011/12 and Internal Audit will monitor monthly progress. • The Council has introduced a new approach to monitoring the Haringey Efficiency and Savings Programme (HESP) for 2011/12 to ensure that savings are monitored in addition to standard budget monitoring arrangements, which is good practice. The HESP spread sheet is updated in real time by savings owners and is monitored weekly by management. • The HESP monitoring form includes the profile of savings against plan for each of the three years and a RAG risk rating. This rating relates to the risk of not delivering a saving, rather than the consequences of non delivery. • The monitoring process currently allows for projections against plan to incorporate countervailing savings if the original savings target slips, or is not fully achievable. This is recognised by Finance and we understand that the process is being adapted to highlight where slippage occurs. • If the Council continues to use the HESP template, it needs to be amended to align to the new corporate structure.	Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Internal and external assurances

Area of focus	Summary observations	High level risk assessment

Summary of key financial accounting systems	• The Council has well established systems and procedures for producing reliable financial monitoring and forecasting information, which is used alongside related performance information to support decisions.
	• The process has enabled the Council to identify and manage financial risks in a timely way. However, the current procedures incorporate a number of labour intensive work around activities that will not be realistic as a result of the significant reductions to finance and service resource:
	  • The Council uses SAP as its enterprise resource planning system. It is generally accepted that SAP needs to be more user friendly for non-financial managers, and its forecasting functionality needs to be improved. A project team has been established to progress SAP optimisation. Initial improvements are forecast to be in place by the end of 2011. Funding for this is included in the capital programme.
	  • It is also generally accepted that there are weaknesses in the use of the commitment accounting system in terms of how some services use this functionality. Training is planned to support Haringey Managers in the use of SAP, including the use of commitment accounting, but this remains an area of risk for the council in terms of the accuracy of financial management reporting.
	  • The General Ledger is not effectively aligned to the HR modules in SAP, resulting in separate spread sheets being maintained for salary projections. Given the significant levels of savings based on staff reductions, it is essential that SAP is able to provide accurate salary costs and forecasts to ensure efficient budget monitoring.
	  • Framework-i is the care planning system used by the Council. The use of Framework-i data currently requires significant manual input in the provision of accurate monthly financial forecasts. The reduction to finance resource to support this process means that relevant services will have greater responsibility for the provision of accurate financial management information.
		Amber

Finance Department resourcing	• As at April 2011 there was a low turnover of staff in the finance department, with an establishment level of 135 staff. However as part of the department's restructuring 58 posts (43%) are being deleted, with a new centralised finance function to be in place from 1 July 2011. • At the time of our review, and as part of the accounts planning process, the finance department restructuring has been identified as a key risk the Council will need to manage. • Whilst future finance support to departments is to be prioritised on a risk management basis, the key risk relates to the success of the Haringey Manager cultural change, whereby non-financial managers will have greater financial management responsibilities. Not achieving these cultural changes is likely to have a significant impact on financial control, impacting on the financial resilience of the Council in the period beyond the initial savings driven by SR10.	Amber

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

Internal and external assurances

Area of focus	Summary observations	High level risk assessment
Internal audit arrangements including compliance with CIPFA Code of Practice for Internal Audit	• The Council has adequate arrangements in place. Internal audit work is shared between in-house and external provision, and is fully compliant with the CIPFA Code of Practice, confirmed through an annual peer assessment exercise. Grant Thornton place full reliance on the work of internal audit. • As part of the wider reorganisation of support services, Internal Audit resource has reduced from 23 to 16 staff, including counter fraud and insurance resource. The Council has advised that within this reduction, Internal Audit resource has not reduced. Internal capacity is supplemented via a contract with Deloitte, which is up for renewal in 2012. • There is a perception in some service areas that the internal audit plan's alignment on the Council's risk register leads to reactive and not proactive assurance activity. Whilst the CIPFA Code of Practice requires a risk-based audit plan, the current Audit Plan will be more strategic, focussing on the impact of HESP, and the implications of the restructuring, on the control environment. • The Council has a robust process for preparing and reporting the Annual Governance Statement (AGS), to which departments contribute on an annual self-assessment basis, challenged by the Head of Internal Audit. The AGS is signed off by the Chief Executive and Leader, after it has been produced by a group of officers including the Head of Internal Audit, Head of Legal Services and the Director of Corporate Resources. The Head of Internal Audit has in recent years presented the AGS to the Audit Committee and responds to any questions. We note that the Director of Corporate Services presented the 2010/11 AGS, and this improved governance arrangement is something that should continue. • Audit Committee members recommended that where implementation of recommendations were not completed in accordance with agreed timescales, responsible Directors attend committee meetings. This has ensured that all high priority recommendations are implemented by the agreed deadline. • The Council has improved operational management of risk through the use of the Covalent performance management system, which as resulted in directorates taking ownership of risk and risk management and their responses to changing circumstances such as the recession. Internal audit also routinely test the controls in place within the Council to manage risk, and review a sample of risk register entries. • Following a governance review the Council has created a Corporate Committee, incorporating the Audit Committee, General Purposes Committee and the Pension Fund Committee. Its first meeting will be in June 2011. In addition, the Overview and Scrutiny Committee has been reorganised with its membership being drawn from the chairs of the new area committees.	Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

DRAFT

Internal and external assurances

Area of focus	Summary observations	High level risk assessment
External audit arrangements and programme of activities	• The conclusions from the most recent Annual Audit Letter noted that the Council will need to ensure that: • the impact of the changes to local government funding are taken into account in all future financial plans - in doing this the Council will need to review the services it delivers and how it delivers them and where savings and changes can be made whilst minimising the impact on the standard of service delivery • the Medium Term Financial Strategy is reviewed in the light of the SR and is subject to robust stress testing and sensitivity analysis • it continues to emphasise the importance of data quality, including housing benefit information, to prevent any relaxation in compliance • there is a continued focus on the production of its first IFRS compliant accounts in 2010/11, including ensuring that there are sound arrangements for the valuation and accounting for property assets. • The Council has included responses to action raised in our reports in previous years and have made good progress in implementing recommendation in relation to the accounts findings.	Green

Key:
- High risk area
- Potential risks and/or weaknesses in this area
- No causes for concern

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Appendices

Key Indicators of Financial Performance

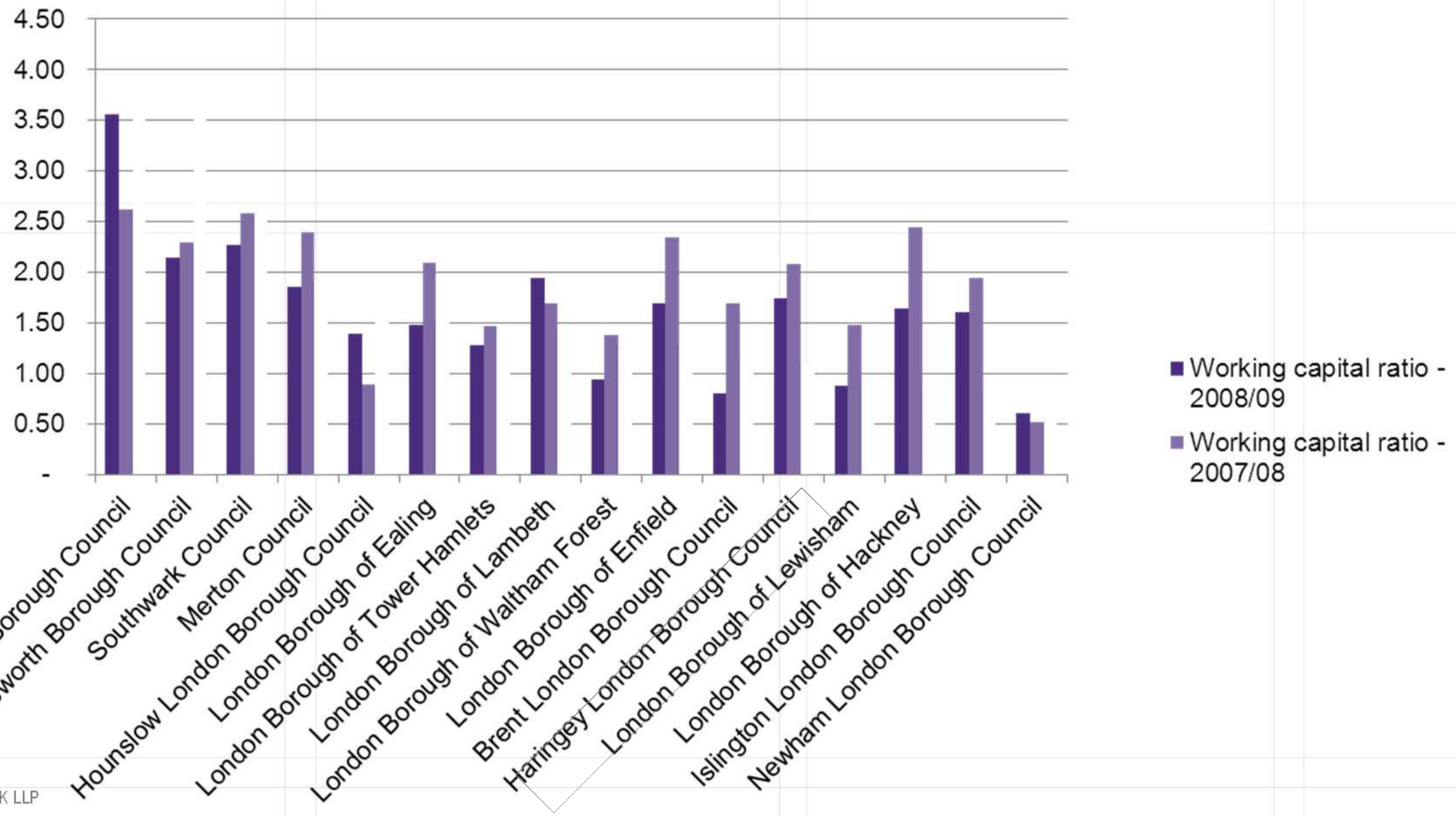
Working Capital

Definition

The working capital ratio indicates if an authority has enough current assets, or resources, to cover its immediate liabilities - i.e. those liabilities to be met over the next twelve month period. A ratio of assets to liabilities of 2:1 is usually considered to be acceptable , whilst a ratio of less than one - i.e. current liabilities exceed current assets - indicates potential liquidity problems. It should be noted that a high working capital ratio isn't always a good thing; it could indicate that an authority is not effectively investing its excess cash.

Findings

Haringey's working capital ratio has reduced from 2.08 in 2007 to 1.10 in 2009. This has taken the Borough from above the preferred range of 2:1. This indicates that the council's liquidity is decreasing. However, unlike some other authorities in this benchmark group, Haringey is, just, maintaining a positive working capital ratio. Working capital will come under increasing pressure during SR10 and will need to be carefully monitored.



Source: Audit Commission's Technical Directory

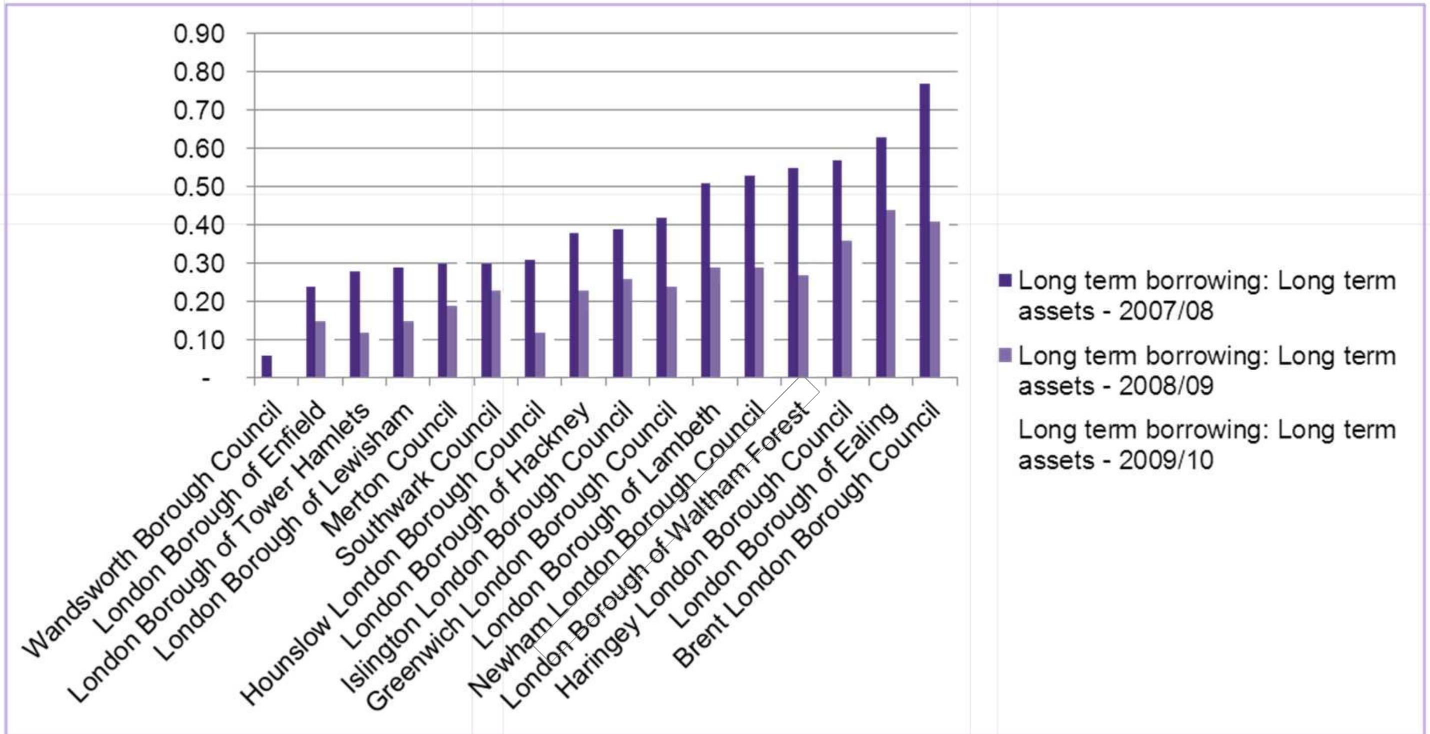
Long-term borrowing to Long-term assets

Definition

This ratio shows long tem borrowing as a share of long term assets. A ratio of more than one means that long term borrowing exceeds the value of long term assets.

Findings

Haringey's most recent ratio of 0.35 shows that the Council's long term borrowing represents approximately one third of its long term assets - i.e. long term borrowing does not exceed its long term assets. In comparison to other authorities in this benchmarked group, Haringey has a higher than average long term borrowing to long term assets ratio. This is in the context of the Council, and the benchmarked group, having made long term investment decisions prior to current economic conditions and Spending Review 2010.



Source: Audit Commission's Technical Directory

Long Term Borrowing to Tax Revenue

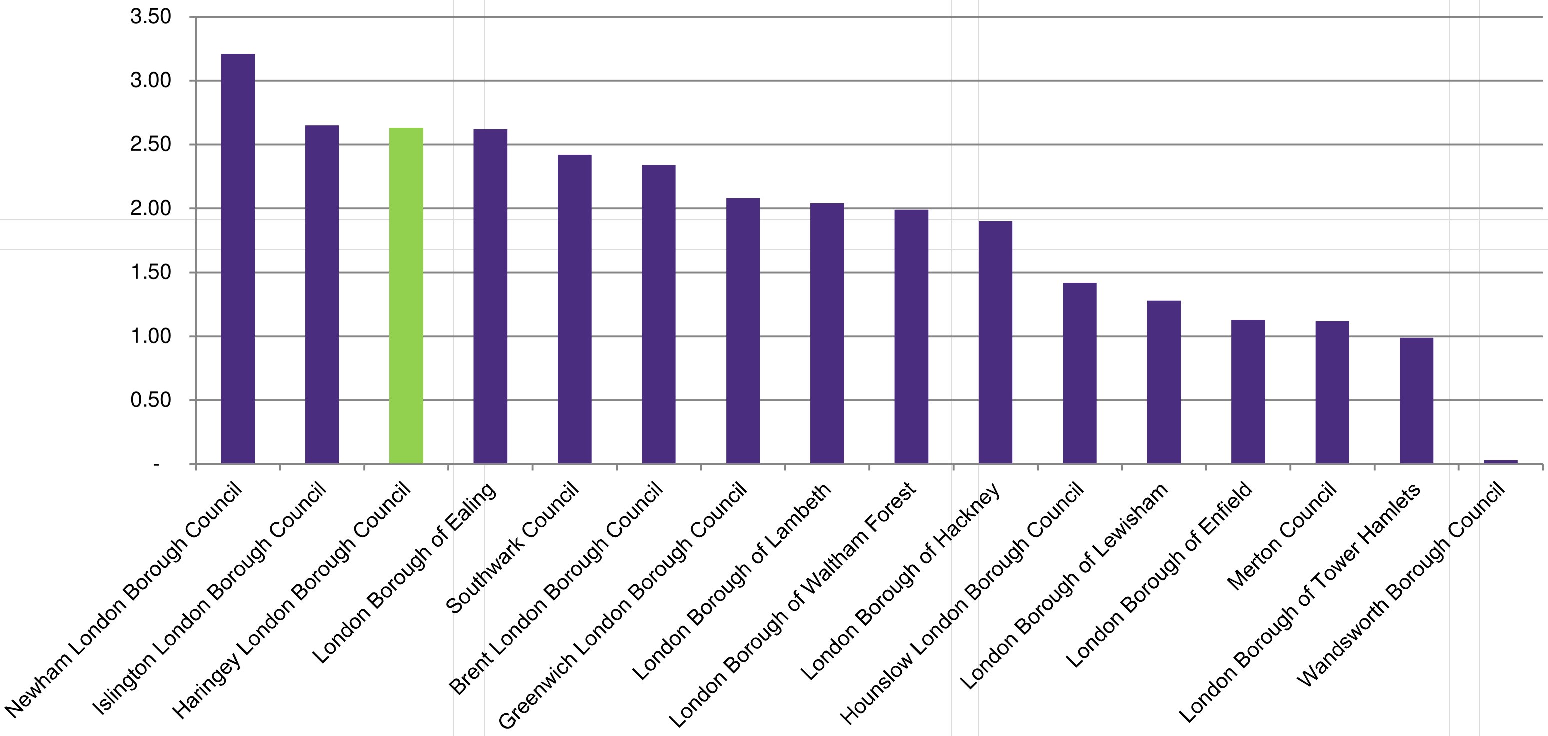
Definition

Shows long tem borrowing as a share of tax revenue. A ratio of more than one means that long term borrowing exceeds council tax revenue.

Findings

Haringey's ratio of 2.63 indicates that it has long term borrowing which exceeds tax revenue by almost three times. Haringey is third in comparison to the benchmark group, although half of the authorities have a ratio greater than 2, indicating that Haringey s reasonably consistent with other authorities.

LT borrowing: Tax revenue - 2009/10 - Authority with Housing Revenue Account



Source: Audit Commission's Technical Directory

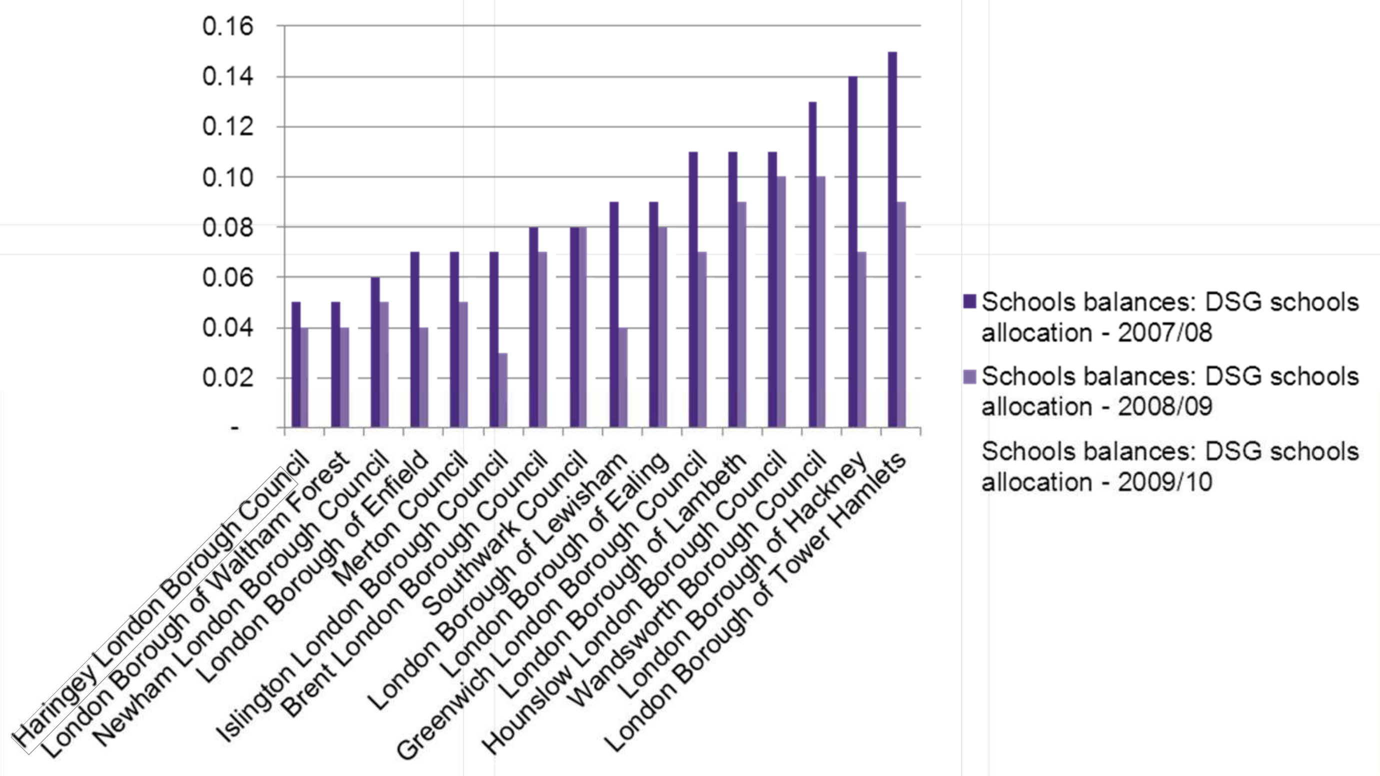
Schools balances to DSG allocation

Definition

This shows the share of schools balances in relation to the total DSG allocation received for the year. For example a ratio of 0.02 means that 2 per cent of the total DSG allocation remained unspent at the end of the year.

Findings

Haringey's ratio has decreased by 1% each year over the last thee years. This is in line with the broad trend of the benchmark group. Haringey has consistently remained one of the authorities with the one of the lowest ratios over this three-year period. Haringey's balance of 2% for 2009/10 was the second lowest in the benchmark group.



Source: Audit Commission's Technical Directory

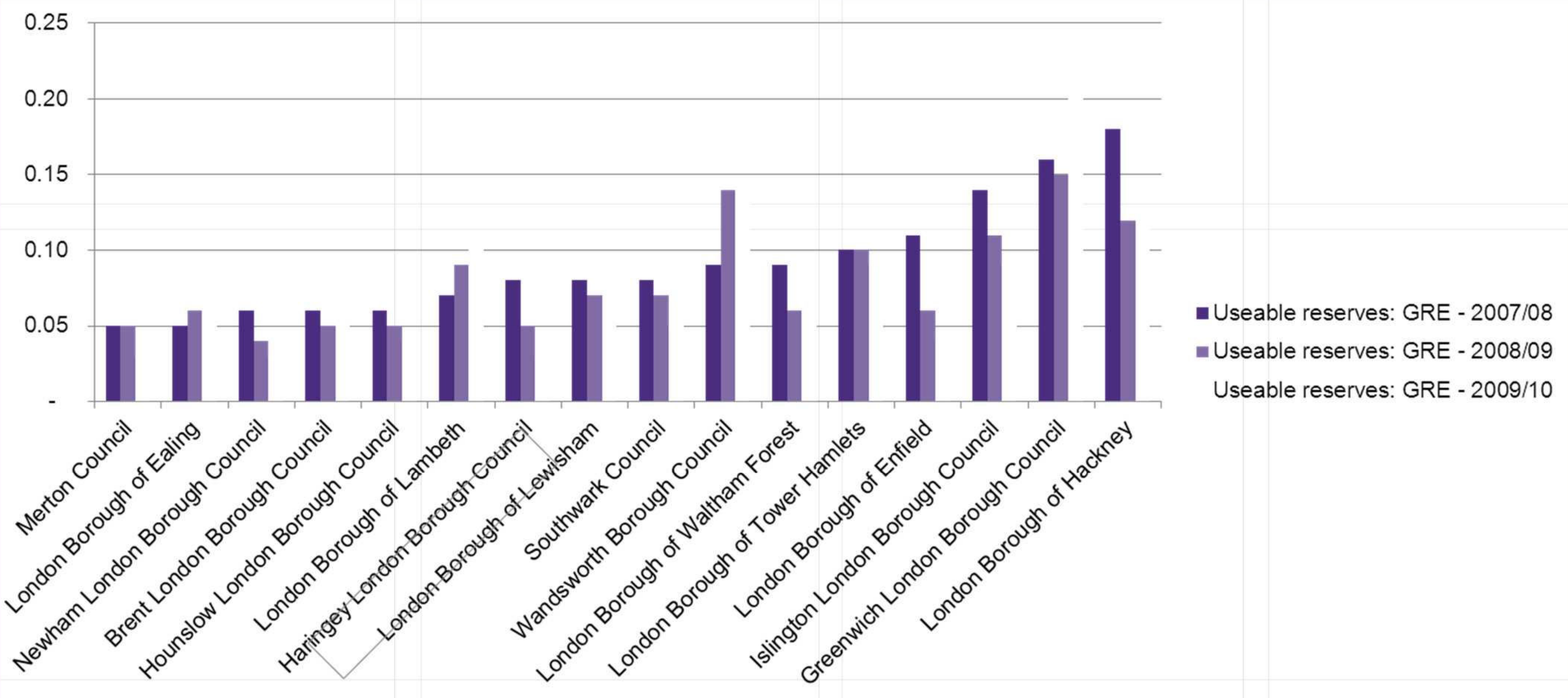
Useable Reserves

Definition

This shows useable capital and revenue reserves as a share of expenditure. A ratio of one means the total reserves matches the level of expenditure.

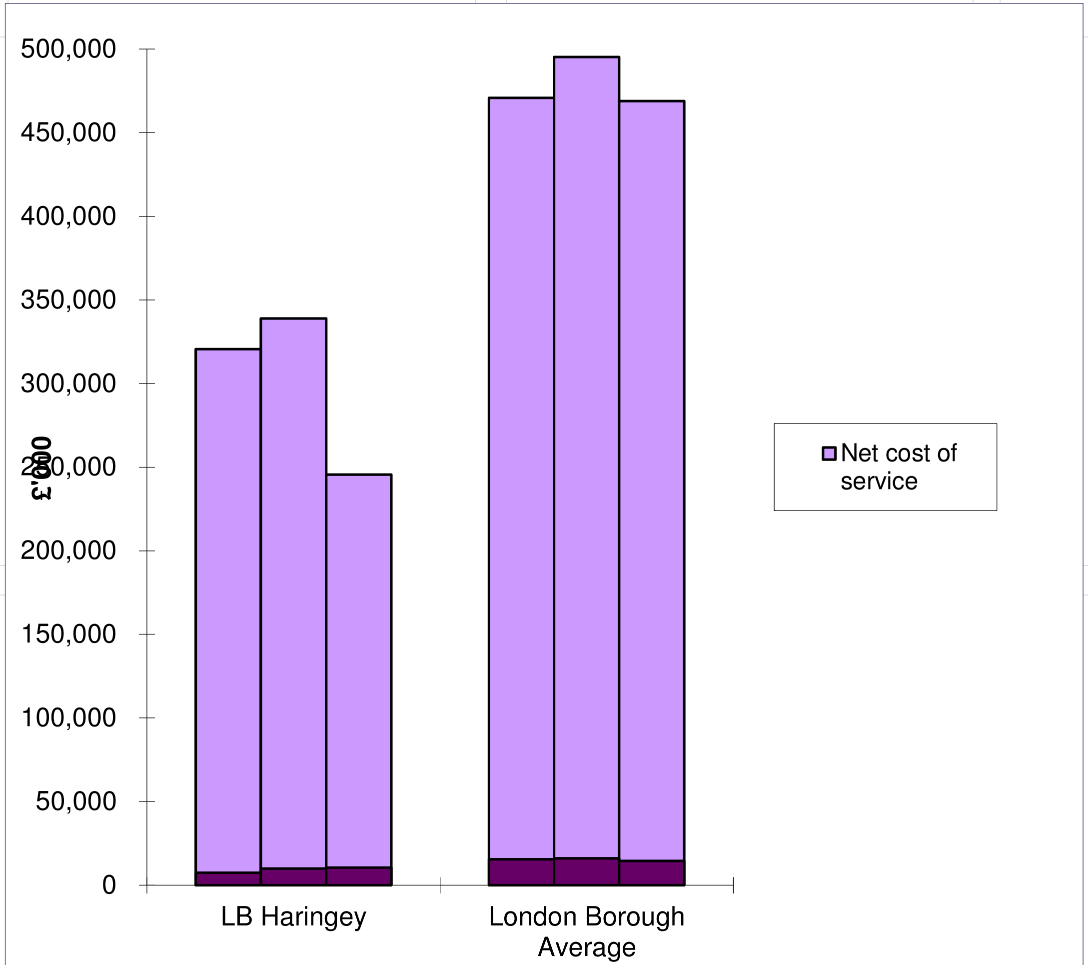
Findings

Between 2007 and 2009 LBH has reduced the value of its useable reserves, from 0.08 to 0.03. The majority of other councils have reduced their useable reserves over the three years, LBH is in line with these councils. Further analysis is set out on the following slides.



Source: Audit Commission's Technical Directory

Net Cost of Services 2008/09 to 2010/11 vs General Fund Reserves



Sources: data from 2009/10 audited accounts, Individual MTFPs as publicly available and CLG revenue account budget 2010/11.

Description

This shows the net cost of services for Haringey and the London Borough average for the years 2008/09 and 2009/10 and the forecast net cost of services for 2010/11.

The darker elements of each bar relate to the levels of unallocated reserves over the same period.

Findings

Haringey's General Fund reserves have increased year on year over the three year period, whilst the London Borough average is on a decreasing trend. However, the level of forecast reserves at 31 March 2011 for Haringey (£10.5m) remains lower than the London borough average of £14.6m.

Haringey's net cost of services is significantly lower than the London Borough average, and the reduction for 2010/11 (28%) is significantly greater than the London Borough average reduction for the same period (5%).

Spending Power Reduction 2011/12 vs. General Fund Reserves

Sources: data from individual LBC publicly available MTFPs, CLG revenue account budget 2010/11, and final settlement information from CLG in December 2010.

Description

This graphic compares Haringey's revenue spending power reduction during 2011/12 with the London Borough average. It also compares the forecast level of General Fund reserves and, all things being equal, the ability to utilise this reserve to fund the spending power reductions

Findings

Haringey has not faired well compared to the rest of London. in terms of spending power reductions, and there is very limited ability to rely on the use of reserves to meet short term government funding reductions. Whilst this is true for London as a whole, Haringey's GF reserves ability to fund the spending power reduction is less than the London average. However we would note that despite the use of earmarked reserves to fund redundancies the Council still has earmarked reserves available to cover future risks.

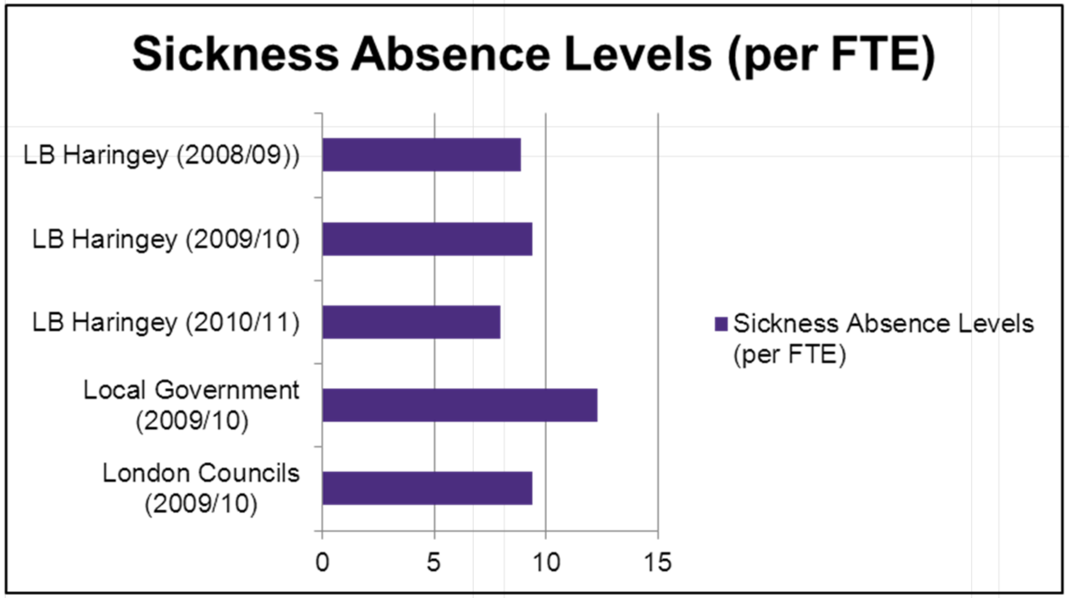
Sickness Absence Levels

Background

The average sickness absence level for the public sector is 9.6 days per FTE, whilst the private sector average is 6.6. Many councils have taken a proactive approach to reducing the number of days lost to sickness each year. For example:

- London Borough of Croydon reduced absence from 12.5 days to 6.4 days over two years due to a new tougher sickness absence management.
- Cambridgeshire County Council reduced sickness absence levels to 5 days per employee using an approach built on a relationship of trust with staff and empowering managers to take control of absence management.

Costs that accrue from sickness absence relate to the hiring of agency staff to cover staff gaps, or from holding a larger workforce complement than is desirable. Absence also damages service levels either through staff shortage or lack of continuity. Reducing absenteeism saves money, improves productivity and can have a positive customer benefit. Absence management will be a particular challenge for all authorities during SR10, given the context of significant pressures on staff to deliver "more for less".



Findings

Haringey's sickness absence levels have fluctuated over the past three years, with an increase of 0.5 per FTE (5.6%) during 2009/10 and a reduction of 1.42 per FTE (15%) during 2010/11.

The Council's absence level during 2009/10 of 9.38 per FTE, whilst be low the Council's target of 8.5, was in line with the London average of 9.4, and significantly below the national local government average of 12.3.

The Council has a well regarded workforce management database, outputs of which form part of the finance and performance monitoring reports.

Sickness absence levels have an appropriate profile with senior management and actions are agreed and minuted by CEMB. Given the significant organisational change that is taking place during 2011/12, it will be important for CEMB to maintain a robust approach to sickness absence monitoring for the recent downward trend to improve.

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Grant Thornton

LONDON BOROUGH OF HARINGEY

AUDIT PROGRESS REPORT - SEPTEMBER 2011

Work	Progress
2010/11 Accounts audit	Our 2010/11 accounts audit is nearing completion and the audited financial statements will be presented to this meeting of the Corporate Committee. We will present our audit findings in the ISA260 report to those charged with governance to this meeting of the Corporate Committee.
2010 / 11 VFM	The work to support our 2010/11 Value for Money conclusion is nearly complete and we will present our findings in the ISA260 report to those charged with governance to this meeting of the Corporate Committee. Our work incorporates two reporting criteria specified by the Audit Commission being: Criterion 1 - The Council has proper arrangements in place for securing financial resilience Criterion 2 - The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. To meet criterion we have undertaken a review of the Council's Financial Resilience. We will bring this report to this meeting of the Corporate Committee. Our work to meet criterion 2 is summarised within the VFM section of the ISA260 report. Our report on the Council's progress with Personalisation in Adult Social Care will be available to a future meeting of the Corporate Committee.
Annual Audit Letter 2010/11	Our Annual Audit Letter will summarise all of the audit work we have undertaken during the year. We will present this to the December meeting of the Corporate Committee.
Audit Plan 2011/12	We have held discussions with various Directors across the Council as part of our 2011/12 risk assessment. Our 2011/12 audit plan will be informed by these discussions and will be agreed with the Director of Corporate Resources prior to our presentation at the December meeting of the

	Corporate Committee.
Grants claims and returns certification 2010/11	The 2010/11 grants certification plan has been agreed with officers and is available from Democratic Services as a background paper if required.
Housing Benefits	In April the Department for Work and Pensions (DWP) requested that further work be completed on the 2009/10 Housing and Council Tax Benefit subsidy claim. We undertook this work in June and July and the DWP has subsequently confirmed that the final adjustment to the claim is £8k. We commenced our 2010/11 subsidy claim testing in June and are due to complete this in October, in advance of the certification deadline of 30th November. To date no significant issues have been identified. We will report the final outcome of our testing to the December meeting of the Corporate Committee.

Grant Thornton UK LLP

September 2011

Haringey Council

Report for:	Corporate Committee	**Item number**	

Title:	Treasury Management 2011/12 Mid Year Activity & Performance update

Report authorised by :	Director of Corporate Resources

Lead Officer:	Nicola Webb, Head of Finance – Treasury & Pensions nicola.webb@haringey.gov.uk 020 8489 3726

Ward(s) affected: N/A	**Report for** Non Key Decision

1. Describe the issue under consideration

1.1 This report updates the Committee on the Council's treasury management activities and performance in the first half of 2011/12 in accordance with the CIPFA Treasury Management Code of Practice.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That members note the Treasury Management activity undertaken during the first half of 2011/12 and the performance achieved.

3.2 That members agree the following revised 2011/12 Prudential Indicators: Capital Expenditure £79,874k and Capital Financing Requirement £773,366k.

4. Other options considered

4.1 None.

Haringey Council

5. Background information

5.1 The Council approved the Treasury Management Strategy Statement for 2011/12 on 24th February 2011. Corporate Committee is responsible for monitoring treasury management activity and this is achieved through the receipt of quarterly reports. This report forms the second quarterly monitoring report and the mid year report for 2011/12.

5.2 Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security - Liquidity - Yield

The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds.

5.3 The quarterly reports during 2011/12 are structured to cover borrowing first and then investments according to these factors, so that members can see how they are being addressed operationally.

5.4 Prudential Indicators for 2011/12 were set by Council on 24th February 2011. At this time no information was available about Decent Homes funding and so it was noted the prudential indicators may need to be reviewed during 2011/12.

6. Comments of the Chief Financial Officer and financial Implications

6.1 The plan to undertake short term borrowing from other local authorities during 2011/12, rather than borrowing from the PWLB, will be beneficial to the Council. The Communities and Local Government Department will be paying off a proportion of each PWLB loan the Council has outstanding on 1st April 2012. As the Council has a large number of loans at high interest rates, it is in the Council's interests to have the largest possible proportion of each of these loans repaid. Borrowing from other local authorities in the short term is the most cost effective way of maximising the benefit to the Council of the change. There is a risk that PWLB rates increase by the middle of 2012 when these loans will need to be re-financed, however given the current economic environment and forecasts for interest rates, this risk is assessed to be low.

Haringey Council

7. Head of Legal Services and Legal Implications

7.1 The Head of Legal Services has been consulted on the content of this report and comments that its content and recommendation are within the policy agreed by Council and consistent with the purposes of Financial Regulations. In considering the report Members must take into account the expert financial advice available in within it and any further oral advice given at the meeting of the Committee.

8. Equalities and Community Cohesion Comments

8.1 There are no equalities issues arising from this report.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None applicable.

11. Use of Appendices

11.1 Appendix 1: Summary of Treasury Management activity of performance
Appendix 2: Prudential Indicators

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Treasury Management Activity and Performance: Borrowing

13.1 The Treasury Management Strategy Statement places a high emphasis on security of the Council's funds. One of the ways to do this is to minimise the funds held which need to be invested. This is where the borrowing and investment strategies interact.

13.2 During the financial year to date cash balances have remained at levels sufficient to manage the payments the Council was required to make. £10m of PWLB long term borrowing matured in mid August and a further £40m of PWLB debt is due to mature in during 2011/12. As the Council is already maximising the use of internal cash balances, the Council does have a need to borrow this year.

13.3 As reported in the Treasury Management Strategy Statement in February, subject to the Localism Bill receiving royal assent, a new

Haringey Council

system of self financing for housing will be implemented in April 2012. This will involve a removal of the housing subsidy system through a one-off reallocation of debt. For the Council, this is expected to equate to a reduction in debt of £241m. Communities & Local Government Department proposes to settle this by repaying a proportion of each of the Council's PWLB loans.

13.4 It is in the Council's interests to maximise the amount of the loans with relatively high interest rates that are repaid by government. Therefore on the advice of Arlingclose, it is proposed not to take any PWLB borrowing until after the repayment on 1st April 2012. However as stated in 13.2 above, the Council does have a borrowing need. This will be met by taking short term borrowing from other local authorities, which matures after 1st April 2012. The loans taken so far are:

Counterparty	Amount	Period	Interest Rate
Derbyshire County Council	£5m	9 months	0.8%
London Borough of Ealing	£5m	1 year	0.9%

14. Treasury Management Activity and Performance: Security

14.1 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 the financial year to date with only one exception as reported to Committee in June 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.

14.2 The economic environment has been deteriorating over the last few months and growth forecasts for most developed nations have been cut. This and the on-going concern about possible defaults in the Euorzone are causing uncertainty in the markets. In the light of this uncertainty, the Council has continued to invest funds on an instant access basis, which enables officers to react quickly in the light of any concerns about creditworthiness. Money Market Funds are being used extensively as the portfolios are spread across a range of underlying investments, which diversifies risk. Officers and Arlingclose review the underlying investments periodically and seek assurance from the Money Market Funds about their investment policies.

14.3 In addition officers have sought to spread the deposits across the available institutions to further minimise security risk. The table below shows the Council's deposits on 12th September 2011:

Haringey Council

Institution	Long Term Credit Rating	Amount (£m)	% of total deposits
Nat West	A+	6.45	22.2
Santander UK	AA-	8.13	27.9
BlackRock MMF	AAA	1.55	5.3
Deutsche MMF	AAA	7.80	26.8
Goldman Sachs MMF	AAA	0.83	2.9
JP Morgan MMF	AAA	4.35	14.9
Total		29.11	100.0

14.4 Arlingclose, the Council's treasury management advisers have devised a way of scoring the level of credit risk the Council is taking. This measure scores 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

14.5 The scores for the latest quarter are shown below alongside the previous three quarters for comparison:

	Quarter 3 2010/11	Quarter 4 2010/11	Quarter 1 2011/12	**Quarter 2 2011/12**
Value weighted	2.2	2.3	2.6	2.5
Time weighted	1.9	3.5	1.8	1.8

15. Treasury Management Activity and Performance: Liquidity

15.1 Once the Council is satisfied that security risk is being managed, the next consideration in treasury management is liquidity. The Council has a number of inflows and outflows every month and it is important that the Council's funds are managed to ensure there is sufficient liquidity when it is required. This is achieved through cashflow forecasting and monitoring.

Haringey Council

15.2 Officers have maintained liquidity throughout the quarter. This has been achieved because no long term investments have been entered into and the AAA rated money market funds have been used extensively, as they provide the Council with instant access and a reasonable return. The average balance in these funds during the quarter was £10.8m.

15.3 The table below shows the Council's deposits at 12th September 2011, the term of each of the deposits and calculates the weighted average maturity of the portfolio. It can be seen this is one day, as all the Council's cash is invested on an instant access basis at present.

Institution	Term of deposit (days)	Amount (£m)
Nat West	1	6.45
Santander UK	1	8.13
BlackRock MMF	1	1.55
Deutsche MMF	1	7.80
Goldman Sachs MMF	1	0.83
JP Morgan MMF	1	4.35
Weighted Average Maturity	1	29.11

16. Treasury Management Activity and Performance: Yield

16.1 Only once security and liquidity have been considered and the Council is satisfied it has taken all steps to minimise these risks, should yield be a factor. Base rate has remained at 0.5% throughout the financial year to date and Arlingclose's forecast is that it will remain at this rate until at least the middle of 2012 when it will start to rise slowly.

16.2 Money market funds are paying between 0.55% and 0.65%. The Call accounts with Nat West and Santander UK are paying 0.90% and 0.85% respectively.

16.3 By the end of the first half of the financial year, it is expected that interest of £144k will have been earned on the Council's deposits at an average rate of 0.73%. The interest payable on borrowing during the first half of the year was £20.3m. The average rate payable on the borrowing portfolio has fallen to 6.43% from 6.8% at 31st March 2011.

Haringey Council

17. Icelandic Banks Update

17.1 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. 60% of Heritable deposits have now been returned – this amounts to £12m in the case of the Council. Ernst & Young have recently advised that their base case estimate of the recovery rate is now 86-90%. This is still an estimate, but it is an improvement on the previous estimate of 80-85%.

17.2 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. At the time of writing it is expected that the appeal will be heard during September 2011. A verbal update will be provided if a result is known by the time of the meeting.

17.3 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.

18. Prudential Indicators

18.1 The Council set prudential indicators for 2011/12 in February 2011. 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 current forecast for each of the capital indicators and the current position on each of the treasury management limits.

18.2 None of the limits on treasury management have been breached in the year to date. Borrowing is well within the operational and authorised limits set due to the continued policy of using internal cash balances to fund the capital programme.

Haringey Council

18.3 Since the Prudential Indicators were agreed in February 2011, the Council has received notification of Decent Homes funding for a total of £19m of borrowing in 2011/12. In addition an estimated additional £1.8m of the expenditure agreed by Cabinet for solar panels is expected to be incurred during 2011/12. As a result of these changes, two of the capital prudential indicators need to be updated. The proposed revised indicators are set out in the table below. They have been updated to reflect these changes as well as other minor changes which have emerged from capital budget monitoring so far this year:

Prudential Indicator		Original Indicator	Revision proposed
1	Capital Expenditure	£60,197k	£79,874k
3	Capital Financing Requirement	£756,511k	£773,366k

18.4 The capital expenditure indicator reflects the anticipated spend on the capital programme. The Capital Financing Requirement reflects the underlying need to borrow for capital purposes.

19. Recommendation

19.1 That members note the Treasury Management activity undertaken during the first half of 2011/12 and the performance achieved.

19.2 That members agree the proposed revisions to the 2011/12 Prudential Indicators set out in paragraph 18.3 above.

Haringey Council

Appendix 1: Summary of Treasury Management Activity & Performance

1. Treasury Portfolio

	Position at Q2 2011/12 £000	Position at Q1 2011/12 £000
Long Term Borrowing PWLB	492,806	502,806
Long Term Borrowing Market	125,000	125,000
Short Term Borrowing	13,000	3,000
Total Borrowing	630,806	630,806
Investments: Council	29,110	49,140
Investments: Icelandic deposits in default	24,939	25,746
Total Investments	54,049	74,886
Net Borrowing position	576,757	555,920

2. Security measure

	Quarter 2 2011/12	Quarter 1 2011/12
Credit score – Value weighted	2.5	2.6
Credit score – Time weighted	1.8	1.8

3. Liquidity measure

	Quarter 2 2011/12	Quarter 1 2011/12
Weighted average maturity – deposits (days)	1	1
Weighted average maturity – borrowing (years)	22.18	22.35

4. Yield measure

	Quarter 2 2011/12	Quarter 1 2011/12
Interest rate earned	0.77%	0.70%
Interest rate payable	6.43%	6.49%

Haringey Council

Haringey Council

Appendix 2: Prudential Indicators

No.	Prudential Indicator	2011/12 Original Indicator		2011/12 Position/Forecast at Quarter 2
CAPITAL INDICATORS				
1	Capital Expenditure	£60,197k		£79,874k
2	Ratio of financing costs to net revenue stream			
	General Fund	4.95%		4.54%
	HRA	31.90%		26.55%
3	Capital Financing Requirement	£756,511k		£773,366k
4	Incremental impact of capital investment decisions			
	Band D Council Tax	£1.00		£0.95
	Weekly Housing rents	£0.02		£0.02
TREASURY MANAGEMENT LIMITS				
5	Authorised Limit	£946,879k		£630,806k
	Operational Boundary	£818,434k		£630,806k
6	Upper limit – fixed rate exposure	100%		98.75%
	Upper limit – variable rate exposure	40%		1.25%
7	Maturity structure of borrowing (U: upper, L: lower)	L	U	
	under 12 months	0%	25%	12.4%
	12 months & within 2 years	0%	25%	6.5%
	2 years & within 5 years	0%	50%	5.1%
	5 years & within 10 years	0%	60%	25.0%
	10 yrs & within 20 yrs	0%	60%	7.1%
	20 yrs & within 30 yrs	0%	60%	4.0%
	30 yrs & within 40 yrs	0%	60%	1.6%
	40 yrs & within 50 yrs	0%	60%	26.5%
	50 yrs & above	0%	60%	11.8%
8	Sums invested for more than 364 days	£20,000k		£0
9	Adoption of CIPFA Treasury Management Code of Practice	√		√

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Haringey Council

Report for:	Corporate Committee 27th September 2011	**Item number**	

Title:	Progress on the work undertaken in Benefits and Local Taxation to reduce the rates of error in benefits claim processing. To update on progress of the 2010/2011 Housing Benefit Grant Claim Audit (BEN 01)

Report authorised by :	Julie Parker – Director of Corporate Resources

Lead Officer:	Ian Biggadike – Deputy Head of Benefits and Local Taxation 020 8489 1939 Ian.biggadike@haringey.gov.uk

Ward(s) affected: N/A	**Report for Key/Non Key Decision:** For information

1. Describe the issue under consideration

The following report updates on the progress of the work undertaken in Benefits and Local Taxation to reduce error rates in benefit claim calculations and to give assurance to Members that financial risks to the Council in the reclaim of Housing and Council Tax Benefit are eliminated.
.

2. Cabinet Member Introduction

N/A

3. Recommendations

Haringey Council

That Members consider and note the contents of this report and the work being carried out in Benefits and Local Taxation in relation to Quality Assurance.

4. Other options considered

N/A

5. Background information

Following the outcome of the 2009/2010 Grant Thornton Housing and Council Tax Benefit Subsidy Audit (BEN01) and the subsequent discussion at Corporate Committee Meeting of 20th June 2011, Members requested an update report to highlight the endeavours being undertaken to reduce the rate of error in benefit claims processing as well as information on the cost of Quality Assurance work, when compared to the financial risk of not undertaking such work.

This report updates Members on the progress of Quality Assurance measures in place and informs of current progress of the 2010/2011 Housing and Council Tax Benefit audit (BEN01), which has shown much improvement from the previous year and gives assurance that the measures put in place have been productive.

6. Comments of the Chief Financial Officer and financial Implications

The Director of Corporate Resources notes the contents of this report and confirms that there are no additional cost implications with regard to quality assurance work undertaken in Benefits and Local Taxation.

The risk to subsidy remains whilst threshold levels are used to calculate subsidy repayments. It is therefore vital that LA error overpayments continue to be monitored on a regular basis so that action may be taken immediately to minimise any subsidy risk.

There is also a further risk that errors may be identified during the subsidy claim audit that results in LA error overpayments being extrapolated and thus taking us above the thresholds. The robust measures currently in place that provide quality assurance will help to minimise any potential subsidy losses.

7. Head of Legal Services and Legal Implications

Haringey Council

The Head of Legal Services has been consulted in the preparation of this report and advises that there are no specific legal implications which arise out of the contents

8. Equalities and Community Cohesion Comments

As this is an information report, there is not a requirement to complete an equalities impact assessment and there are no equalities implications

9. Head of Procurement Comments

N/A.

10. Policy Implications

None

11. Use of Appendices

None.

12. Local Government (Access to Information) Act 1985

Grant Thornton Report: London Borough of Haringey Certification Work Report 2009/2010 – Corporate Committee 20th June 2011

1. Quality Assurance Update

Following on from the HB COUNT audit of the 2009/2010 benefit subsidy claim, a robust strategy for data quality assurance was put in place.

Errors and issues identified in both the 2008/2009 and 2009/2010 audits have been addressed and ongoing proactive work continues to take place to minimise assessment errors.

Earned income claims are still considered to be a high risk area due to the nature of the claims and the inconsistency of payslips submitted by claimants. All earned income benefit assessments continue to be checked by a Quality Assurance Officer before benefit is paid to the claimant. This ensures that the claims are 'right first time' and potential overpayments of benefit to a claimant are minimised.

Haringey Council

The Quality Compliance Team continue to check between 4-10% of all benefit assessments on a random selection basis and any errors are fed back to staff for correction.

Local Authority Error overpayments are robustly monitored on a monthly basis to minimise the risk of subsidy being withheld by the DWP.

On 5/9/11 Internal Audit commenced a HB COUNT audit of claims that have been assessed in 2011/2012 as part of the quality strategy. This audit is undertaken using the exact specifications of the HB COUNT audit undertaken by Grant Thornton on behalf of the DWP. Results are not yet available, however any areas identified as potential financial risk to the Council or potential underpayment of benefit to Haringey residents will be immediately addressed. 100% of any error type identified as significant across many claims will all be reviewed and any isolated errors on individual claims will be corrected.

Cost of Quality Assurance Work

Key information important to Members was the cost of the remedial action being taken by Officers to limit benefit claim errors and whether this was a higher cost than the benefit to be accrued by the Council.

Priority has been given to the quality assurance work within BLT in order to minimise potential subsidy losses. No additional staff have been recruited to undertake this work. The service has simply prioritised the key objectives of Senior Assessors on the Benefit Processing Teams. Senior Assessors have been moved from the individual teams and have been brought together to form a Quality Assurance Team where QA work can be robustly controlled.

Where errors need to be corrected by Officers, this is of course classed as a cost to the Council in terms of non value adding rework, however the cost of this is insignificant when compared to the financial risk to the Council should Local Authority Error overpayments breach the upper threshold. A breach of the upper threshold would potentially cost the Council £1.6m. The Council is not at risk of breaching this threshold as measures are in place to ensure this is robustly controlled.

Update on the HB COUNT Audit of 2010/2011 HB/CTB Subsidy Claim

The 2010/2011 subsidy audit is still in progress but early indications are very positive. As at September 2011, 60% of the 80 benefit claims selected to be audited have been checked and no errors have been identified.

Caution must still be exercised with this audit, as errors could yet be identified in the remaining 40% of claims that need to be checked, but this is a positive result

Haringey Council

so far and indicates that progress has been made and the actions that have been put in place are proving to be successful.

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Haringey Council

Report for:	Corporate Committee 27 September 2011	**Item number**	12

Title:	Integration of Benefits, Local Taxation and Customer Services

Report authorised by :	Julie Parker, Director of Corporate Services

Lead Officer:	Paul Ellicott Email: Paul.Ellicott@haringey.gov.uk Tel: 0208 489 3854

Ward(s) affected: All	**Report for Non Key Decision:**

1. Describe the issue under consideration

1.1 To provide an overview of the proposed integration and resultant structure of Benefits, Local Taxation and Customer Services

1.2 To seek agreement from the Corporate Committee to the recommendations set out in section 3 below.

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations

That Members:

3.1 Note the overview of the current and proposed shape of the service set out in Appendices 2, 3 and 4.

3.2 Note the responses to Unisons comments in Appendix 6

3.3 Note the restructure proposals and resolutions that were agreed at the Corporate Committee Meeting of the 21 July 2011.

3.4 Consider and agree the rationale and key elements of the proposed integration.

Haringey Council

3.5 To seek approval for an integrated Benefits, Local Taxation and Customer Service division.

4. Background information

4.1 The integration of Benefits, Local Taxation and Customer Services will provide both a phase one approach to implementation of the revised customer contact operating model and a tactical solution that focuses on handling customer enquires at the first point of contact.

4.2 The proposed structure identifies our future requirements as an integrated service and will encourage a joint front and back office approach to customer resolution and satisfaction. A main aim will be to reduce hand-offs, waste and duplication. Furthermore effectiveness improvements will be sought in the business support activities of IT, administration, training and control. Through focussed leadership and direction the structure will deliver a confident, learning, supportive and disciplined culture.

4.3 The proposed structure seeks to realise the savings required as a result of the following:

- The integration of Benefits, Local Taxation and Customer Services incorporating management reshaping, delayering and reduction.
- The closure of Hornsey and North Tottenham Customer Service Centres.
- The reduction of internal calls to the switchboard.
- The reduction of call centre hours from 8 – 6 to 9 – 5.

4.4 The proposed savings to be secured from the proposals is £1.798m over 2011/12 and 2012/13.

4.5 The proposed FTE posts reduction is 317 to 235.5 with a net reduction of 81.5 FTE posts. The current level of occupied posts is 263.2 FTE. The table below provides a breakdown of the occupied posts against the new proposed structure layers, the proposed post numbers and the voluntary redundancies already agreed. There has been a number of voluntary redundancy requests that will reduce the number of compulsory redundancies required. In overall terms, the table below shows that the integrated service is 7.3 FTE posts short.

Level	Current Occupied Posts	Current Occ No.	Proposed Posts	Prop. No.	VR Agreed	Diff.

Haringey Council

1	Head of Service	1	Head of Service	1	0	0
2	Deputy Head	1	Assistant Head	4	0	3
3	Managers Team Leaders	35	Service Managers	21	8	-6
4	Support Officers Senior Officers Officers Assistants	226.2	Service Officers	209.5	27	10.3
Total		**263.2**		**235.5**	**35**	**7.3**

4.6 Full consultation has been conducted with staff, Unison and key stakeholders. The formal consultation period closed on the 9th September following both staff team meetings and individual meetings. The structure and job descriptions have been amended during the consultation period following suggestions received.

5. Comments of the Chief Financial Officer and financial Implications

5.1 The Chief Financial Officer has been consulted in the preparation of this report and comments that the savings set out are consistent with those agreed by Cabinet and are essential in achieving the budget strategy agreed by the Council.

6. Head of Legal Services and Legal Implications

6.1 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.

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

6.3 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.

7. Equalities and Community Cohesion Comments

7.1 For each of the savings proposals an Equalities Impact Assessment (EqIA) has been completed.

8. Policy Implications

Haringey Council

8.1 The proposals in this report reflect the changes agreed in the 'Rethinking Haringey' report and the council's budget strategy.

8.2 A council priority is to drive change, improving quality-customer focussed, cost effective services achieving high levels of satisfaction.

9. Use of Appendices

9.1 Appendix 1 sets out the rationale and key elements of the proposals.

9.2 Appendix 2 sets out the current structure in Benefits and Local Taxation.

9.3 Appendix 3 sets out the current structure in Customer Services.

9.4 Appendix 4 sets out the proposed structure.

9.5 Appendix 5 sets out the comments from Unison.

9.6 Appendix 6 sets out the management responses to staff and trade union comments.

9.7 Appendix 7 is the EqIA for the closure of North Tottenham Customer Service Centre.

9.8 Appendix 8 is the EqIA for the closure of Hornsey Customer Service Centre.

9.9 Appendix 9 is the EqIA for the organisational restructure.

10. Local Government (Access to Information) Act 1985

Not applicable

Appendix 1

Benefits, Local Taxation and Customer Services Integration

1.0 Background

Haringey Council has and is facing significant budget reductions. We want to minimise the impact of these cuts across front line services but this will not be easy. We are aiming to prioritise the things that matter to local people by re-designing services so that they cost less and work better, concentrating on getting right outcomes, customer satisfaction and enabling people and communities to become self reliant.

Customer contact and customer satisfaction is a major factor in defining the quality and reputation of Haringey Council and the current staff within Benefits, Local Taxation (BLT) and Customer Services manage a significant number of customer transactions through personal contact, telephone contact, electronic contact and back office processing. The customer contact and channel strategy has set some challenging commitments that require us to redesign those services that are key to the customer experience. Benefits and Local Taxation customer interactions account for at least 60% of the traffic which interacts with the Council through Customer Services.

The Benefits and Local Taxation division has previously undertaken a review under value for money. The recommendation from this review is that the links between BLT and Customer Services need to be improved and this was endorsed by the Department for Work and Pensions. Following analysis of the support functions review diagnostics it is apparent that there are high levels of resources allocated to managing the initial stages of customer contact, including assessment of eligibility of services across the council. In March and April 2010 an exercise was undertaken to understand the pattern of contacts, the channels used and the level of avoidable contacts. A three tier model of customer contact across the council has been developed that will increase customer query resolution at an early stage.

The integration of Benefits, Local Taxation and Customer Services will provide both a phase one approach to implementation of the revised customer contact operating model and a tactical solution that focuses on handling customer enquires at the first point of contact.

The proposed structure identifies our future requirements as an integrated service and will encourage a joint front and back office approach to customer resolution and satisfaction. Our main aim will be to reduce hand-offs, waste and duplication of effort and eliminate the inevitable customer frustration that follows. Furthermore, effectiveness and efficiency improvements will be sought in the business support activities of IT, administration, training and control. Through focussed leadership and direction the structure will deliver a confident, learning, supportive and disciplined culture.

2.0 The Key Elements and Rationale of the Proposals

The foundation of the structure is supported by the following key elements:

2.1.1 To ensure that performance is maintained and improved.

The structure reflects the attention required to key performance measures and customer expectation and satisfaction.

2.1.2 Creation of a supporting, learning and developmental environment.

Benefits, Local Taxation and Customer Services employ a large number of staff who require training, development and support to meet personal objectives, customer objectives and ultimately, business objectives. Generic job descriptions across the service will enable managers, officers and assistants to widen their breadth of knowledge and skills over differing functions. This provides a flexible approach to the management of resources to meet customer requirements and also provides staff with the opportunity of lateral movement and promotion opportunities.

The proposals focus on a career-grade approach for staff development and advancement. A career route would exist from assistant to senior levels.

The proposals detail an integrated Service Support Team, which have specific responsibilities for training and performance improvement. This would take the form of coaching and support for individual and divisional requirements. Further responsibilities for Support and Development Officers would include policy interpretation, formulation and implementation, maintenance of a quality management system, supporting channel shift activities, key deliverables from the customer contact and web strategy, close partnership working with internal and external customers and supporting the approach to community hubs.

2.1.3 A focus on matching and excelling customer demand and expectation.

The new structure supports a flexible approach to resourcing demands placed on the service and clearly focuses on processes that are of value from a customer point of view. Customer resolution at the first point of contact with minimised hand-offs, delays and waste will be the primary aim. This can take the form of front and back office staff working together.

60% of all contact through Customer Services is Benefit and Local Taxation related enquiries. The integration provides the opportunity to streamline processes to match customer demand and expectation. Processes are being redesigned to enable the resolution of customer enquiries at the first point of contact, whether through the call centre or customer services centre.

A core of Benefits and Local Taxation staff previously designated as ‘back office’ staff will be working alongside Customer Services staff to gain a shared understanding of the enquiry and to support each other to resolve the customer request. Those enquiries that are considered highly complex , time consuming or require further information will be referred to specialists within the ‘back office’ to complete. Following a transition stage it is expected that there will be a reduction of Benefits and Local Taxation enquiries that are referred to the back office. This will increase customer satisfaction and will also reduce the cost of hand-offs, delays, repeat customer contact and processing activity.

The remaining 40% of enquiries relating to non-BLT activities will also undertake a process review in line with the proposed customer contact strategy. This will require working with the service directorates to streamline the processes and to ascertain a level of resolution that can be achieved at the first point of contact.

2.1.4 Improved leadership and accountability.

The structure proposes that senior management be strengthened to ensure the complexities of the business are managed in a disciplined manner through clear objectives and accountability.

The proposals reflect best practices in devolving responsibility through clear lines of strategic and operational management and providing a framework for continuous improvement. As part of the reshaping, the service has streamlined the spans of control by reducing the numbers of managers and layers. The integrated service is proposing four layers from Head of Service through to operational Officers and Assistants. This equates to two levels of strategic management across all disciplines and two levels of operations. Strategic management provides for 1.7% of the overall FTE count.

2.1.5 Managing Work Demand

The proposal for a Workdemand Officer to support the operational management team by accurately matching staffing to projected workload patterns, planning schedules, and maintaining accurate staffing data for the Contact Centre (CC) using the Council's workforce management system (Shift Track). The role is common to Call Centers, as it allows the management team to focus on the day-to-day management of staff including quality and coaching. The post was successfully trialed in the Call Centre for 9 months during 2011-12. The expertise provided by the role enabled the Shift Track system to be fully utilised for the first time since it was installed in 2007, resulting in an increase in performance and played an intrinsic part in the Call Centre achieving its performance targets last year. This role is expected to be enhanced to manage demand across all the activities of the service.

2.1.6 Managing financial risk

Demand for our services continues to increase as a direct result of the economic downturn and our benefit and revenues caseload has continued to consistently rise over the last two years. Haringey has experienced the sixth highest national caseload increase in 2010/2011.

Benefit payments make up a substantial amount of any Local Authority expenditure. Over £290 million pounds is paid out in benefit to Haringey residents on an annual basis. There is a considerable financial risk to the Council if our subsidy claim to the DWP is not managed well. Risks to subsidy repayment include a failure to maximise the subsidy claim, an inability to support our subsidy claim at audit stage, under or over claiming and subsidy penalties where consistent errors are uncovered.

Following a successful trial in 2010/2011, the proposal is to create a new 'Compliance and Control' team, to ensure that our subsidy repayments are maximised, The team will undertake focussed quality assurance checks of benefit claims and where required, the team will make recommendations for improvement. Recommendations will range from individual feedback to Officers, new training proposals, competency based Officer testing and, in some cases, recommendations to review all similar claims of any given type where a significant risk to subsidy repayment has been identified.

The Compliance Team will also monitor and action 'control and exception reports' across the service in order to maintain the integrity of the database and ensure compliance to legislation and regulation is maintained, taxpayers are billed at the earliest opportunity and overpayments of benefit are minimised.

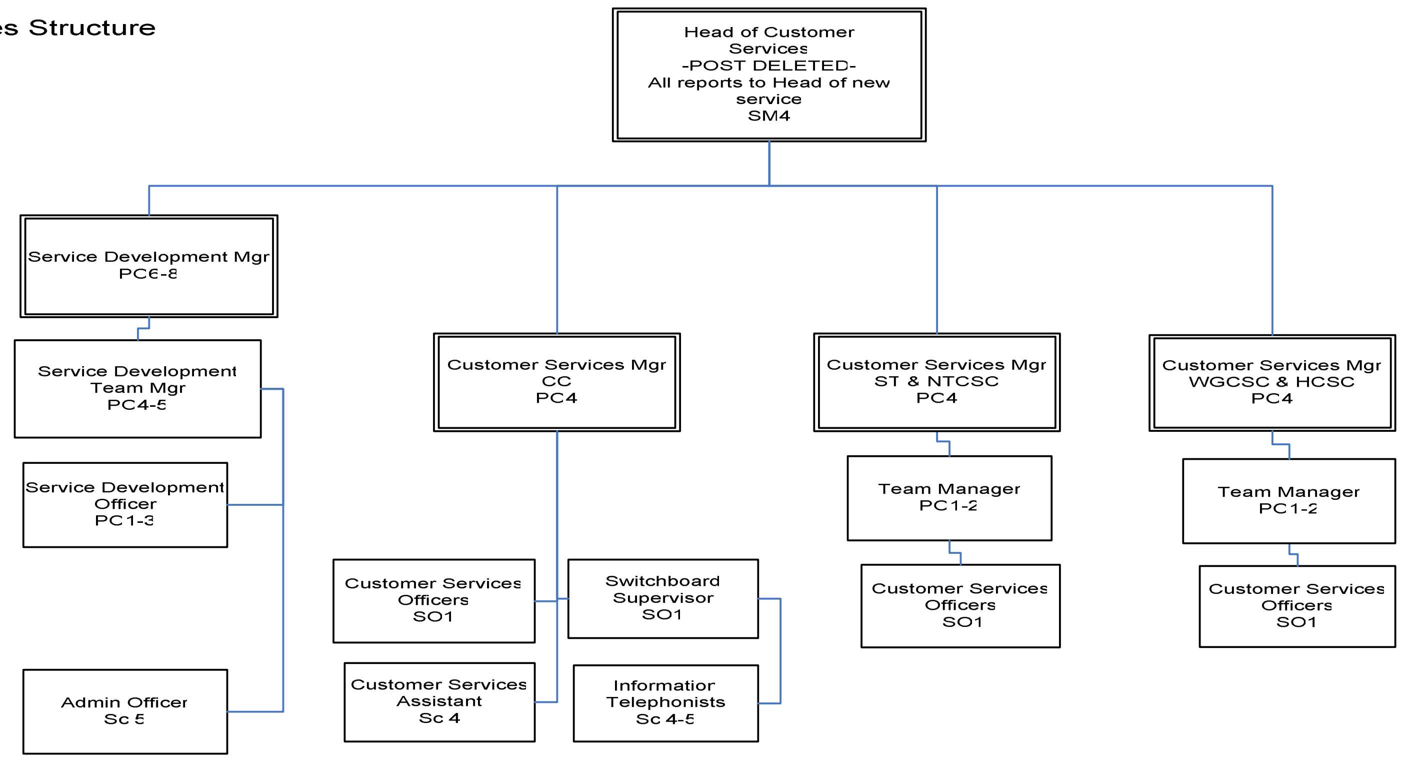
2.1.7 Developing a Joined Up Service

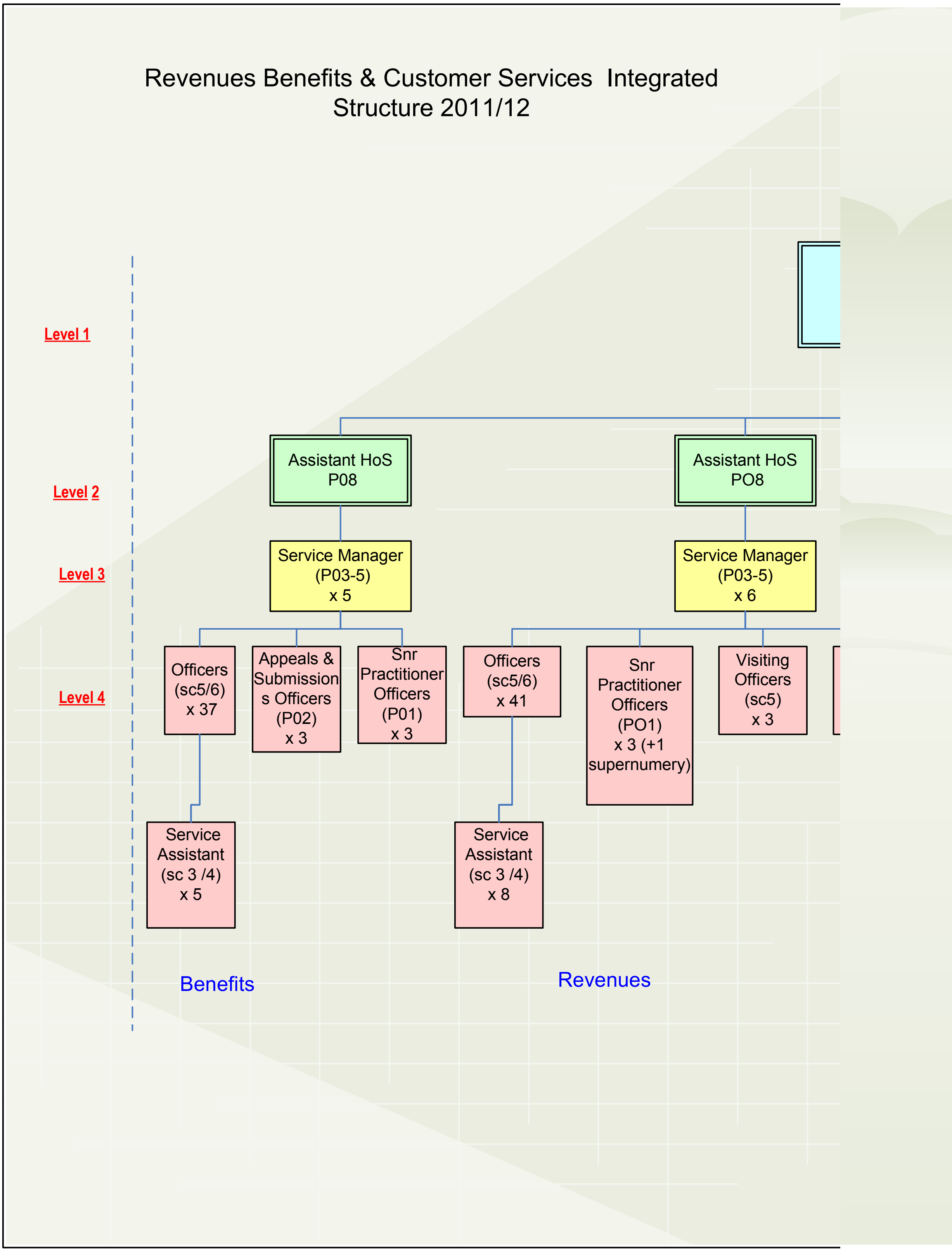
Both BLT and Customer Services interact with a high number of internal and external bodies to ensure that the service is delivered. These include the Citizens Advice Bureau, Housing Associations, DWP, Enforcement Agencies, the Valuation Agency, Homes for Haringey, the Pension Service, the Landlord Forum etc…

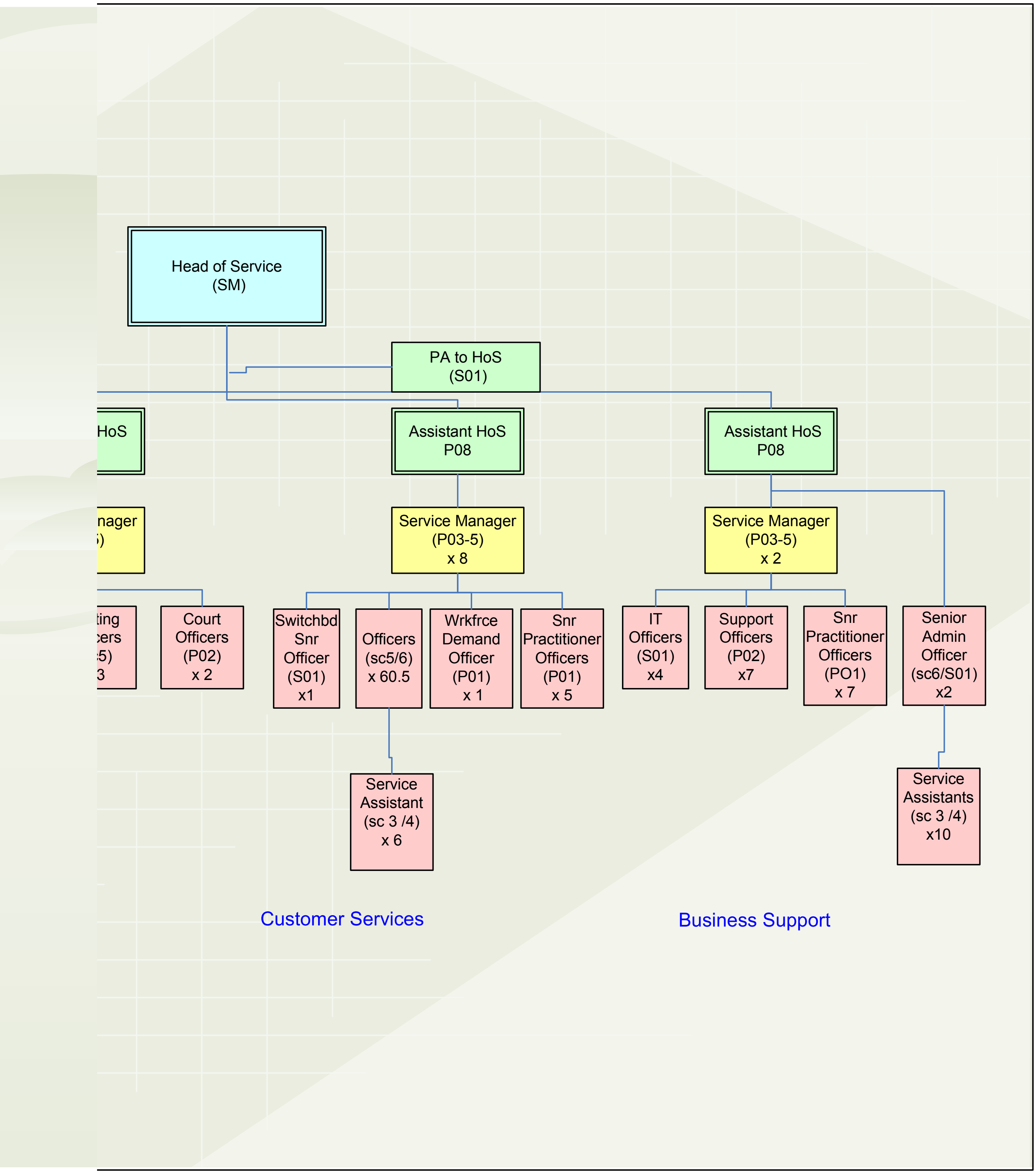
During the development of the integrated approach it has been identified that improved joined up working would support the streamlining of processes and enquiry resolution leading to customer satisfaction. This will develop into a key enabler to provide a more holistic view of customer requirements.

Appendix 3

Current Customer Services Structure




Revenues Benefits & Customer Services Integrated Structure 2011/12
Level 1
Level 2
Level 3
Level 4
Assistant HoS P08
Service Manager (P03-5) x 5
Officers (sc5/6) x 37
Appeals & Submissions Officers (P02) x 3
Snr Practitioner Officers (P01) x 3
Service Assistant (sc 3 /4) x 5
Assistant HoS PO8
Service Manager (P03-5) x 6
Officers (sc5/6) x 41
Snr Practitioner Officers (PO1) x 3 (+1 supernumery)
Visiting Officers (sc5) x 3
Service Assistant (sc 3 /4) x 8
Benefits
Revenues



Head of Service
(SM)
PA to HoS
(S01)
HoS
Assistant HoS
P08
Assistant HoS
P08
nager
5)
Service Manager
(P03-5)
x 8
Service Manager
(P03-5)
x 2
ting
cers
5)
3
Court
Officers
(P02)
x 2
Switchbd
Snr
Officer
(S01)
x1
Officers
(sc5/6)
x 60.5
Wrkfrce
Demand
Officer
(P01)
x 1
Snr
Practitioner
Officers
(P01)
x 5
IT
Officers
(S01)
x4
Support
Officers
(P02)
x7
Snr
Practitioner
Officers
(PO1)
x 7
Senior
Admin
Officer
(sc6/S01)
x2
Service
Assistant
(sc 3 /4)
x 6
Service
Assistants
(sc 3 /4)
x10
Customer Services
Business Support

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APPENDIX 5

COMMENTS ON THE PROPOSED RE-ORGANISATION OF BLT & CUSTOMER SERVICES

General Structure Comments

We are concerned that at a time of severe cuts across the Council there is a proposal to create four posts at PO8/SM1. This is in contrast to the current departmental headcounts of two posts at this level + one which has remained vacant for some significant period of time. We would suggest it should be possible to reduce this number thus freeing up increased resources for lower down the structure.

We recognise that work is ongoing around “Community Hubs” and the potential shared call centre with Waltham Forest and many staff have raised concerns that they will face yet another period of uncertainty in the short to medium term as a result.

As generic job descriptions across BLT &Customer Services exist to a greater degree than previously please clarify the position with reference to staff being required to move between the three component elements of the new service. Conversely what opportunities will there be for staff to request such a move where they may see it as a career opportunity?

Our expectation is that any moves would be with prior notice and consultation where they formed a permanent change of team or location. We do however recognise there may be a need for staff to be relocated within teams in each of the three services due to demand on resources.

What (if any) are the implications on home working for staff that currently have this in place post implementation? Will staff from BLT teams be expected to perform a customer service function as currently on a rota basis and how frequently?

Although we recognise the fundamental financial pressures on the Council we remain concerned that such a fundamental reduction in frontline officers will lead to a decline in service levels. We urge officers to make this point explicit to elected members, particularly with reference to increased waiting times at the two remaining Customer Service Centres. We wish to place this on record as we would not expect to see any reduction in performance targets being blamed on remaining staff or used as a cover for attempts to privatise the service or elements of it. Councillors must be clear that demands on BLT/Customer Services are increased and continuing to increase as a result of upturns in unemployment caused by the economic policies of the government. If we are to lose this number of posts then it must be recognised it may have a detrimental effect both on benefits and on collection/recovery rates for Council Tax and Business rate.

How will staff who currently work less than full time be treated when applying? Will they automatically be offered posts on hours equivalent to those they work currently or will there be opportunities for review of these hours where staff have a desire to do so?

Single Status

With the exception of CSOs and Telephonists none of the current posts have been subject to a job evaluation. We would therefore request clarity as to what steps management propose to deal with this situation. This is particularly relevant since the majority of posts are “new” and as such could not be used for backdating purposes. A number of posts in the historic BLT structure were identified as being in the appendix to the Single Status agreement and consideration needs to be given to having these evaluated.

A decision also needs to be taken in respect of posts that are largely unchanged as a result of the new structure as in such cases backdating should apply to the Single Status implementation date. From review of the posts we would say the Court Officer and Visiting Officer, the Submissions Officer roles fit into this category, as may the IT Officers although there may be others.

Finally there is the issue of job evaluation appeals under the Single Status agreement these should be made available to first time round GLPC evaluations OR where the grade goes down following a new evaluation. We would therefore contend only the two jobs who have had Single Status completed have exhausted this right.

Service Managers Posts
There is a lack of clarity as to how many posts will be allowed at each level of the range grade and whether consistency will apply across the teams. For example meaning each team will contain a number of PO3s, a number of PO4s and a number of PO5s. We are concerned that the lack of a transparent explanation and a system for monitoring roles may lead to inconsistencies and/or unfairness in deciding the level of each post-holder. Additionally as the ring-fence contains staff at PO2 and PO4-PO5 please confirm that successful candidates will be appointed no lower than their existing grade.

How will it be decided whether a Service Manager post should be at the more senior or junior part of the grade? For example some managers have a larger number of staff to manage while others (in particular within the support structure) have a large number of PO graded staff within their remit.

Senior Practioners
We welcome the development of this role and in general feel it will provide a useful career path for staff. Our only query concerns how and where these roles will be deployed in the Customer Service setting. In particular whether it is intended that they be located in the Customer Service or Call Centre environment. Since in both cases work is led by customer demand consideration needs to be given to how work will be allocated to them and by whom. Equally how Service Officers can call upon their expertise in the Customer Service setting.

What is the rationale for their allocation as some teams have a Senior Practioner while others do not: For example in the benefits structure two teams do not have a PO1.This is repeated in the revenues area

Service Assistant
As for the Senior Practioners this role is a new one in a Customer Services setting and it needs to be more clearly defined what they will be doing. We raise this as it is less possible to differentiate via work allocation in a customer environment than in a BLT “back office” one. Essentially we would seek assurances that the work required would be sufficiently different to that done by the Service Officers.

Similarly to the situation with Senior Practioner posts the teams have a varying number of Service Assistants and in some cases have none at all. What is the rationale behind this approach?

Numbers of Posts in each team
We are concerned that at a time of increased demand there are significant reductions in the number of “Service Officers” in Benefits. We note an increase in numbers within enforcement but would comment that this approach is likely to lead to increased backlogs in claims and consequent increased calls or visits to Customer Services. It will also lead to increased usage of Court procedures when the real problem is an inability to process Benefit claims in a timely fashion. Clearly as an area with high levels of unemployment and underemployment this is of concern as the results will be: Adverse publicity for Haringey Council and equally importantly to us increased abuse and aggression towards staff as well as inevitable high levels of stress. The latter was previously identified as being abnormally high in the Stress survey process last year.

Support Team
We have some concerns about the construction of the support team and the level of management demand particularly upon the Control and compliance manager. The latter post is required to support a total of ten officers all of whom are PO1 or PO2. Although the over all number of posts managed is consistent we would expect that the demands upon this team would be considerably higher than other teams with a consequent need for management advice and guidance.

We would therefore suggest the Submissions Officers sit more sensibly on the Benefit Teams. This would leave a clear focus of support and development and subsidy protection within the remit of a slimmed down team.

There are two Service Managers identified within the Support area and we would ask for confirmation of where in the PO3-PO5 range these two posts will sit?

IT Service Officers
We are aware that the current post-holders have concerns re the content of the job description and the grading the post attracted on evaluation. We are supportive of their concerns and would ask that both areas be reviewed. These posts are clearly key to the future delivery of our service and this should potentially be reflected in the grading.

Subsidy Role
We are concerned that once again it is proposed to delete the sole dedicated resource responsible for ensuring we maximise our subsidy. There appears to be a lack of recognition throughout the structure of the key importance of this area of work. This will become even more paramount with the Council facing continued financial pressure that would be significantly worsened in the event that we failed to retrieve all monies due.

The current postholder would appear to have unique insight into the work and in deleting the dedicated post there is a very real possibility that this knowledge base could be lost since the post-holder would either be required to take on another post or a manager's post thus diluting the amount of time available for this element of the work.

The unique duties undertaken are described as follows

Undertakes subsidy cell checking reveals subsidy loss in areas such as above caps, LA errors, No rent officer determinations, above rent awards etc. Additionally they analyse, identify and help to address subsidy loss problems. This is done, by dealing with subsidy from a Benefit practitioners view, not as an accountant.

As a Benefits practitioner these skills are used to deal with Auditors on a claim-by-claim basis. There are two accountants who negotiate the actual money, account, and subsidy claim return side. We are concerned that in the new structure subsidy work may be taken from a 'subsidy accounting' perspective rather than 'subsidy benefits'. There is a huge difference in responsibility (and knowledge) between the two.

From initial discussions we understand that it is felt this work would sit on the control team and be shared between the Senior Practioners and support and development Officers. Our counter proposal would be that this work should be enhanced in Support and Development roles and that an additional post should be created at this level to lead on subsidy work. Since we recognise the budget constraints we would propose this is funded in the main by reducing the Senior Practioners on the team by 1FTE. We are proposing this option, as it would appear nobody would be adversely affected by this change. We have commented on the implications on this in the section on ring-fencing.

Visiting Officer
We are concerned at the proposal to further reduce the number of visiting officer posts. Currently there are three substantive postholders with an additional agency worker working on the Council Tax team. The new structure reduces this to three and removes the dedicated role within Benefits. We believe this represents a risk to effective work currently delivered by visiting officers in respect of bringing properties into the Council tax and NNDR lists, fraud reduction in benefits and verification of exemptions/residency checks. The reduction in officers will lead to longer delays in visits.

Recruitment & selection
We note the intent to use a combination of interview and test for some posts and would seek clarification on what combination will be applied in each instance. Any tests used should be relevant to the role required and staff should be given clear guidance of the type of test in advance of the process taking place. We would ask that examples be provided in advance to both staff and Trade Unions along with confirmation on the conditions under which the tests will be taken. There will need to be a confidential facility for staff to report any reasonable adjustments required in order to ensure equal access and outcome.

Many staff may not have been subjected to recruitment processes for some time and may therefore be in need of offers of support in terms of interviewing skills and potentially more general support where they are at risk of losing their jobs. We would therefore want any interview timetable to be reflective of the need for such support to be offered and there are internal courses offered in this area. It may be sensible to assess the demand for these in advance of referring the final proposal to Corporate Committee so as to maximise opportunities for staff to prepare themselves.

Who will be on interview panels for each post? Will attempts be made to ensure all panels have a gender and ethnicity balance?

What is the timeline for implementation of each level, is it assumed that the top tier will need to be in place before other recruitment processes can take place? We would be concerned this could lead to lengthy delays if it became necessary to interview external candidates for the PO8 posts.

Voluntary redundancies/Avoidance of Compulsory Redundancies

We recognise that the department has made strenuous attempts to avoid compulsory redundancies during this process. However it is our practice to re-emphasise our absolute opposition to compulsory redundancies when commenting on reductions. Aside from favourable consideration of requests for VR in areas of reduction we would emphasise the need to view favourably any proposals from staff to reduce hours or job share etc.

We would seek an assurance that all requests will be responded to in advance of any recruitment to stay processes being commenced and that where staff ask to leave early rather than serving notice this will be facilitated.

Job Description Content/Job evaluation

We have no specific comments on the contents of the job descriptions at this point although we have encouraged staff to support comments/amendments to these and where possible to do so as groups rather than as individuals. The exception to this is the Visiting Officer job description having met with the staff fulfilling the role currently. (See attached). Where changes are made the job description following the consultation outcome revised versions should be referred back to HR to ensure that the original evaluation is still correct.

In terms of the job evaluation outcomes we have commented on these and signed them all off with a small number of exceptions as follow

Support & Development Officer
Visiting Officer
Admin Team Senior (also no job description to date)

Ring-fencing

We would seek clarity on the number of post-holders in each ring-fence as this information is not included in the proposals, it would also be helpful to be clear where post-holders are in multiple ring-fences.

We are assuming that the intention will be so far as possible to minimise the number of interview/selection processes staff in multiple ring-fences will need to take part in? It would be helpful if this and the expression of interest processes could be explained to both UNISON and staff in advance of the process commencing.

We are unclear what the proposed order of ring-fencing is and whether recruitment to posts where there are no (or insufficient) candidates will fit into this process. We raise this as clearly success in such posts could reduce or eliminate the need for ring-fencing. The obvious posts that fall into this category are the Assistant Heads of Service (1 candidate for four posts) and the three IT Officer posts that do not have substantive post-holders.

Also we would request clarity on whether staff will be required to express an interest in all posts for which they are ring-fenced. If this were the case we have some concerns with regard to this approach since some posts are significantly different to those staff currently occupy.

Specific Ring Fence Comments

Assistant Heads of Service

Please clarify the current grade of the 1 remaining post-holder in this ring-fence, as they are also included in the ring-fence below. Will an internal advert for the other posts be issued at the same time? Will those applying be entitled to express a preference for one or other of the posts, although the job description is generic there are clearly lead areas in each case.

Service Managers

Although the role has been altered it is not fundamentally different from that fulfilled currently. Particularly since the post has a range grade reducing the need for current PO2 postholders to demonstrate that they could act at the higher level role. The key difference is an expectation of more generic functionality, the key knowledge base is largely unchanged and as such we believe a closed ring-fence would be appropriate as opposed to the current one. If voluntary redundancy requests result in there being a match between the numbers of posts the assimilation should be considered assuming staff do not have competing preferences for specific posts at this level. In the latter case we would suggest a closed ring-fence selection process could still be legitimately used to resolve who obtained which job within the ring-fence.

Support & Development Officers

We have no objection to the proposed assimilation of the postholders indicated. We would however propose an additional assimilation of the current Subsidy Officer into one of the remaining vacancies on the team.

This request is based upon a comparison of the Subsidy posts job description and the new role. There is a large degree of overlap covering areas such as provision of training, management statistics, production of policy and procedure notes, financial and performance monitoring etc. We consider that based on a point to point comparison this would most closely resemble the role of the subsidy officer particularly since it also refers to subsidy work as well.

Appeals & Submissions Officers
We received a number of conflicting views with regard to this proposed ring-fence: Some staff were in agreement with it while a number of post-holders felt the post was fundamentally that of the current submissions officers and that as such an assimilation should be offered to those staff currently fulfilling this role. This opinion was particularly based upon the fact that the representation of the Council at Hearings is now a clear part of the role whereas previously it was only required at the top end of the range grade. We would suggest further consideration is given to this ring-fence. In view of the close similarity between it and the posts undertaken in the complaints and appeals team we are concerned that an open n ring-fence is not the appropriate method of recruitment since it is clearly fundamentally an unchanged job we would propose it be amended to a closed one. Please clarify the number of post-holders in the ring-fence.

Workforce Demand Officer
As the post is completely different we have no objection to the use of an open ring-fence since there is no obvious current member of staff who is a match. We would suggest potentially this post is dealt with after the main ring-fences. If there is nobody who is displaced then the post could be released for an internal advert and/or referred to the deployment officer.

Senior Practioner
We would suggest this ring-fence be completed after those for Service manager, appeals and submissions officers, and support and development since for some staff involved it would represent a downgrading. Although the role has some variation we believe it could justifiably be drawn as a closed ring-fence rather than an open one. Will staff be able to express a preference between the teams? How will applicants be assessed as the roles cover three distinct disciplines?

IT Officer
We have no objection to the proposed assimilation. With regard to the other vacant posts our view would be that once it has been established there is no fall out from existing candidates at SO1 and above that the post be released as an internal advert. This would facilitate applications from the candidates who have been acting into this post for a sustained period.

Service Officers
We have no objection to the proposed assimilations please confirm how staff will be allocated to teams and whether they will be able to express a preference.

Visiting Officer
We feel this ring-fence is incorrect. These posts are distinct within the structure and are largely unchanged from the current posts. As such we believe the three substantive postholders should be assimilated to the new posts. Additionally as the post involves significant outside work we do not feel it would be a suitable alternative employment opportunity for staff that are currently office based.

Service Assistant
We can see no justification for this ring-fence being treated as “open” if there is notionally an excess of staff then a closed ring-fence should be utilised, as there is no evidence that staff at this level would not be appointable. As with the Service Officer role the duties covered are largely unchanged. It would be our view that these posts should only be subjected to a ring-fence after all other vacancies have been completed as it is highly likely that sufficient candidates would be successful elsewhere (particularly at Service Officer and IT Officer level) to make the numbers of candidates and posts match. If this were the case then we would say assimilation would be appropriate. If selection is necessary then we would suggest it is limited to interview rather than a test.

Senior Admin Officer
We have not seen the job description for this role so cannot comment fully on the ring-fence proposal. However as we have commented with the visiting officer post we feel the ring-fence is incorrectly drawn, as we do not feel the visiting officers should be included. As with the service assistant we would expect this ring-fence to be one of the last in the sequence. By doing so the need to consider Complaints and Appeal and BLT Seniors may well have been removed. We assume the open nature of the ring-fence is based upon the fact that current Admin Staff (only in post in Customer Services) do not supervise? We would question whether offering the post to a specialist such as a complaints and appeals officer would be appropriate offer of alternative employment as it would be likely to involve a high level of “deskilling”

BLT Court officer
We have no objection to the proposed assimilation on this post, as it is significantly unchanged from the role in the current structure.

Switchboard Supervisor
We have no objection to the proposed assimilation on this post, as it is significantly unchanged from the role in the current structure

PA to head of service
Could you confirm when the support function review on admin/PA support will be taking place? If it is imminent I would suggest there might be a case for allowing the postholder to be considered for the Admin Senior Posts?

Internal Vacancies
It is clear that after the process is completed there will be a number of vacant posts. These would either arise from a failure to fill posts or because even after doing so there are remaining vacancies.

Since it is clear there will be a deficit of post-holders at the Service Officer grade UNISON would propose an additional ring-fence be created allowing current BLT Assistants the opportunity to apply in the first instance along with any other post-holders within one grade. (This may well include any displaced post-holders at SO1 for example.

Other than this we would be supportive of internal adverts for vacancies, a decision would have to be taken whether such internal adverts were limited to BLT/Customer Service staff or opened up more widely. In advance of such an advert occurring it would be necessary to ensure there are no current staff in the deployment pool that are within the one grade band of the relevant posts as they would have priority over internal candidates. I am also aware for example that Strategic Housing has impending reductions and that there are post-holders there with Benefits or Customer Service experience.

Visiting Officer post : Additional comments

We are concerned that uniquely among the scale graded posts there is no reflection or opportunity for range grade progression in the role. In any case we believe the role to be under-graded at Scale 5 and await a copy of the finalised job evaluation that has yet to be supplied. We note that many of the additional duties included at Scale 6 in the Service Officer role are incorporated into the Visiting Officer post as outlined below.

Progression to Scale 6 will require the postholder to fulfil all the duties listed above and in addition, be self motivated, work with minimal supervision, and work to the following higher standards: Comment (this would certainly apply to an experienced visiting officer, it should be noted that they have less available management support than office based staff)

- *To acquire and maintain a more detailed knowledge of relevant legislation and good practice, with a broader understanding of procedures and systems. (Again one would assume an experience officer would be required to deal with more complex issues: as a field worker they would be required to deal with more on the spot queries, although they do not generally update the system they are required to understand its workings and to interrogate it)*

- *To provide comprehensive advice and be able to deal with complicated correspondence, telephone calls and personal visits, i.e. less straightforward appeals and complaints. We would accept they do not generally respond to complex correspondence but would contend that as a lone worker they may be more exposed to the need to provide comprehensive advice, equally they have a greater level of personal contact both by phone and in person. In respect of appeals and complaints their visits often arise from these*

- *To deal with more complicated areas of benefit work such as student claims and backdate requests. We would accept this would not apply in the same way to a visiting officer*

- *To deal with more complicated areas of revenues work including HMO's, sole and main residency, recovery disputes, business rate interest calculations, transitional relief and re-valuation cases. Obtaining relevant information on HMOs and establishing residency are a routine part of the visiting officers job) Clearly on re-valuation they are responsible for bringing properties into the rating list*

- *To deal with more complicated customer facing queries and provide accurate and relevant information and responses that enable first time resolution of the query raised. (This would apply in reference to their home visits)*

- *To assist in ad-hoc projects, as directed by the Service Manager. (This would equally apply for example on anti fraud initiatives or Single persons discount/void property reviews)*

- *To consistently achieve performance targets and standards. (Postholders are clearly required to do this!)*

In view of this we would contend either the post should be on a range grade or the current evaluation is to low!

In respect of the specific content of the job description comments are as follow (para numbers refer to the copy as sent out)

In para 2 (again a lit from the service officer role) there is a reference to "customer facing services" this might give the inference that the V.O. would be required to work in customer services as the Service Officers will be. We would suggest this be re-worded to make it explicit the V.O. customer contact will be by way of visits and/or telephone contact.

In para 12 (starting) "to attend court" add a reference to tribunals since both in Benefits/NDR/Council Tax there may also be a requirement for visiting officers to give evidence in the event of dispute. It should also specify that they may be required to give statements for this purpose.

Page 2 " to take action to minimise loss of subsidy…" We are assuming this is a direct lift from the Service officer post but are not sure it fits in the V.O post.

Having compared the old job description to the current we would propose the insertion of the following clauses as they are not covered elsewhere in the new job description but are still requirements.

2.23 " To consistently achieve performance targets and standards"

2.24 " to have a broad awareness of welfare benefits"

Implementation timetable

Assuming Corporate committee endorses the report on the 27th September could you confirm the process and likely timeline for implementing both the new jobs and new grades where appropriate? In particular the order for recruitment process and interviews.

We would be happy to meet and discuss the issues raised in more detail and to engage in an ongoing dialogue through the implementation period.

We would also ask that we meet urgently to review the situation with regard to potential voluntary redundancy applications.

Yours sincerely

Seán Fox
Branch Secretary

c.c. Gerard McGrath
UNISON members
GMB Union

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Appendix 6

Response to Consultation Comments

The following are the key comments and responses received from Unison and/or staff members from Benefits, Local Taxation, (BLT) Customer Services (CS) and other stakeholders.

1.0 General Comments

Comment - We are concerned that at a time of severe cuts across the Council there is a proposal to create four posts at PO8/SM1. This is in contrast to the current departmental headcounts of two posts at this level + one which has remained vacant for some significant period of time. We would suggest it should be possible to reduce this number thus freeing up increased resources for lower down the structure.

Response - Customer contact is a key priority for the council and the merging of Benefits, Local Taxation and Customer Services will provide a framework for ensuring that high volume customer enquiries are resolved at the first point of contact, thus increasing customer satisfaction and reducing unnecessary costs.

For this to succeed the right level of strategic management is required with the right balance across the functions of the service. The structure follows the approach stated in the Rethinking Haringey document of four layers. This is demonstrated in the structure with two layers of strategic management and two layers of operations. The strategic element consists of one Head of Service and four Assistant Heads. The Assistant Heads and therefore the key strategic decision making equates to 1.7% of the overall FTE count and 3% of the salary cost. This is not excessive considering the complexity of operations and the importance of customer contact.

Comment - As generic job descriptions across BLT &Customer Services exist to a greater degree than previously please clarify the position with reference to staff being required to move between the three component elements of the new service. Conversely what opportunities will there be for staff to request such a move where they may see it as a career opportunity?

Our expectation is that any moves would be with prior notice and consultation where they formed a permanent change of team or location. We do however recognise there may be a need for staff to be relocated within teams in each of the three services due to demand on resources.

Response - The generic job descriptions across BLT and CS reflect that 60% of current customer contacts are BLT related. The proposed structure identifies our future requirements as an integrated service and will encourage a joint front and back office approach to customer resolution and satisfaction. Our main aim will be to reduce hand-offs, waste and duplication of effort and eliminate the inevitable customer frustration that follows. The type of activity that an officer will be undertaking will be dictated by customer demand but consideration will be given to differing knowledge levels. Officers will only be expected to undertake duties where there has been a sufficient level of knowledge transfer.

Customer demand excepted, officers will be encouraged to extend knowledge to other functions within the service and this can certainly be used to enhance internal career opportunities.

Comment - What (if any) are the implications on home working for staff that currently have this in place post implementation? Will staff from BLT teams be expected to perform a customer service function as currently on a rota basis and how frequently?

Response – The proposed structure does not preclude the continuation of homeworking. Meeting customer requirements, including processing benefit claims etc.. , will be the key consideration and if this can be performed at home without an adverse effect on financial resources then this would be favourable.

Comment - Although we recognise the fundamental financial pressures on the Council we remain concerned that such a fundamental reduction in frontline officers will lead to a decline in service levels. We urge officers to make this point explicit to elected members, particularly with reference to increased waiting times at the two remaining Customer Service Centres. We wish to place this on record as we would not expect to see any reduction in performance targets being blamed on remaining staff or used as a cover for attempts to privatise the service or elements of it. Councillors must be clear that demands on BLT/Customer Services are increased and continuing to increase as a result of upturns in unemployment caused by the economic policies of the government. If we are to lose this number of posts then it must be recognised it may have a detrimental effect both on benefits and on collection/recovery rates for Council Tax and Business rate.

Response – Customer demand is being monitored closely to ensure that there is an understanding of the levels of resource required to provide an effective service. One of the main reasons for merging BLT and CS is to reduce hand- offs and eliminates unnecessary delays and processes. This improvement is expected to contribute significantly to the resource reduction across the service.

Comment - How will staff who currently work less than full time be treated when applying? Will they automatically be offered posts on hours equivalent to those they work currently or will there be opportunities for review of these hours where staff have a desire to do so?

Response – Established current part-time working will be recognised in the same way as now under the proposed structure. Opportunities for changing working hours will be considered on an individual basis.

Comment – Single Status - With the exception of CSOs and Telephonists none of the current posts have been subject to a job evaluation. We would therefore request clarity as to what steps management propose to deal with this situation. This is particularly relevant since the majority of posts are "new" and as such could not be used for backdating purposes. A number of posts in the historic BLT structure were identified as being in the appendix to the Single Status agreement and consideration needs to be given to having these evaluated.

A decision also needs to be taken in respect of posts that are largely unchanged as a result of the new structure as in such cases backdating should apply to the Single Status implementation date. From review of the posts we would say the Court Officer and Visiting Officer, the Submissions Officer roles fit into this category, as may the IT Officers although there may be others.

Finally there is the issue of job evaluation appeals under the Single Status agreement these should be made available to first time round GLPC evaluations OR where the grade goes down following a new evaluation. We would therefore contend only the two jobs who have had Single Status completed have exhausted this right.

Response – Single status evaluation for all posts that were deemed non-priority will be considered and a timetable provided.

2.0 Job Related Comments

Comment - Service Manager - There is a lack of clarity as to how many posts will be allowed at each level of the range grade and whether consistency will apply across the teams. For example meaning each team will contain a number of PO3s, a number of PO4s and a number of PO5s. We are concerned that the lack of a transparent explanation and a system for monitoring roles may lead to inconsistencies and/or unfairness in deciding the level of each post-holder. Additionally as the ring-fence contains staff at PO2 and PO4-PO5 please confirm that successful candidates will be appointed no lower than their existing grade.

How will it be decided whether a Service Manager post should be at the more senior or junior part of the grade? For example some managers have a larger number of staff to manage while others (in particular within the support structure) have a large number of PO graded staff within their remit.

Response – There will be consistency across the different teams to reflect the level of knowledge and skills required in each function. This equates to 3 x PO5, 9 x PO4 and 9 x PO3. Successful candidates will be appointed at the grade that matches the level of knowledge and skills required in the job description and candidate specification, ensuring a match against the three grading levels, limited to the overall numbers at each grade.

Comment – Senior Practitioners - We welcome the development of this role and in general feel it will provide a useful career path for staff. Our only query concerns how and where these roles will be deployed in the Customer Service setting. In particular whether it is intended that they be located in the Customer Service or Call Centre environment. Since in both cases work is led by customer demand consideration needs to be given to how work will be allocated to them and by whom. Equally how Service Officers can call upon their expertise in the Customer Service setting.

What is the rationale for their allocation as some teams have a Senior Practioner while others do not: For example in the benefits structure two teams do not have a PO1.This is repeated in the revenues area.

Response – The Senior Practitioner role will be a new addition to the customer services function but will equally provide a level of higher technical knowledge, providing advice and support to other Officers. Availability of these staff will need to be considered during times of increased customer demand but it is proposed that these posts will sit in both the customer service centre and the call centre.

A key role of a Senior Practitioner is one of advice and support to staff and this will cover more than one team as a generic officer.

Comment – Service Assistant - As for the Senior Practitioners this role is a new one in a Customer Services setting and it needs to be more clearly defined what they will be doing. We raise this as it is less possible to differentiate via work allocation in a customer environment than in a BLT “back office” one. Essentially we would seek assurances that the work required would be sufficiently different to that done by the Service Officers.

Similarly to the situation with Senior Practitioner posts the teams have a varying number of Service Assistants and in some cases have none at all. What is the rationale behind this?

Response – There are six Assistant Officers in the proposed structure within the customer services function. The key role will be to act as receptionists at the two customer service centres. The Assistant Officers will handle the initial contact with the customer before any referrals to a Service Officer and it is expected that three will be in each service centre.

Comment – Numbers of Posts in each team - We are concerned that at a time of increased demand there are significant reductions in the number of "Service Officers" in Benefits. We note an increase in numbers within enforcement but would comment that this approach is likely to lead to increased backlogs in claims and consequent increased calls or visits to Customer Services. It will also lead to increased usage of Court procedures when the real problem is an inability to process Benefit claims in a timely fashion. Clearly as an area with high levels of unemployment and underemployment this is of concern as the results will be: Adverse publicity for Haringey Council and equally importantly to us increased abuse and aggression towards staff as well as inevitable high levels of stress. The latter was previously identified as being abnormally high in the Stress survey process last year.

Response - The number of posts in each team and function is based on the savings required and projected customer demand. The addition of a Workforce Demand Officer will enable us to analyse customer demand and identify the resource required to meet this demand. Should this fall short in some areas then we have the opportunity to use the generic officers across all teams to support this gap. There are a number of challenges ahead as we look to encourage customers to use more on-line facilities and we will be monitoring any changes in demand closely.

Comment – Support Team - We have some concerns about the construction of the support team and the level of management demand particularly upon the Control and compliance manager. The latter post is required to support a total of ten officers all of whom are PO1 or PO2. Although the over all number of posts managed is consistent we would expect that the demands upon this team would be considerably higher than other teams with a consequent need for management advice and guidance.

We would therefore suggest the Submissions Officers sit more sensibly on the Benefit Teams. This would leave a clear focus of support and development and subsidy protection within the remit of a slimmed down team.

There are two Service Managers identified within the Support area and we would ask for confirmation of where in the PO3-PO5 range these two posts will sit?

Response – The structure has been amended so that the Appeals and Submissions Officers report under the benefits function. Both Service Manager posts will be PO3. There will be one PO3 post managing the IT Officers and one PO4 post managing the control and compliance team.

Comment – IT Officers - We are aware that the current post-holders have concerns re the content of the job description and the grading the post attracted on evaluation. We are supportive of their concerns and would ask that both areas be reviewed. These posts are clearly key to the future delivery of our service and this should potentially be reflected in the grading.

Response – The concerns have been noted and the job description is being reviewed with the officers concerned.

Comment – Subsidy Role - We are concerned that once again it is proposed to delete the sole dedicated resource responsible for ensuring we maximise our subsidy. There appears to be a lack of recognition throughout the structure of the key importance of this area of work. This will become even more paramount with the Council facing continued financial pressure that would be significantly worsened in the event that we failed to retrieve all monies due.

The current postholder would appear to have unique insight into the work and in deleting the dedicated post there is a very real possibility that this knowledge base could be lost since the post-holder would either be required to take on another post or a manager's post thus diluting the amount of time available for this element of the work.

The unique duties undertaken are described as follows

Undertakes subsidy cell checking reveals subsidy loss in areas such as above caps, LA errors, No rent officer determinations, above rent awards etc. Additionally they analyse, identify and help to address subsidy loss problems. This is done, by dealing with subsidy from a Benefit practitioners view, not as an accountant.

As a Benefits practitioner these skills are used to deal with Auditors on a claim-by-claim basis. There are two accountants who negotiate the actual money, account, and subsidy claim return side. We are concerned that in the new structure subsidy work may be taken from a 'subsidy accounting' perspective rather than 'subsidy benefits'. There is a huge difference in responsibility (and knowledge) between the two.

From initial discussions we understand that it is felt this work would sit on the control team and be shared between the Senior Practioners and support and development Officers. Our counter proposal would be that this work should be enhanced in Support and Development roles and that an additional post should be created at this level to lead on subsidy work.

Since we recognise the budget constraints we would propose this is funded in the main by reducing the Senior Practioners on the team by 1FTE. We are proposing this option, as it would appear nobody would be adversely affected by this change. We have commented on the implications on this in the section on ring-fencing.

Response – Most of the generic job descriptions across the service include an element of subsidy awareness and minimising subsidy loss. This strengthens the importance of subsidy to all relevant officers, rather than leaving the responsibility within one post.

The control and compliance team of eight staff is a new addition to the structure and one that demonstrates the need to ensure controls are in place to protect subsidy and reduce losses. A further key responsibility of this team is to ensure that quality monitoring is used as a feedback tool to raise understanding of subsidy across relevant officers. The inclusion of a Service Manager covering control and compliance further supports the importance of minimising subsidy loss.

The subsidy claim is prepared and presented by Corporate Finance who play a significant role in supporting the audit process. The importance of subsidy control is further acknowledged by the recent introduction of internal audit carrying out a mid-year review of cases. Best practice dictates that key service subsidy knowledge should not sit with one person as this contributes to a risk as the focus is too narrow. The proposed structure reflects the need to widen this approach and knowledge and to continue with tight controls. Therefore, subsidy protection sits more comfortably with a control and compliance function with the support and development team contributing to subsidy training and awareness.

However, I note the comments in respect of ensuring that minimising subsidy loss is recognised more specifically in relevant job descriptions and this will be reviewed.

Comment – Visiting Officer - We are concerned at the proposal to further reduce the number of visiting officer posts. Currently there are three substantive postholders with an additional agency worker working on the Council Tax team. The new structure reduces this to three and removes the dedicated role within Benefits. We believe this represents a risk to effective work currently delivered by visiting officers in respect of bringing properties into the Council tax and NNDR lists, fraud reduction in benefits and verification of exemptions/residency checks. The reduction in officers will lead to longer delays in visits.

Response – The Visiting Officer post numbers are being reduced as stated. However, we expect to make the process of visiting more effective and efficient to accommodate this reduction.

Comment – Recruitment and Selection - We note the intent to use a combination of interview and test for some posts and would seek clarification on what combination will be applied in each instance. Any tests used should be relevant to the role required and staff should be given clear guidance of the type of test in advance of the process taking place. We would ask that examples be provided in advance to both staff and Trade Unions along with confirmation on the conditions under which the tests will be taken. There will need to be a confidential facility for staff to report any reasonable adjustments required in order to ensure equal access and outcome.

Many staff may not have been subjected to recruitment processes for some time and may therefore be in need of offers of support in terms of interviewing skills and potentially more general support where they are at risk of losing their jobs. We would therefore want any interview timetable to be reflective of the need for such support to be offered and there are internal courses offered in this area. It may be sensible to assess the demand for these in advance of referring the final proposal to Corporate Committee so as to maximise opportunities for staff to prepare themselves.

Who will be on interview panels for each post? Will attempts be made to ensure all panels have a gender and ethnicity balance?

What is the timeline for implementation of each level, is it assumed that the top tier will need to be in place before other recruitment processes can take place? We would be concerned this could lead to lengthy delays if it became necessary to interview external candidates for the PO8 posts.

Response – Staff will be informed of the type or requirement of any testing before the recruitment process begins. However, any testing will be relevant to the post requirements and can be agreed as appropriate in advance with Unison.

Staff have been informed, through team briefs and other communication tools of the offer of corporate support in advance of any restructure and recruitment process. I can confirm that some staff have taken up this offer. However, it is acknowledged that it may have been some time since staff have been interviewed and this will be considered during the decision process. I can confirm that the panel make-up will follow expected council guidelines to achieve the right balance.

The recruitment process will be initiated immediately following the decision at the Corporate Committee and the proposal is for a parallel approach of top down and bottom up recruitment.

Comment - Voluntary redundancies/Avoidance of Compulsory Redundancies - We recognise that the department has made strenuous attempts to avoid compulsory redundancies during this process. However it is our practice to re-emphasise our absolute opposition to compulsory redundancies when commenting on reductions. Aside from favourable consideration of requests for VR in areas of reduction we would emphasise the need to view favourably any proposals from staff to reduce hours or job share etc.

We would seek an assurance that all requests will be responded to in advance of any recruitment to stay processes being commenced and that where staff ask to leave early rather than serving notice this will be facilitated.

Response – Requests will be responded in advance of the recruitment and consideration of leaving dates will be on an individual basis.

Comment – Ringfencing - We would seek clarity on the number of post-holders in each ring-fence as this information is not included in the proposals, it would also be helpful to be clear where post-holders are in multiple ring-fences.

We are assuming that the intention will be so far as possible to minimise the number of interview/selection processes staff in multiple ring-fences will need to take part in? It would be helpful if this and the expression of interest processes could be explained to both UNISON and staff in advance of the process commencing.

We are unclear what the proposed order of ring-fencing is and whether recruitment to posts where there are no (or insufficient) candidates will fit into this process. We raise this as clearly success in such posts could reduce or eliminate the need for ring-fencing. The obvious posts that fall into this category are the Assistant Heads of Service (1 candidate for four posts) and the three IT Officer posts that do not have substantive post-holders.

Also we would request clarity on whether staff will be required to express an interest in all posts for which they are ring-fenced. If this were the case we have some concerns with regard to this approach since some posts are significantly different to those staff currently occupy.

Response – The numbers of postholders for each ringfencing is as follows:

Ringfence Post	Number of Postholders
Assistant Head of Service	1
Service Manager	32
Appeals and Submissions Officers	30
Workforce Demand Officer	41
Senior Practitioner	38
Service Assistants	58
Snr Administrative Officer	20

The following postholders will be in multiple ringfences:

- Benefits and Local Taxation Team Leader
- Subsidy Officer
- Customer Services Team Manager
- Appeals and Complaints Officer
- Stakeholder Liaison Officer
- BLT Officer (Senior)
- Visiting Officer (Senior)
- Admin officer

I can confirm that I wish to minimise the number of interviews for staff. Where this is appropriate one interview may cover more than one post. The expressions of interest will clearly set out where this is possible and communicated in advance of the recruitment process. The recruitment at each level will dictate whether any ringfencing on the other levels is necessary. This can reviewed on an ongoing basis with Unison as each level of recruitment is completed.

Where there is ringfencing and a recruitment process exists then staff who are successful will be offered a post that matches the skills and knowledge required. This should eliminate any concerns that staff will be offered posts that they were unable to fulfil.

Comment - Specific Ring Fence Comments

Assistant Heads of Service

Please clarify the current grade of the 1 remaining post-holder in this ring-fence, as they are also included in the ring-fence below. Will an internal advert for the other posts be issued at the same time? Will those applying be entitled to express a preference for one or other of the posts, although the job description is generic there are clearly lead areas in each case.

Response – The current grade is PO8 so only one ringfence is applicable. There are four posts with one postholder in the ringfence so an internal advert can be issued at the same time and those applying can state a preference of function.

Service Managers

Although the role has been altered it is not fundamentally different from that fulfilled currently. Particularly since the post has a range grade reducing the need for current PO2 postholders to demonstrate that they could act at the higher level role. The key difference is an expectation of more generic functionality, the key knowledge base is largely unchanged and as such we believe a closed ring-fence would be appropriate as opposed to the current one. If voluntary redundancy requests result in there being a match between the numbers of posts the assimilation should be considered assuming staff do not have competing preferences for specific posts at this level. In the latter case we would suggest a closed ring-fence selection process could still be legitimately used to resolve who obtained which job within the ring-fence.

Response – The role of a manager or team leader has not changed in that the posts manage staff within functions. However, the key change is the generic working that will be required following the integration of Revenues, Benefits and Customer Services. How we manage the customer demand will change as customer enquiry resolution will be addressed at the first point of contact. This is a fundamental change that requires a different approach to customers and should be reflected in the appointments through open ringfencing.

Support & Development Officers

We have no objection to the proposed assimilation of the postholders indicated. We would however propose an additional assimilation of the current Subsidy Officer into one of the remaining vacancies on the team. This request is based upon a comparison of the Subsidy posts job description and the new role. There is a large degree of overlap covering areas such as provision of training, management statistics, production of policy and procedure notes, financial and performance monitoring etc. We consider that based on a point to point comparison this would most closely resemble the role of the subsidy officer particularly since it also refers to subsidy work as well.

Response - The role of subsidy is being widened to reflect the importance of minimising subsidy loss and will predominantly reside in the control and compliance team. Therefore, any comparison should be with the Senior Practitioner post within the control and compliance team where assimilation would not be relevant due to the generic aspects of this post.

Appeals & Submissions Officers

We received a number of conflicting views with regard to this proposed ring-fence: Some staff were in agreement with it while a number of post-holders felt the post was fundamentally that of the current submissions officers and that as such an assimilation should be offered to those staff currently fulfilling this role. This opinion was particularly based upon the fact that the representation of the Council at Hearings is now a clear part of the role whereas previously it was only required at the top end of the range grade. We would suggest further consideration is given to this ring-fence. In view of the close similarity between it and the posts undertaken in the complaints and appeals team we are concerned that an open ring-fence is not the appropriate method of recruitment since it is clearly fundamentally an unchanged job we would propose it be amended to a closed one. Please clarify the number of post-holders in the ring-fence.

Response - The current role is one of Appeals and Complaints Officers on a range grade. The grade dictates the type of work undertaken and therefore the skills and knowledge required. Although the submissions element remains most of the remaining duties have changed therefore open ringfencing would be appropriate. However, I note the comments and am willing to have a discussion in this respect.

Workforce Demand Officer

As the post is completely different we have no objection to the use of an open ring-fence since there is no obvious current member of staff who is a match. We would suggest potentially this post is dealt with after the main ring-fences. If there is nobody who is displaced then the post could be released for an internal advert and/or referred to the deployment officer.

Response - Agreed

Senior Practioner

We would suggest this ring-fence be completed after those for Service manager, appeals and submissions officers, and support and development since for some staff involved it would represent a downgrading. Although the role has some variation we believe it could justifiably be drawn as a closed ring-fence rather than an open one. Will staff be able to express a preference between the teams? How will applicants be assessed as the roles cover three distinct disciplines?

Response - The sequencing of recruitment is recognised as important and will be considered to ensure there is limited disruption to staff going through the process. The ringfencing has been reviewed following consultation and agreed that a closed ringfence is more appropriate where staff can express a preference to work in a particular function. Staff will be offered posts that match the skills and knowledge required for each function.

IT Officer

We have no objection to the proposed assimilation. With regard to the other vacant posts our view would be that once it has been established there is no fall out from existing candidates at SO1 and above that the post be released as an internal advert. This would facilitate applications from the candidates who have been acting into this post for a sustained period.

Response - Agreed

Service Officers

We have no objection to the proposed assimilations please confirm how staff will be allocated to teams and whether they will be able to express a preference.

Response - Staff will be able to express a preference to work in a desired function and this will be considered when allocations are determined. Customer demand and knowledge matches will also contribute to the decision.

Visiting Officer

We feel this ring-fence is incorrect. These posts are distinct within the structure and are largely unchanged from the current posts. As such we believe the three substantive postholders should be assimilated to the new posts. Additionally as the post involves significant outside work we do not feel it would be a suitable alternative employment opportunity for staff that are currently office based.

Response - Agreed - following consultation comments these posts can be assimilated.

Service Assistant

We can see no justification for this ring-fence being treated as “open” if there is notionally an excess of staff then a closed ring-fence should be utilised, as there is no evidence that staff at this level would not be appointable. As with the Service Officer role the duties covered are largely unchanged. It would be our view that these posts should only be subjected to a ring-fence after all other vacancies have been completed as it is highly likely that sufficient candidates would be successful elsewhere (particularly at Service Officer and IT Officer level) to make the numbers of candidates and posts match. If this were the case then we would say assimilation would be appropriate. If selection is necessary then we would suggest it is limited to interview rather than a test.

Response – Agreed.

Senior Admin Officer

We have not seen the job description for this role so cannot comment fully on the ring-fence proposal. However as we have commented with the visiting officer post we feel the ring-fence is incorrectly drawn, as we do not feel the visiting officers should be included. As with the service assistant we would expect this ring-fence to be one of the last in the sequence. By doing so the need to consider Complaints and Appeal and BLT Seniors may well have been removed. We assume the open nature of the ring-fence is based upon the fact that current Admin Staff (only in post in Customer Services) do not supervise? We would question whether offering the post to a specialist such as a complaints and appeals officer would be appropriate offer of alternative employment as it would be likely to involve a high level of “deskilling”

Response - The post of Senior Administration Officer has been added to the structure following feedback during consultation. The job description has been evaluated and is with you for comment. The post is subject to open ringfencing due to the supervisory role that is not within the current administrative posts. Agreed that the sequencing of recruitment is recognised as important and will be considered to ensure there is limited disruption to staff going through the process.

PA to head of service

Could you confirm when the support function review on admin/PA support will be taking place? If it is imminent I would suggest there might be a case for allowing the postholder to be considered for the Admin Senior Posts?

Response - The support function review is being prepared and the PA role will be considered during this process. However, there is an expectation that a PA role for Revenues, Benefits and Customer Services will still be required.

Internal Vacancies

Comment - It is clear that after the process is completed there will be a number of vacant posts. These would either arise from a failure to fill posts or because even after doing so there are remaining vacancies.

Since it is clear there will be a deficit of post-holders at the Service Officer grade UNISON would propose an additional ring-fence be created allowing current BLT Assistants the opportunity to apply in the first instance along with any other post-holders within one grade. (This may well include any displaced post-holders at SO1 for example.

Other than this we would be supportive of internal adverts for vacancies, a decision would have to be taken whether such internal adverts were limited to BLT/Customer Service staff or opened up more widely. In advance of such an advert occurring it would be necessary to ensure there are no current staff in the deployment pool that are within the one grade band of the relevant posts as they would have priority over internal candidates. I am also aware for example that Strategic Housing has impending reductions and that there are post-holders there with Benefits or Customer Service experience.

Response - Following the recruitment exercise there are expected to be a number of vacancies across the service. The additional ringfence suggested can be accommodated and agreed that any remaining vacancies are advertised across Revenues, Benefits and Customer Services following consideration of the redeployment pool.

Visiting Officer post – additional comments

Comment - We are concerned that uniquely among the scale graded posts there is no reflection or opportunity for range grade progression in the role. In any case we believe the role to be under-graded at Scale 5 and await a copy of the finalised job evaluation that has yet to be supplied. We note that many of the additional duties included at Scale 6 in the Service Officer role are incorporated into the Visiting Officer post.

Response - Predominantly the role of Visiting Officer is to either obtain information or to confirm that the information held is correct. Determinations regarding complex cases are handled by Officers following the return of information and are generally not made with the customer present. This is reflected in the grade, however, I am willing to consider the points made and review the job description.

Implementation timetable

Comment - Assuming Corporate committee endorses the report on the 27th September could you confirm the process and likely timeline for implementing both the new jobs and new grades where appropriate? In particular the order for recruitment process and interviews.

We would be happy to meet and discuss the issues raised in more detail and to engage in an ongoing dialogue through the implementation period.

We would also ask that we meet urgently to review the situation with regard to potential voluntary redundancy applications.

Response - Following the Corporate Committee endorsement recruitment will commence immediately and expected to be finalised by mid November 2011. The sequence will be key to minimise a lengthy period of recruitment and disruption to the individual. I am encouraged by the opportunity to continue with the ongoing dialogue to resolve any outstanding issues.

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HARINGEY COUNCIL

EQUALITY IMPACT ASSESSMENT FORM

Service: Customer Services

Directorate: Corporate Resources

Title of Proposal: Closure of North Tottenham Customer Service Centre

Lead Officer (author of the proposal): Angharad Claydon / Henna Chowdry

Names of other Officers involved: Charmaine Bradshaw, Siobhan Baird

Step 1 - Identify the aims of the policy, service or function

Description
North Tottenham Customer Service Centre (CSC) is one of two centres in the Tottenham area and is the smaller of the two. There are four CSC in the borough and the following states the number of enquiries received in 2009/10.

34,227	North Tottenham
17,865	Hornsey
68,568	Wood Green
46,660	South Tottenham (Apex House)

The saving assumes the closure of the centre by the 1st June 2011 and the deletion of eleven posts.

Impact/Risks
The closure of the service centre would mean that a high number of enquiries would be redirected to the remaining two centres. Although work is underway to encourage service users to contact us through more efficient channels there would be no further resources allocated to South Tottenham or Wood Green CSC to manage the increased demand. Therefore, this would have a negative impact on performance and customer satisfaction as the current performance that is above target would not be sustained.

HFH are also co-located at the centre so service user enquiries would have to be accommodated elsewhere.

Number of Service Users Affected

34,227 enquiries annually but this will include repeat visits.

Step 2 - Consideration of available data, research and information

You should gather all relevant quantitative and qualitative data that will help you assess whether at presently, there are differential outcomes for the different equalities target groups – diverse ethnic groups, women, men, older people, young people, disabled people, gay men, lesbians and transgender people and faith groups. Identify where there are gaps in data and say how you plug these gaps.

In order to establish whether a group is experiencing disproportionate effects, you should relate the data for each group to its population size. The 2001 Haringey Census data has an equalities profile of the borough and will help you to make comparisons against population sizes.
http://harinet.haringey.gov.uk/index/news_and_events/fact_file/statistics/census_statistics.htm

2 a) Using data from equalities monitoring, recent surveys, research, consultation etc. are there group(s) in the community who:

- ***are significantly under/over represented in the use of the service, when compared to their population size?***
- ***have raised concerns about access to services or quality of services?***
- ***appear to be receiving differential outcomes in comparison to other groups?***

Bruce Grove, Northumberland Park and Tottenham Hale Wards are characterised as a low income area, young transient population, ethnically diverse with high density social housing. Residents show a strong tendency to access services face to face as opposed to using the internet or telephone services. Currently low take up of internet to access services. White Hart Lane Ward is similar to the other wards. However, higher proportion of middle income Asian families and likelihood of using the internet. *Source: Mosaic and Income Ward Profiling – produced by Policy and Performance (September 2010).*

We are unable to provide equality data for our service users. However, we know that majority of our customers use the Centres for accessing Council Tax, Benefits, Controlled Parking Permits including Concessionary Badges, Estate Parking (HFH), Income Collection, Repairs, Tenancy Management, Home Connection, Prevention and Options, Housing Registration and Admissions.

From the demography and census data for the area, we can conclude that the majority of our users are from ethnic communities, people with disabilities and users with care and housing needs. People in these groups are less likely to be in work, or work on low wages. Some people who do not speak English as a first language or who have recently settled in the UK, may also have difficulty in understand the complexities of the life in the UK and how to access services, so people from this group may be highly likely to be negatively effected by the closure.

2 b) What factors (barriers) might account for this under/over representation?

Common barriers faced by our Customers:
- They do not speak English as a first language.
- Some are unaware of how to access Council and other Services.
- Some customers have mobility problems
- Many are on Benefits or low income
- May need additional support to access and use Internet facilities

Step 3 - Assessment of Impact

Using the information you have gathered and analysed in step 2, you should assess whether and how the proposal you are putting forward will affect existing barriers and what actions you will take to address any potential negative effects.

3 a) How will your proposal affect existing barriers? (Please tick below as appropriate)

Increase barriers? X	Reduce barriers?	No change?

Comment

Due to the factors identified in section 2(b) above, some groups, for example, people from some ethnic minority communities, people with mobility issues including older people and disabled people, etc could potentially experience negative effects as a result of the closure. However, the measures set out in 3(b) and 4(b) below will help ensure that any potential adverse effects will be either removed completely or substantially removed.

3 b) What specific actions are you proposing in order to respond to the existing barriers and imbalances you have identified in Step 2?
- Customer Services will be promote alternative services e.g. telephone, On-line Services
- Same services will be available in the remaining centres
- Users will have access to public PC's in the remaining centres and libraries
- Review availability of translation services
- See also Step 4b

3 c) If there are barriers that cannot be removed, what groups will be most affected and what Positive Actions are you proposing in order to reduce the adverse impact on those groups?

Existing services will remain the same, positive action is about redirecting customers to alternative venues or methods of accessing services.

Timetable to be proposed to notify customers of changes enabling them to make informed choices about accessing services

Step 4 - Consult on the proposal

Consultation is an essential part of impact assessment. If there has been recent consultation which has highlighted the issues you have identified in Steps 2 and 3, use it to inform your assessment. If there has been no consultation relating to the issues, then you may have to carry out consultation to assist your assessment.

Make sure you reach all those who are likely to be affected by the proposal, ensuring that you cover all the equalities strands. Do not forget to give feedback to the people you have consulted, stating how you have responded to the issues and concerns they have raised.

4 a) Who have you consulted on your proposal and what were the main issues and concerns from the consultation?

An exit survey was carried out at the Centre in February 2011. This survey asked

- What services the customers came in for.
- Which alternative services they were most likely to use
- What barriers they would experience in using the alternative services.

Through the survey we confirmed that of the people coming in to the centre

- The main reasons for using North Tottenham CSC were as follows; Benefits 53%, 20% CTAX, 13% CPZ permits, 7% Home for Haringey 16%, CTAX, 10%, Concessionary parking 8%, CPZ parking 2%, Frees School Meals 2%, Housing 2%
- The significant age ranges were 30-44 (36%), 45-59 (34%), 25-29 (16%), 18-19 (6%).
- 84% came from N17 (Bruce Grove, White Hart Lane, Northumberland Park), 16% N15 (Tottenham Hale, West Green), 2% other
- The main races represented were; Black African 16%, Black Caribbean, 16%, White Turkish 16%, White British 14%, White Other 12%, White Greek Cypriot 8%,
- British 46%, Other White 19%, Black Caribbean 6%, Asian Indian 4%.
- The significant religions represented were; Christian 60%, Muslim 28%, Non religious 8%, Others 4%
- 48% were Women, 52% Men, no one described themselves as gay or lesbian
- 16% described themselves as disabled, 4% were disabled and felt that they would have problems using other methods of accessing services.
- 6% felt that they would have difficulties using alternative methods of accessing services (other CSC, telephone, internet).
- 54% would choose to use South Tottenham CSC as an alternative and 42% Wood Green CSC.
- Of the people who felt they had problems using the alternative methods of access 12% felt that travelling was inconvenient. One person pointed out that the CSC was ‘opposite Job Centre and is very convenient for the public’. Another person mentioned that they could walk to this CSC, this is important to people on very low incomes.

4 b) How, in your proposal have you responded to the issues and concerns from consultation?

The concerns of disabled and sometimes elderly customers are addressed in the following ways. The remaining CSC are fully accessible with ramps, induction loops, disabled toilets and enhanced q-matic screens are in place. If a disabled or elderly customer visits a CSC on busy days, a triage systems falls in place to fast track customers who may have difficulty standing or have a disability. There are good bus routes and parking bays at the back of the building for those who drive and have concessionary permits. The 1000 number makes accessing services over the phone easier. Service provision for those housebound or unable to make the journey i.e. benefits home visits, CTAX payment cards at various pay-points, ATP line. Authorisation letters allow for friends and family to access services on their behalf (collecting blue badges, benefits, CTAX).

No customer raised concerns with regard to race in terms of the change. However, we know from experience that a significant number of customers are Black African, Turkish, White Other (often Eastern European). Many of these customers speak English as a second language. Most common languages requested are Turkish and Polish. The service provided at the remaining centres is generic and currently translation services are available via a booking system. Available leaflets can be translated upon request. On closure posters can be produced in main languages redirecting customers to alternative provision.

No concerns were raise by parents or mothers to be about travelling to another centre. We might infer that this is because they are most likely to be using public transport on a daily basis. However, we are mindful that this customer group might face particular difficulties. There are good bus links to the alternative CSC's but pregnant women or new mothers may find the journey difficult. Once at the CSC a triage system falls in to place on very busy days. This fast tracks pregnant mothers with difficulty standing and/or those with several children. Authorisation letters allow for friends and family to access services on their behalf. These customers might find also using the 1000 or the internet easier.

There is a general concern about the convenience of travel to alternative CSC. There are good bus links to the alternative CSC Tottenham High Road to South Tottenham CSC (76, 149, 243, 259 bus routes). From North Tottenham to Wood Green (W3,W4, 123, 243 bus routes)

4 c) How have you informed the public and the people you consulted about the results of the consultation and what actions you are proposing in order to address the concerns raised?

Updated Customer Services information on the Haringey Council Website

Step 5 - Addressing Training

The issues you have identified during the assessment and consultation may be new to you or your staff, which means you will need to raise awareness of them among your staff, which may even training. You should identify those issues and plan how and when you will raise them with your staff.

Do you envisage the need to train staff or raise awareness of the issues arising from any aspects of your proposal and as a result of the impact assessment, and if so, what plans have you made?

All Customer Services Staff are generic in role and have received similar training. Any staff relocated and taking up duties within the Contact Centre would need training in telephone skills.

Step 6 - Monitoring Arrangements

If the proposal is adopted there is a legal duty to monitor and publish its actual effects on people. Monitoring should cover all the six equality strands. The purpose of equalities monitoring is to see how the policy is working in practice and to identify if and where it is producing disproportionate adverse effects and to take steps to address the effects. You should use the Council's equal opportunities monitoring form which can be downloaded from Harinet. Generally, equalities monitoring data should be gathered, analysed and report quarterly, in the first instance to your DMT and then to the Equalities Team.

What arrangements do you have or will put in place to monitor, report, publish and disseminate information on how your proposal is working and whether or not it is producing the intended equalities outcomes?

- ***Who will be responsible for monitoring?***
  A programme manager will be appointed to oversee the closure of the CSC and the transition arrangements.

- ***What indicators and targets will be used to monitor and evaluate the effectiveness of the policy/service/function and its equalities impact?***
- We shall set in place systems for measuring the impact of the new arrangements.
- Customer surveys will address access and quality issues as they affect the equalities groups identified in Step 4 above
- Targets are linked to council 3 year saving plan which is monitored by budget holders

- ***Are there monitoring procedures already in place which will generate this information?***
- SAP CRM used to record customer contact can be used to track how customers access the service after the closure. This can be done by ward, nature of enquiry, volumes, broken down by equalities groups.

- ***Where will this information be reported and how often?***
- Results of monitoring reported via the business plan and relavent boards e.g. HESP, Customer Contact Strategy
- Customer satisfaction via London Connects which reviews effectiveness of service delivery

Step 7 - Summarise impacts identified

In the table below, summarise for each diversity strand the impacts you have identified in your assessment

Age	Disability	Race	Sex	Religion or Beliefs	Sexual Orientation	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity
Elderly people may find the journey to another CSC difficult. They may also reluctant to use the internet to access services. 1000 number makes accessing services over the phone easier. Service provision for those housebound or unable to make the journey i.e. benefits home visits, CTAX payment cards at various pay-points, ATP line. Authorisation letters allow for friends and family to access services on behalf of them (collecting blue badges, benefits, CTAX). On very busy days, a triage systems falls in place to fast track customers who may have difficulty standing or have a disability.	Previous surveys show that distance travelled was less of an issue for disabled customers than the overall accessibility of the buildings. The remaining CSC are fully accessible with ramps, induction loops, disabled toilets and enhanced q.matic screens are in place. The remaining CSC also have more parking bays for disabled people then this site. Authorisation letters allow for friends and family to access services on behalf of them (collecting blue badges, benefits, CTAX). On very busy days, a triage systems falls in place to fast track customers who may have difficulty standing or have a disability. Many of the services can be accessed by phone using the 1000 number and the increasing number of services available on the Haringey Website. *The needs of displaced staff will be addressed individually e.g. moving any aids and adaptations they currently have.*	There may be barriers for people whose first language is not English or who are not familiar will how to access services in the UK. Most common languages requested are Turkish and Polish The service provided at the remaining centres is generic and some translation services are available via a booking system. Available leaflets can be translated upon request. On closure posters can be produced in main languages redirecting customers to alternative provision.	Change does not appear to impact on this protected equalities group *Staff at the CSC are predominantly female - 2 Male out of 11 CSO. This will be addressed under wider organisational assessment.*	Change does not appear to impact on this protected equalities group .	Change does not appear to impact on this protected equalities group	Change does not appear to impact on this protected equalities group	Change does not appear to impact on this protected equalities group	There are excellent transport links to the alternative CSC, but pregnant women or new mothers may find the journey difficult. These customers using the 1000 or the internet easier. Once at the CSC a triage system falls in to place on very busy days. This fast tracks pregnant mothers with difficulty standing or those with several children. The main enquiries for these customers are; <u>Housing and Council Tax Benefits</u> e.g. new applications and change of circumstances, which can be handled at the remaining CSC. Some processes can be done via the Contact Centre or emailing the Department. <u>Admissions</u> applications are available on line and specific queries can be answered via a phone call<u>. Housing:</u> <u>a</u>ppointments at Apex (can be made over the phone). New application and Home Connections now on-line. Authorisation letters allow for friends and family to access services on behalf of them. *The needs of Staff displaced will be addressed individually and taken into account when agreeing new location and shift patterns*

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Step 8 - Summarise the actions to be implemented

Please list below any recommendations for action that you plan to take as a result of this impact assessment.

Issue	Action required	Lead person	Timescale	Resource implications
Disabled Parking Bays	▪ Need to clarify arrangements for the access to disabled bays around the remaining CSC's. ▪ Review whether existing provision is adequate.	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources
Review translation services available in CSC and over the phone	▪ Need to clarify arrangements for accessing translations services as and when required ▪ May need to review advice to customers re need to bring an English speaking person with them to provide support	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources
Encouraging take up of online services	▪ Work around this will take place in liaison with other project boards e.g. Channel shift/ HESP ▪ Increase number of PC at remaining CSC and publicise public PC at libraries.	Programme Manager – To be Confirmed	On-going By 1 June 2011	From existing resources
Consultation with other building users with regard to their plans for relocation	▪ Meeting with affected services and building managers	Programme Manager – To be Confirmed &	By 1 June 2011	From existing resources
Publicise the closure of the centre and alternative provision	▪ Communications timetable to be agreed ▪ Website updated and item in Haringey People ▪ Posters on the closed buildings with some text in community languages.	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources
Address needs of relocated staff	▪ Briefings and consultation with individual staff to agree new shift patterns, locations and installation of aids and adaptations moving with the CSO	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources

Step 9 - Publication and sign off

There is a legal duty to publish the results of impact assessments. The reason is not simply to comply with the law but also 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. You should consider in what formats you will publish in order to ensure that you reach all sections of the community.

When and where do you intend to publish the results of your assessment, and in what formats?

Assessed by (Author of the proposal):

Name: **Paul Ellicott**

Designation: **Head of BLT and Customer Service**

Signature:

Date: **18 February 2011**

Assessed by (Author of the proposal):

Name: **Angharad Claydon | Henna Chowdry**

Designation: **Customer Services Managers**

Signature:

Date: **18 February 2011**

Quality checked by (Policy, Equalities and Partnerships Team):

Name: **Inno Amadi**

Designation: **Senior Policy Development Officer**

Signature:

Date: **17 August 2011**

Sign off by Directorate Management Team:

Name:

Designation:

Signature:

Date:

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HARINGEY COUNCIL

EQUALITY IMPACT ASSESSMENT FORM

Service: **Customer Services**

Directorate: **Corporate Resources**

Title of Proposal: **Closure of Hornsey Customer Service Centre**

Lead Officer (author of the proposal): **Angharad Claydon / Henna Chowdry**

Names of other Officers involved: Charmaine Bradshaw, Siobhan Baird

Step 1 - Identify the aims of the policy, service or function

Closure of Hornsey Customer Service Centre

Description

Hornsey Service Centre is located in Hornsey Town Hall and is the only current customer service visiting option in the west of the borough. There are four customer service centres in the borough and the following states the number of enquiries received in 2009/10.

Hornsey	17,865
Wood Green	68,568
Apex House	46,660
North Tottenham	34,227

The saving assumes the closure of the centre by the 1st June 2011 and a deletion of three posts.

Impact/Risks

The closure of the service centre would mean that there would be no face to face option sited in the west of the borough. The closure would encourage service users to use alternative channels of enquiry. The most inexpensive channel is the web and work is continuing to influence a change in service user's behaviour when contacting the council.

However, there would still be a number of enquiries where service users would prefer to see an officer of the council and this would require them to visit one of the other centres. Subsequently this would have a negative affect on performance in the other centres where additional resources would not be available to meet the demand of customers who previously used Hornsey CSC.

Part of Children Services are co-located at the centre so service user enquiries would have to be accommodated elsewhere.

Number of Service Users Affected

17,865 enquiries but this will include repeat visits.

Step 2 - Consideration of available data, research and information

You should gather all relevant quantitative and qualitative data that will help you assess whether at presently, there are differential outcomes for the different equalities target groups – diverse ethnic groups, women, men, older people, young people, disabled people, gay men, lesbians and transgender people and faith groups. Identify where there are gaps in data and say how you plug these gaps.

In order to establish whether a group is experiencing disproportionate effects, you should relate the data for each group to its population size. The 2001 Haringey Census data has an equalities profile of the borough and will help you to make comparisons against population sizes.

http://harinet.haringey.gov.uk/index/news_and_events/fact_file/statistics/census_statistics.htm

2 a) Using data from equalities monitoring, recent surveys, research, consultation etc. are there group(s) in the community who:
- ***are significantly under/over represented in the use of the service, when compared to their population size?***
- ***have raised concerns about access to services or quality of services?***
- ***appear to be receiving differential outcomes in comparison to other groups?***

Residents of Crouch End are characterised as being young and well educated, there are many single sharers however many own their own homes. Many of the properties are converted Victorian residences but there is also smart newly purpose built flats. Fortis Green, Hornsey and Muswell Hill Wards are similar but with a higher proportion of wealthy people. With Highgate ward showing some lower income families. These wards have pockets of elderly people who have lived in the area fro most of their lives. All the wards show a higher preference to access services via the Internet and Telephone/ Mobile phone rather than face to face contact.

We know that majority of our customers use the Centre for accessing (in order of demand); Council Tax, Housing and Council Tax benefit (student sharers), controlled parking permits, concessionary parking, Admissions and School Transfers, Some Homes for Haringey services for the pockets of social housing in the area.

Hornsey CSC has lowest footfall at 60 a day, generally for services where customers visit to submit documents or have permits issued. Younger customers prefer to use the phone and increasingly on-line services.

2 b) What factors (barriers) might account for this under/over representation?

Customers using this CSC do so out of convenience rather than a need. The main concern would be for those customers with mobility problems and the older people living in the area This is illustrated by the number of people applying for concessionary permits & CPZ rates. Some older users prefer to use Handy Till rather than pay-points or ATP. Unfortunately the Handy Tills have been out of service for the last year.

Step 3 - Assessment of Impact

Using the information you have gathered and analysed in step 2, you should assess whether and how the proposal you are putting forward will affect existing barriers and what actions you will take to address any potential negative effects*.*

3 a) How will your proposal affect existing barriers? (Please tick below as appropriate)

Increase barriers? X	Reduce barriers?	No change?

Comment

As indicated in the summaries in Step 7 of this EqIA, for some groups, for example, disabled people, older people pregnant women and women with young children, the closure could potentially increase barriers to access to services. However, the mitigation measures detailed in section 4(b) of this EqIA will help ensure that any potential negative effects are either removed altogether or substantially reduced.

3 b) What specific actions are you proposing in order to respond to the existing barriers and imbalances you have identified in Step 2?

- Customer Services will promote alternative methods of accessing services e.g. telephone, On-line Services
- Same services will be available in the remaining CSC
- See also Step 4b

3 c) If there are barriers that cannot be removed, what groups will be most affected and what Positive Actions are you proposing in order to reduce the adverse impact on those groups?

Existing services will remain the same, positive action is about redirecting customers to alternative venues or methods of accessing services.

Timetable to be proposed to notify customers of changes enabling them to make informed choices about accessing services

Step 4 - Consult on the proposal

Consultation is an essential part of impact assessment. If there has been recent consultation which has highlighted the issues you have identified in Steps 2 and 3, use it to inform your assessment. If there has been no consultation relating to the issues, then you may have to carry out consultation to assist your assessment.

Make sure you reach all those who are likely to be affected by the proposal, ensuring that you cover all the equalities strands. Do not forget to give feedback to the people you have consulted, stating how you have responded to the issues and concerns they have raised.

4 a) Who have you consulted on your proposal and what were the main issues and concerns from the consultation?

An exit survey was carried out at the Centre in February 2011. This survey asked

- What services the customers came in for and how often
- Which alternative services they were most likely to use
- What barriers they would experience in using the alternative services.

Through the survey we confirmed that of the people coming in to the centre

- The main reasons for using Hornsey CSC were as follows; 30% Benefits, 20% CTAX, 13% CPZ permits, 7% Homes for Haringey, 3% Concessionary parking
- The significant age ranges were 60+ (34%), 45-59 (26%) and 30-44 (20%)
- 46% came from N8 (Hornsey Ward), 22% N6 (Stroud Green/Highgate), 12% N10 (Muswell Hill), 12% N4 (Harringay/Hornsey).
- The significant religions represented were; Christian 39%, Non religious 30%, Muslim 19%
- The main races represented were; British 46%, Other White 19%, Black Caribbean 6%, Asian Indian 4%
- 46% were Women, 54% Men. 2% described themselves as Gay and 2% Lesbian
- 16% described themselves as disabled
- 21% felt that they would have difficulties using alternative methods of accessing services (other CSC, telephone, internet)
- Of the people who felt they had problems using the alternative methods of access
    - 32% Were women who felt using Wood Green to be inconvenient. 6% cited the journey would be difficult with children
    - 16% were over 60 and felt other centres were not convenient. 4% were disabled and cited mobility problems
    - 20% were men who cited Wood green to be inconvenient, 10% cited parking in Wood Green to be a problem
    - 1 disabled male, aged 65 to 77 felt that using the Council Website would be out of the question

4 b) How, in your proposal have you responded to the issues and concerns from consultation?

The concerns of elderly and disabled customers are addressed in the following ways

The remaining CSC are fully accessible with ramps, induction loops, disabled toilets and enhanced q-matic screens are in place. If a disabled or elderly customer visits a CSC on busy days, a triage systems falls in place to fast track customers who may have difficulty standing or have a disability. There are good bus routes and parking bays at the back of the building for those who drive and have concessionary permits.

The 1000 number makes accessing services over the phone easier. Service provision for those housebound or unable to make the journey i.e. benefits home visits, CTAX payment cards at various pay-points, ATP line. Authorisation letters allow for friends and family to access services on behalf of them (collecting blue badges, benefits, CTAX).

The concerns of women, especially those who are mothers to be and /or travelling with children.

There are good bus links to the alternative CSC, but pregnant women or new mothers may find the journey difficult. These customers using the 1000 or the internet easier. Once at the CSC a triage system falls in to place on very busy days. This fast tracks pregnant mothers with difficulty standing and/or those with several children.

The main enquiries for these customers are; Housing and Council Tax Benefits e.g. new applications and change of circumstances, which can be handled at the remaining CSC. Some processes can be done via the Contact Centre or emailing the Department. Admissions applications are available on line and specific queries can be answered via a phone call.

There is a general concern about the convenience of travel to alternative sites and parking provision, especially in the Wood Green area.

There are good selection of buses from the wards affected by the closure. The main routes link to Wood Green from Hornsey (41 bus route) from Fortis Green and Muswell Hill (W3 and 144 Routes)

There is excellent parking in Wood Green including the Shopping City car parks and various pay and display bays, in easy walking distance.

4 c) How have you informed the public and the people you consulted about the results of the consultation and what actions you are proposing in order to address the concerns raised?

We will update Customer Services information on the Haringey Council Website

Step 5 - Addressing Training

The issues you have identified during the assessment and consultation may be new to you or your staff, which means you will need to raise awareness of them among your staff, which may even training. You should identify those issues and plan how and when you will raise them with your staff.

Do you envisage the need to train staff or raise awareness of the issues arising from any aspects of your proposal and as a result of the impact assessment, and if so, what plans have you made?

All Customer Services Staff are generic in role and have received similar training. Any staff relocated and taking up duties within the Contact Centre would need training in telephone skills.

Step 6 - Monitoring Arrangements

If the proposal is adopted there is a legal duty to monitor and publish its actual effects on people. Monitoring should cover all the six equality strands. The purpose of equalities monitoring is to see how the policy is working in practice and to identify if and where it is producing disproportionate adverse effects and to take steps to address the effects. You should use the Council's equal opportunities monitoring form which can be downloaded from Harinet. Generally, equalities monitoring data should be gathered, analysed and report quarterly, in the first instance to your DMT and then to the Equalities Team.

What arrangements do you have or will put in place to monitor, report, publish and disseminate information on how your proposal is working and whether or not it is producing the intended equalities outcomes?

- ***Who will be responsible for monitoring?***

  A programme manager will be appointed to oversee the closure of the CSC and the transition arrangements.

- ***What indicators and targets will be used to monitor and evaluate the effectiveness of the policy/service/function and its equalities impact?***

- We shall set in place systems for measuring the equalities impact of the new arrangements.
- Customer surveys will address access and quality issues as they affect the equalities groups identified in Step 4 (Consultation) of this EqIA
- Targets are linked to the Council 3 year savings plan which is monitored by budget holders

- ***Are there monitoring procedures already in place which will generate this information?***

- SAP CRM used to record customer contact can be used to track how customers access the service after the closure. This can be done by ward, nature of enquiry, volumes etc, broken down by equalities groups.

- ***Where will this information be reported and how often?***

- Results of monitoring reported via the business plan and relavent boards e.g. HESP, Customer Contact Strategy
- Customer satisfaction via London Connects which reviews effectiveness of service delivery

Step 7 - Summarise impacts identified

In the table below, summarise for each diversity strand the impacts you have identified in your assessment

Age	Disability	Race	Sex	Religion or Beliefs	Sexual Orientation	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity
Elderly people may find the journey to another CSC difficult. They may also reluctant to use the internet to access services. 1000 number makes accessing services over the phone easier. Service provision for those housebound or unable to make the journey i.e. benefits home visits, CTAX payment cards at various pay-points, ATP line. Authorisation letters allow for friends and family to access services on behalf of them (collecting blue badges, benefits, CTAX). On very busy days, a triage systems falls in place to fast track customers who may have difficulty standing or have a disability.	Previous surveys show that distance travelled was less of an issue for disabled customers than the overall accessibility of the buildings. The remaining CSC are fully accessible with ramps, induction loops, disabled toilets and enhanced q-matic screens are in place. The remaining CSC also have more parking bays for disabled people than this site. Authorisation letters allow for friends and family to access services on behalf of them (collecting blue badges, benefits, CTAX). On very busy days, a triage systems falls in place to fast track customers who may have difficulty standing or have a disability. Many of the services can be accessed by phone using the 1000 number and the increasing number of services available on the Haringey Website. We consider that this will improve accessibility for this group of customers *The needs of displaced staff will be addressed individually e.g. moving any aids and adaptations they currently have. No one require parking bays*	Change does not appear to impact on this protected equalities group No history of requesting translation services	No adverse impact is envisaged. However, some women cite travelling to alternative CSC inconvenient *Staff at the CSC are all staff are female. This will be addressed under wider organisational assessment.*	Change does not appear to impact on this protected equalities group	Change does not appear to impact on this protected equalities group .	Change does not appear to impact on this protected equalities group	Change does not appear to impact on this protected equalities group	There are good bus links to the alternative CSC, but pregnant women or new mothers may find the journey difficult. These customers using the 1000 or the internet easier. Once at the CSC a triage system falls in to place on very busy days. This fast tracks pregnant mothers with difficulty standing or those with several children. The main enquiries for these customers are; Housing and Council Tax Benefits e.g. new applications and change of circumstances, which can be handled at the remaining CSC. Some processes can be done via the Contact Centre or emailing the Department. Admissions applications are available on line and specific queries can be answered via a phone call. *The needs of Staff displaced will be addressed individually and taken into account when agreeing new location and shift patterns*

Step 8 - Summarise the actions to be implemented

Please list below any recommendations for action that you plan to take as a result of this impact assessment.

Issue	Action required	Lead person	Timescale	Resource implications
Disabled Parking Bays	▪ Need to clarify arrangements for the access to disabled bays around the remaining CSC's. ▪ Review whether existing provision is adequate.	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources
Extending online services	▪ Work around this will take place in liaison with other project boards e.g. Channel shift/ HESP	Programme Manager – To be Confirmed	On-going By 1 June 2011	From existing resources
Consultation with other building users with regard to their plans for relocation	▪ Meeting with affected services and building managers (Children's Services)	Programme Manager – To be Confirmed &	By 1 June 2011	From existing resources
Publicise the closure of the centre and alternative provision	▪ Communications timetable to be agreed ▪ Website updated and item in Haringey People	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources
Pilot customer service operations in local libraries (trial Community Hub model)	▪ Discuss with libraries feasibility of providing some CS Services at a library in the area affected by the closure to absorb extra volume likely to be experienced by remaining CSC's.	HESP / Programme Manager – To be Confirmed	Ongoing	From existing resources
Address needs of relocated staff	▪ Briefings and consultation with individual staff to agree new shift patterns, locations and installation of aids and adaptations moving with the CSO	Programme Manager – To be Confirmed	By 1 June 2011	From existing resources

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Step 9 - Publication and sign off

There is a legal duty to publish the results of impact assessments. The reason is not simply to comply with the law but also 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. You should consider in what formats you will publish in order to ensure that you reach all sections of the community.

When and where do you intend to publish the results of your assessment, and in what formats?

Assessed by (Author of the proposal):

Name: **Paul Ellicott**

Designation: **Head of BLT and Customer Service**

Signature:

Date: **18 February 2011**

Assessed by (Author of the proposal):

Name: **Angharad Claydon | Henna Chowdry**

Designation: **Customer Services Managers**

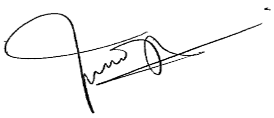
Signature:

Date: **18 February 2011**

Quality checked by (Policy, Equalities and Partnerships Team):

Name: **Inno Amadi**

Designation: **Senior Policy Development Officer**



Signature:

Date: **17 August 2011**

Sign off by Directorate Management Team:

Name:

Designation:

Signature:

Date:

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Haringey Council

Equalities Impact Assessment (EqIA) for Organisational Restructures

Date:	8th February 2011
Department and service under review: Benefits & Local Taxation and Customer Services	
Lead Officer/s and contact details: Paul Ellicott x 3854	
Contact Officer/s (Responsible for actions): Jacqui McIntosh x 2830 (Finance) Jim Brady x 3804 (EIA - BLT) Angharad Claydon x 2254 (EIA - CS)	

Step 1 – Aims and Objectives

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

Making savings by Management reshaping, de-layering and reduction from the integration of CS/BLT.

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

As a council we are all committed to providing high quality services to our residents, in particular the vulnerable groups.

However, we are facing unprecedented Government cuts to our budget. We have already taken steps to save money on any non-essential spending and we have made savings on agency workers, management and administrative costs, reduced duplication and looked at where we can share services, for example the NHS and other councils. Nevertheless, across the council we are having to make savings of £46million by the end of March 2012 with a further need for additional savings over the following two years.

Specifically, in 2011/12, the combined Benefits & Local Taxation Service and Customer Services propose to reduce the combined salary budget of the service to £8.2million. This represents a significant reduction from the current combined salary budget. This will reduce the establishment from it's current point of 317 FTE posts, to 235.5 FTE posts, a loss of 81.5 FTE posts.

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

The outcomes would be achieved by:

- Reducing the headcount of staff within the combined service
- Offering Voluntary Redundancy to staff within the service
- Closure of Two Customer Service Centres
- Reduction in hours of Call Centre availability by Haringey Staff - will now be available 9am-5pm. (out of hours private sector provider will cover the two hours not now covered by Haringey staff)
- Removal of availability for staff to obtain Internal phone numbers from switchboard.
- Staff Selection Process (from existing workforce) for all levels of new structure.
- Identifying opportunities for customers to shift to more cost-effective methods of accessing Council Services
- Working more effectively and efficiently by revising business processes

To ensure that these outcomes are achieved would require:

- Financial monitoring of service budgets and accurate forecasting of these budgets.
- Customer contact methods will be measured and analysed.
- Performance will be monitored against stated targets.

The Voluntary Redundancy scheme is open to all staff within the combined BLT and Customer Services Teams, and selection for Voluntary Redundancy will be made according to the Councils current policy on this.

Should Voluntary Redundancy not offer up sufficient postholder savings, then the service would require a suitable Staff Selection Process to select from the existing workforce for posts at all levels of new structure.

The teams covering Finance and Business Support are part of the Haringey Efficiency and Savings Programme Support Functions Review and therefore currently excluded from this proposed re-organisation. However, please note that all staff within the current organisation are included in the breakdowns below.

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

1. Are you closing a unit?

In addition to the budgetary savings, two units are being proposed for closure – North Tottenham Customer Service Centre and Hornsey Customer Service Centre.

A separate Equalities Impact Assessment for each of these proposals will consider the direct impact of the closure on the public and the staff currently working at those centres.

This Equalities Impact Assessment, considers the impact on all staff within the entire service including staff working at those Customer Service Centres.

Staff affected by the service restructure are shown in more detail within the tables on the following pages. This data is taken from Human Resources Data within SAP.

We have no accurate records of staff by gender reassignment, pregnancy and maternity, religion or belief or sexual orientation.

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

Staff affected by the closure of the Customer Service Centres will not be directly targeted for post deletion. Instead they will be considered for assimilation into relevant posts within the restructured combined service. As such, their race, gender, age and disability are included in the statistics provided on the sub-headings below.

Race

	Asian		Black		Mixed		Other		BME sub total		White		Not declared		TOTAL
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	No. Staff	% of Grade Group	No. Staff	% of Grade Group	STAFF
SC1-SC5	9	15	12	20	5	8	2	3	28	47	30	51	1	2	59
SC6-SO2	26	14	81	41	7	4	12	6	126	64	68	36	1	1	195
PO1-PO3	5	13	13	33	1	3	1	3	20	51	19	49	0	0	39
PO4-PO7	2	11	3	17	1	6	0	0	6	33	12	67	0	0	18
PO8+	0	0	0	0	0	0	0	0	0	0	4	100	0	0	4
MANUAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**42**	**13**	**109**	**35**	**14**	**4**	**15**	**5**	**180**	**57**	**133**	**42**	**2**	**1**	**315**

The table below shows staff within the combined service by ethnicity who are under-represented when compared to the overall Council staffing profile. Data taken as at January 2011.

	Asian		Black		Mixed		Other		BME sub total		White		Not declared		TOTAL
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	No. Staff	% of Grade Group	No. Staff	% of Grade Group	STAFF
SC1-SC5			12	20					28	47					59
SC6-SO2															195
PO1-PO3															39
PO4-PO7															18
PO8+									0	0					4
MANUAL															
TOTAL															**315**

Council Profile :

Scale 1-5	Black 52%	BME 67%
PO8+	BME 19%	
Manual	White 47%	

3. 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 ring fences are likely to disproportionately impact on staff from one ethnic minority group (white, white other, asian, black, mixed race) or Black & Minority Ethnic (BME) staff only

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

Not Applicable

5. 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.?

Not Applicable

Gender

6. The table below shows staff within the combined service by gender. Data taken as at January 2011.

	Female		**Male**		**TOTAL**
Grade Group	No. Staff	% of Grade Group	No. Staff	% of Grade Group	STAFF
SC1-SC5	37	63	22	37	59
SC6-SO2	143	73	52	27	195
PO1-PO3	26	67	13	33	39
PO4-PO7	12	67	6	33	18
PO8+	2	50	2	50	4
MANUAL	0	100	0	0	0
TOTAL	220	70	95	30	315

7. The table below shows staff within the combined service by gender who are under-represented when compared to the overall Council staffing profile. Data taken as at January 2011.

	Female		**Male**		**TOTAL**
Grade Group	No. Staff	% of Grade Group	No. Staff	% of Grade Group	STAFF

SC1-SC5					59
SC6-SO2					195
PO1-PO3					39
PO4-PO7					18
PO8+					4
MANUAL					0
TOTAL					315

Council Profile:

Manual Male: 51%

8. Do any ring fences disproportionately impact on impact on female or male staff?

No ring fences are likely to disproportionately impact on female or male staff Consultation regarding the process, in relation to the staff on maternity leave will be part of the general consultation process to ensure Haringey Council's policy is followed.

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

Not Applicable

10. 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.?

Not Applicable

Age

11. Provide a breakdown of the current organisation by Grade Group and Age breakdown following the format below
The table below shows staff within the combined service by age. Data taken as at January 2011.

	16-24		**25-34**		**35-44**		**45-54**		**55-64**		**65+**		**TOTAL**
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	No. Staff	% of Grade Group	STAFF
SC1-SC5	1	2	24	41	9	15	15	25	10	17	0	0	59
SC6-SO2	5	1	45	23	67	35	49	26	27	14	2	1	195
PO1-PO3	0	0	2	5	15	38	18	46	4	10	0	0	39

PO4-PO7	0	0	0	0	7	39	9	50	2	11	0	0	18
PO8+	0	0	1	25	1	25	2	50	0	0	0	0	4
MANUAL	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	6	2	72	23	99	31	93	30	43	14	2	1	315

12. The table below shows staff within the combined service by age where higher levels of staff exist when compared to the overall Council staffing profile. Data taken as at January 2011.

	16-24		**25-34**		**35-44**		**45-54**		**55-64**		**65+**		**TOTAL**
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	No. Staff	% of Grade Group	STAFF
SC1-SC5			24	41									59
SC6-SO2													195
PO1-PO3							18	46					39
PO4-PO7					7	39	9	50					18
PO8+			1	25									4
MANUAL													0
TOTAL													315

Council Profile

SC1-5	(25-34)	15%		
P01-P03	(45-54)	35%		
P04-P07	(35-44)	28%	(45-54)	39%
P08+	(25-34)	4%		
Manual	(16-24)	39%	(25-34)	19%

13. Do any ring fences disproportionately impact on staff from one age group only?

No ring fences are likely to disproportionately impact on staff from one age group only

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

Not Applicable

15. 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.?

Not Applicable

Disability

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

The table below shows staff within the combined service by disability. Data taken as at January 2011.

Grade Group	No. Disabled Staff	Total Headcount	% of Grade Group
Sc1-5	5	59	8.47
Sc6-SO2	25	195	13.16
PO1-3	4	39	10.26
PO4-7	0	18	0.00
PO8+	0	4	0.00
Manual	0	0	0.00
TOTAL	34	315	10.79

17. Do any ring fences disproportionately impact on disabled staff?

No ring fences are likely to disproportionately impact on disabled staff

18.. 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.?

Not Applicable

19. 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

As we do not have data regarding gender reassignment, pregnancy and maternity, religion or belief, sexual orientation, it is not possible to state they impact on these groups, however, it would be expected that numbers of staff matching any of these groups would be no more affected than other staff.

20. 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.

The issues relating to the impact of any closure of Customer Service Centres on residents are addressed in separate Equalities Impact Assessments.

Residents may be impacted by the reduction in posts throughout the service in the following ways:

- Processing of Benefit Claims, Council Tax Accounts and Business Rates Accounts may be delayed further due to less staff being available to process them.
- Customers may experience additional waiting times at remaining customer service centres and longer waiting time on the phone. Other Equalities Impact Assessments directly address these issues.

To mitigate this we will

- Seek ways to work more efficiently so that Benefits & Local Taxation staff and Customer Services staff are more able to deal with issues at the first point of contact or as close to it as possible
- Review and Revise existing policies and procedures to seek to eliminate processes which add little or no value for customers
- Seek alternative methods for customers to make contact with us, or avoid contact altogether, by providing alternative services, particularly via the Internet or more automated telephone contact. This would give customers more choice about the way they access our services. This will be done in conjunction with the Council's Channel Shift strategy.
- Investigate the possibility of moving towards local hubs, such a libraries and community facilities, to provide services more closely in line with localised customer activity.
- Investigate the possibility of sharing services with other similar providers (such as another Council) to optimise the way we use our resources as effectively as possible.

We propose to consult staff by issuing a restructure timetable and engaging with staff around that timetable. It is most likely that staff will be asked for feedback at Team Briefings and be encouraged to make their comments known there. Also staff will have the opportunity to feed their comments back more privately with their direct line managers and the Head of Service including those on maternity leave. We will also engage in consultation with appropriate staff side representatives and the Human Resources team.

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

Step 3 – Consultation

A consultation period of 7 weeks was given due to the high number of staff and being able to provide everyone with the opportunity to feed back responses. The consultation took the form of group meetings, individual meetings, written comment acceptance and e-mail comments.

Staff were consulted on the proposed organisation structure, ringfencing, job descriptions and the recruitment process.

Comments received during the consultation period have been captured and where appropriate, changes have been made during this period.

The deadline of the 9^{th} September 2011 was provided and Unison comments were received. The response to these comments can be found in a separate appendix. Equalities comments received have been considered and mainly focus on changes to hours to suit a circumstance. It has been agreed that these will be considered on an individual basis.

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?

Staff have been assured that any changes will be considered prior to the recruitment process, on an individual basis.

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

These can be found on Appendix 5 of the report.

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

n/a

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

yes

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

The restructure has been based on customer demand and will positively improve customer satisfaction.

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

- Seek ways to work more efficiently so that Benefits & Local Taxation staff and Customer Services staff are more able to deal with issues at the first point of contact or as close to it as possible
- Review and Revise existing policies and procedures to seek to eliminate processes which add little or no value for customers
- Seek alternative methods for customers to make contact with us, or avoid contact altogether, by providing alternative services, particularly via the Internet or more automated telephone contact. This would give customers more choice about the way they access our services. This will be done in conjunction with the Council's Channel Shift strategy.
- Investigate the possibility of moving towards local hubs, such a libraries and community facilities, to provide services more closely in line with localised customer activity.
- Investigate the possibility of sharing services with other similar providers (such as another Council) to optimise the way we use our resources as effectively as possible.

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.

none

2. If there are adverse impacts how will you aim to address these in the future?

n/a

3. Identify actions and timescales for implementation and go live of your new service offer.

Corporate Committee date 27.09.11. Recruitment initiated 28.09.11. Expected completion 15.11.11

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?

n/a

5. Identify the timescale and actions for review of the restructure to ensure it achieved the expected benefits/ outcomes.

Monthly and a summary report completed 30.06.12.

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 EqIA) NAME: Jim Brady DESIGNATION: SIGNATURE: DATE:
QUALITY CHECKED BY (Equalities,) NAME: Inno DESIGNATION: SIGNATURE: DATE:
SIGNED OFF BY Director/ Assistant Director NAME: Paul Ellicott DESIGNATION: SIGNATURE: DATE:
SIGNED OFF BY Chair Directorate Equalities Forum NAME: DESIGNATION: SIGNATURE: DATE:

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Haringey Council

Report for:	Corporate Committee	**Item number**	

Title:	URGENT ACTIONS TAKEN IN CONSULTATION WITH CORPORATE COMMITTEE CHAIR

Report authorised by :	Assistant Chief Executive (People & Organisational Development)

Lead Officer:	Ayshe Simsek

Ward(s) affected: Not applicable	**Report for Information**

1. Describe the issue under consideration

The report details urgent actions taken by Directors in consultation with Corporate Committee Chair.

2. Cabinet Member Introduction

Not Applicable

3. Recommendations

That the report be noted

4. Other options considered

Not Applicable

Haringey Council

5. Background information

In keeping with usual practices and working procedures used for Cabinet, the attached report details urgent actions taken by Directors in consultation with Corporate Committee Chair since last reported .Part three, Section E, under the scheme of delegation paragraph 4.03, of the Council Constitution provides guidance on the action that needs to be taken on any urgent matter between meetings of the Cabinet, or any committee or Sub Committee of the Cabinet or the Council.

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6. Comments of the Chief Financial Officer and financial Implications

These are contained in the individual consultation forms.

7. Head of Legal Services and Legal Implications

These are contained in the individual consultation forms.

8. Equalities and Community Cohesion Comments

These are contained in the individual consultation forms.

9. Head of Procurement Comments

Not Applicable

10. Policy Implications

These are contained in the individual consultation forms.

11. Use of Appendices

Appendix 1 - Actions taken under urgency

12. Local Government (Access to Information) Act 1985

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

- Consultation Forms

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Haringey Council

The background papers are located at River Park House, 225 High Road, Wood Green, London N22 8HQ.

To inspect them or to discuss this report further, please contact Ayshe Simsek on 020 8489 2929.

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1. ACTION TAKEN UNDER URGENCY PROCEDURES – 2011-12

Exempt forms are denoted by ♦

No	Directorate	Date received by Committee Team	Date approved by Director	Date approved by Corporate Committee Chair	Title	Decision
1.	**Corporate Resources**	24.08.11	Kevin Bartle 24.08.11	G Meehan 24.08.11	**Pension Fund Asset Allocation**	To allocate £30m of the Pension Fund cash being managed internally is allocated to Legal &General's World Equity Fund to increase the allocation to overseas equities. Reason for urgency The decision to invest cash in overseas equities only stands if stock markets remain at or below current levels. If the decision is delayed until the next formal meeting and stock markets recover in time, it will be too late to take advantage of low equity prices and the benefit to the Pension Fund of the decision will be reduced or lost.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is exempt

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