MINUTES OF THE CORPORATE COMMITTEE
MONDAY, 23 JANUARY 2012

Councillors Amin, Gorrie, Griffith, McNamara, Meehan, Watson, Whyte and Williams

Apologies Councillor Khan

Also Present: Councillor Egan, Michael Jones, Julie Parker, Kevin Bartle, Nicola Webb, Steve Davies, Joan Hancox, Eubert Malcolm, Stuart Young, Anne Woods, Caroline Glitre, Paul Dossett, Hanisha Solanki.

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC78	**APOLOGIES FOR ABSENCE(IF ANY)** Apologies for absence were received from Cllr Khan and Roger Melling. Cllr Egan substituted for Cllr Khan and provided prior notification in accordance with Committee Standing order 52 and 53.	
CC79	**URGENT BUSINESS** There were no items of urgent business received.	
CC80	**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 Councillor Whyte as a member of the Council's Pension Scheme.	
CC81	**DEPUTATIONS/PETITIONS/QUESTIONS** The Committee received a deputation from Sean Fox (Employee side representative) on: Agenda item 10) Shared Regulatory Service. Details of his comments and representations are recorded under the relevant minute below.	
CC82	**MINUTES** The minutes of the Corporate Committee held on: 27 September 2011 ,	

	24 October 2011, 24 November 2011 and 19 December 2011 were agreed as a correct record of the meeting. The minutes of the Employee Joint Consultative Committee held on the 25 July 2012 were received by the Committee.	
CC83	**QUARTERLY PENSION FUND UPDATE** The Committee considered a quarterly update on the performance of the Pension Fund for the date ending the 30 September 2011 and were asked to consider relevant pension fund issues. Since the last quarterly update, ING Real Estate had been the subject of a takeover by CBRE Global Investors but the Pension Fund's property portfolio was expected to remain in its current form. In response to a question about the underperformance of investments against benchmarks, it was envisaged that the new passive management strategy, being sought for agreement by members of the Committee in the later agenda item, would address this underperformance and provide more certainty on the return expected from investments. **RESOLVED** That the information provided on Pension Fund activity in the quarter to 30th September be noted.	
CC84	**PENSION FUND:IMPLEMENTATION OF INVESTMENT STRATEGY** Following on from the Committee's previous decision to appoint passive fund managers they were provided with details of the next steps and decisions required to implement the new investment strategy. The Pensions Working group had met on the 03 January to consider the proposals in advance and had provided comments and considerations to officers. **RESOLVED** i. That the bond and equity assets of the Pension Fund be transferred from Capital International and Fidelity to the passive managers in line with their existing asset allocation, with the formal adoption of the new benchmark for performance measurement purposes taking effect from 1st April 2012. ii. That an active rebalancing policy using on-going advice from Aon Hewitt on a quarterly basis be adopted by the Committee. iii. That the monitoring parameters set out in table 1 in section 13.4 as the levels at which formal reviews of asset allocation are triggered be adopted.	**HoTM&P** **HoTM&P** **HoTM&P**

CC85	**TREASURY MANAGEMENT 2011/12 - QUARTER 3 UPDATE** The Committee were asked to note that the Council was now only investing in the Debt Management Office and triple A rated money market funds. **RESOLVED** That the Treasury management activity undertaken during the third quarter of 2011/12 and the performance achieved be noted.	
CC86	**TREASURY MANAGEMENT STRATEGY STATEMENT 2012/13 - 2014-15** The Corporate Committee were asked to consider the proposed Treasury Management strategy statement and prudential indicators for 2012/13 to 2014/15 prior to them being scrutinised by Overview and Scrutiny Committee and presented to full Council for final approval. The Council was responsible for its treasury decisions and activity. The report advised that no treasury management activity is without risk. The successful identification, monitoring and control of risk were integral elements of treasury management activities and include Credit and Counter party Risk, Liquidity Risk, Interest rate Risk, Refinancing Risk and Legal and Regulatory Risk. The strategy took into account the impact of the Council's proposed Revenue Budget and capital programme on all figures contained in it and on the proposed Prudential indicators and also took into account the outlook for interest rates. The Assistant Director for Finance referred to the list of counterparty financial institutions which the Council can lend to and that meet with the proposed criteria for investment, set out in Annex 5 .Since the compilation of the report, Deutsche Bank AG, ING Bank NV and Rabobank had been upgraded meaning they could now move to the main list of banks meeting the criteria for lending. It was agreed that the remaining counterparty financial institutions currently not meeting the lending criteria be removed completely from the document. The Assistant Director for Finance further highlighted two changes to the Council's lending list of counterparties for investments which was the addition of Canadian and Australian banks with London offices, a minimum long term rating of A+ and on the basis these countries retain a AAA sovereign rating from all ratings agencies. He had consulted the Cabinet Member for Finance and the Opposition Spokesperson for Finance about the criteria for the lending list and provided reasons for including banks from these countries.	

The Committee considered this information with the proposed Treasury Management Strategy and made the following observations:

- Paragraph 4.4, in the policy, advised that there were no current plans for additional HRA capital expenditure funded through borrowing in the coming three financial years and comment was made on the need to make this statement at this stage. The Committee noted that this was open to change according to the Council's position.

- Paragraph 5.1.7 explained how the monitoring of large concentrations of maturing fixed rate debt would be achieved with limits in place to control exposure to volatility in interest rates when refinancing is required. The limits proposed were set out at table 11 and a member queried the high percentage range between the lower and upper limits to be used as this was at odds with the statement above and brought into question how control to exposure could be achieved. It was explained that wide limits were required to provide enough flexibility given the refinancing required in 2012/13. It was agreed that the wording be reviewed and amended further to better reflect this intention and that the limits in the table be reviewed again to ensure they balance control with the flexibility needed.

- In relation to the addition of Canadian and Australian banks with London offices to the Council's lending list, understanding was sought on why there was not focus on investment in government funded banks in the UK or with the UK Debt Management Office as these seemed the less risky options in the current financial climate. The Committee noted that the opportunity cost of investing solely with the UK Debt Management Office would be between £200K and £300K per annum. The Council's Treasury Management advisors were recommending investment in the Canadian and Australian banks as they were countries with a sovereign triple A rating, and the banks are rated higher than the majority of UK banks. There was also a proposed limit to how much exposure there was to investments, outside of the UK, which was set at 15% of the portfolio in any one country. The Committee considered this information and were aware that these banks would only be used for short term investments as the Council were maintaining the strategy of low investment balances. However the Committee needed to be further convinced of the need to add Canadian and Australian banks to the lending list as the increase in the number of overseas banks used would increase exposure to risk. The Committee wanted a better understanding of the current number of banks actively used for investments to further understand the likelihood of the overseas banks being called upon for use. The Chair asked that a report be compiled on this for the March meeting of the Committee. The Chair further proposed that only: UK banks & building societies, Money Market Funds, and the Debt Management Office are used

	until the report back in March. Officers agreed that this proposal was workable and the Corporate Committee's comments would be reported to the Overview and Scrutiny Committee who were considering this report at their meeting on the 06th February 2012. The policy alluded to how the debt portfolio for the HRA would be split. The Chair felt that there should be a future discussion on the HRA when the council considers decisions on Housing Stock options. It was noted that the borrowing limits on the HRA would need to be reviewed once decisions are made about future HRA borrowing in light of the decisions on Housing stock options. **RESOLVED** i. That the proposed Treasury Management Strategy Statement and prudential Indicators for 2012/13 to 2014/15 at Appendix 1 be recommended to Council for approval as part of the Financial Planning report. ii. That the proposed Treasury Policy Statement is recommended to Council for approval. iii. That in respect of recommendation 1 & 2 and in reference to the Treasury Management Strategy Statement, Appendix 1 Annex 6, Lending list of counterparties for investment, the Committee agreed that only UK banks & building societies, Money Market Funds, and Debt Management Office facilities are used. This was until a report is received in March by the Committee about the potential inclusion of some non UK banks as originally recommended.	HoTM&P HoTM&P HoTM&P
CC87	**REGULATORY SHARED SERVICE** The Committee considered a staffing report on the sharing of Regulatory services between the London Borough of Haringey and the London Borough of Waltham Forest. The proposed staffing changes were put forward following a period of staff and trade union consultation. The Committee noted that the operational teams would be kept in each local authority with management posts being shared. Members raised a range of issues in relation to the costs, savings and monitoring arrangements for taking forward the shared Regulatory service. A cost benefit analysis had been completed when deciding to take forward the shared Regulatory service with Waltham Forest and this information would be provided to members of the Committee after the meeting to address concerns raised. The function of monitoring how shared services were performing lay with the Cabinet as the policy decision maker on shared services. Although, the Corporate committee had agreed at their meeting in July that it was	

	prudent to receive a regular update reports on the progress of services to be shared with Waltham Forest as they would be making employment related decisions and this should also be kept in mind. The Employee Side, representative Sean Fox, was asked to provide comments on the report and provided details of the shared arrangements which needed to be scrutinised carefully when taking the staffing decisions on sharing Regulatory services with the London Borough of Waltham Forest Responses to the points raised by the Employee side were : • There was a further meeting on the employment protocols between the two boroughs in February where the practicalities of the employment arrangements would be further discussed and an update report would follow to the March Corporate Committee meeting. • Legal advice would be sought to ensure that there was a fair and accepted way proposed for dealing with vacancies in the shared service. • The majority of the job descriptions had been assessed under single status and these did not have an impact on the ring fence arrangements. • The issues relating to equal pay would be addressed in the update report on the employment protocols.	**Ho HR**
	RESOLVED i. That the staffing arrangements relating to the establishment of the joint Regulatory Service between LBH and WF as set out in the report at appendix 2 be agreed.	**Ho NS**
	ii. In coming to the resolution, in the recommendation above, Members took into account the outcome of the consultation with the Trades Unions outlined in the appendices and gave regard to the Authorities public sector duties including the consideration of the attached Equalities Impact assessment.	**Ho NS**
	iii. That the timetable for the implementation of the Joint Regulatory Service between London Borough of Haringey and the London Borough of Waltham Forest set out in appendix 6 be noted.	**Ho NS**
CC88	**INTERNAL AUDIT -QUARTER 3 PROGRESS REPORT** The Committee received information on the internal audits completed in the third quarter of the current financial year together with information on the Council's fraud investigation work, housing benefit fraud investigations, and progress on the Council's disciplinary actions. Particular good news for the Committee to note were the Council gaining £4k from a Proceeds of Crime Act prosecution and a significant decrease in the number of days taken to resolve staff disciplinary cases in comparison to the last 4 quarters. The external audit into	

	personalisation and recommendations arising from this had been followed up by internal audit and progress against the action plan was attached at the last appendix for Members to consider and comment on. The following responses and actions were provided to Member comments: • Money obtained from successful prosecution cases under the Proceeds of Crime Act would be reinvested in this area of fraud work and used to take forward further cases. The Committee noted that when assessing business cases, for taking forward fraud investigations, consideration would be given to how resources could be managed to enable good cases to be compiled as this would lead to more successful outcomes. • Concern was expressed at the number of priority actions attached to six schools audited for probity in this quarter. Deloitte and Touche would complete a follow up exercise on the actions assigned to the related schools at the end of the financial year. However, the Committee also wanted a better understanding of the scale of the issues, what services these priority actions related to and whether it was localised to specific schools or part of wider problem in the report back. **RESOLVED** i. That the audit coverage and counter fraud work completed during the third quarter, 2011/12 be noted. ii. That the management responses received for those audit recommendations not fully implemented be noted. That the manager's actions taken during the third quarter to address the outstanding recommendations be deemed appropriate.	**Ho A&RM**
CC89	**PERSONALISATION: EXTERNAL AUDITORS REPORT** The Committee considered a report by the external auditor, Grant Thornton, about their assessment of the progress made by the Council towards "Putting People First" (ensuring 30% of all eligible social care users or carers have a personal budget). **RESOLVED** That the report be noted.	
CC90	**ANNUAL AUDIT LETTER** The Committee considered the Annual Audit Letter from the Council's external auditors Grant Thornton. This letter was part of a formal	

	external audit process and provided an independent assessment of the Council's position in meeting its strategic objectives. Under the new IFRS arrangements £42.8m of debt for Alexandra Palace was listed as a receivable in the Council accounts. A member of the Committee queried why this debt had not been listed in this way before. It was explained that the requirements of IFRS meant that Alexandra Palace accounts were now consolidated (grouped) with the Council's and as such this meant that equal and opposite sums were included in both sets of accounts. It was agreed that the Corporate Committee members be reminded of the status of the debt and the associated previous Council decision. **RESOLVED** That the Annual Audit letter for 2010/11 and the Council's response be noted.	Clerk
CC91	**THE ANNUAL AUDIT PLAN FROM THE EXTERNAL AUDITOR GRANT THORNTON** The Committee considered the audit work proposed to be undertaken by Grant Thornton, the council's external auditors, in relation to the Council's 2011/12 accounts. The Committee noted that there was a 10% reduction in their fees for this financial year. **RESOLVED** The Committee received the Annual Audit Plan for 2011/12.	
CC92	**GRANTS CERTIFICATION REPORT** Grant paying bodies require external certification of claims for grant or subsidy and returns of financial information. Grant Thornton performs this certification work for the Council. The Committee noted that Grant Thornton had certified 11 claims and returns for the Council amounting to £391m for 2010/11. In particular the committee were asked to note the Council's arrangements for preparing for the DWP claim relating to housing and council tax benefit claims was much improved. This had resulted in a lesser fee in comparison to the previous year where there was additional work completed on the claim to the DWP. Improved quality controls as well as changed working practices and processes in the Local Taxation and Benefits team had seen the council mitigate against the potential loss of £1m in subsidy for the 2009/10 financial year. This good work was recognised by Grant Thornton as continuing in the report on the 2010/11 claim. **RESOLVED** That the report be noted	

CC93	**PROGRESS REPORT** The Committee received the progress report from the external Auditor, Grant Thornton's on their work for the Council. They would begin planning their audit work on the Council's accounts for 2011/12 in February. The Committee also noted that they would be publishing a report on Corporate Governance in Local Government in March 2012.	
CC94	**WORK PLACE LEARNING/EXPERIENCE POLICY** The report was withdrawn and would be considered by the Committee at their next meeting in March.	
CC95	**DECISIONS TAKEN UNDER URGENCY & SIGNIFICANT DELEGATED DECISIONS** **RESOLVED** That delegated decisions and significant actions taken by Directors since September 2011 be noted.	
CC96	**ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT** None	
CC97	**EXCLUSION OF THE PRESS AND PUBLIC** The following part of the minutes are exempt as they contain 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.	
CC98	**EXEMPT MINUTES** The exempt minutes of the Corporate Committee held on 27 September and 24th October 2011 were agreed as an accurate record of the meeting. The Committee received the minutes of the Special Committee held on 01 and 02nd of December 2011.	
CC99	**PENSION FUND:IMPLEMENTATION OF INVESTMENT STRATEGY** Following on from the Committee's previous decision to appoint passive fund managers they were provided with details of the next steps and decisions required to implement the new investment strategy .This exempt part of the report contained information from Aon Hewitt, the Council's investment consultants , about: how the funds would be split between the 2 passive investment managers chosen by the Corporate	

	Committee in October 2011, the policy for rebalancing investments when needed, when to move to new benchmark and passive managers, information on transition costs, information about the flexibility for movement between asset classes and the parameters that would be set around the benchmarks. **RESOLVED** That the Equity and Bond assets of the fund be initially distributed between legal and General Investment management and BlackRock Investment management as set out in table 1 in section 7.3	**HoTM&P**
CC100	**ANY OTHER EXEMPT BUSINESS THE CHAIR CONSIDERS TO BE URGENT** None	

Cllr Meehan

Chair