

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 15 MAY 2012**

Councillors Amin, McNamara, Whyte, Williams, Griffith, Watson

Apologies Councillor Meehan, Khan, Gorrie, Jenks

Also Present: Councillor Strang, Egan, Waters, Wilson, Roger Melling, Michael Jones Kevin Bartle, Nicola Webb, Anne Woods, Stuart Young, Debbie Haith, Wendy Tomlinson, Colin Cartwright, Emily McGuire, Hanisha Solanki, Liz Sandford

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC118	<p>APOLOGIES FOR ABSENCE(IF ANY)</p> <p>Apologies for absence were received from councillor: Meehan, Khan, Jenks, Gorrie and Keith Brown. In accordance with committee standing order 52 and 53 councillors Egan, Waters, Strang and Wilson substituted.</p> <p>In the absence of the chair and vice chair, Cllr Amin was elected to chair the meeting.</p>	
CC119	<p>URGENT BUSINESS</p> <p>There were no items of urgent business to consider.</p>	
CC120	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Wilson declared a personal interest as an employee of the National Association of Pension Funds.</p>	
CC121	<p>DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS</p> <p>The committee received a deputation from Sean Fox, Employeeside Secretary on Agenda item 15, and Shared Services: Employment Protocols and Flora Onwukwe from UNISON on Agenda Item 12, Staff Changes Associated with the Closure of the Council's Two Residential Children's Homes.</p> <p>Details of their comments and representations are recorded under the relevant minute below.</p>	
CC122	<p>MINUTES</p> <p>The minutes of the Corporate Committee held on the 23 January 2012 and 20th March 2012 were agreed as a correct record of the meeting.</p> <p>On page 6 of the minutes of the 23 January 2012, CC97, the figure</p>	Clerk

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	<p>obtained from the Proceeds of Crime Act, should have read £4k and it was agreed that this be rectified.</p> <p>At the end of the previous meeting in March, members of the committee had reviewed the operation of the committee and put forward comments to the governance evaluation survey on the areas for change. These issues appeared not to have been addressed in the subsequent governance review paper. The clerk agreed to consult with the chair about adding an item to the next committee meeting on how the committee's comments to the governance evaluation survey had been taken forward.</p>	<p>Clerk</p>
<p>CC123</p>	<p>PENSIONS QUARTERLY PERFORMANCE UPDATE</p> <p>The committee considered an update on the performance of the Pension Fund for the date ending the 31 March 2012 and were asked to consider relevant pension fund issues. They noted that the transfer of fund managers from Capital and Fidelity was ongoing. The underperformance of CBRE with the European portfolio had been discussed with them and they were to provide regular updates on their performance to the interim Chief Financial Officer.</p> <p>The committee noted that the recommendation to appoint John Raisin, who had significant local government experience, was a pragmatic suggestion to the committee. Waltham Forest had completed the procurement process to appoint him and had saved Haringey the time and resource required to source an Independent Pension Advisor.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the information provided in respect of the activity in the last six months to 31st March 2012 be noted. ii. That the appointment of John Raisin as the Independent Pension Fund adviser be approved. 	<p>Ho TM&P</p>
<p>CC124</p>	<p>PENSION FUND EXTERNAL AUDIT PLAN 2011/12</p> <p>The committee received the audit plan introduced by the external auditors from Grant Thornton; Subarna Banerjee. They were obliged to ask the committee whether they had received any reports of fraudulent activity in relation to the pension's accounts and the committee confirmed that none had been reported to them.</p> <p>They confirmed that they were an independent organisation that did not make any political donations.</p> <p>RESOLVED</p> <p>That the 2011/12 Audit Plan prepared by Grant Thornton be agreed.</p>	

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CC125	<p>PENSION FUND: INVESTMENT STRATEGY UPDATE</p> <p>The report provided a summary of the decisions taken in the investment strategy review (this was requested by committee members at the previous meeting) and further included an update on the implementation process. The committee were also asked to consider and approve a revised statement of investment principles attached at appendix 2.</p> <p>Following questions from members the following information was provided:</p> <ul style="list-style-type: none">• The difference between active and passive fund management was that passive fund managers would hold investments in an index. They could not select investments that perform better than average but the pension fund can expect to get same proportion index rate of return in investments as indicated by the index e.g. FTSE All Share. Therefore there was a degree of certainty around returns to the pension fund. Alternatively an Active Fund Manager will select investments that they believe will perform better than the whole market. It was learnt by the previous pensions committee that due to the time needed to make and implement these types of investment decisions in a local authority, Active fund managers were unlikely to be able to achieve performance on an ongoing basis. This had assisted the decision in changing from active to passive fund management also the ongoing cost of Passive fund managers was lower than Active fund managers.• There was a small amount of risk associated with investments in overseas assets from movements in exchange rates, however the larger source of risk was the selection of equities over bonds. However it was prudent to hold onto outside UK companies as the returns were dependent on sterling which was still a strong currency.• The cash flow position in the pension fund had changed over the year from surplus to breakeven point and the pensions working group would be considering this position and its impact on the pension fund strategy going forward. <p>RESOLVED</p> <ol style="list-style-type: none">i. That the draft revised Statement of Investment Principles set out in Appendix 2 be approved.ii. That the second stage of the investment strategy review considering non equity and bond asset classes be commenced with detailed work being carried out by the working group before recommendations are presented to the Corporate Committee.	<p>Ho TM&P</p> <p>Ho TM&P</p>
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<p>CC126</p>	<p>TREASURY MANAGEMENT 2011/12 - QUARTER 4 UPDATE AND USE OF COUNTERPARTIES</p> <p>The committee considered the quarterly update on the Council's treasury management activities and performance in the fourth quarter of 2011/12 and the council's use of counterparties during 2011/12. It was noted that there had been repayment of a proportion of the Council's PWLB loans and of additional payments from Landsbanki and Glitnir banks. The council had now recovered £18.3m from Icelandic banks; this was around 50% of the money originally invested.</p> <p>Although there was some initial information enclosed on activities with counterparties over the last financial year, the position would continue to be monitored and reported to the Committee.</p> <p>It was noted that many of the UK banks were on negative rating watch pending possible downgrade, therefore the only funds being placed with UK banks was on an instant access basis, so that funds can be withdrawn if the banks were to be downgraded. In addition the council is investing in Money Market Funds and the Debt Management Office. In response to this, the committee questioned if this action was sustainable or whether there was a review in mind? The interim CFO explained that the council were following a deliberate policy of keeping cash balances low and investing as little as possible because of the high borrowing costs currently being experienced. By keeping balances in money market accounts and call accounts and through effective debt management the council had saved £3m and this sum would contribute to the financial planning for 2013/14.</p> <p>The Interim Chief Financial Officer advised members that the council had already anticipated potential financial issues with Santander UK Bank and had removed them from the council's lending list in December. The Interim CFO gave assurance to the committee that the council did not lend or invest money with this bank.</p> <p>RESOLVED</p> <p>That the Treasury Management activity undertaken during the fourth quarter of 2011/12 and the performance achieved be noted.</p>	<p>Clerk</p>
<p>CC127</p>	<p>EXTERNAL AUDIT PROGRESS UPDATE</p> <p>The committee received the progress report from the external auditor, Grant Thornton, on their work for the Council. The terms of reference for the external auditors follow up study of financial resilience had been agreed with the council and this together with the procurement review would inform the value for money assessment of the council.</p> <p>Grant Thornton would be publishing their Local Government Governance review in June 2012 and would make this available to members of the committee.</p>	

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	<p>RESOLVED</p> <p>That the report be noted.</p>	
<p>CC128</p>	<p>AUDIT APPROACH MEMORANDUM</p> <p>The memorandum provided additional detail regarding Grant Thornton’s audit approach, as set out in the audit plan 2011/12 issued in January 2012 to Committee, as well as an update on responses to key risks from the results of interim audit work carried out to date. The committee were pointed to pages 83-89 of the report pack which contained a list of financial and accounting risks that would be explored and reported upon in ISA 260 in September.</p> <p>RESOLVED</p> <p>That the committee receive the report</p>	
<p>CC129</p>	<p>STAFF CHANGES ASSOCIATED WITH THE CABINET DECISION TO CLOSE TWO RESIDENTIAL CHILDREN'S HOMES</p> <p>Members of the committee were asked to approve the deletion of 28 posts based in two council residential children’s homes which following Cabinet and Cabinet member decision would close in July. Flora Onwukwe, of UNISON had asked to speak against the closure of the homes and subsequent staff deletions and was invited by the chair to address the committee.</p> <p>Ms Onwukwe began by reiterating the union’s and affected staff’s opposition to the closure of the homes and continued to affirm that the strategy to close the homes and accommodate young people instead in foster care placements, private and voluntary sector homes was flawed. She believed, along with staff that the quality of the homes, had been allowed to lapse by management and that not enough consideration had been given to the Ofsted comment, on both homes, that “the quality of care received by the young people was good as were their outcomes”.</p> <p>The unions and staff were sceptical that the 6 other private children’s homes in the borough would be able to provide a service to a young person for which an appropriate foster care placement could not be found. Ms Onwukwe contended that private homes may even be selective in offering placements if they believed that the young person had too many difficulties for them to deal with. Ms Onwukwe further questioned whether the pool of specialist foster carers trained to deal with behavioural issues could be compiled as there were existing problems with recruiting foster carers. The staff in the homes had been trained to deal with behavioural problems and this resource would be lost following the closure of the homes.</p> <p>Ms Onwukwe continued to inform the committee about the specialist skills of the staff at the homes and the need to ensure that there were</p>	

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	<p>redeployment opportunities available. She further sought assurance that staff at Home A would have their job descriptions evaluated under single status to ensure that they received their correct entitlement of pay.</p> <p>Following the deputation, members raised further questions about how much knowledge there was of the care provided by the private care homes, the prospects of staff for redeployment, the process followed for the closure of the homes and whether keeping vacant posts had had an impact in the overall rating of the children's homes. Members were informed that:</p> <ul style="list-style-type: none"> • Only children's homes with a 'good' or 'outstanding' Ofsted rating would be used and there was no evidence to suggest that young people would be turned away from these homes if there were places available. • There were some vacancies available in the short break units which displaced staff from the homes would be eligible to apply for. The Children's service would support staff seeking employment opportunities. • The decision to freeze the vacancies at the homes had only been implemented when the service had learned that there was a potential for the homes to close and there had not been an underhand strategy to allow the homes to deteriorate. <p>The Chair thanked Flora Onwukwe for her presentation.</p> <p>Members of the committee considered the union's arguments against the closure of the homes but were clear that the policy decision to close the children's homes had already been made by the Cabinet and it was not within the remit of the Corporate Committee to undo this decision. The Corporate Committee was responsible for agreeing the staffing deletions arising from this decision and asked that the appropriate employment procedures be followed to assist staff displaced from the closure of the homes.</p> <p>RESOLVED</p> <p>That the deletion of all posts based in two residential children's homes as summarised in section 6 and 7 of the attached report be approved. This decision was taken as a consequence of the Cabinet and Cabinet Member decision to close the two children's homes which were taken on the 07th February 2012 and the 27th April 2012.</p>	<p>DDC&F</p> <p>DD C&F</p>
<p>CC130</p>	<p>QUARTER 4 INTERNAL AUDIT PROGRESS REPORT</p> <p>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. The</p>	

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	<p>committee were advised that, to date, 77 out of 95 audits had been completed by Deloitte and Touche. Following successful fraud investigations 11 Haringey council properties had been retrieved including 2 fraudulent tenancy succession claims. The committee further noted that the housing benefit reclaims team had exceeded their target for this year and that the council wide disciplinary statistic showed the lowest average of days for suspensions(less than 2 months per case).</p> <p>Recommendations outstanding from audits undertaken in 2010/11 were considered and the committee noted that those relating to accounts receivable and health and safety had been negotiated and revised deadlines set for completion. The recommendations concerning Treasury Management had been implemented. The committee were concerned that the actions relating to the monitoring of certificates of lawfulness had not been completed and wanted an understanding of when the original recommendation had been made to understand how long the delay had been. The Head of Audit and Risk management agreed to provide this information to the committee along with an indication of when the recommendation was likely to be completed by the service in question.</p> <p>Members were reminded that a summary of audits completed by Deloitte and Touché were emailed to members on a monthly basis .In keeping with their Corporate Committee responsibilities they were able to request full reports from considering these summaries. The Head of Audit and Risk management agreed to forward members a copy of the audit report into certificates of lawfulness.</p> <p>The committee noted that if an employee had resigned due to proven fraudulent financial activities they would still be pursued by the council to repay in full any funds owed to the council.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the audit coverage and counter-fraud work completed during the fourth 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. 	<p>Ho A&RM</p> <p>Ho A&RM</p> <p>Ho A&RM</p>
<p>CC131</p>	<p>NATIONAL FRAUD INITIATIVE - UPDATE REPORT ON 2011 INVESTIGATIONS</p> <p>The Corporate Committee considered the outcomes from the work undertaken on the Audit Commission’s National Fraud Initiative exercise during 2011/12 and the outcomes of the exercise to date</p> <p>Joint activity between the National Fraud office and the council had resulted in the location and retrieval of 110 blue badges. These had not been returned after the user had been deceased. Members commented on the opportunities to learn from this exercise. For example considering</p>	

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	<p>the information resources at the council's disposal and how they can be cross referenced to detect fraud. The Head of Audit and Risk Management assured members that although the resources of the council fraud team were limited they were targeted to identify fraudulent activity.</p> <p>In relation to investigating tenancy fraud, there were existing briefing sessions held with tenancy managers and they would be encouraged at the next meeting to report any suspected or reported fraudulent activity to internal audit.</p> <p>RESOLVED</p> <p>That the work undertaken by the council to comply with the requirements of the NFI and investigate potential data matches be noted.</p>	
<p>CC132</p>	<p>SHARED SERVICES - EMPLOYMENT PROTOCOLS</p> <p>The committee were asked to consider the set of shared service Employment protocols developed jointly with the London Borough of Waltham Forest and the unions to provide a framework for managing the employment issues that will arise from providing services jointly by two or more London boroughs.</p> <p>Sean Fox, Employeeside Secretary, addressed the meeting and explained that the dialogue between the council and the unions about the employment protocols had been helpful and constructive. There were concerns about the proposed secondment agreement by the unions and these were detailed at appendix D (page 187-189 of the report pack). In summary these were:</p> <ul style="list-style-type: none"> • The language and format of the secondment agreement which would not be accessible to a majority of employees. • The length of the secondment agreement of 10 months as often arrangements would last longer than this period. The union's proposed their involvement in deciding future arrangements once the secondment period was nearing completion. • If there was a termination of the secondment agreement, concern about the safeguards in place for the post holders i.e. if they cannot return to their original post because it had been deleted. • That if there were a change from service to service provider an options appraisal should be completed and agreement to this sought from the Corporate Committee. <p>The Assistant Chief Executive responded to the concerns raised and agreed that they would be considered and taken forward by Human Resources. Although a legally compiled document maybe required for</p>	<p>ACE</p>

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	<p>signing by the employee when agreeing to the secondment arrangement, this did not preclude attaching an additional document for the employee to read which set out in plain English its terms and implications.</p> <p>In relation to the concern raised about the timescales around the secondment agreement, it was expected that over time and as the number of shared service agreements increased the council would inevitably consider the model for employing staff in a shared service. Therefore this was an evolving area subject to change. In terms of recent secondment agreements which were expected to last 12 months or more the ACE agreed to consider these cases, seek legal advice and complete a risk assessment on their current position.</p> <p>Although the secondment agreement was an industry standard document, the committee commented that this should not preclude it from being understandable and more openly written.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the attached Employment Protocols framework included at appendix A be approved. ii. That the framework and operating principles be agreed by all parties. iii. That the Head of Human Resources be delegated authority to make any further changes to the terms of the secondment agreement template following discussion with Legal and union colleagues from both boroughs. iv. That the points of concern made by the Employeeside Secretary and members of the committee be taken into account by the Head of HR when finalising the secondment agreement and that the committee receive a progress report on this at a later meeting. 	<p>ACE</p> <p>ACE</p> <p>ACE</p> <p>ACE</p>
<p>CC133</p>	<p>UPDATE REPORT ON NEGOTIATIONS WITH TRADE UNIONS ON STAFF TERMS AND CONDITIONS</p> <p>The committee considered an update on current discussions with the unions to change employment terms and procedures relating to car allowance .The key changes being taken forward in negotiations were changes in the number of miles that an employee could claim for in the car allowance scheme and limiting member involvement in disciplinary hearings to dismissal appeals only. Instead of a complete re hearing of the case (as the current situation with dismissal, grievances and relegation hearings) there would instead be a review of the officer case which would considerably shorten the length of the hearing.</p> <p>There was some disappointment that the member involvement in disciplinary hearings had not been withdrawn completely however it was accepted that the outcome from the negotiations with the unions was a</p>	

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	<p>key step forward.</p> <p>A member commented that the reduction of staff working for council should equate to a reduction in the number of essential user permits issued and held by staff resulting in a saving for services. The ACE agreed to check that savings made by each service in the reduction of permits and email this information to committee members.</p> <p>RESOLVED</p> <p>That progress be noted</p>	ACE
CC134	<p>DECISIONS TAKEN UNDER URGENCY & SIGNIFICANT DELEGATED DECISIONS</p> <p>That the delegated decisions and significant actions taken by Directors since January 2012 be noted.</p>	
CC135	<p>ANY OTHER UNRESTRICTED BUSINESS THE CHAIR CONSIDERS TO BE URGENT</p> <p>None</p>	
CC136	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>The following part of the minutes were exempt as they contained 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).</p>	
CC137	<p>EXEMPT MINUTES</p> <p>The exempt minutes of the Corporate Committee held on 23 January 2012 and 20 March 2012 were agreed as an accurate record of the meeting.</p> <p>The Assistant Chief Executive agreed to check the progress on establishment of the Pay Policy working group. A report back was expected to the next meeting in June.</p> <p>The Committee received the minutes of the Special Committee held on 07 November 2012.</p>	ACE
CC138	<p>INVESTMENT STRATEGY</p> <p>Colin Cartwright of Aon Hewitt reported back on the transfer of existing actively managed equity and bond investments from Capital and Fidelity to passive fund managers Legal & General and Blackrock. The majority of the assets had been moved in specie (this is where an asset is moved without the need to sell it and buy it back) minimising the cost of the</p>	

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	transfer. RESOLVED That the report be noted.	
CC139	STAFF CHANGES ASSOCIATED WITH THE CABINET DECISION TO CLOSE TWO RESIDENTIAL CHILDREN'S HOMES Please refer to CC129.	
CC140	ANY OTHER EXEMPT BUSINESS NONE	

Cllr Amin

Chair