
Corporate Committee

THURSDAY, 28TH JUNE, 2012 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Adje, Amin, Diakides, Griffith, Jenks, Khan, Meehan(Chair), Whyte, Williams and Wilson

AGENDA

1. APOLOGIES (IF ANY)

2. URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business. (late items will be considered under the agenda items where they appear. New items will be dealt with at item 16 or 20.

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/PRESENTATIONS/QUESTIONS

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

5. MINUTES (PAGES 1 - 12)

To consider and agree the minutes of the meeting held on the 15 May 2012.

6. PROTOCOLS COVERING THE CORPORATE COMMITTEE (PAGES 13 - 16)

To note and comment on the current Corporate Committee Protocols.

7. PENSION FUND:TRANSITION COST SUMMARY (PAGES 17 - 24)

The committee will consider information about the costs of the transition to the new fund arrangements.

8. PENSION FUND:ASSET ALLOCATION ADVICE (PAGES 25 - 32)

The committee will consider the Pension Fund's current asset allocation and further consider recommendations about the investment of cash currently managed in house.

9. TREASURY MANAGEMENT 2011/12 OUTTURN &QUARTER 1 2012/13 UPDATE (PAGES 33 - 44)

This is a report to members on treasury management activity and performance during 2011/12 in accordance with the CIPFA Treasury Management Code of Practice. It is a requirement of the Code for this to be reported on to Council once Corporate Committee has considered it. In addition it provides an update for members on treasury management activity during the first quarter of 2012/13.

10. EXTERNAL AUDIT PROGRESS UPDATE (PAGES 45 - 46)

To consider Grant Thornton's Audit Progress report for June 2012.

11. FINANCIAL RESILIENCE (PAGES 47 - 90)

The committee will consider the follow up study completed by Grant Thornton on the council's financial resilience. The review will follow up on the recommendations made in last year's report.

12. ANNUAL INTERNAL AUDIT REPORT AND ASSURANCE STATEMENT 2011/12 (PAGES 91 - 104)

To inform the committee of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2011/12 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

13. ANNUAL GOVERNANCE STATEMENT 2011/12 (PAGES 105 - 122)

To inform the Corporate Committee of the requirements of the Statutory Annual Governance statement (AGS) and provide a draft statement relating to the 2011/12 financial year for review and approval.

14. CORPORATE RISK REGISTER (PAGES 123 - 134)

In accordance with recommended best practice, a copy of the current corporate risk register is provided for review by Members. An update on the Corporate Risk Management Policy and Strategy is also provided.

15. DECISIONS TAKEN UNDER DELEGATED AUTHORITY, SIGNIFICANT ACTIONS AND UNDER URGENCY (PAGES 135 - 148)

To inform the Corporate Committee of non executive delegated decisions, significant actions taken by Directors and any urgency decisions taken by the Chair.

16. ANY OTHER BUSINESS OF AN URGENT NATURE

To consider any items admitted at item 2 above.

17. EXCLUSION OF THE PRESS AND PUBLIC

That the press and public be excluded from the meeting for consideration of the following items as they contain exempt information as defined in Section 100a of the Local Government Act 1972(as amended by Section 12A of the Local Government Act 1985): paras 1&2: namely information relating to any individual , and information likely to reveal the identity of an individual.

18. EXEMPT MINUTES (PAGES 149 - 150)

To consider the exempt minutes of the Corporate Committee held on 15 May 2012.

19. EARLY RETIREMENT OF THE CHIEF EXECUTIVE

Exempt Report from the Assistant Chief Executive – **Report to follow**

20. NEW ITEMS OF EXEMPT BUSINESS

To consider any items admitted at item 2 above.

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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	APOLOGIES FOR ABSENCE(IF ANY) 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. In the absence of the chair and vice chair, Cllr Amin was elected to chair the meeting.	
CC119	URGENT BUSINESS There were no items of urgent business to consider.	
CC120	DECLARATIONS OF INTEREST Cllr Wilson declared a personal interest as an employee of the National Association of Pension Funds.	
CC121	DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS 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. Details of their comments and representations are recorded under the relevant minute below.	
CC122	MINUTES The minutes of the Corporate Committee held on the 23 January 2012 and 20 th March 2012 were agreed as a correct record of the meeting.	

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	<p>On page 6 of the minutes of the 23 January 2012, CC97, the figure 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>Clerk</p>
CC123	<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>
CC124	<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</p>	

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	<p>committee.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	
CC128	<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>	
CC129	<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</p>	

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	<p>investigations and progress on the Council's disciplinary actions. The 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>
CC131	<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</p>	

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	<p>on the opportunities to learn from this exercise. For example considering 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>	
CC132	<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</p>	

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	<p>Resources. Although a legally compiled document maybe required for 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>ACE</p>
CC133	<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</p>	

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	<p>accepted that the outcome from the negotiations with the unions was a 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</p>	

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	without the need to sell it and buy it back) minimising the cost of the 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

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HARINGEY GOVERNANCE REVIEW**PROTOCOL COVERING CORPORATE COMMITTEE****1 INTRODUCTION**

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

2 MEMBERSHIP AND CHAIR

- 2.1 The Corporate Committee shall consist of 10 members. The members and chair of the Corporate Committee shall be elected and ratified each year at the Annual Council Meeting.
- 2.2 The membership of the Committee shall include non-voting co-optees for Pensions matters, when the Committee is acting as "Administering Authority".
- 2.3 Members of the Committee shall be trained with regard to their statutory roles on Pensions, Audit and Treasury Management.
- 2.4 The Committee may select a lead member for each of the Committee's key responsibilities.

3 RESPONSIBILITIES

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

3.1 Pensions**3.1.1 "Employing Authority"**

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

3.1.2 "Administering Authority"

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

- To be responsible for the management of the Pension Fund's investments including the setting of investment strategy, selection and monitoring of fund managers, and publication and maintenance of statutory policy statements;
- To receive triennial actuarial valuations, publish and maintain a Funding Strategy Statement and monitor the funding level of the Pension Fund;

- To be responsible for approving the Pension Fund Annual Report and Accounts, receiving the external auditor's annual report and regular reports on matters relating to administration.

3.1.3 Pensions Working Group

Members of the Corporate Committee may meet informally with officers as a pensions working group, with recommendations being made to the Corporate Committee on pensions matters.

3.2 The Committee shall approve and monitor the following,

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

3.3 The Committee shall undertake the following:

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

3.4 The Committee shall be responsible for:

- Agreeing the terms and conditions of employment, the pay structure and the remuneration for senior posts;
- Monitoring the operation and effectiveness of the scheme for the performance appraisal and remuneration of the Council's senior managers and chief officers;
- Agreeing the terms and conditions of employment of those staff below Senior Management grades, including procedures for dismissal.

4 MEETING FREQUENCY AND FORMAT

- 4.1 It is intended that the Corporate Committee shall normally hold four scheduled meetings each year. If required, an additional two meetings per year may be scheduled.
- 4.2 The Chair of the Corporate Committee may call a special meeting in accordance with the process in the Council's Constitution (Part 4 Section B).
- 4.3 The work programme for the Corporate Committee shall be agreed between the Chair of the Committee and senior officers, at the beginning of the civic year.
- 4.4 It is intended that agendas for meetings will include items related to the Committee's main responsibilities as outlined above.

- 4.5 It is intended that all audit matters will be covered during the original four scheduled meetings of the year.
- 4.6 Each Corporate Committee meeting may have a focus on one of the Committee's main responsibilities, with items on that theme being taken first on the agenda.
- 4.7 A short training session may be held before each Corporate Committee meeting, on the relevant theme for that meeting.
- 4.8 For items related to pensions, the chair shall announce whether the Committee is acting as "Employing Authority" or "Administering Authority". When acting as "Administering Authority", non-voting co-optees for Pensions shall be invited to attend. These items shall be placed first on the meeting agenda.
- 4.9 Where the Committee needs to take decisions between scheduled meetings, these shall be the responsibility of the Committee Chair in liaison with senior officers.

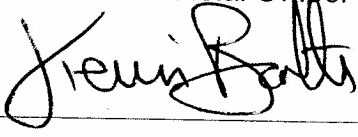
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Haringey Council

Report for:	Corporate Committee 28 th June 2012	Item number	
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Title:	Pension Fund: Transition cost summary
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Report authorised by :	Interim Chief Financial Officer 
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Lead Officer:	Nicola Webb, Head of Finance – Treasury & Pensions nicola.webb@haringey.gov.uk 020 8489 3726
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Ward(s) affected: N/A	Report for Non Key Decision
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1. Describe the issue under consideration

- 1.1 This report provides the Committee with information about the costs of the transition to the new fund management arrangements.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the report is noted.

4. Other options considered

- 4.1 None.

5. Background information

- 5.1 A review of the Pension Fund's investment strategy took place in response to concerns about the poor performance compared to target of the existing strategy.



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- 5.2 It was reported to the Committee on 15th May 2012 that the majority of the movements from the active fund managers to the passive fund managers had taken place and that the expected cost of the transition would be around £700k.

6. Comments of the Chief Financial Officer and financial implications

- 6.1 The cost of the transition increased to £842k from the estimate in May as the costs incurred are levied as a percentage of the value of holdings and the value increased in the period. The cost of the transition needs to be viewed in the context of the on-going saving in investment management fees of £1m per annum.

7. Head of Legal Services and Legal Implications

- 7.1 The Head of Legal Services provided comments in the reports when the Committee approved the appointment of the passive investment managers. This report sets out the costs incurred in transferring the assets from Capital International and Fidelity under that process.

8. Equalities and Community Cohesion Comments

- 8.1 Not applicable.

9. Head of Procurement Comments

- 9.1 Not applicable.

10. Policy Implications

- 10.1 None.

11. Use of Appendices

- 11.1 Appendix 1: Aon Hewitt – Transition report

12. Local Government (Access to Information) Act 1985

- 12.1 Not applicable.



Haringey Council

13. Transition costs

- 13.1 In order to put in place the Committee's decision to move the Fund's equity and bond assets from active management to passive management, it was necessary to move assets from the accounts previously run by Capital International and Fidelity to Legal & General and BlackRock.
- 13.2 The previous investment managers were active managers who only held a subset of each market and held stocks in different weights to the benchmark as they sought to outperform it. This meant that a number of transactions were required to move the equity and bond holdings from an active to a passive basis, where stocks are held in line with benchmarks. These costs include commission charges paid to brokers and taxes such as stamp duty paid to governments when transactions are undertaken.
- 13.3 Aon Hewitt have prepared a report on the final costs of the transition and this is attached at Appendix 1. This report shows the total cost of the transition was £842,153. Two key factors ensured that it was possible to keep the cost to 0.12% of the Fund, rather than the 0.4-0.5% estimate for transitions Aon Hewitt usually see. These are firstly that the majority of the assets held by the previous fund managers were moved to the new managers "in-specie" i.e. the stocks moved instead of them having to be sold for cash and purchased again. The second key factor is that in re-arranging the portfolios from active to passive both BlackRock and Legal & General were able to "cross holdings" with other clients. This means they could match a client who wanted to sell a stock the Fund needed with the Fund to avoid brokerage costs.


London Borough of Haringey

Date: 14 June 2012

Prepared for: Corporate Committee

Prepared by: Colin Cartwright

Transition Report

Introduction

At the Corporate Committee meeting on 23 January 2012 the Committee approved the transfer of the active equity and bond assets to two passive managers, Legal & General and BlackRock. The transition of the assets took place between 9 and 18 May 2012. This report gives details of the transition process and a summary of the costs incurred.

Pre-Trade position

The table below summarises the pre-trade asset allocation, as at 4 May 2012.

Asset Class	Capital		Fidelity		Manager		L&G		Pantheon		Total	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
UK Equity	35.8	18.2	38.9	15.8			119.7	65.9			194.4	27.5
Overseas Equity	107.9	54.7	109.9	44.6			61.9	34.1			279.7	39.5
Index-linked Gilts	53.6	27.1	68.6	27.8							122.2	17.3
Corporate Bonds			29.2	11.9							29.2	4.1
Property					53.0	100.0					53.0	7.5
Private Equity									29.0	100.0	29.0	4.1
Total	197.4	100.0	246.6	100.0	53.0	100.0	181.6	100.0	29.0	100.0	707.5	100.0

Source: Northern Trust

Transition Summary

The Officers, Aon Hewitt and the fund managers involved undertook extensive planning of the transition exercise. In the process it was possible to identify a number of areas where we could reduce the cost of the transfer, this included: arranging in-specie transfers of stock between the managers to avoid the cost of buying and selling stock, exiting the Fidelity pooled funds at zero cost, utilising LGIM and BlackRock passive funds to reduce restructuring costs and arranging for assets to be transferred in a tax efficient way to avoid stamp duty on UK equities.

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**Costs Of transactions**

There were no costs incurred exiting Fidelity and Capital. The following table summarises the costs incurred into for the trades into BlackRock:

Cost of transfer in-specie transfers into the fund	£146,114
Costs of trading non-index stocks	£68,220
Costs of cash purchases	£229,315
Stamp duty (Hong Kong)	£7,298
Costs of transfer from L&G	3,360
Total Costs	£454,307

The table below summarises the costs which were incurred for the transitions into L&G

Charge of transfer into fund for non-index stocks	£54,855
Costs of cash transactions	£145,072
Costs of rebalance	£178,043
Stamp duty	£7,373
Interest charge for prefunding	£2,502
Total Costs	£387,846

Source: Managers

The two tables are slightly different due to the different processes which BlackRock and L&G have for implementing the transfers. The restructuring costs are net of crossing (matching buyers and sellers to avoid spreads).

The total cost of the transition was £842,153 or 0.12% of the Fund. This is slightly above the estimate of £695,869 from our estimate dated 3 May 2012 (part of this increase is due to the increase in asset values from market movements), although it is well below our original estimate of 0.4-0.5% of the Fund.

Savings

The fact that the managers were able to make in-specie transfers rather than cash subscriptions saved large amounts of trading costs which would have been incurred. The table below summarises the costs saved by using in-specie compared to cash transfers. The numbers below do not include the savings from the in-specie transfers out of Fidelity and Capital which did not incur the cost of sales.

continued on next page



Manager	Saving
BlackRock	£1,746,841
Trading	£1,018,097
UK Stamp Duty	£728,744
L&G	£262,260
Trading	£258,456
UK Stamp Duty	£3,714
Total	£2,009,101

Source: Managers

End Position

The table below shows the asset allocation as at 31 May 2012. At the time of writing these figures were unaudited and are therefore subject to change.

Asset Class	CBRE		L&G		Manager BlackRock		Panthleon		Total	
	£m	%	£m	%	£m	%	£m	%	£m	%
UK Equity			27.7	14.0	160.2	39.3			187.5	27.3
Overseas Equity			119.5	61.3	152.9	37.5			272.4	39.7
Index-linked Gilts			20.8	10.7	94.8	23.3			115.7	16.8
Corporate Bonds			27.4	14.0					27.4	4.0
Property	53.4	100.0							53.4	7.8
Private Equity							29.8	100.0	29.8	4.3
Total	53.4	100.0	195.0	100.0	407.9	100.0	29.8	100.0	686.6	100.0

Source: Northern Trust

Conclusion

The assets have been successfully transferred and accounted for. The costs were at the bottom of the anticipated range.



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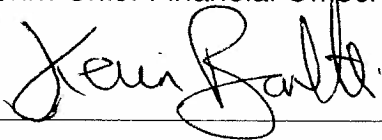
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Report for:	Corporate Committee 28 th June 2012	Item number	
Title:	Pension Fund: Asset Allocation advice		
Report authorised by :	Interim Chief Financial Officer 		
Lead Officer:	Nicola Webb, Head of Finance – Treasury & Pensions nicola.webb@haringey.gov.uk 020 8489 3726		
Ward(s) affected: N/A	Report for Non Key Decision		

1. Describe the issue under consideration

- 1.1 This report considers the Pension Fund's current asset allocation and recommends the investment of cash currently managed in house.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That £25m of the Pension Fund cash currently managed in house is allocated as part of the passively managed portfolio to overseas equities with the decision on the precise regional allocation to be taken by the Interim Chief Financial Officer in consultation with the Chair, having taken into account the views of the Pensions Working Group.

4. Other options considered

- 4.1 None.



Haringey Council

5. Background information

- 5.1 In April 2010 the Pensions Committee took the decision to sell bonds and hold £60m in cash on the advice of the investment adviser, Aon Hewitt. This cash has been managed in house and invested since then in line with the Council's Treasury Management Strategy.
- 5.2 In August 2011 a decision was made under the urgency procedures to invest £30m of this in overseas equities on the advice of the investment adviser as the price of equities had fallen considerably at that time.
- 5.3 The remaining £30m has been kept in cash pending the transition to the new investment strategy.

6. Comments of the Chief Financial Officer and financial implications

- 6.1 Allocating cash to overseas equities will bring the Pension Fund closer to the agreed benchmark. Over the long term, equities are expected to provide a higher investment return than investing in cash, although volatility in value is to be expected.

7. Head of Legal Services and Legal Implications

- 7.1 The Council as administering authority has the authority to invest the Pension Fund monies. Such investment will form part of the passive investment portfolio previously approved by Committee and the monies must be invested in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and the Pension Fund Investment Strategy.

8. Equalities and Community Cohesion Comments

- 8.1 Not applicable.

9. Head of Procurement Comments

- 9.1 Not applicable.

10. Policy Implications

- 10.1 None.



Haringey Council

11. Use of Appendices

11.1 Appendix 1: Aon Hewitt – Asset Allocation Update

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Asset Allocation

13.1 Aon Hewitt have prepared a report setting out their advice and this is attached at Appendix 1. This shows that the Pension Fund is currently 5.3% underweight against the benchmark allocation to equities. The property and private equity allocations are also underweight, but these are long term asset classes which cannot be added to quickly. These asset classes will form part of the review of alternative asset classes to be undertaken initially by the working group.

13.2 The cashflow of the Pension Fund has changed significantly over the last 12 months. During 2010/11 the Fund had a surplus of around £1m per month of contributions over benefits. However following the reduction in active members and increase in pensioners during the early part of 2011/12, it is now in a situation where the contributions coming into the Fund every month are generally sufficient to cover benefits.

13.3 Allocating £25m to overseas equities will leave the Pension Fund with a balance of around £6-8m to meet benefit payments and to honour drawdown requests from the private equity manager. The balance will fluctuate during each month as contributions are received before benefits are paid out. However it is expected that this balance will be sufficient to manage the fluctuations.



London Borough of Haringey

Date: 14 June 2012

Prepared for: Corporate Committee

Prepared by: Colin Cartwright

Asset Allocation Update

Introduction

The reorganisation of the Fund's assets from active management to passive management is now complete. As part of this reorganisation the Corporate Committee decided to move the assets in their current regional allocation to LGIM and BlackRock and take decisions at subsequent meetings based on market conditions as to how to move to the long term benchmark. In addition the Fund has around £25m in cash that is available to invest. The purpose of this paper is to recommend whether any movement to the long term benchmark is appropriate at the current time and advise on how to invest the available cash.

31 May 2012 asset allocation

The table below shows the asset allocation as at 31 May 2012. At the time of writing these figures were unaudited and are therefore subject to change.

Asset Class	CBRE		L&G		BlackRock		Panthleon		Total		Benchmark
	£m	%	£m	%	£m	%	£m	%	£m	%	
Equity			147.2	75.3	313.1	76.8			459.9	64.7	70.0
UK Equity			27.7	14.0	160.2	39.3			187.5	26.4	17.25
Overseas Equity			119.5	61.3	152.9	37.5			272.4	38.3	52.25
Index-linked Gilts			20.8	10.7	94.8	23.3			115.7	16.3	15.0
Corporate Bonds			27.4	14.0					27.4	3.9	-
Property	53.4	100.0							53.4	7.5	10.0
Private Equity							29.8	100.0	29.8	4.2	5.0
Cash*									25.0	3.5	
Total	53.4	100.0	195.0	100.0	407.9	100.0	29.8	100.0	711.1	100.0	100.0

* Cash available to invest. Source: Northern Trust

Comments on asset allocation

- The Fund is underweight its strategic allocation to equities by 5.3% (64.7% vs 70.0%)
 - However, it is overweight UK equities by 8.9% and underweight overseas equities by 14.2%
- Index-linked gilts are 1.3% overweight
- Overweight corporate bonds as a result of medium term view
- The Fund is underweight alternatives by 3.3% with
 - Property underweight by 2.5% and
 - Private equity underweight by 0.8%

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Aon Hewitt Market outlook

Provided below is summary of our views on the main markets at the current time.

Equities

Global equities have been struggling for direction for over two years and there are few hints that this is about to change. We see equities continuing to be weighed down by Eurozone concerns and a looming slowdown in corporate profits. In this environment we see equities remaining trendless and volatile. Therefore we are recommending clients remain close to their strategic allocation to equities and use periods of market strength / weakness to rebalance back to their strategic target.

Within equities, we are currently reviewing our position on the different regions to consider the relative strength of the US and the ongoing concerns in the Eurozone.

Bonds

The ongoing perceived safe haven characteristics of the UK gilt market have kept UK gilts and index-linked gilt yields close to historic lows. However, we feel this position is unsustainable as persistent inflationary pressures and the government's large issuance needs mean gilt supply is rising rapidly. It is our view that UK gilt yields are on long and bumpy road to higher yields. In this sort of environment index-linked gilts should outperform fixed interest gilts and we continue to recommending clients hold index-linked over gilts.

Investment grade corporate bonds are well placed to outperform fixed interest gilts with the current level of credit spread adequately compensating investors for taking on the credit risk versus gilts. Even so, it should be noted that in a period of rising gilt yields, corporate bond returns would be dampened to some extent in absolute terms.

Alternative asset classes

With the conventional asset classes of equities and bonds facing their particular challenges we continue to encourage clients to consider alternative assets for diversification purposes and as a source of return. No allocation to alternative assets should be made until the Working Group has reviewed the Fund's current property and private equity holdings and considered a wider allocation to alternatives, which is scheduled for later this year.



Recommendations for the Fund

So far we have discussed the position of the Fund as at 31 May and Aon Hewitt's view of markets, we now need to consider the implications for the Fund - especially as there is around £25m of cash available to invest.

The Fund is currently 5.3% underweight its equity allocation (around £35m), therefore based on Aon Hewitt's market view that clients should be close to their strategic weighting we recommend that this underweight should be removed and ideally this should be following a period of market weakness.

Within equities this money should be directed towards overseas rather than UK to reduce the underweight allocation to overseas equities. The region within overseas equities that this money should be directed will depend on market conditions at the time. Aon Hewitt will provide a recommendation on which region to invest at the Corporate Committee meeting on 28 June which will also consider the merits of reducing the overweight to the UK.

The medium term allocation to corporate bonds should be maintained.

It should be noted that given the ongoing situation in the Eurozone and its impact on markets, Aon Hewitt will provide a verbal update on 28 June that these recommendations are still valid.



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Haringey Council

Report for:	Corporate Committee 28 th June 2012	Item number	
Title:	Treasury Management 2011/12 Outturn & Quarter 1 2012/13 update		
Report authorised by :	Interim Chief Financial Officer 		
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 is a report to members on treasury management activity and performance during 2011/12 in accordance with the CIPFA Treasury Management Code of Practice. It is a requirement of the Code for this to be reported on to Council once Corporate Committee has considered it. In addition it provides an update for members on treasury management activity during the first quarter of 2012/13.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That Members note the Treasury Management activity and performance during 2011/12 and the first quarter of 2012/13.

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 during the year and this was achieved through the receipt of quarterly reports. This outturn report is a requirement of the CIPFA Treasury Management Code of Practice and it summarises the activity during 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 Prudential Indicators for 2011/12 were set by Council on 24th February 2011 and two were revised on 21st November 2011. They have been monitored on a quarterly basis during the year.

6. Comments of the Chief Financial Officer and Financial Implications

- 6.1 The treasury management strategy in 2011/12 was to continue to maximise internal borrowing and, therefore, to minimise cash balances. This policy not only reduced credit risk in the year but also reduced the cost of borrowing. In addition the policy of taking short term borrowing from other local authorities instead of long term also saved interest costs during 2011/12. As reported to June Cabinet in the Council's outturn report, the net underspend on the interest budget in 2011/12 as a result of these active management decisions was £1.389m.

7. Head of Legal Services and Legal Implications

- 7.1 The Head of Legal Services has been consulted on the content of this report. Its content and recommendation are in accordance the Treasury Management Strategy Statement and consistent with legislation governing the financial affairs of the Council.

8. Equalities and Community Cohesion Comments

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



Haringey Council

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 & performance
Appendix 2: Prudential Indicators

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Economic and treasury portfolio background in 2011/12

- 13.1 The UK Bank Rate remained at 0.5% throughout the financial year as the UK economy struggled and then entered recession in the latter part of the year. Issues in the Eurozone continued to dominate markets throughout the year and the concerns around bank exposures to the weaker economies led to a number of credit rating downgrades for banks, as well as the countries themselves. This background meant short term investment rates remained only marginally above 0.5% during 2011/12.
- 13.2 The Localism Act passed into law in November 2011 which enabled the reform of council housing finance. The Housing Revenue Account subsidy system has now been abolished and replaced with self-financing whereby authorities support their own housing stock from their own income. This reform required a readjustment of each authority's housing-related debt based on a valuation of its council housing stock. For the Council this meant that on 28th March 2012, £233.85m of outstanding PWLB loans were repaid by the Department for Communities and Local Government.
- 13.3 The position of the treasury portfolio at the end of the financial year compared to the previous financial year end is shown in the table below. This shows the reduction in PWLB borrowing resulting from the repayment of debt in respect of housing reform and a reduction in the cash balances invested. The sections which follow describe the activity in the borrowing and investment portfolios.



Haringey Council

Treasury Portfolio	Position at 31/03/11 £000	Position at 31/03/12 £000
<u>Borrowing</u>		
PWLB Fixed Maturity	460,806	201,544
PWLB Fixed EIP	24,000	9,682
PWLB Variable EIP	18,000	7,746
Market loans	125,000	125,000
Other Local authorities	3,000	50,000
Total External Borrowing	630,806	393,972
<u>Investments</u>		
Fixed Term Deposits	3,400	0
Call Accounts	10,400	0
Money Market Funds	14,235	5,470
Total Investments	28,035	5,470

14. Long Term Borrowing

14.1 In 2010/11 the Council undertook little external borrowing as it moved towards maximising the use of internal balances in lieu of borrowing. The reason for this was to minimise the “cost of carry” associated with external borrowing. The cost of carry is the difference between the interest rate paid for long term borrowing, and the rate of interest which can be earned from temporarily investing the funds borrowed. This has amounted to 3.5-4% in the last couple of years. In 2011/12 this policy continued, although there was a finite limit to the amount of “internal borrowing” which could be done and so £50m of the £53m of maturing loans was required to be refinanced.

14.2 On 28th March 2012 £233.85m of PWLB debt was repaid by the Department of Communities & Local Government as part of housing reform. It was announced early in the financial year that the repayment would be done by repaying a proportion of every loan the Council had outstanding. Therefore in order to maximise the amount of higher rate loans repaid, the refinancing was achieved by borrowing for periods of 1 year or less from other local authorities. Undertaking short term borrowing from local authorities at an average rate of 0.83% also ensured lower than anticipated expenditure on interest payments.



Haringey Council

14.3 The table below summarises the transactions undertaken during the financial year:

	01/4/11 £000	Maturing loans £000	Repay- ments re HRA £000	New loans £000	31/3/12 £000
PWLB Fixed Maturity	460,806	(44,500)	(214,762)	0	201,544
PWLB Fixed EIP	24,000	(4,000)	(10,318)	0	9,682
PWLB Variable EIP	18,000	(1,484)	(8,770)	0	7,746
Market loans	125,000	0	0	0	125,000
Other Local Authority	3,000	(3,000)	0	50,000	50,000
Total borrowing	630,806	(52,984)	(233,850)	50,000	393,972

14.4 At the end of the financial year the average interest payable on the borrowing portfolio had fallen to 5.87% from 6.8% at 1st April 2011.

15. Investments – activity and performance in 2011/12

15.1 The Council held average cash balances of £41.6m during the year. The balances represented working cash balances and the Council's reserves. The Council invested these funds in accordance with the Treasury Management Strategy Statement agreed for 2011/12. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

15.2 The Council's investment priorities set out in the 2011/12 strategy were:

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

The investments placed by the Council during 2011/12 reflected these priorities.



Haringey Council

15.3 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long term counterparty rating of A+ across all three rating agencies – Fitch, Standard & Poors and Moody's); credit default swaps; any potential support mechanisms from the UK government and share price. 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 2011/12.

15.4 In October 2011, many UK banks were downgraded to a level below the minimum level acceptable for the Council's lending list. In anticipation of this happening, the Council had only been investing in UK banks on an instant access basis for some time prior to the announcement. All monies which were invested with these banks were withdrawn immediately in full. The result of the downgrades was that the Council only invested in instant access AAA rated Money Market Funds and the government guaranteed Debt Management Office for much of the second half of the financial year. The table below shows the investments outstanding on 31st March 2012:

Institution	Long Term Credit Rating	Amount (£m)	% of total deposits
BlackRock MMF	AAA	0.905	16.5
Deutsche MMF	AAA	0.220	4.0
Goldman Sachs MMF	AAA	0.400	7.3
Invesco MMF	AAA	2.200	40.2
JP Morgan MMF	AAA	0.375	6.9
RBS MMF	AAA	1.370	25.1
Total		5.470	100.0

15.5 Throughout 2011/12 credit risk scores have been reported to Corporate Committee, based on a methodology devised by Arlingclose, the Council's treasury management advisers. The scores show credit risk on a scale of 0 to 10 on both a value weighted and a time weighted basis and the table below demonstrates how to interpret the scores:

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

15.6 The scores during 2011/12 are shown overleaf and show the impact of moving to investing only in AAA rated money market funds and the Debt Management Office:



	Quarter 1 2011/12	Quarter 2 2011/12	Quarter 3 2011/12	Quarter 4 2011/12
Value weighted	2.6	2.5	1.0	1.0
Time weighted	1.8	1.8	1.0	1.0

15.7 Liquidity has been maintained throughout the year through the extensive use of AAA rated money market funds, which operate on an instant access basis. As all of the Council's funds were invested in money market funds on 31st March 2012, the weighted average maturity of the investment portfolio was 1 day.

15.8 £251k of interest was earned on the Council's investments during 2011/12 at an average rate of 0.60%, 0.10% above the Bank of England base rate.

16. Update on Icelandic deposits

16.1 In April 2011 the Icelandic District Court decided that local authority deposits in Landsbanki and Glitnir had priority status. The decision was subsequently upheld by the Icelandic Supreme Court following an appeal in October 2011. This means the expected recovery rates are now 100% for Glitnir and 98% for Landsbanki. Following these announcements the first distributions from Glitnir and Landsbanki were received. At the time of writing a total of £7.23m had been received in respect of Glitnir and Landsbanki.

16.2 In addition to the distributions received, monies totalling around £1m have been distributed in Icelandic krona. However due to exchange rate controls, this cannot be removed from Iceland. It is therefore being held in escrow and the legal advisers working on behalf of all local authorities are liaising with Iceland and UK government officials to investigate ways of getting the monies released.

16.3 The administrators of Heritable Bank continued to make distributions during the year and their current base case is a recovery rate of 86-90% of the amounts originally invested.

16.4 In total £21.5m has been returned to the Council to date which makes up 58% of the total amount originally invested of £36.9m.



17. Compliance with Prudential Code indicators

17.1 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. Updates to two of the indicators were agreed by Council in November 2011. Appendix 2 sets out the approved indicators for 2011/12 and the final position for each of the capital indicators and the year end position on each of the treasury management limits.

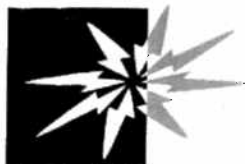
17.2 None of the limits on treasury management have been breached in the year to date. Borrowing is well within the operational and authorised limits, as the peak of borrowing was £657.8m in September 2011. The continued policy of using internal cash balances to fund the capital programme ensured this was the case. The repayment of HRA borrowing on 28th March 2012 has resulted in some of the figures looking significantly lower than forecast, however it has been necessary to have limits at the higher level to ensure there were no breaches in the period up to 28th March 2012.

17.3 The budget outturn report to Cabinet on 12th June 2012 set out the capital expenditure in 2011/12 and reasons for the movement from the original indicator. The capital expenditure figure in this report includes £4.28m capitalisation for redundancy costs. The impact on Council Tax indicator measures the impact on Band D council tax of the costs of borrowing to fund the capital programme. The capitalisation of redundancy costs is classed as borrowing as it will be funded over the long term. This was not taken into account at the time the original council tax impact indicator was set, as the capitalisation had not been agreed by central government. This is the reason this indicator has increased so much since the original one was set.

18. 2012/13 quarter 1 update

18.1 During the quarter £20m of local authority borrowing has matured, however due to the pattern of the Council's cashflow where more money comes in early in the financial year, it has only been necessary to refinance £5m. This was borrowed again from Derbyshire County Council at 0.70%, a lower rate than previously.

18.2 Moodys rating agency placed all UK banks on review for possible downgrade in February 2012 with a view to announcing the results of the review in May or June 2012. At the time of writing, the result of


Haringey Council

the review has not been announced, but there remains a significant risk that some or all of the banks on the Council's lending list are downgraded below the minimum criteria agreed in the Treasury Management Strategy. For this reason the Council has been investing in UK banks on an instant access basis only. Extensive use continues to be made of AAA rated instant access money market funds and the Debt Management Office.

- 18.3 The table below shows the Council's investments as at 11th June 2012. At this point in time balances are relatively high pending large payments and loan maturities expected later in the month.

Counterparty	Long Term Credit Rating	Period to maturity	Amount (£k)	% of total deposits
Debt Management Office	AAA*	2	5,050	15.0%
Debt Management Office	AAA*	9	3,700	11.0%
Debt Management Office	AAA*	9	5,900	17.5%
Debt Management Office	AAA*	11	3,150	9.3%
Nat West Call Account	A	1	6,700	19.9%
BlackRock Money Market Fund	AAA	1	1,800	5.3%
Deutsche Money Market Fund	AAA	1	1,700	5.1%
Goldman Sachs Money Market Fund	AAA	1	2,000	5.9%
JP Morgan Money Market Fund	AAA	1	2,000	5.9%
RBS Money Market Fund	AAA	1	1,700	5.1%
Total			33,700	

* The Debt Management Office does not have a credit rating, therefore the UK sovereign rating is shown.



Haringey Council

Appendix 1: Summary of Treasury Management Activity & Performance

1. Treasury Portfolio

	Position at Q4 2011/12 £000	Position at Q3 2011/12 £000	Position at Q2 2011/12 £000	Position at Q1 2011/12 £000
Long Term Borrowing PWLB	218,972	469,806	490,806	502,806
Long Term Borrowing Market	125,000	125,000	125,000	125,000
Short Term Borrowing	50,000	43,000	13,000	3,000
Total Borrowing	393,972	637,806	628,806	630,806
Investments: Council	5,470	40,849	29,110	49,140
Investments: Icelandic deposits in default	19,441	24,107	24,939	25,746
Total Investments	24,911	64,956	54,049	74,886
Net Borrowing position	369,061	572,850	574,757	555,920

2. Security measure

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
Credit score – Value weighted	1.0	1.0	2.5	2.6
Credit score – Time weighted	1.0	1.0	1.8	1.8

3. Liquidity measure

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
Weighted average maturity: deposits (days)	1	3.95	1	1
Weighted average maturity: borrowing (years)	24.80	21.83	22.18	22.35

4. Yield measure

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
Interest rate earned	0.39%	0.67%	0.77%	0.70%
Interest rate payable	5.87%	6.05%	6.43%	6.49%



Haringey Council

Appendix 2: Prudential Indicators

No.	Prudential Indicator	2011/12 Approved Indicator		2011/12 Position/Actual at 31/03/12
CAPITAL INDICATORS				
1	Capital Expenditure	£79,874k		£89,340k
2	Ratio of financing costs to net revenue stream			
	General Fund	4.95%		4.49%
	HRA	31.90%		26.65%
3	Capital Financing Requirement	£773,366k		£495,617k
4	Incremental impact of capital investment decisions			
	Band D Council Tax	£1.00		£2.91
	Weekly Housing rents	£0.02		£0.01
TREASURY MANAGEMENT LIMITS				
5	Authorised Limit	£946,879k		£393,972k
	Operational Boundary	£818,434k		£393,972k
6	Upper limit – fixed rate exposure	100%		95.85%
	Upper limit – variable rate exposure	40%		4.15%
7	Maturity structure of borrowing (U: upper, L: lower)	L	U	
	under 12 months	0%	25%	17.98%
	12 months & within 2 years	0%	25%	6.23%
	2 years & within 5 years	0%	50%	9.64%
	5 years & within 10 years	0%	60%	10.21%
	10 yrs & within 20 yrs	0%	60%	5.54%
	20 yrs & within 30 yrs	0%	60%	3.07%
	30 yrs & within 40 yrs	0%	60%	2.54%
	40 yrs & within 50 yrs	0%	60%	25.76%
	50 yrs & above	0%	60%	19.03%
8	Sums invested for more than 364 days	£20,000k		£0
9	Adoption of CIPFA Treasury Management Code of Practice	√		√



LONDON BOROUGH OF HARINGEY

EXTERNAL AUDIT PROGRESS REPORT – JUNE 2012

Work	Progress
2011/12 Accounts audit	The accounts will be with us by the 30 June 2012 and we will start the audit on 2 July. Our findings of the audit will be reported to those charged with governance at the September Corporate Committee meeting.
2011/12 VFM	<p><u>Financial Resilience 2</u></p> <p>We have completed our work on Financial Resilience and the report is being presented at this meeting.</p> <p><u>Procurement review</u></p> <p>Work is underway on this review and we will report our findings to the September Corporate Committee.</p>
2011/12 Grants	The 2011/12 grants certification plan has been agreed with officers and is available from Democratic Services as a background paper if required. Work has started on the Housing and Council Tax Benefits grant claim.

Grant Thornton UK LLP

June 2012

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London Borough of Haringey

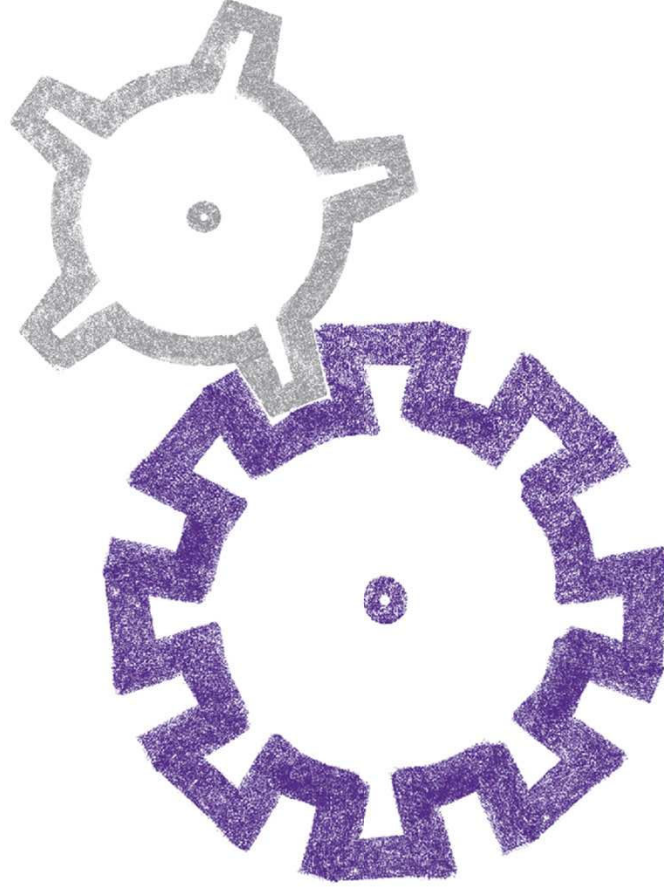
Review of the Council's Arrangements for Securing Financial Resilience

20 June 2012

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Grant Thornton UK LLP Public Sector Assurance



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Executive Summary

Our approach

Value for Money Conclusion

Our work supporting our Value for Money (VfM) conclusion, as part of the statutory external audit comprises 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. We have carried out our work in discussion and agreement with officers and completed it in such a way as to minimise disruption to them.

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:

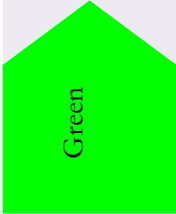
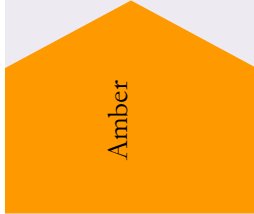
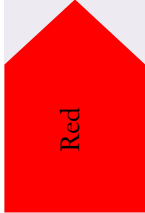
- Key indicators of financial performance;
- Its approach to strategic financial planning;
- Its approach to financial governance; and
- Its approach to financial control.

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 some significant risks and challenges during 2012/13 and beyond, its current arrangements for achieving financial resilience are adequate.

This report needs to read in context that 2012/13 is the second year of the four-year SR10 period, where some of the potential risks and challenges over the medium term 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	Arrangements meet or exceed adequate standards: 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 or may have a high risk of not succeeding.

Executive Summary

National and Local Context

National Context

The Chancellor of the Exchequer announced the 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 were frontloaded, with 8% cash reductions in 2011-12.

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.

The Government's provisional Local Government Finance Settlement for 2012-13 was announced on 8 December 2011. These were confirmed on 31 January 2012.

The Chancellor of the Exchequer, in his Autumn Statement in November 2011, announced further public spending reductions of 0.9% in real terms in both 2015-16 and 2016-17. Financial austerity will therefore continue until at least 2017.




Local Context

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.


Executive Summary

Overview of Arrangements

Risk area	Summary observations	High level risk assessment
Key Indicators of Performance	<ul style="list-style-type: none"> Benchmarked key indicators of financial performance indicate that, in general terms, the Council is following recent trends of the London Borough comparator group for most indicators. These trends indicate reductions in liquidity, reserves, DSG balances and borrowing levels. Overall, the Council's level of available reserves and contingencies provide adequate cover for known future financial risks. The Council's 2011-12 net General Fund provisional revenue outturn underspent by £3.7m, during a year when £40.5m savings have been realised. Whilst improvements have been made in the profiling of the capital programme, it is forecast to underspend by £13.5m during 2011-12. The Council has developed a robust approach to absence management, and it will be important to maintain this focus during the MTFP period. 	 Green
Strategic Financial Planning	<ul style="list-style-type: none"> The Council 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. Savings identification and approval was achieved at a much earlier stage of the financial planning cycle than for the previous year, which provides a more effective pre-implementation timescale for the delivery of savings during 2012-13. There is still some scope to RAG rate and undertake sensitivity analysis during the development of savings options. Further work is required to meet the outstanding budget gap of £6.1m within the MTFP (for 2013/14) and to provide greater certainty of the financial position for 2014-15. There are significant financial challenges, such as in respect of welfare reform and business rate retention. 	 Green
Financial Governance	<ul style="list-style-type: none"> The Council has a well established approach to financial governance that has delivered solid results in recent financial years. Significant reductions to finance resource took place during 2011-12, and the concept of the Haringey Manager was rolled out. During our fieldwork there was a generally very positive response to these changes. However, behavioural change is still required and the Council continues to monitor the successful embedding of the changes. The Council should consider if there is a need to better understand the skill and experience requirements for members with cabinet or governance roles. This is in the context of the generationally significant financial challenges facing the sector. 	 Green

Executive Summary

Overview of Arrangements

Risk area	Summary observations	High level risk assessment
Financial Control	<ul style="list-style-type: none">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 . The Council has introduced a new budget projection tool on SAP during 2011-12, but further system enhancements have been put on hold, pending the successful outcome of the current shared ERP platform procurement, which will see a new system go live in April 2014.	 Green

Executive Summary

Next Steps

Area of review	Key points for consideration	Responsibility	Timescale	Management response
Key Indicators of Performance	<ul style="list-style-type: none"> The Council should ensure that schools balances, in particular agreed deficits and surpluses continue to be carefully monitored, to ensure DSG balances remain at an appropriate level and the trend is effectively managed. 	Director of CYPS	Ongoing	The Council will work with and challenge schools, within the boundaries of delegated financial management, to ensure that balances are at an adequate level and that any deficits have robust recovery plans that are adhered to.
	<ul style="list-style-type: none"> The Council should continue to maintain appropriate levels of reserves and monitor the Council's liquidity to ensure financial resilience is maintained. 	Chief Financial Officer	Ongoing	Agreed
Strategic Financial Planning	<ul style="list-style-type: none"> The Council should ensure there is appropriate resource for business analysis to support the annual service and financial (business) planning process, in particular within Children's Services. 	Director of CYPS	September 2012	Agreed. The Directorate will, in consultation with Corporate Finance, ensure that the appropriate level of resource is allocated and utilised effectively.
	<ul style="list-style-type: none"> In the context of the generationally significant financial challenges facing the sector, the Council should consider if there is a need to better understand the skill and experience requirements for members with cabinet or governance roles. 	Chief Financial Officer	February 2013	The Council will ensure that key members receive training and development as requirements arise during the medium term financial planning process
	<ul style="list-style-type: none"> The Council will need to ensure that the MTFP remains responsive, given the scale of the savings still required, and the financial uncertainty that remains within the timeframe of the Plan. 	Chief Financial Officer	Ongoing	The MTFP will utilise scenario planning and sensitivity analysis to reflect the current level of uncertainty in the external environment.

Executive Summary

Next Steps

Area of review	Key points for consideration	Responsibility	Timescale	Management response
Financial Governance	<ul style="list-style-type: none"> The Council needs to continue to embed the Haringey Manager approach, monitor the effectiveness of behavioural changes required and continue to develop financial management skills in services, particularly in light of the agreed delay in further SAP enhancements. 	Assistant Chief Executive and Chief Financial Officer	March 2013	The Council will monitor progress through performance appraisals and ensure that training needs are analysed and fulfilled.
	<ul style="list-style-type: none"> The Council should ensure that key service unit costs are identified for external benchmarking, and where there are gaps in sources of benchmarking, work with other local authorities to establish new benchmarking groups. 	Head of Corporate Finance and Head of Policy and Performance	March 2013	A basket of indicators has been identified and benchmarking methodology defined. This will be reported during 2012/13 and embedded with service business plans.
Financial Control	<ul style="list-style-type: none"> The Council should ensure that the provision of MTFP supporting savings documentation is fully compliant, which was not the case for all departments during 2011-12. 	Chief Financial Officer and Corporate Board	Autumn 2012	Budget planning documentation for the 2013/14 MTFP will be reviewed as part of the budget challenge process.
	<ul style="list-style-type: none"> The Council should consider monitoring the inclusion of countervailing savings within agreed savings projects, particularly those related to key policy decisions, so that countervailing savings are clearly identified and their impact on service provision is better understood by CB and the Cabinet. 	Chief Financial Officer and Corporate Board	Ongoing	Countervailing or compensating savings will be highlighted and challenged for robustness as part of the ongoing budget monitoring regime
	<ul style="list-style-type: none"> The Council should continue to monitor the impact of the reduction in finance function resource and risk-assess planned future staff savings in finance following the 2011-12 closedown period. 	Chief Financial Officer	Ongoing	Agreed.

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Appendix - Key indicators of financial performance

Key Indicators

Introduction

This section of the report includes 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

We have used the Audit Commission's nearest neighbours benchmarking group comprising 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 Indicators

Overview of performance

Area of focus	Summary observations	Assessment
Performance Against Budget	<ul style="list-style-type: none"> The 2011-12 General Fund net revenue budget underspent by £3.7m (1.3%) based on the provisional outturn. The main contributing service department was Adults and Housing Services, with a forecast underspend of £2m. This is in the context of the Council realising £40.5m savings and, overall, indicates a very effective performance for the year. The HRA is forecasting an underspend of £3.3m due to capital financing costs being less than the approved budget. The capital programme planned for 2011-12 is forecast to underspend by £13.5m (13.7%), the primary cause being slippage on the Corporate ICT programme, BSF, and the schools managed service provider for ICT. 	<div></div> <div>Green</div>
Reserve Balances	<ul style="list-style-type: none"> Between 2007-08 and 2010-11 the Council reduced the value of its useable reserves (as a percentage of expenditure) from 0.08 to 0.04. Reserves increased by 0.01 between 2009-10 and 2010-11. The Council forecast £60.9 m reserves at 31 March 2012, with £10.5m representing the general fund balance. The MTFP forecasts a continued reduction to reserve levels during 2012-13, to £48.8m with the general fund balance remaining constant. The general fund balance of £10.5 represents 4% of the Council's net budget requirement for 2012-13, and is based on the Section 151 officer's risk assessment, in line with CIPFA guidance. The Council had the joint lowest level of reserves in 2010-11 of the benchmarking group of outer London boroughs. 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. The Section 151 officer is likely to allocate the net revenue underspend for 2011-12 to General Fund balances. This is provisionally £3.7m. 	<div></div> <div>Green</div>

Key Indicators

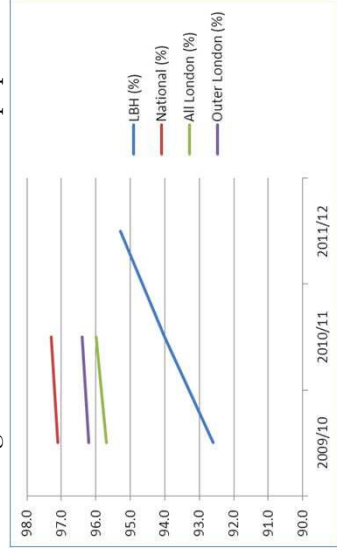
Overview of performance

Area of focus	Summary observations	Assessment
Schools Balances	<ul style="list-style-type: none"> • The Council's ratio (schools balances in relation to the total DSG allocation received for the year) has decreased by 60% from 2007-08 to 2010-11 with a steady year-on-year decrease over this period. • The Council has consistently remained one of the lowest ratios year-on-year, and has the lowest ratio of the benchmarked group for 2010-11. • Internal Audit reviewed schools balances as part of their 2011-12 audit programme. 32 schools have been reviewed during 2010-11 and 2011-12. Very few schools were in balance, with the majority allocated surpluses or licenced deficits, with the latter becoming more prevalent. A minority of schools have significant balances. • This ratio indicates that DSG continues to draw down on balances as result of budgetary pressures during the benchmarked period. However, we note that the 2011-12 revenue outturn for schools has a net underspend of £2.475m, which has increased cumulative school balances to £5.1m as at 31 March 2012 based on returns received from schools. • Corporate Finance, supported by Internal Audit, are facilitating training for school governors, head teachers, and staff with financial responsibilities to ensure key financial processes are appropriately managed. A former head teacher with substantial financial experience has been engaged to work with schools on deficit recovery plans. • We have been advised that for primary schools, 6 deficits have reduced, 2 have been fully or substantially removed, 3 have increased, and 3 have reported new deficits. All schools with deficits continue to progress their deficit recovery plans based on 2011-12 outturn and / or 2012-13 budgets. For secondary schools, 3 deficits have reduced very substantially, and 1 has increased substantially. Their deficit recovery plans are currently being evaluated by the Council. • We recognise that managing schools balances is a fine judgement and that excessive balances are inappropriate and should be discouraged. However, this needs to be carefully monitored to ensure DSG balances remain at an appropriate level and the reducing trend is effectively managed. • 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. • Corporate Finance provided a Schools Finance Manual in 2007, and provide regular guidance and information to all schools in relation to key financial and non-financial processes. The Council is not currently planning to update the Manual. • The Council has successfully lobbied the Government in relation to schools funding via the area cost adjustment. An additional £7.3m is expected to be added to the DSG from 2013-14 onward. This should be effective in reducing the level of deficits at those schools where recovery plans have not led to the removal of deficits by the time this additional funding is received. 	 Amber

Key Indicators



Overview of performance

Area of focus	Summary observations	Assessment
Liquidity	<ul style="list-style-type: none"> The Council's working capital ratio has reduced from 2.08 in 2007-08 to 0.72 in 2010-11, with year on year decreases during this period. The Council's rate of decrease during this period (65%) is significantly greater than most of its nearest neighbours. The Council has the second lowest working capital ratio in the benchmarking group for 2010-11. Council officers have indicated that the working capital ratio reduction is a consequence of the Council's Treasury Management strategy, which has introduced a move from external investment to internal borrowing. The redundancy programme led to an increased use of reserve balances and provisions during 2011-12. The Council is paying off longer term, high interest bearing debt, and focussing on shorter term loans with reduced rates. This policy has led to £3m reduction in borrowing costs, and a reduction in credit risk. The Strategy is based on the external advice of Arlingclose, the Council's treasury management advisors. HRA self-financing reforms relating to the housing subsidy system will result in councils being allocated a share of the national housing debt. Most will see their level of debt increase but for a few, including the Council, a proportion of their debt will be repaid. The Council repaid £234m of debt on 28 March 2012. The Council is forecasting a surplus of £19.4m, which will be allocated to the capital programme or used to augment the HRA balance. This planned reduction in liquidity will continue for 2012-13, but remains under review. Working capital will come under increasing pressure during the full course of SR10 and will need to be carefully monitored. However, we note that the Council has significant borrowing headroom, should this be required to support liquidity. The Council's collection rate for Council Tax in 2011-12 was 95.3% and the rate is demonstrating an upward trend. However, as the table below indicates, the Council's rate remains lower than the national, London, and outer London averages. 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. 	<div> <div></div> <div>Green</div> </div>



Key Indicators

Overview of performance

Area of focus	Summary observations	Assessment
Borrowing	<ul style="list-style-type: none">The Council's long term borrowing ratio (as a percentage of tax revenue) has reduced by 47% (from 4.97% (2007-08) to 2.61% (2010-11)), and is in line with the Council's Treasury Management Strategy. This downward trend has brought the Council broadly in line with almost half of the benchmarked group (7 out of 16) that have a ratio of 2-3%. All of the nearest neighbour authorities have seen a similar downward trend of borrowing levels from 2007-08 to 2010-11 with an average decrease of 42 %.The Council's Treasury Management Strategy forecasts year -on-year reductions in external borrowing, from £212.7m at 31 March 2012 to £166.3m at 31 March 2015. The impact of this debt repayment policy on these ratios will be analysed during future financial resilience reviews.The Council's long term borrowing to assets ratio has decreased by 30% from 2007-08 (57%) to 2010-11 (40%), and is in line with the Council's Treasury Management Strategy. The majority of the benchmarked group (15 out of 16) have reduced their ratios during the same period, with an average decrease for the nearest neighbours group of 25%. The Council is consistent with this overall trend.	 Green
Workforce	<ul style="list-style-type: none">The Council's sickness absence levels have fluctuated over the past four years, but there has been a decreasing trend over the last three years.The Council's absence level during 2011-12 of 7.11 per FTE represented a 10% reduction on the previous year. Given the significant organisational change that took place during 2011-12 this indicates that the management of sickness absence continues to retain an appropriate profile with senior management.The Council has a well regarded workforce management database, outputs of which form part of the finance and performance monitoring reports.	 Green

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Strategic Financial Planning

Key indicators of good strategic financial planning

In conducting our review of strategic financial planning we have assessed the Council's performance against the following indicators:

- Focus on achievement of corporate priorities is evident through the financial planning process. The MTFS focuses resources on priorities.
- 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 CSR.
- 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.


Strategic Financial Planning

Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
Focus of the MTFP	<ul style="list-style-type: none">• The Council's revenue budget for 2012-13 was set in March 2012, along with an updated three-year medium term financial plan (MTFP) for the period 2012-13 to 2014-15.• As a consequence of SR10 the Council identified required reductions in revenue spending of £84m during 2011-12 to 2013-14. Savings of over £62m were agreed in February 2011 over the period of the plan, £41m of which were included in the 2011-12 revenue budget, leaving a shortfall of £21m.• During the 2012-13 financial planning cycle assumptions for 2012-13 to 2013-14 were revised and further savings identified and agreed. By February 2012 the savings shortfall for this period was £6.1m, which is to be identified during the next financial planning cycle.• The Council decided not to implement Zero Based Budgeting (ZBB) due to the reduced level of finance resources but will keep this consideration under review, once the restructuring undertaken during 2011-12 has been embedded.• Savings were prioritised as in previous years, and were approached strategically by CEMB. Initially directors were asked to identify savings opportunities. Indicative targets were then given, based on departmental proportion of the overall council base budget, to meet the savings shortfall.• Savings options and growth items were then considered corporately by CEMB and the Cabinet.	<div><div></div><div>Green</div></div>


Strategic Financial Planning

Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
<p>Scope of the MTFP and links to annual planning</p> <ul style="list-style-type: none"> • The identification and approval of the majority of savings was concluded three months earlier than during the previous financial planning cycle, with the Cabinet agreeing savings proposals in July, October and December 2011. This provides a more effective lead in time to ensure planning for implementing savings and is good practice. • Scenario planning was used as part of the risk assessment of high risk budgets, such as adult placements. It was not formally used as a tool by all services to support the budget setting process. From our Financial Resilience review for 2010-11 we are aware that the Council considers this level of scenario planning is appropriate given the level of available resource. • Our discussions with officers indicated that, whilst individual services undertake modelling of demand to understand the impact on future spending levels, this information is still not consolidated within the Plan, limiting the potential of Members to understand in detail all the challenges the Council faces. • There is further scope for RAG rating and undertaking sensitivity analysis from the outset of the identification of savings options. • The Council should ensure there is appropriate resource for business analysis to support the annual service and financial (business) planning process, in particular within Children's Social Care. 		 <p>Amber</p>


Strategic Financial Planning


Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
Adequacy of planning assumptions	<ul style="list-style-type: none"> • The Council's focus remains on year one of the rolling MTFP - in this case 2012-13 . The Council decided not to revisit funding assumptions in 2013-14 due to continuing uncertainties relating to the Government's spending plans, and the Plan retained the assumptions made in the previous MTFP. • There remains significant uncertainty, in common across the sector, of the financial position for 2014-15. An indicative saving requirement of £19m was included in the MTFP. The Plan identifies potential material changes to Government funding that could impact on the 2014-15 financial position. • The MTFP: <ul style="list-style-type: none"> • recognises the localisation of business rates from April 2013 as a material financial risk, but that the implications of this change could not be accurately forecast at the time of approving the Plan. • reflects the Council's current understanding of the impact of the Government's policy on Academies. • assumes no Council Tax increase in 2012-13 • retains a contingency budget of £1.8m to manage any slippage in the delivery of savings. • A general fund reserve balance of £10.5m was set for 2012-13, which represents 4% of the council's net budget requirement. • During 2011-12 the Council received approval to capitalise £5m of redundancy costs over two years. The contingency reserve has been reduced from £25m to £20m to reflect this approval. • Children's Services retain significant, inherent budget pressures, notwithstanding the £7m budget growth included in 2011/12, in relation to social care. Children's social services is in the highest 10% of spend amongst its statistical nearest neighbours. For example, the looked after rate of 125 children per 10,000 of population compares with an inner London rate of 80, and an outer London rate of 60 and a national average of 43. The new Director of Children and Young People's Services, who joined the Council in November 2011, has set up a Strategic Improvement Plan to increase the focus of the service on early intervention, whilst maintaining the on-going focus on safeguarding. The 2012-13 to 2014-15 savings programme includes £2.5m savings in Children's Services and a reduction in the 2011-12 approved growth of £2.0m. Associated savings include the closure of children's residential homes and staff savings related to the planned reductions in the number of looked after children. Further savings totalling £700k are planned for 2013-14. The department's revenue budget underspent by £65k (0.07%) during 2011-12, indicating some improvement. 	 <p>Amber</p>

Strategic Financial Planning

Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
Review processes	<ul style="list-style-type: none"> 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. As already mentioned, the financial planning process commenced earlier than during the previous year, providing greater time for consultation and review. At the time of our review the Leader of the Council was reviewing the impact of the changes to corporate governance arrangements introduced during 2011/12, in particular the adequacy of the Corporate Committee (frequency of meetings and sub-committee structures for specialist areas such as Treasury Management and Pensions). In the context of the generationally significant financial challenges facing the sector, the Council should consider if there is a need to better understand the skill and experience requirements for members with cabinet or governance roles. 	 Green

Responsiveness of the Plan	<ul style="list-style-type: none"> The Council refreshed its MTFP during the most recent financial planning cycle. Future years will be reviewed during the lifetime of the plan, and this process has already commenced for 2013-14. The Council will need to ensure that the Plan remains responsive, given the scale of the savings still required, and the financial uncertainty that remains within the timeframe of the Plan. In the short term this should include retention of business rates, changes to universal benefits, effective debtor management, and the impact of the 10% funding reduction in Council Tax benefit. The predominantly annualised approach to financial planning, with use of contingencies and reserves, and achieving budget targets has served the Council well historically. Whilst medium term financial uncertainties provides some challenges to medium term financial planning, the current approach needs to be subject to further consideration. 	 Green
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Financial Governance

Key indicators of effective financial governance

In conducting our review of financial governance we have assessed the Council's performance against the following indicators:

Understanding

- 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.
 - Officers and managers understand the financial implications of current and alternative policies, programmes and activities.

Engagement



- There is engagement with stakeholders including budget consultations.

Monitoring and review

- 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).

Financial Governance

Understanding and engagement

Area of focus	Summary observations	Assessment
Understanding the Financial Environment	<ul style="list-style-type: none"> During 2011/12, the Haringey Manager concept was introduced and, to support its embedding, manager profiles and job descriptions were adapted to align to Haringey Manager responsibilities. The Council has not changed the financial management process, rather it has passed greater responsibility from Finance to services. The Chief Executive held sessions with manager groups (over 400 members of staff) during the year. Considerable training to Haringey Managers was provided, including on the new forecasting and monitoring module in SAP Training was not mandatory, so there is a risk that those officers who are not positive about their Haringey Manager role, may have decided not to attend. As with any initiative requiring behavioural change, it will take time to fully embed, and there will be different reactions from the staff concerned: some may see the change as an opportunity whilst others may see the change as threat or challenge. Our fieldwork provided evidence for both, but the overall perspective provided was one of a positive progression towards services self-sufficiency in financial management. Haringey Manager principles have not yet been fully applied to budget holders in children's social care Our view is that financial literacy across the Council is improving and a positive direction of travel has been set. However, the changes required are not yet fully embedded across the Council, with mixed levels of financial management ability. A more systematic understanding of issues such as unit costs still need to improve. The Finance Department hosts regular Finance Forums for all finance staff to provide updates in technical accounting matters. 	 Amber
Executive and Member Engagement	<ul style="list-style-type: none"> There remains an appropriate level of senior management and member level engagement in the financial management process. In the context of the generationally significant financial challenges facing the sector, the Council should consider if there is a need to better understand the skill and experience requirements for members with cabinet or governance roles. 	 Green



Financial Governance

Understanding and engagement

Area of focus	Summary observations	Assessment
Overview for controls over key cost categories	<ul style="list-style-type: none">• The update to the Chart of Accounts during 2011-12 resulted in uncertainty from some budget holders during the transition to new structures, particularly where they became responsible for new service areas, as to which budgets they could formally manage. This risk is not a factor for 2012-13 because budgets have been formally assigned.• An understanding of unit costs by services remains mixed. Where there is effective monitoring and understanding of unit costs, we identified concern with the lack of available external benchmarking data from officers. The Council should ensure that key service unit costs are identified for external benchmarking and, where there are gaps in sources of benchmarking, the Council works with other local authorities to establish new benchmarking groups.	<div><div></div><div>Amber</div></div>

Financial Governance

Monitoring and review

Area of focus	Summary observations	Assessment
<p>Review of accuracy of Committee/ Cabinet Reporting</p> <ul style="list-style-type: none"> 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 members. The frequency of reporting to Cabinet has reduced from monthly to quarterly during 2011-12 as a consequence of significant reductions to Finance staff. Monthly monitoring still takes places at CEMB and within Directorates, and Directors discuss the monthly reports with their Cabinet leads as appropriate. Whilst this has not hindered delivery of the savings required in 2011-12 there is a risk that such an approach could result in either a silo approach to monitoring savings, or a slower collective response by members in addressing significant budget delivery risk. The chart of accounts was reviewed and updated in June 2011 to reflect the new Council structures. This was undertaken during the year, which resulted in budgets relating to reconfigured services not being available to the officer with the new budget management responsibility. The updating of the chart of accounts means this budget management risk should not become an issue during 2012-13. 		 <p>Green</p>
<p>Performance Management of Budgets</p> <ul style="list-style-type: none"> The 2011-12 net General Fund revenue budget is forecast to underspend by £3.7m. The financial performance for 2011-12 includes a reduced revenue budget of £42.8m reflecting the savings requirement for the year. During the year 1,000 posts were deleted (800 of which resulted in redundancies) and the Council was restructured in line with Rethinking Haringey. Whilst the Council has taken steps to more effectively profile capital projects, the 2011-12 capital programme is forecast to underspend by £13.5m, which relates to slippage rather than cash underspends. The main areas of underspends relate to IT replacement and BSF. The reduction in Finance staff and the introduction of the Haringey Manager has lead to a risk-based approach to the provision of Finance support, with high risk areas such as children and adult social care receiving higher levels of Finance support than services identified as low risk. The Council successfully lobbied the Government in relation to schools funding via the area cost adjustment. An additional £7.3m is expected to be added to the DSG from 2013-14 onwards. 		 <p>Green</p>

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Financial Control

Key indicators of effective financial control

In conducting our review of financial control we have assessed the Council's performance against the following indicators:

Budget setting and budget monitoring

- Budgets are robust and prepared in a timely fashion.
- 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.

Finance Department

- The capacity and capability of the Finance Department is fit for purpose.

Financial Systems


- Key financial systems have received satisfactory reports from internal and external audit.
- Financial systems are adequate for future needs.

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 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.

Financial Control

Internal arrangements

Area of focus	Summary observations	Assessment
<p>Performance Management of Budgets</p> <ul style="list-style-type: none"> • 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 the Corporate Committee and other forums, of Members challenging on finances and understanding the scale of the financial management challenge facing the Council. • CEMB (the Chief Executive, the four Corporate Directors, the Assistant Chief Executive, the Head of Finance and the Head of Legal) meets weekly and is the primary interface with Cabinet members. The Chief Executive continues to place a high degree of priority on budget management, with performance reports discussed at CEMB on a monthly basis. Directors also discuss performance reports with their senior management teams on a monthly basis. • 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 has decided against a phased introduction of zero based budgeting. • A wider group of senior officers (CEMB plus Deputy Directors) is being established, to meet every four weeks. This group will also focus on budget management. • The importance of budget management is also re-affirmed via the Council's Senior Manager Forum. • As part of the introduction of new staff competencies, based on the Haringey Manager, relevant officers received performance targets relating to financial management of budgets during their most recent annual appraisals. The first full year of this new appraisal period was not completed at the time of this review. 	 <p>Green</p>	

Financial Control


Internal arrangements

Area of focus	Summary observations	Assessment																																				
Performance against Savings Plans	<ul style="list-style-type: none">• The 2011-12 provisional outturn for net the revenue General Fund budget forecasts an underspend of £3.7m.• The council continued to use the Haringey Efficiency and Savings Programme (HESP) tool to monitor savings during the year.• Of the planned revenue savings of £42.8m, £40.4m were confirmed as having been achieved at the time of our review. The 1 March 2012 HESP report indicated that 83% of savings were rated green, 12% amber, and 5% red. The forecast year end position is set out in the table below.	<div><div></div><div>Green</div></div>																																				
<div><div>2011-12 Revenue Savings</div><table><caption>2011-12 Revenue Savings Data (Estimated from Chart)</caption><tr><th>Department</th><th>Approved (£'000m)</th><th>Outturn (£'000m)</th><th>Variance (£'000m)</th></tr><tr><td>Adults and Housing</td><td>10000</td><td>9000</td><td>-1000</td></tr><tr><td>Children's Service</td><td>10000</td><td>9000</td><td>-1000</td></tr><tr><td>Place and Sustainability</td><td>10000</td><td>9000</td><td>-1000</td></tr><tr><td>Chief Executive's Service</td><td>10000</td><td>9000</td><td>-1000</td></tr><tr><td>Corporate Resources</td><td>10000</td><td>9000</td><td>-1000</td></tr><tr><td>Sub-total</td><td>40000</td><td>38000</td><td>-2000</td></tr><tr><td>Cross Council *</td><td>40000</td><td>38000</td><td>-2000</td></tr><tr><td>Total Council</td><td>40000</td><td>38000</td><td>-2000</td></tr></table></div>			Department	Approved (£'000m)	Outturn (£'000m)	Variance (£'000m)	Adults and Housing	10000	9000	-1000	Children's Service	10000	9000	-1000	Place and Sustainability	10000	9000	-1000	Chief Executive's Service	10000	9000	-1000	Corporate Resources	10000	9000	-1000	Sub-total	40000	38000	-2000	Cross Council *	40000	38000	-2000	Total Council	40000	38000	-2000
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- It was decided not pursue the cross-council savings (£490k) during 2011-12, with countervailing savings to be identified.
- The £1.8m contingency for non-achieved savings was not utilised during the year.


Financial Control

Internal arrangements

Area of focus	Summary observations	Assessment
<p>Performance against Savings Plans (Continued)</p> <ul style="list-style-type: none"> Internal Audit reviewed HESP, reporting in February 2012, and provided substantive assurance on the process for identification of , and reporting on, savings and the controls and risks in achieving the savings were being effectively managed. This review focussed on Children's Services and Adults and Housing Services, the two directorates identified as the highest risk due to the demand-led nature of service provision. An audit of the Council's savings programme is included in their 2011-12 audit plan, and the review will be undertaken during 2012-13. At the time of our review, 2012-13 savings monitoring had not commenced. The approach to monitoring savings during 2012-13 will be a focus on the high value and high risk savings, which will continue to be RAG-rated. The Council should ensure that the provision of supporting savings documentation is fully compliant (with the need to provide this documentation to Finance) which was not the case for all departments during 2011-12. During the course of our review we confirmed that the identification of countervailing savings were not always identified during the monitoring process. The Council should consider monitoring the achievement of savings, particularly those related to key policy decisions, so that countervailing savings are clearly identified and their impact on service provision is better understood. 		
<p>Finance Department resourcing</p>	<ul style="list-style-type: none"> The finance function was centralised on 1 July 2011 and 43% of posts were deleted. There is now an establishment of 80 posts. Finance support to services has, as a result, been more strategic and risk based. Our fieldwork indicates a high degree of satisfaction from services for the new arrangements, particularly where the centralised approach has impacted the greatest. There remains, however, concern in some areas of the ability of services to take full financial management responsibility required. We note that a full year under the reduced resource arrangements had not been completed at the time of our review, and a critical stage will be the effective performance of the finance team during the 2011-12 closedown and final accounts period. A further £400k savings are planned (£230k in 2013-14 and £170k in 2014-15) which could lead to further headcount reduction. The Interim Chief Finance Officer will review the options for achieving this level of saving during 2012-13. 	 <p>Amber</p>



Financial Control

Internal and external assurances

Area of focus	Summary observations	Assessment
<p>Summary of key financial accounting systems</p>	<ul style="list-style-type: none"> 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 Council has recognised that current procedures incorporate a number of labour intensive work around activities that are not realistic as a result of the significant reductions to finance and service resource. During 2011-12 a new module within SAP was introduced for budget forecasting. Budget holders were provided with training and we have been advised that use of the new tool has been good (the Council has introduced a report that identifies SAP usage by individual officers). The Council is currently in the process of procuring a new Enterprise Resource Planning (ERP) platform to replace the current version of SAP. Further SAP developments have been suspended because of this procurement. The new ERP is expected to go live in April 2014. This means that some work around activity relating to financial management will be undertaken until the new system goes live. The use of SAP to place orders has seen an improvement, but full compliance has not yet been achieved, with 80% of orders being placed via SAP. The majority of departments now use commitment accounting in SAP. Framework-i is the care planning system used by Adults and Children and Families. Commitments raised in Framework-i do not feed into the SAP general ledger. A working group has been set up to review the controls in place in Framework-i, and improvements to the controls have been implemented during 2011-12. In particular, the system has been integrated with SAP so that payments can only be made via SAP if the care package has been appropriately set up in Framework-i. Commitments raised in Framework-i is manually identified in budget management reports. The Council has reviewed and decided on the appropriateness of this approach, which is based on the nature of social care commitments, which have no definite end date and are subject to a high level of variation due to changing client needs and circumstances. Commitment information is taken monthly from SAP and analysed by budget holders and Finance staff to produce a year-end forecast. The forecast is then entered onto SAP as part of the monthly monitoring process. 	<div>  Amber </div>

Financial Control

Internal and external assurances

Area of focus	Summary observations	Assessment
Internal audit arrangements including compliance with CIPFA Code of Practice for Internal Audit	<ul style="list-style-type: none"> 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 reliance on the work of internal audit. Internal Audit took over the housing benefit fraud team function during 2011-12. During the year there was an overall reduction in funded posts, but some resource was used to establish a corporate anti-fraud team. There has been more proactive investigations into areas such as tenancy fraud and blue badge fraud. The housing benefit investigation team has refocused its work to become more risk-based. The team has an annual target of 50 prosecution cases. During 2011-12 45 cases were submitted for prosecution of which 33 cases had been heard, with all decisions made in favour of the Council. During 2010-11 21 prosecutions were achieved. The total amount of housing benefit fraud identified totalled £783k, of which £266k in overpaid benefits had been recovered at the time of this review and plans are in place to recover the remaining amounts. The amount recovered exceeds the target for the year of £250k. The focus on targeted criminality has seen a reduction in the number of cases for housing benefit overpayment. During 2011-12 there was a significant reduction in priority 1 internal audit reports. Officers are now held accountable for any delays in implementing actions agreed in relation to internal audit reports. 	 Green
External audit arrangements and programme of activities	<ul style="list-style-type: none"> The conclusions from the most recent Annual Audit Letter noted that the Council will need to ensure that: <ul style="list-style-type: none"> it continues to monitor its MTFP during delivery, in particular in relation to changes to key assumptions, such as the impact of demographic change and price inflation in the medium term, and the outcome of the Government's funding settlement for the final two years of the plan. it continues to plan for future changes to financial reporting, particularly in relation to the accounting treatment of schools and of heritage assets. it continues to work closely with Alexandra Park and Palace to ensure that accounts closedown timetables are aligned. it effectively continues to address the many changes that it faces in 2011/12 including those brought about by the Localism Act, the distribution of Business Rates, localisation of Council tax benefits and major changes to the funding of the Housing Revenue Account. it continues to assess the impact of the Olympics on the borough 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

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Key Indicators of Financial Performance

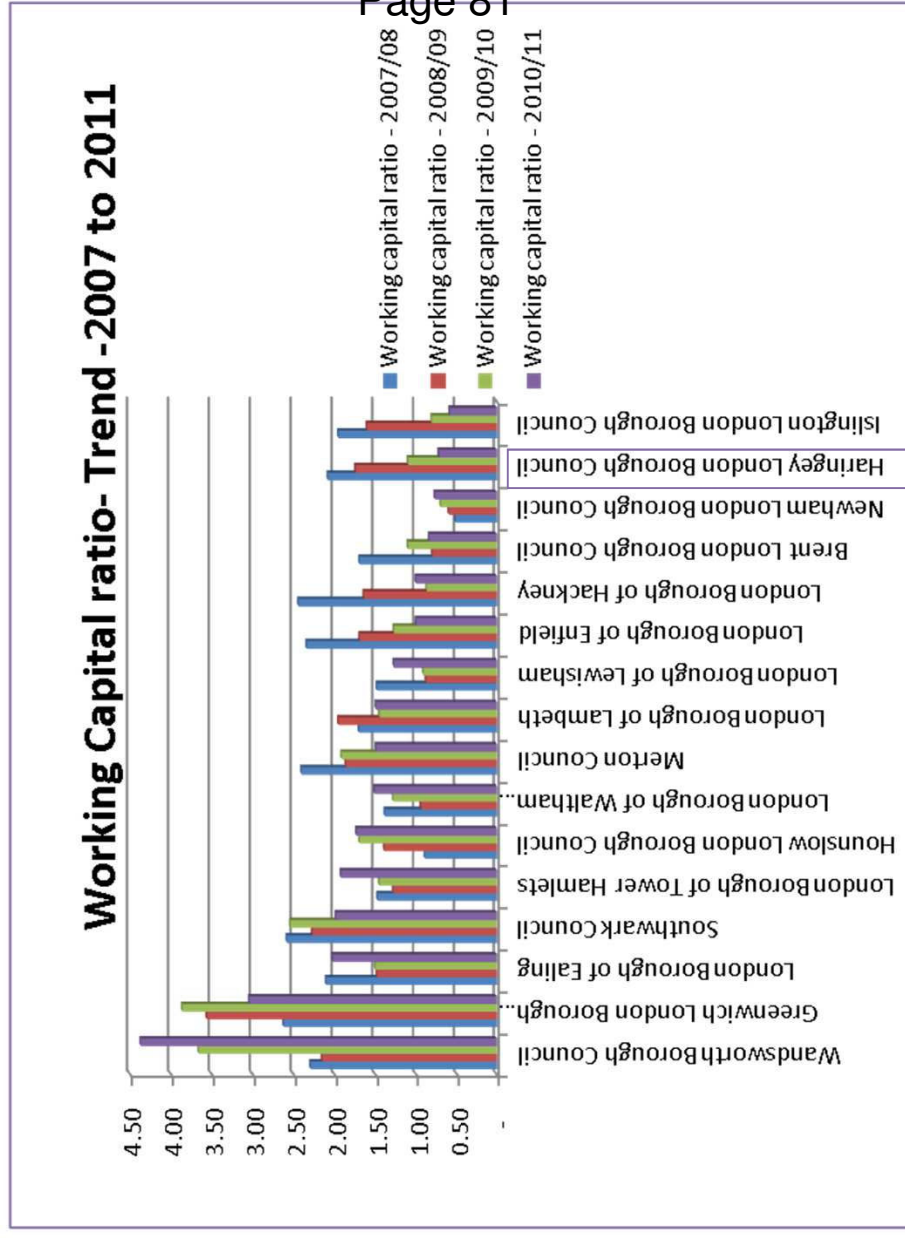
Working Capital - Benchmarked

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 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

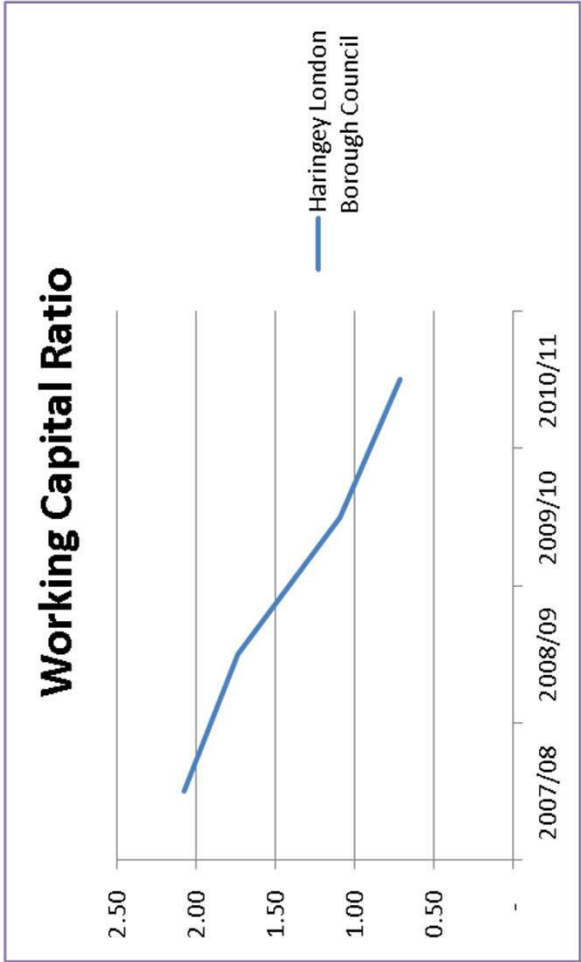
There is a mixed picture in terms of the movement in working capital ratios across the nearest neighbours. 6 out of the 16 boroughs have increased their working capital ratio from 2007-08 to 2010-11, whilst 10 out of the 16 boroughs have seen a decrease over the same period. Of those boroughs with a decreasing working capital ratio the average decrease is around 39%. The Council has seen a decrease of more than 65% (2007-08 (2.08) to 2010-11 (0.72) indicating that the Council's rate of decrease is significantly greater than most of its nearest neighbours. The Council has the second lowest working capital ratio in the benchmarking group for 2010-11. Further comment on this is included in the next slide.



Source: Audit Commission's Technical Directory

Key Indicators of Financial Performance

Working Capital - Trend



Source: Audit Commission's Technical Directory

Findings

The Council's working capital ratio has reduced from 2.08 in 2007-08 to 0.72 in 2010-11, with year on year decreases during this period.

Council officers have indicated that the working capital ratio reductions are a consequence of the Council's Treasury Management strategy, which has introduced a move from external investment to internal borrowing. The redundancy programme led to an increased use of reserve balances and provisions during 2011-12.

The Council is paying off longer term, high interest bearing debt, and focussing on shorter term loans with reduced rates. This policy has led to £3m reduction in borrowing costs, and a reduction in credit risk. The Strategy is based on the external advice of Arlingclose, the Council's treasury management advisors.

This planned reduction in liquidity will continue for 2012-13, but remains under review.

Working capital will come under increasing pressure during SR10 and will need to be carefully monitored. However, we note that the Council has significant borrowing headroom, should this be required to support liquidity.

Key Indicators of Financial Performance

Useable Reserves - Benchmarked

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

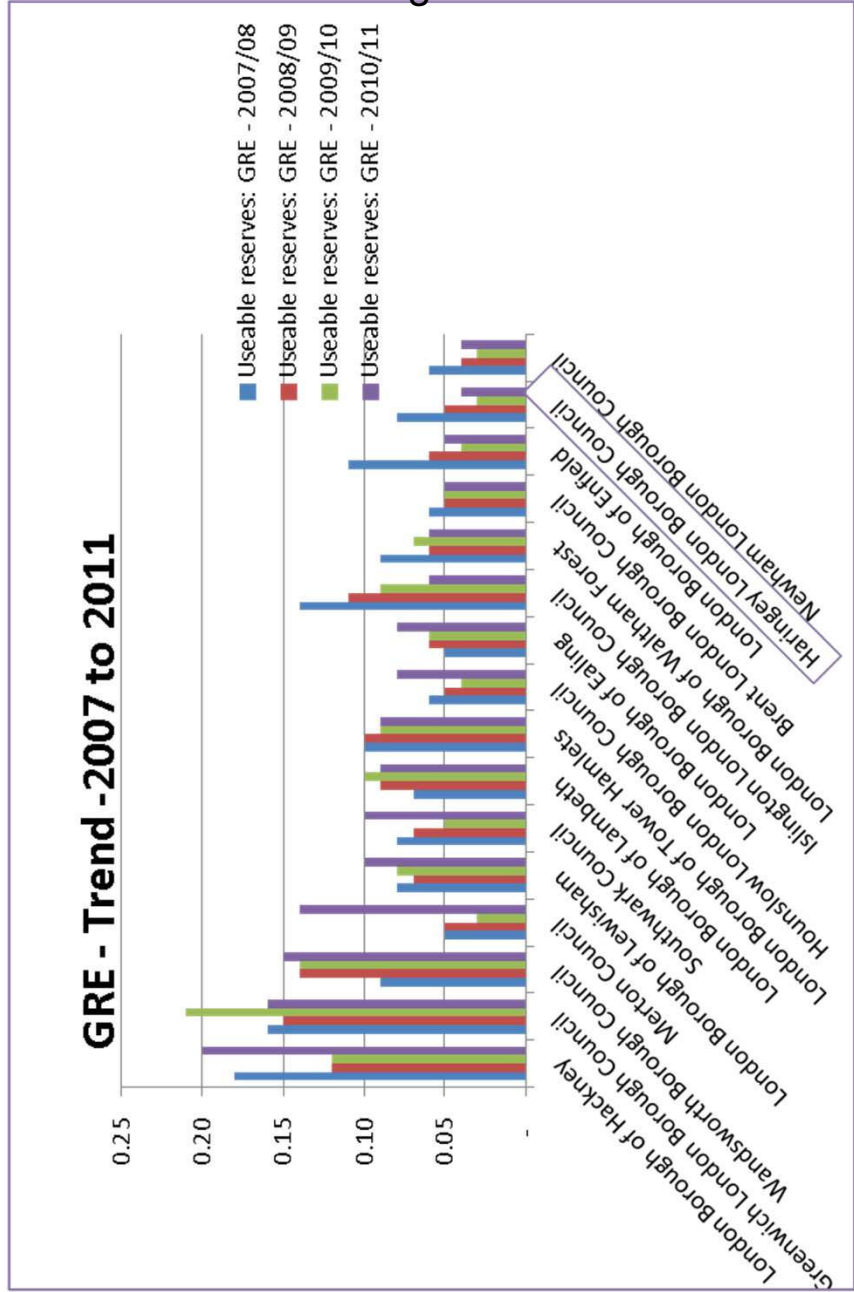
Between 2007-08 and 2010-11 the Council reduced the value of its useable reserves (as a percentage of expenditure) from 0.08 to 0.04. Reserves increased by 0.01 between 2009-10 and 2010-11.

There is no clear trend in the nearest neighbours group, with some authorities increasing their reserves (as a percentage of expenditure) and others decreasing their reserve levels. However, the Council has the joint lowest level of reserves in 2010-11 of the benchmarking group.

CIPFA's guidance on reserves is that the level should follow the S151 officer's advice to the Council, which should be based on local circumstances.

The Council forecast £60.9 m reserves at 31 March 2012, with £10.5m representing the general fund balance. The MTFP forecasts a continued reduction to reserve levels during 2012-13, to £48.8m with the general fund balance remaining constant.

The general fund balance of £10.5 represents 4% of the Council's net budget requirement for 2012-13, and is based on the S151 officer's risk assessment.



Source: Audit Commission's Technical Directory

Key Indicators of Financial Performance

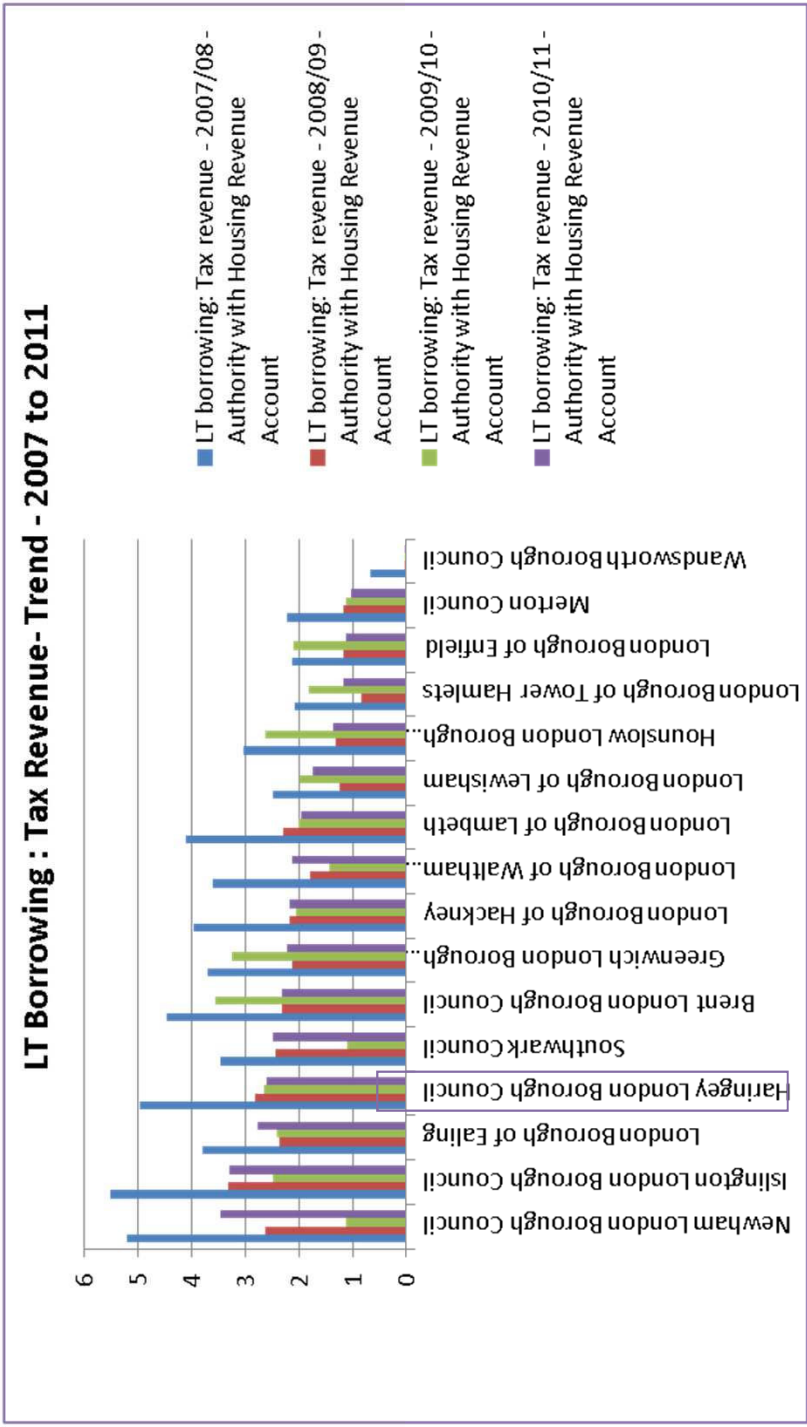
Long Term Borrowing to Tax Revenue - Benchmarked

Definition

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

Findings

The Council's long term borrowing ratio (as a percentage of tax revenue) has reduced by 47% (from 4.97% (2007-08) to 2.61% (2010-11)), and is in line with the Council's Treasury Management Strategy. This downward trend has brought the Council broadly in line with almost half of the benchmarked group (7 out of 16) that have a ratio of 2-3%. All of the nearest neighbour authorities have seen a similar downward trend of borrowing levels from 2007-08 to 2010-11 with an average decrease of 42 %.



Key Indicators of Financial Performance

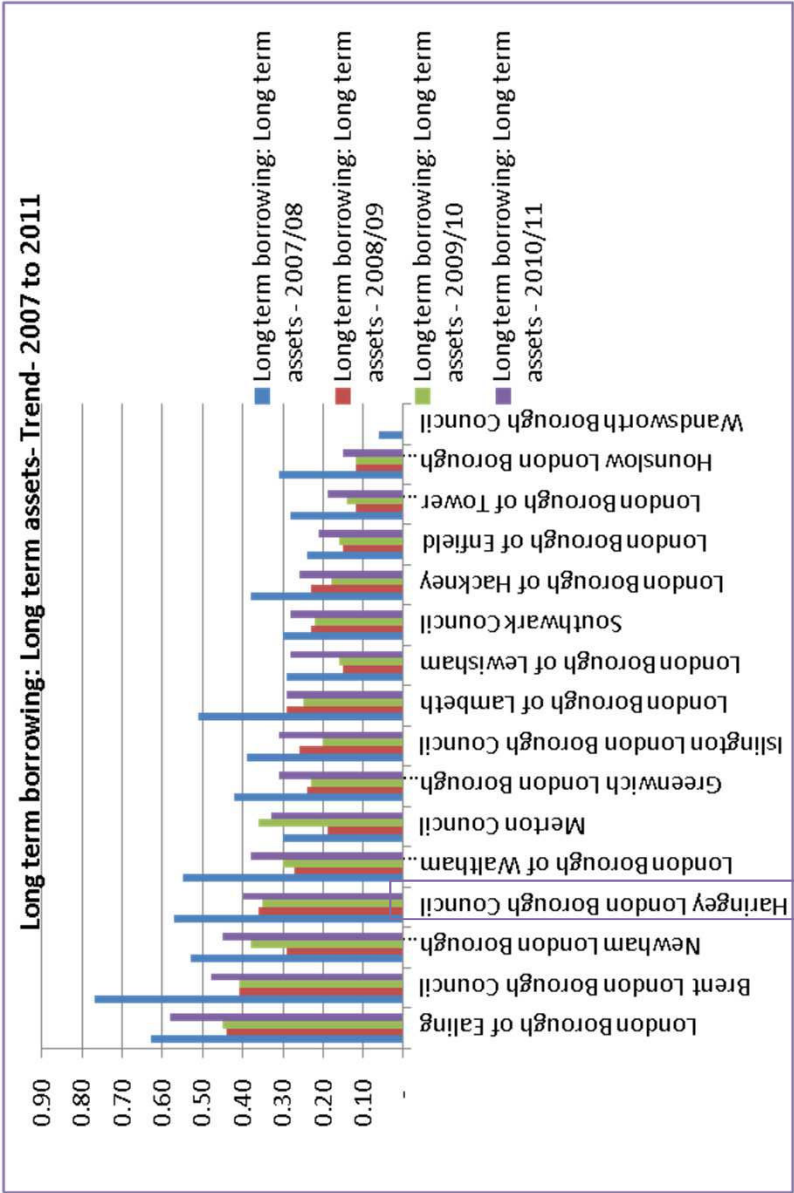
Long-term borrowing to Long-term assets - Benchmarked

Definition

This ratio shows long term 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

The Council's long term borrowing to assets ratio has decreased by 30% from 2007-08 (57%) to 2010-11 (40%), and is in line with the Council's Treasury Management Strategy. The majority of the benchmarked group (15 out of 16) have reduced their ratios during the same period, with an average decrease for the nearest neighbours group of 25%. The Council is consistent with this overall trend, as councils reduce their exposure to long-term borrowing:



Key Indicators of Financial Performance

Schools balances to DSG allocation - Benchmarked

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.

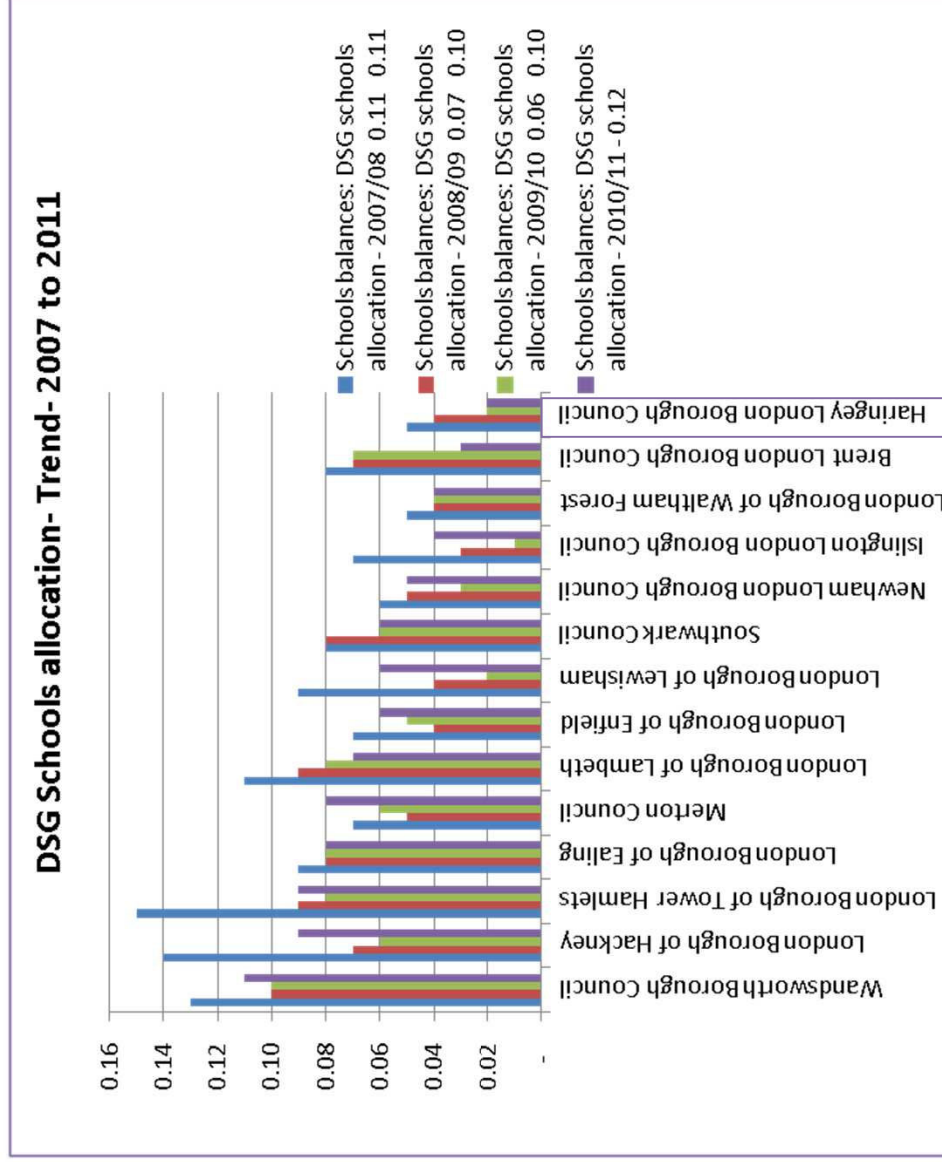
Findings

The Council's ratio has decreased by 60% from 2007-08 to 2010-11 with a steady year-on-year decrease over this period.

The majority of authorities have decreasing ratios from 2007-08 to 2010-11 with an average decrease of 32%. The Council has consistently remained one of the lowest ratios year-on-year, and has the lowest ratio of the benchmarked group for 2010-11. However, we note that the 2011-12 revenue outturn for schools has a net underspend of £2.475m, which has increased cumulative school balances to £5.1m as at 31 March 2012 based on returns received from schools

Internal Audit reviewed schools balances as part of their 2011-12 audit programme. 32 schools have been reviewed during 2010-11 and 2011-12. Very few schools were in balance, with the majority allocated surpluses or licenced deficits, with the latter becoming more prevalent. A minority of schools have significant balances.

Internal Audit are facilitating training for school governors, head teachers, and staff with financial responsibilities to ensure key financial processes are appropriately managed. A former head teacher with substantial financial experience has been engaged to work with schools on deficit recovery plans.



Source: Audit Commission's Technical Directory

Key Indicators of Financial Performance

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.

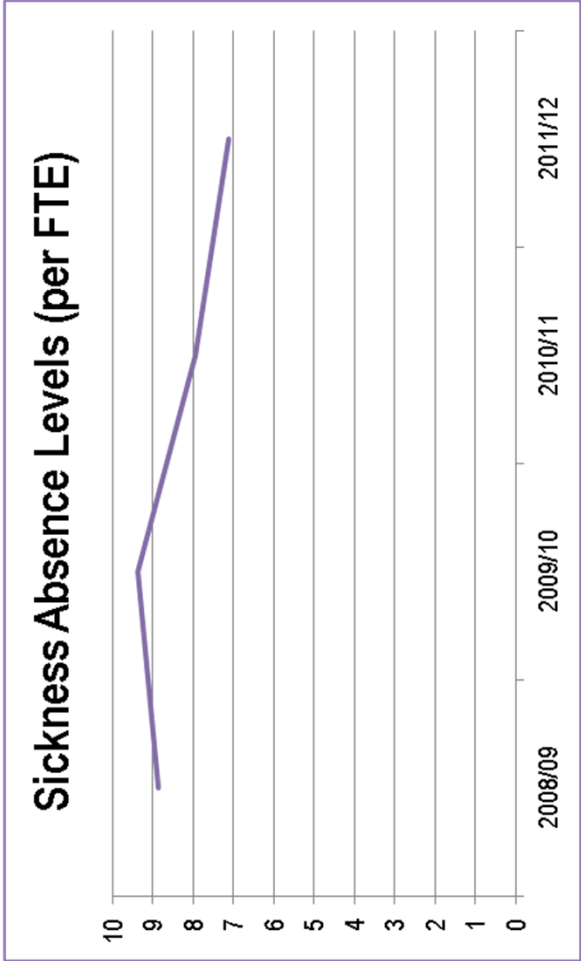
Costs that accrue from sickness absence relate to the hiring of agency staff to cover staff gaps, or from holding a larger workforce complement than is desirable. Absence also damages service levels either through staff shortage or lack of continuity. Reducing absenteeism saves money, improves productivity 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

The Council's sickness absence levels have fluctuated over the past four years, but there has been a decreasing trend over the last three years.

The Council's absence level during 2011-12 of 7.11 days per FTE represented a 10% reduction on the previous year. Given the significant organisational change that took place during 2011-12 this indicates that the management of sickness absence continues to retain an appropriate profile with senior management.

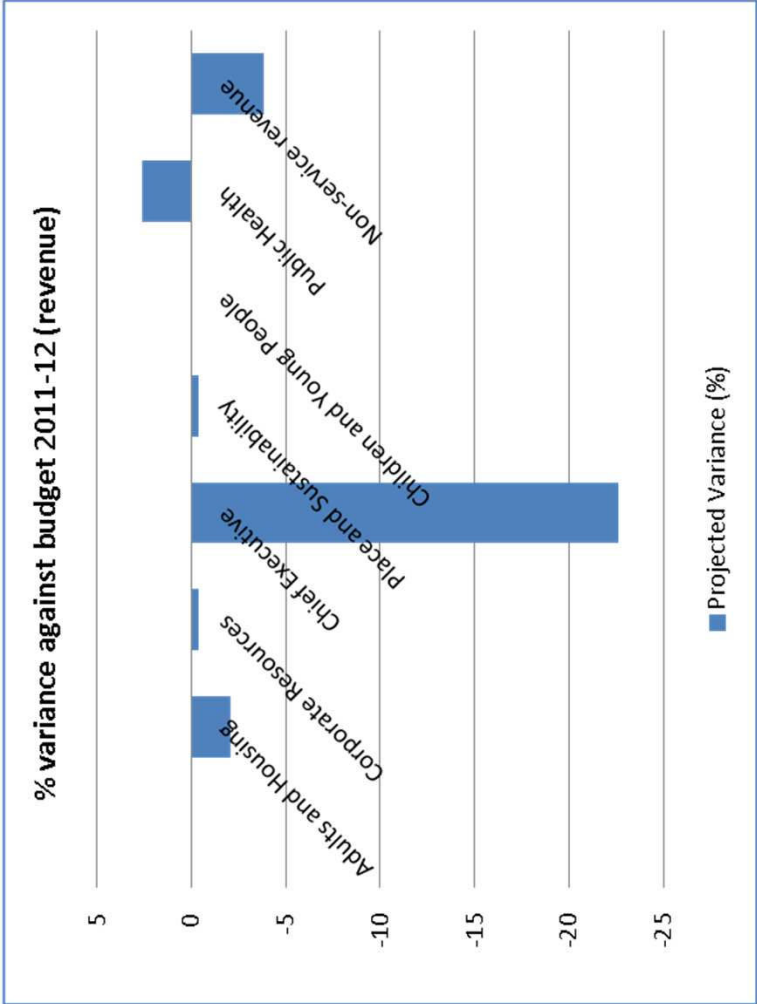
The Council has a well regarded workforce management database, outputs of which form part of the finance and performance monitoring reports.



Source: LB Haringey

Key Indicators of Financial Performance

Performance Against Budget: Revenue



Findings

The overall revenue outturn position is a forecast underspend of £3.7m. In cash terms, the directorate with the best performance is Adults and Housing, with a forecast underspend of £2.03m (2%). Non-service revenue, which largely consists of revenue budgets related to capital financing costs, levies and contingencies, is forecast to underspend by £1.2m (3.8%).

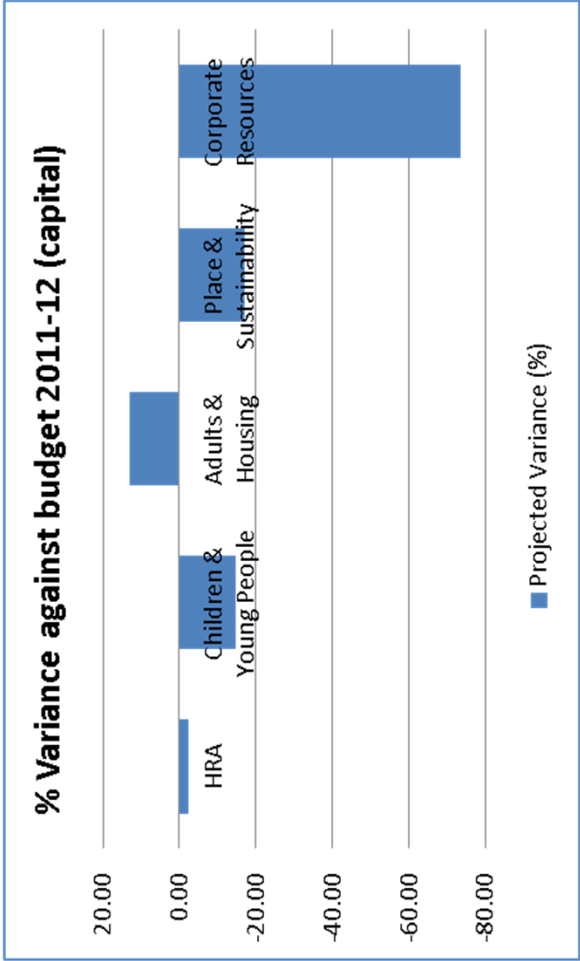
The Chief Executive's department is forecast to realise the largest underspend in percentage terms (22% or £0.2m).

The only forecast overspend related to Public Health, which was £24k (2.6%).

Source: Financial Outturn 2011-12 Report to Cabinet, June 2012

Key Indicators of Financial Performance

Performance Against Budget: Capital Programme



Source: Financial Outturn 2011-12 Report to Cabinet, June 2012

Findings

There was a forecast underspend on the overall programme of £13.5m (13.7%).

The main contributors, in percentage terms, are Corporate Resources (73% of planned spend in year or £4.9m), Place and Sustainability Services(17% or £3.1m) and Children's (17% or £2.9m).

The variances substantially relate to:

- Corporate IT and infrastructure programmes of £4.5m, due to slippage in 2011-12;
- the BSF Schools Capital Programme of £3.3m, based on anticipated underspends and some carried forward expenditure;
- Accommodation strategy of £1m, due to slippage in 2011-12; and
- Re-provision of household waste recycling centre of £900k which is now expected to be undertaken by the North London Waste Authority.

Adults and Housing Services is forecast to overspend by £514k (12.9%).



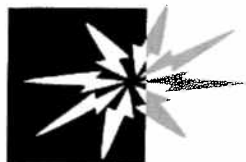
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Haringey Council

Report for:	Corporate Committee 28 June 2012	Item number	
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Title:	Annual Internal Audit Report and Assurance Statement 2011/12
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Report authorised by :	Assistant Chief Executive <i>Stuart R</i>
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Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk
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Ward(s) affected: ALL	Report for: Information
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1. Describe the issue under consideration

1.1 To inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2011/12 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

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

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations

3.1 That the Corporate Committee notes the content of the Head of Audit's annual audit report and assurance statement for 2011/12.



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4. Other options considered

4.1 Not applicable.

5. Background information

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

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

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

5.3 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Haringey Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

5.4 The CIPFA Code of Practice for Internal Audit states that the internal control environment comprises three key areas: internal control; corporate governance; and risk management processes. The opinion on the effectiveness of the internal control environment is based on an assessment of these key areas.



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5.5 The Accounts and Audit (Amendment) (England) Regulations 2011 require that 'the relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include an annual governance statement, prepared in accordance with proper practices, with any statement of accounts it is obliged to publish.'

5.6 As part of the 2011 Regulations, the Council is required to review, at least annually, the effectiveness of its system of internal control. The review of effectiveness of the system of internal control is informed by the work of internal audit and the Council's senior managers who have responsibility for the development and maintenance of the internal control environment. The review of effectiveness is also informed by comments made by the Council's external auditors in their annual letter and other review agencies and inspectorates in their reports.

6. Comments of the Chief Financial Officer and Financial Implications

6.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche in 2011/12 is part of the five year contract which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007.

6.2 The in-house Corporate Anti-Fraud Team and HB Fraud Investigation Team undertake investigations into financial irregularities and reactive and pro-active counter-fraud work. The costs of the teams and the Deloitte and Touche contract, along with all other costs to provide an internal audit service, are contained and managed within the Audit and Risk Management revenue budget.

7. Legal Implications

7.1 The Head of Legal Services has been consulted in the preparation of this report, and in noting that the internal audit work detailed in the report complies with industry best practice and legislation, advises that there are no direct legal implications arising out of the report.

8. Equalities and Community Cohesion Comments

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

9. Head of Procurement Comments

9.1 Not applicable.



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10. Policy Implications

- 10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, reducing the opportunity for fraud to take place in the first place, and taking appropriate action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

11. Use of Appendices

- 11.1 Appendix A – Internal Audit Summary of Work 2011/12

12. Basis of Assurance

- 12.1 The Head of Audit and Risk Management's opinion is derived from work completed during 2011/12 as part of the agreed annual audit plan, and any investigations into breaches of financial irregularity. Where relevant, any assessment of the Council's corporate governance arrangements and risk management processes are also taken into account.
- 12.2 The internal audit plan for 2011/12 was developed to provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. The plan was designed to ensure adequate coverage over the year of the Council's accounting and operational systems.
- 12.3 Internal audit work has been conducted in accordance with mandatory standards and good practice contained within the CIPFA Code of Practice for Internal Audit and additionally from internal audit's own quality assurance systems.
- 12.4 The opinion is limited to the work carried out by Internal Audit based on the annual internal audit plan. Wherever possible, the work of other assurance providers, including external audit, has been taken into account.

13. Overall Audit Opinion 2011/12

- 13.1 The Internal Audit work, using a risk based approach, included reviews of those systems, projects, and establishments sufficient to discharge the Chief Financial Officer's responsibilities under s151 of the Local Government Act 1972; the 2006 CIPFA Code of Practice for Internal Audit and the 2011 Accounts and Audit (Amendment) (England) Regulations. The opinion is based on the work undertaken. Work was planned and performed in order to obtain the information necessary to provide sufficient



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evidence to give reasonable assurance of the internal control systems tested.

13.2 Based upon the work of Internal Audit and other sources of assurance outlined in this report, the Head of Audit and Risk Management can provide an opinion that the system of internal control in operation during the year to 31 March 2012 accords with proper practice and is fundamentally sound. The opinion relates only to the systems and areas reviewed during the year and any details of significant control issues identified are included in the report.

14. Assurance from the work of Internal Audit

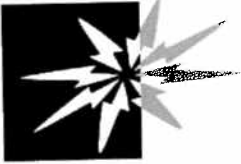
14.1 During 2011/12, Internal Audit undertook 60 planned system reviews and 22 school and visits, using a risk based approach, plus an additional 11 reviews at the request of managers. The outcome of the reviews indicated that generally the overall adequacy and effectiveness of the system of internal control is satisfactory. Seven of the system reviews and ten of the schools received a 'limited' assurance rating, with the remaining reviews which were completed receiving 'substantial' assurance ratings. Eleven out of twelve key financial systems were assessed as having substantial assurance ratings, with one receiving an indicative rating of 'limited' assurance.

14.2 Internal Audit were satisfied with management responses in those areas which had received a 'limited' assurance rating. In addition, detailed monitoring was undertaken during 2011/12 on all Priority 1 recommendations to ensure that appropriate action was undertaken to address the risks identified during the course of the original audit. As at the 31 March 2012, only one Priority 1 recommendation remained as 'partly implemented' but Internal Audit were satisfied with the alternative controls put in place to mitigate the risks while a permanent solution is implemented. The Corporate Committee monitored the implementation of all recommendations during 2011/12 and were satisfied with the responses from management on this area of follow up work.

14.3 A detailed report on the work of Internal Audit in 2011/12 is attached at Appendix A to this report.

15. Assurance on Corporate Governance arrangements

15.1 The Council's corporate governance arrangements provide direction and control of its functions, and how the Council relates to the local community. These arrangements are underpinned by the Council's Local Code of Corporate Governance which has been developed to comply with the CIPFA/SOLACE recommended framework and guidance on corporate



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governance. The Council's Local Code of Corporate Governance, which codifies the Council's governance arrangements, was approved by Full Council in July 2008. The arrangements which support the Local Code of Corporate Governance have been in place and operating effectively for a number of years. During 2011/12, preparation for the implementation of the Localism Act started and arrangements will continue during 2012/13.

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

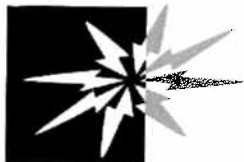
15.3 The annual assurance report should draw attention to any issues that the Head of Audit and Risk Management considers particularly relevant to the preparation of the council's Annual Governance Statement (AGS). CIPFA guidance dictates the form and basic content of the AGS and its approval and publication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

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

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

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

15.6 Corporate governance is effective in most areas across the Council. The main areas for action included within the 2010/11 AGS were addressed during the year, with additional work planned for 2012/13 to continue to improve governance arrangements. No significant governance issues were included in the draft 2011/12 AGS, although the Council has identified a number of key areas for continuing action during 2012/13 where preparation and planning had started during 2011/12.



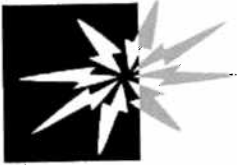
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16. Assurance on Risk Management Activities

- 16.1 During 2011/12, the Council's corporate risk management strategy was reviewed and updated to reflect the progress made to date in embedding risk management. The updated risk management policy and strategy was approved by the Corporate Committee on 21 July 2011. The Council's risk management strategy draws together all key areas into a cohesive framework to ensure that the Council manages its risks in the most appropriate way. The Council's Risk and Emergency Planning Steering Group reviews the Council's implementation of the risk management strategy and in 2011/12 the Council responded effectively to specific issues including the riots of August 2011.
- 16.2 Regular reports to the Chief Executive's Management Board and the Corporate Committee during 2011/12 by Internal Audit provided updates on the management of key business risks, including a review of the corporate risk register. Risk registers and the processes to keep these updated are fully embedded at business unit, departmental and corporate levels, using the Covalent electronic system to manage, review and report risk registers.
- 16.3 Risk management is contained within all the key business and project management processes of the Council. This ensures that any resource implications are considered at the planning stage. The Council's project management framework has risk identification and management as one of its core objectives, therefore allowing any key risks to the success of the project to be appropriately managed from the beginning of the project.

17. Assurance from External Inspections

- 17.1 The CIPFA guidance states that in practice councils are likely to take assurance from the work of Internal Audit when discharging their responsibility for maintaining and reviewing the system of internal control and that external audit and other review agencies and inspectorates are also potential sources of assurance. In formulating the overall opinion on internal control, the Head of Audit and Risk Management took into account the work undertaken by external inspectors.
- 17.2 The Annual Audit and Inspection letter issued by the Council's external auditors, Grant Thornton, for the year 2010/11 was reported to the Corporate Committee on 23 January 2012. The letter reported that the Council had received an unqualified opinion on its accounts which gave a true and fair view of the Council's affairs as at 31 March 2011. Grant Thornton also issued their annual Value for Money conclusion which confirmed that the Council made proper arrangements to secure economy



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efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

17.3 Grant Thornton also commented that the Council had appropriate arrangements in place for securing financial resilience over the medium term and effective arrangements to ensure future savings requirements were delivered. Grant Thornton highlighted some areas where the Council should continue to focus on, namely:

- The monitoring of its Medium Term Financial Plan delivery;
- Planning for future changes to financial reporting;
- Working closely with Alexandra Park & Palace to ensure accounts closedown timetables are aligned;
- Managing changes brought about by Localism Act, distribution of business rates, localisation of Council Tax benefits, and changes to the funding of the Housing Revenue Account; and
- Assessing the impact of the Olympics on the borough.

17.4 During 2011/12, the Corporate Committee also reviewed progress against the agreed action plan following the external audit review of the Council's arrangements for the personalisation of adult social care. No significant issues were reported.

18. Assurance on the Effectiveness of Internal Audit

18.1 In May 2011, a peer review of the effectiveness of the Council's internal audit arrangements was completed by the London Borough of Camden. The review used the CIPFA Code of Practice, and the council's compliance with the standards required of it, as its basis. The review concluded that Haringey had complied with the Code of Practice and that Internal Audit arrangements were effective. No recommendations were made. The Head of Audit monitors compliance with the Code of Practice on an ongoing basis to ensure the Council's arrangements for internal audit are in accordance with recommended practice.

19. Qualifications to the Head of Audit Opinion

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

Annual Report on Internal Audit Activity 2011/12

1. Summary of Internal Audit work

1.1 Internal Audit services for Haringey Council, excluding the investigation of allegations of fraud and corruption, are provided by Deloitte & Touche. A full report is issued for every planned project in the annual audit plan. The report provides an overall audit opinion according to the seriousness of the findings. In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification given was that applying at the completion of the audit work. In each case, recommendations are agreed with the client for the work and an action plan completed, showing responsible officer and timescales to address the weaknesses identified.

1.2 The recommendations made should be sufficient to address all the control weaknesses identified. As long as the recommendations have been implemented as agreed in the action plan, the risks presented should be addressed, and the residual risk would fall. A definition of the overall classification is shown in Table 1 below:

Table 1

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

1.3 For 2011/12, 86 projects including schools and social services establishment visits, formed the annual audit plan which was approved by the Audit Committee on 19 April 2011. Resources to complete follow up work are also included in the annual audit plan. The results of the follow up reviews were reported separately to the Corporate Committee throughout 2011/12, although no individual reports were issued for the majority of this work.

1.4 In addition, requests for additional audit work were made during 2011/12 and a further 11 projects were completed. Including follow up work completed and resources to support work which did not result in a formal report, Deloitte delivered 84% of the planned audit programme by 31 March 2012, which is lower than the contract specification and the agreed local performance indicators which specify a 95% completion rate. However, the completion rate had risen to 94% by 30 April 2012.

- 1.5 One project (15 days) was deferred until April 2012 and three school audits (15 days) were cancelled following their conversion to academy status during 2011/12 and prior to the audit visit taking place. A summary of the outputs of the remaining project work completed by 31 March 2012 against the planned work is shown at Table 2 below. Of the 93 projects comprising the final audit programme of work for 2011/12, 80 had been completed to draft or final report stage by 31 March (86%). Thirteen projects were in progress as at 31 March and no draft reports had been issued for these by the year end.

Table 2 – Planned project work vs. completion rates at 31 March 2012

	Number of projects planned	Number of final reports issued	Number of draft reports issued	Work in Progress	% draft/ final complete
Key systems	12	8	1	3	75%
Other systems	48	35	3	10	79%
Schools	22	19	3	0	100%
Additional projects	11	11	0	0	100%
Total	93	73	7	13	86%

- 1.6 Internal Audit performs reviews of the Council's key financial systems on an annual basis. This work is completed in agreement with Grant Thornton, the Council's external auditors as part of the managed audit approach to ensure that audit resources are used effectively and duplication of work between internal and external audit is minimised.
- 1.7 The assurance levels provided for the key systems work in 2011/12 is shown in Table 3 below. For comparison purposes, the assurance levels for 2009/10 and 2010/11 are also included. Where the final report had not been issued by 31 March 2012, the indicative assurance level has been included in the table below for information.

Table 3 – key systems assurance ratings

Assurance level	2009/10	2010/11	2011/12
Full	1	2	0
Substantial	11	10	11
Limited	0	0	1
Nil	0	0	0
Total	12	12	12

- 1.8 All audit work is followed up to ensure the agreed recommendations have been implemented. The results of the follow up programme are reported separately to managers and members. The timing and nature of each follow up depends on the risk assessment of the area at the end of the original audit project.
- 1.9 There are no national or Best Value performance indicators for internal audit work. However, local performance indicators are reported to the Corporate

Committee on a quarterly basis. These are in line with current best practice targets across the public sector. Performance of the whole service for 2011/12 is shown in Table 4 below.

- 1.10 Internal Audit issues questionnaires on the completion of all key systems and general systems work in order to obtain feedback from the identified client. The average satisfaction rating from the customer evaluation questionnaires received during 2011/12 was 3.6, on a scale where 1 is low and 5 is high.

Table 4 – Local performance measures

Performance Indicator	Actual	Target
Audit work – Days Completed vs. Planned programme	84%	95%
Priority 1 recommendations implemented at follow up	93%	95%
Benefit fraud cases completed and accepted for prosecution	45	50
Benefit overpayments recovered (including POCA and confiscation awards)	£265.8k	£250k

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

2. In-house team – fraud and irregularities

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

- 2.2 During 2011/12, 22 investigations were undertaken involving Council employees. The allegations covered a number of issues including fraudulent overtime claims, working whilst off sick and council tax fraud. Table 5 below summarises the investigations completed by department. For comparison purposes, figures for 2009/10 and 2010/11 are included. The table below excludes investigations completed for Homes for Haringey. The 22 cases investigated were concluded within the 2011/12 financial year.

Table 5 – Investigations by department

Department	Investigations 2009/10	Investigations 2010/11	Investigations 2011/12
Chief Executive – P&OD	3	1	1
Corporate Resources	4	5	3
Children and Young People's Service	6	7	11
Adults & Housing Services	6	4	3
Place & Sustainability	5	3	4
Total	24	20	22

- 2.3 The Council's anti-fraud and corruption arrangements are robust, with a clear strategy and detailed fraud response plan in place. Regular reminders regarding expected standards of behaviour and how to report suspected fraud are provided via staff and other newsletters and the Council's intranet and website. All referrals are investigated and the investigation team is adequately resourced and trained. Investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts, which are supported by agreed internal procedure manuals.
- 2.4 Operational arrangements are supported by Codes of Conduct, the Employees Disciplinary Code and the Whistle-blowing Policy, which was reviewed and updated in 2008/09. All of these are available via the Council's intranet and website. In addition, the Council has a dedicated email address and telephone number, which is advertised on the Council website. Members of the public can report instances of suspected fraud or irregularity, which can be done anonymously if required. Regular articles are included in the Council's staff and corporate newsletters reminding everyone of the Council's expected standards of behaviour and how to report any concerns regarding fraud and corruption.
- 2.5 During 2011/12, a corporate anti-fraud resource was created within Audit and Risk Management to expand the work of the in-house team and enable additional counter-fraud work to take place. During 2011/12, the team focused on investigating tenancy fraud, with a project, which started in October 2011. Fraud awareness and training sessions were run with Council and Homes for Haringey staff and the Council's key Registered Providers were engaged to improve cross-sector working. Referral processes for suspected tenancy fraud were put in place and the corporate team received 108 referrals during 2011/12.
- 2.6 As a result of the referrals received in 2011/12, 11 Haringey properties, including two fraudulent tenancy succession applications, have been recovered and the keys returned, so the tenancies can be allocated to tenants in accordance with the Council's lettings policy. In addition, two Registered Providers' properties were also recovered. Advice on succession applications has been given in four cases and recommendations for further action have been made by the Corporate Anti-Fraud Team to the Tenancy Management Teams in nine further cases.
- 2.7 Investigations in 54 cases will be continued in 2012/13. No further action was taken in 28 cases which were referred to the team in 2011/12. Feedback on the outcomes of cases is provided on a regular basis to Council and Homes for Haringey staff to show the positive outcomes resulting from their referrals.

3. Housing Benefit Counter-fraud Work

- 3.1 In total, during 2011/12, the Housing Benefit Fraud Investigation Team completed 45 prosecution cases, compared to 21 in 2010/11. In 2011/12, 33 cases were heard in court and all decisions made in favour of the Council. Of

the twelve cases outstanding, five have court dates already booked for 2012/13, one is awaiting a court date, four have outstanding Bench Warrants, and two cases are awaiting information from other agencies.

- 3.2 In 2010/11, the 45 prosecution cases identified a total of £783.4k in overpaid and fraudulent benefits, of which £265.8k (34%) has already been recovered and repayment plans are in place for the remaining amounts. The Housing Benefit Fraud Investigation Team secured a successful Proceeds of Crime recovery for one case (£39k in total, £4k Proceeds of Crime Act recovery). The team will be working with all Council departments and Legal Services to ensure that all options for recovery are considered when fraud has been proven.



Haringey Council

Report for:	Corporate Committee 28 June 2012	Item number	
Title:	Annual Governance Statement 2011/12		
Report authorised by :	Assistant Chief Executive <i>Stuart</i>		
Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk		
Ward(s) affected: ALL		Report for: Non-Key Decision	

1. Describe the issue under consideration

1.1 To inform the Corporate Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to the 2011/12 financial year for review and approval.

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

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations

3.1 That the Corporate Committee review and approve the draft AGS for 2011/12.

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



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4. Other options considered

4.1 Not applicable.

5. Background information

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

5.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit (amendment) (England) Regulations 2011. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

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

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

6. Analysis

6.1 In order to comply with the statutory reporting deadlines, the AGS for 2011/12 has to be approved prior to 30 June 2012. The Leader and Chief Executive will need to obtain sufficient assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.

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

6.3 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. Initial discussions with the Council's external auditors, Grant Thornton, have not identified any further issues that they would expect to be included in the draft AGS at this stage. However, any significant governance or internal control issues which arise as a result of the final accounts audit can be included in the AGS and re-



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submitted for officer and member consideration and approval before the closure of the statutory audit period on 30th September 2012.

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

7. Comments of the Chief Financial Officer and Financial Implications

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

- 7.2 The Chief Financial Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the 2011 Accounts and Audit Regulations.

8. Legal Implications

- 8.1 The Head of Legal Services has been consulted in the preparation of this report, and in noting that the Statement complies with industry best practice and legislation, combined with the external challenge provided by Grant Thornton, advises that there are no direct legal implications arising out of the report.

9. Equalities and Community Cohesion Comments

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

10. Head of Procurement Comments

- 10.1 Not applicable.

11. Policy Implications

- 11.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

12. Use of Appendices

- 12.1 Appendix A – Draft Annual Governance Statement 2011/12.

Annual Governance Statement 2011/12

1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey Council's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains how Haringey has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2011, in relation to the publication of an Annual Governance Statement.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Haringey for the year ended 31st March 2012 and up to the date of the approval of the annual report and accounts.

3. The governance framework

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

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

The Council's Rethinking Haringey: One Borough, One Future paper, published in January 2011, set out our commitment to promoting equality, tackling disadvantage and improving the life chances of residents, especially those who are the most vulnerable.

This Council Plan adopts the vision set out below and explains how it will be achieved:

Vision:

'One Borough, One Future:
Reducing inequalities - ambition for the better society'

The priorities set out in the Council Plan are in line with elected Member ambitions for the borough. The Plan will receive endorsement from Cabinet in June 2012 and full Council in July.

The Council Plan for 2012–2014 will be published on the Council's website and will be monitored and reported using the corporate performance framework. The Council Plan is updated on an annual basis and the Council's objectives are informed by what residents and service users say and their views are captured in our residents' survey.

During August 2011, serious public disorder took place in various locations in the borough. The Council responded immediately to assist those residents and businesses who had suffered losses and engaged with a wide variety of community groups and stakeholders to provide ongoing advice and assistance. Subsequently, the Council has begun a programme of regeneration which has undergone consultation with a wide number of residents, businesses, and other stakeholders. The 'I love Tottenham' campaign and wider regeneration programme has been communicated across the authority to set out the intended outcomes for the area.

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

During 2010/11 and 2011/12 the Council has transformed its approach to delivering services, adapting them to meet the changing needs of residents, targeted to those who need them most. In tackling the dramatic budget reductions, the Council has responded to the challenge by adopting the vision 'one borough one future: reducing inequalities – working for a better society'.

The vision is underpinned by five priorities:

1. Work with local businesses to create jobs
2. Deliver regeneration to key areas of the borough
3. Tackle the housing challenges
4. Improve school standards and outcomes for young people
5. Deliver responsive, high quality services to residents

Consultation with residents undertaken between November 2011 and January 2012 showed that two thirds agreed with the priorities, with over 80% in support of our plans to grow local jobs by working with local businesses, improve outcomes for young people and cultivate a culture of excellence. These priorities will form our major programmes of work for the period 2012-14.

All the Council's business and financial planning documents reflect its vision and objectives. Delivery of these is through an annual business and financial process, which was subject to full consultation and review by the Council's Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council during 2011/12.

The Council's Medium Term Financial Plan (MTFP) 2011-2014 sets out the three year budget for the Council and contains plans for achieving the required budget reductions resulting from the funding shortfall in this year's financial settlement for Haringey. The MTFP is reviewed and updated on an annual basis to provide a rolling three year planning period.

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

In facing up to the current financial challenges Haringey Council continues to strive for the improved well-being of local people. To achieve this we are targeting the use of resources and exploring ways of delivering better services for less money within a framework of delivering value for money and efficiency across all services. The Council is transforming service delivery and making changes quickly, whilst ensuring that its resources achieve the best outcomes. An outcomes based performance management framework was put in place for 2011/12 which sets out how the Council will move from a top down approach, focusing on inputs and outputs, to an outcomes focused performance, based on the vision of the Council and the delivery of its priorities.

The Cabinet received regular reports during 2011/12 highlighting key financial and performance management information and allows them to effectively monitor compliance with all key policies and Council objectives. Cabinet agendas, reports and minutes are all available on the Council's website. An independent tracker survey of a representative sample of residents and service users will be completed quarterly and reported to senior officers and members to ensure appropriate action can be taken in specific areas.

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

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

The Constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. The Council's scheme of delegation is contained within the Constitution and is reviewed and communicated on a regular basis to all appropriate officers and members. The Council's website also has an 'Our Standards' page which sets out the expectations and standards required of both officers and members.

The Council's scheme of delegation to officers has been fully reviewed to take into account the restructure as a result of Re-Thinking Haringey. A Governance Review in 2010/11 resulted in the consolidation of nine non-executive committees into five, approved at Full Council on 23 May 2011. The cross-party Delivery Group met during 2011/12 to evaluate the outcomes of the 2010/11 Governance Review. A consultation exercise, the 'Governance Review Evaluation', was held for four weeks during February and March 2012 to obtain the views of residents, councillors, Council officers and key stakeholders. The recommendations of the evaluation review and feedback from the consultation exercise has subsequently been provided to Full Council in May 2012. This included consideration of a revised Standards Committee to take effect from 1 July 2012 in accordance with the Localism Act 2011. Recommendations from the evaluation of the governance review are also likely to include changes to the frequency of the Corporate Committee meetings and increased training for committee members.

The Delivery Group also requested a scoping study be undertaken of Committees and Council Bodies that were not originally considered as part of the Governance Review, including committees of the Cabinet. This study was to ensure Committees are operating effectively and not duplicating work. The recommendations of the Delivery Group in relation to these have also been provided to Full Council in May 2012.

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

Haringey has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. Members are provided with regular briefings on the code of conduct as part of the established induction and training programme. The Council's Monitoring Officer submitted a revised draft code of conduct and complaints procedure to the Council's Standards Committee to Full Council for approval in May 2012 to enable the new provisions to be implemented immediately upon the implementation of the new ethical framework anticipated for 1 July 2012. Any necessary revisions arising as a result of imminent Regulations will be submitted to Full Council in July 2012. Whilst there is no obligation to have a Standards Committee, in the interests of transparency, the Council will recommend a proposal to continue with a stand-alone committee.

The Council's officer code of conduct has been reviewed and updated on a regular basis and is published on the Council's intranet site. All new members of staff receive training, including the code of conduct, as part of their induction processes. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas and these continued in 2011/12, with articles in Team Brief and Smart Talk.

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

The Constitution Review Working Group is an established member group which meets on a regular basis to monitor, review and update the Council's Constitution and associated governance arrangements, based on a rolling work programme and taking into account any new legislative and statutory requirements. The Council's Statutory Officers meet on a regular basis and review key areas of governance. The implementation of the new Localism Act 2011 and Health and Social Care Act 2012 will require the Council to review governance arrangements. During 2012/13, the Delivery Group and the Constitution Review Working Group will continue to monitor the governance arrangements within the Council to ensure the requirements of the Acts are appropriately implemented to deal with new powers including neighbourhood planning and community empowerment.

The Council's corporate risk management steering group met on a quarterly basis during 2011/12, chaired by a member of the Chief Executive's Management Board, and is comprised of senior officer representatives from each directorate. In addition to ensuring that the Council complies with the risk management strategy, the steering group takes responsibility for managing the Council's response to specific incidents and events.

Haringey has a corporate Risk Management Policy and Strategy which is reviewed and updated, where appropriate, on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including business planning and project management processes. The Council has a corporate risk register and all departments and business units have risk registers in place. The corporate risk register is reviewed on a regular basis by the Chief Executive's Management Board and the Corporate Committee and updated as a result of feedback received. Regular reports were provided to both the Chief Executive's Management Board and the Corporate Committee during 2011/12 detailing compliance with the corporate policy and strategy.

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

In 2009/10, CIPFA produced a statement on the role of the Chief Financial Officer (CFO) in local government. The Council's CFO is a member of the Chief Executive's Management Board, as required by the CIPFA statement, and fulfils all the requirements of the statement in ensuring that appropriate financial, management, reporting, monitoring and governance arrangements are in place. No governance issues with the requirements of this statement were identified in 2011/12.

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

The functions of an audit committee, as recommended in CIPFA and the Institute of Public Finance guidance, are contained within the remit of the Council's Corporate Committee that was formed in 2011/12. The Corporate Committee received regular reports from internal and external audit and reviewed risk management and governance arrangements during its meetings in 2011/12.

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

The Council's Constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution. The Constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers. Regular internal and external audit reviews check compliance with Financial and Contract Procedure Rules across the Council and the outcomes of these were reported to the Corporate Committee quarterly during 2011/12.

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

During 2011/12, the Council updated its Equal Opportunities Policy, developed corporate equality objectives and revised the equalities impact assessment (EqIA) templates and process to reflect the changes in the legislation set out in the Equality Act 2010. An internal audit completed in December 2011 provided assurance that the processes for conducting EqIAs in Haringey were effective and complied with relevant local and statutory requirements. During the year which saw significant budget reductions, 126 EqIAs were completed, none of which resulted in challenges to Council decisions.

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

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and Whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council also has a free-phone telephone number and email reporting facilities which are contained on the external website. These are monitored and managed by Internal Audit and all referrals are subject to review and investigation where sufficient details are provided. The Corporate Committee received quarterly reports during 2011/12 on the use and outcomes of the confidential reporting and Whistle-blowing facilities. Fraud and corruption policies and procedures are contained within the Employee Handbook, the Council's intranet and website and regular staff newsletter items were published during 2011/12 which explained how and where to report suspected fraud.

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

In January 2012, the Information Commissioner's Office (ICO) undertook a consensual audit of the Council's processing of personal data. The ICO found that "the Council's arrangements for data protection compliance with regard to governance and controls provide a reasonable assurance that processes and procedures are in place and being adhered to." ICO

Inspection results are graded in four levels; a score of 'reasonable assurance' represents the second highest rating available.

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

The Council provides a programme of training for members, and all members have access to the Council's corporate training and development programme. Members who sit on the Corporate and Regulatory Committees were offered training in 2011/12 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury which were provided by officers during 2011/12.

All permanent staff within the Council receive an annual performance review and appraisal, which is linked to the Council's management standards and competency framework, and results in individual work targets and development plans. During 2011/12, the Council revised their framework for performance review, updated performance appraisal forms and set out a competency framework for managers' behaviour. During 2011/12, the Council provided a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements, as well as a series of senior manager seminars. The Chief Executive also undertook a series of 'face to face' meetings with staff from all departments during 2011/12 to discuss and receive feedback on the 'Rethinking Haringey' programme.

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

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

As part of its budget consultation process, the Council informed, consulted and engaged residents and businesses from November 2011 to January 2012. The consultation was undertaken using both an online and paper questionnaire which included factual information about the Council's budget and its services. In addition, ten public meetings were held where residents were able to put questions and make comments on the Council's budget to the Cabinet Member, effectively influencing the budget process.

Local Area Committees have been operating during 2011/12. These have specific responsibilities and consultative powers and are a vital part of local democratic engagement under the new arrangements.

In 2011/12, the Council commissioned an independent review of partnership arrangements, which recommended a more streamlined approach to

partnership working. In response to these recommendations the partnership arrangements in Haringey were simplified with a reduction in the number of partnership bodies. A Joint Leadership Group (JLG) has been established where core partners (the Council's Cabinet and Chief Executive's Management Board, the Police, health service and Jobcentre Plus) meet every six to eight weeks. The JLG provides the opportunity for collective discussion between the Council's political and managerial leadership and core statutory agencies of the key issues facing the borough. The only standing partnership bodies from the previous strategic partnership are the shadow Health and Wellbeing Board and the Community Safety Board with the addition of a Social Inclusion and Worklessness Group.

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

The Council implemented a governance framework for its significant partnerships, based on the Audit Commission's definition, in 2009/10 which specifies the minimum governance requirements each partnership must have and how the Council monitors and reviews its involvement with each partnership. In July 2011, the Council published the Voluntary Sector Strategy 2011-2016 setting out how it will work in partnership with voluntary sector organisations.

The Council has continued to work with Alexandra Palace and Park (APP) to ensure that corporate governance arrangements and internal controls were adequate and this was continued during 2011/12. No significant governance or control issues were identified by APP's independently appointed internal auditors during 2011/12.

4. Review of effectiveness

- 4.1 Haringey has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self assessments by each director and assistant chief executive, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and also by comments made by the Council's external auditors and other review agencies and inspectorates.
- 4.2 The Corporate Committee approves the annual internal audit plan, receives quarterly reports on internal audit work completed, reviews the corporate risk management strategy and risk register and, during 2011/12, has also reviewed reports from external assessments and actions taken by management to address any recommendations made.
- 4.3 Children's safeguarding services in Haringey have received positive feedback from inspectors, as part of a comprehensive assessment of all services

provided for local children by the Council. The annual assessment of Haringey's children's services by OFSTED highlighted 'good progress' in child protection following both unannounced and announced inspections in 2011. Overall, inspectors found the majority of services for children 'good or better'. OFSTED judged services for children overall to be adequate and the capacity for improvement in both safeguarding and looked after children's services to be good. In March 2012 the Parliamentary Under-Secretary of State for Children and Young Families, formally announced that the Council were out of intervention. In addition the Children and Young People's Service is on track to reduce their budget deficit.

- 4.4 The Council's Risk Management Strategy, which draws together the various elements of risk management, including risk registers, health and safety, business continuity and emergency planning and project management, is reviewed on an annual basis and was approved by the Corporate Committee in July 2011. The key elements of the strategy are monitored by the Corporate Committee on the basis of reports received; and by officers as part of the Risk and Emergency Planning Steering Group's terms of reference. No significant issues or areas of non-compliance with the corporate policy were identified during 2011/12.
- 4.5 Directors have submitted a statement of assurance covering 2011/12 which is informed by work carried out by departmental managers, internal audit, external assessments and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. Key governance issues which have been identified and which remain outstanding have been incorporated into the action plan attached to this statement.
- 4.6 The Cabinet undertakes monthly reviews of financial performance and regular reviews of service performance, based on a range of key performance indicators and financial and budget management information. The Leader and Cabinet also review the delegated decisions and significant actions undertaken by Council officers, or urgent actions taken in consultation with Cabinet members, to ensure they comply with the scheme of delegation. Minutes of sub-bodies are also reviewed by Cabinet, including procurement decisions and actions. During 2011/12, the Council's 'Re-thinking Haringey' programme was implemented and, despite the substantial budget reductions, the Council continued to deliver key services to the borough's residents and achieve a balanced budget.
- 4.7 The Council's arrangements for dealing with allegations against member conduct have been reviewed as a result of the change in regime brought about by the Localism Act 2011, which will become effective on 1 July 2012. The Standards Board regime has been abolished and local authorities have been left to determine their own procedures for handling allegations that members have breached the Code of Conduct. The Council values the independence of the Committee, and given that legislation no longer provides for independent voting members, has retained the capacity for

independent members to be co-opted to the newly constituted Standards Committee, to act in an advisory capacity.

- 4.8 The CIPFA statement on the role of the Chief Financial Officer has been incorporated into the Council's overall governance arrangements. During 2011/12, the CFO fulfilled all the requirements set out within the CIPFA statement. No gaps in compliance were identified.
- 4.9 The Head of Audit and Risk Management provided an Annual Audit Report and opinion for 2011/12, which concluded that in most areas across the Council there are sound internal financial control systems and corporate governance arrangements in place and that risk management arrangements are satisfactory and compliant with best practice. Eleven out of the Council's twelve key financial systems received a 'substantial' assurance rating in 2011/12, with one receiving a 'limited' assurance rating. Seven of the 60 completed system reviews and 10 of the 22 schools audits completed received a 'limited' assurance rating, with the remaining reviews completed receiving 'substantial' assurance ratings. The follow up programme concluded that all but one high priority recommendation had been implemented, with one in the process of being implemented and with appropriate interim controls in place to manage the risk.
- 4.10 The Council responded effectively to the serious disturbances in August 2011. The Council's Emergency Plan was enacted and the Council's emergency control centre was set up and liaised effectively with internal departments and external organisations to ensure appropriate actions were taken to address issues as they arose and ensure effective communication to the Chief Executive's Management Board and local residents, businesses and other stakeholders. The Council's Community Assistance Centre was established and fully operational within 48 hours and provided humanitarian and financial assistance and advice to residents and businesses. The support functions were effectively transferred to operational departments when the emergency plan and Community Assistance Centre were decommissioned.
- 4.11 The Leader of the Council and the Chief Executive have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.

5. Significant governance issues

- 5.1 In 2009/10, a number of actions were reported in the AGS to deal with outstanding governance issues. Some of these have been incorporated into the body of the AGS as actions have been completed. No outstanding actions will need to be carried forward to 2012/13. The summary below highlights what the Council has done to address those issues during 2011/12:
- The 'Safeguarding and Looked After Children Plan' (previously the Joint Area Review), which was developed in response to the Joint Area Review

in 2008 was formally closed by the Towards Excellence Board in October 2011. The Board were satisfied that actions had been completed and significant progress had been made. As previously mentioned, the outcome of successful implementation of the Safeguarding and Looked After Children Plan has been the removal of government special measures and positive OFSTED inspection reports; and

- The Housing Improvement Board monitored implementation of the recommendations made by the Audit Commission review. There was a further inspection by Audit Commission's which judged the service as "providing a 'fair', one-star service that has excellent prospects for improvement."

5.2 During 2010/11, the Council identified two actions to deal with governance issues, some of which are detailed within the AGS as actions have been taken. The summary below highlights what the Council has done to address those issues during 2011/12:

- Council governance arrangements. An evaluation of the 2011 governance review was undertaken during 2011/12. The outcome of the evaluation review and its recommendations will be presented to Full Council in May 2012. The Council will continue to monitor governance arrangements during 2012/13 in response to new legislation requirements. Actions for this are detailed below; and
- Financial and information management arrangements. The Council has achieved a balanced budget for 2011/12 and has been independently assessed as having adequate information management and security arrangements. The Council will continue to monitor its financial management arrangements on an ongoing basis as part of its routine processes; no further actions are proposed for 2012/13.

5.3 No significant governance issues from 2011/12 are reported. However, the Council will be working in the coming year to ensure governance arrangements are in place and effective in a number of key areas, and these are set out in the action plan below. The action plan will be monitored during the year to ensure all actions are appropriately addressed.

Issue	Action	Responsibility	Due date
Implementation of the Localism Act 2011	Ensure that the requirements of the legislation are appropriately reviewed and implemented during 2012/13, with appropriate monitoring mechanisms in place to ensure that risks and relevant regulations are appropriately managed and addressed and relevant officers and members receive adequate training to enable them to carry out their responsibilities.	Chief Executive	In accordance with legislation requirements
Implementation of the Social Care Act 2012	Ensure that the requirements of the legislation are appropriately reviewed and implemented during 2012/13, with appropriate monitoring mechanisms in place to ensure that risks and relevant regulations are appropriately	Director of Public Health	March 2013

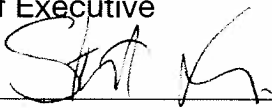
Issue	Action	Responsibility	Due date
	managed and addressed to enable the effective transfer of the Public Health function fully to the local authority.		
Evaluation of the Governance Review	Ensure that the recommendations of the Review Group are implemented following Full Council approval, with appropriate review mechanisms in place to ensure that the Council governance processes meet its objectives.	Assistant Chief Executive	March 2013
Regeneration Programme following the riots	Ensure that the Regeneration Programme following the 2011 riots has appropriate governance structures, reporting and authorisation processes, and financial and resource monitoring processes in place in order to deliver the agreed outcomes and objectives.	Director of Place and Sustainability	March 2013
Children and Young People's Service	Formalise and implement the statutory responsibilities for the Children's Trust with the Health and Wellbeing Board.	Director of Children and Young People's Service	March 2013
Shared Services arrangements	Agree the form of governance and ensure that there are effective operational arrangements in place between preferred partners.	Assistant Chief Executive	March 2013

Councillor Claire Kober
Leader of the Council

Kevin Crompton
Chief Executive



Haringey Council

Report for:	Corporate Committee 28 June 2012	Item number	
Title:	Corporate Risk Register		
Report authorised by :	Assistant Chief Executive 		
Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk		
Ward(s) affected: ALL		Report for: Non-Key Decision	

1. Describe the issue under consideration

1.1 In accordance with recommended best practice, a copy of the current corporate risk register is provided for review by Members. An update on the Corporate Risk Management Policy and Strategy is also provided.

1.2 The Corporate Committee is responsible for approving the Council's Risk Management Policy and Strategy as part of its Terms of Reference. In order to facilitate this, and provide information on its implementation across the Council, reports are provided to members on a regular basis.

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations

3.1 That the Corporate Committee reviews the current version of the Corporate risk register and provides comments as appropriate and notes the current position regarding the corporate Risk Management Policy and Strategy.

4. Other options considered

4.1 Not applicable.

5. Background information



Haringey Council

- 5.1 The 2005 CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities' recommends, as best practice, that an authority's audit committee consider the effectiveness of the Council's risk management arrangements. In addition, the Institute of Public Finance (IPF) toolkit, which provides a framework for assessing the effectiveness of audit committees, recommends that the committee should review the Council's corporate risk register on an annual basis. The responsibilities of the audit committee are contained within the Council's Corporate Committee.
- 5.2 In order to comply with CIPFA and IPF best practice recommendations, risk management is included within the Corporate Committee's terms of reference. In order to demonstrate that the terms of reference are fulfilled, the Council's Risk Management strategy and policy is reviewed on an annual basis to ensure that it reflects current operational requirements and best practice. The corporate risk register is also presented for review by Members on an annual basis.
- 5.3 The risk management policy was last reviewed and approved by the Corporate Committee at its meeting on 21 July 2011. At the same meeting, the corporate risk register was presented for review.

6. Risk Registers

- 6.1 The Council uses an electronic system (Covalent) to record the risks faced by business units, departments and at a corporate level in a consistent manner. The output from Covalent is in the form of risk registers for business units, directorates and at the corporate level.
- 6.2 Covalent automatically sends email reminders to the business unit representatives when updates are due and the system provides an audit trail to allow for monitoring and follow up by Internal Audit. Internal Audit also include resources (as part of the annual internal audit plan) to review and test the effectiveness of key controls to manage identified risks and to ensure that all actions and updates are being done in accordance with the relevant timescales. The results of these audit reviews are reported separately to Members as part of the quarterly progress reports on internal audit work.
- 6.3 The corporate risk register is reviewed on a quarterly basis by the Chief Executive's Management Board. The latest review was undertaken at the CEMB meeting on 24 April 2012 and this version of the corporate risk register is attached as Appendix 1 to this report.

7. Risk Management Policy and Strategy

- 7.1 The corporate risk management policy and strategy brings together all key processes involving risk, including business planning, health and safety, business continuity planning, emergency planning, performance management and project management. A corporate Risk and Emergency Planning Steering Group is in place, with representatives from all



Haringey Council

directorates, which reviews key risk issues on a regular basis and ensures implementation of the risk management policy and strategy across the Council.

7.2 The risk management strategy and policy has been reviewed to ensure that it reflects current operational practices and best practice requirements. The policy was updated extensively in 2011 to take account of organisational changes. No further changes are recommended at present. The policy is listed on the Council's website as part of Strategies and Policies: Haringey Council and available on the Council's intranet.

8. Comments of the Chief Financial Officer and Financial Implications

8.1 There are no direct financial implications arising out of this report as the work associated with updating and monitoring the Council's various risk registers is included within service revenue budgets.

8.2 The risks included in the risk registers could have significant financial implications for the Council if they were to materialise, therefore regular review and monitoring of existing and emerging risks helps to mitigate any potential implications.

9. Legal Implications

9.1 The Head of Legal Services has been consulted in the preparation of this report, and comments that there are no direct legal implications which arise out of it.

10. Equalities and Community Cohesion Comments

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

11. Head of Procurement Comments

11.1 Not applicable.

12. Policy Implications

12.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, ensuring that the Council has effective risk management arrangements in place and taking appropriate action to mitigate identified risks where required will assist the Council to use its available resources more effectively.

13. Use of Appendices

13.1 Appendix A – corporate risk register - May 2012

CEMB corporate risk register (Including inherent risks)



Generated on: 09 May 2012







Haringey Council


Risk Code	Risk Title	Internal Controls	Risk and Control Ownership	Date of last review	Inherent Risk Score	Residual Impact	Residual Likelihood	Residual Risk Score	RAG status	Further Action Code	Further Action(s)	Progress (% complete)	Further Action Completed on Date
CEMB_R001	Poor national and local economic conditions impact adversely on Haringey Council, including an inability to deliver services due to increased demand	Demand led forecasts are employed by services in order to effectively profile budgets to meet demand. Contingency plans in place in order to deal with cases of service demand above forecast levels. Rethinking Haringey programme in place, addressing key service changes and ways of working more effectively at a corporate level via e.g. commissioning and procurement activities. Close links with partner organisations in health and other services to address key/high areas of demand e.g. housing, adult care. Review taking place within Housing Services regarding options under the Welfare Reform Act. Programme of reviews in place to monitor looked after children demand and expenditure. Implementation of a local Council Tax scheme is being planned in line with statutory and local requirements	Risk Owner: Chief Executive. Control Owner: Director - CR; Director - A&HS; Director CS	03-May-2012	56	6	6	36	●	AH02_R004_F001	Engaging with outgoing PCT and GP collaboratives re joint commissioning opportunities and looking at opportunities for the Council to commission on behalf of GP's.	100 %	31-Mar-2013



CEMB- R002	The Council does not perform or respond to required local and national performance standards, or policy changes, which results in failing to deliver the desired outcomes for the borough.	Regular briefings on central government policy updates and changes are provided to CEMB, senior managers and Members. New outcomes based corporate performance framework is linked to the Council's priorities and will take account of national frameworks e.g. OFSTED, adult social care. Regular reports to CEMB and Cabinet on performance issues. Ongoing data quality audits, based on risk, including a review of performance data to ensure its continued appropriateness. Local Code of Corporate Governance is in place which links key corporate and service policies and strategies to required CIPFA/SOLACE governance framework. Increased capacity put in place to support schools.	Risk Owner: ACE - P&OD. Control Owner: All Directors and ACE - P&OD; Head of Policy, Intelligence and Partnerships	03-May-2012	32	7	3	21		AH02_R0 07_F004 CEMB_R0 02_F001 CEMB_R0 02_F002	Production of Adult Services Quality Assurance Framework Ensure performance framework processes are fully embedded across the Council by 31 March 2012 Completion of Annual Governance Statement action plan	100 % 50 % 90 %	31-Mar-2013 31-Mar-2013 31-Mar-2013
CEMB- R004	The Council fails to identify and manage the required reductions in expenditure and fails to deliver its agreed budget	The Council's 2011/12 savings programme is in place and has successfully delivered £41m of savings in 2011/12 and is on target to meet the planned £84m by the end of 2013/14. Future years planning for 2013/14 and beyond has commenced in order to mitigate risks in the future. Budget Holders and Directors monitor their budgets on an ongoing basis with support from Heads of Finance, this monitoring will include specific savings programme budget reductions in 2012/13 and will form part of the formal monthly budget monitoring process with subsequent reports submitted to Cabinet. The Medium Term Financial Plan and strategy is in place with regular reports to Members re: Capital and Revenue budgets.	Risk Owner: Director - CR. Control Owner: All Directors and ACE - P&OD	03-May-2012	63	9	5	45		CEMB_R0 04_F008	Develop market management strategy to ensure VFM services.	50 %	31-Mar-2013

CEMB- R005a	Lack of safety and well-being for clients within child protection services.	Multi-agency Safeguarding Hub in place and operational. Safeguarding training implemented and ongoing across all relevant services. Unannounced inspections undertaken by central government (latest completed November 2011) and no significant issues reported or recommendations made. Any review points and recommendations are incorporated into the ongoing service improvement plans.	Risk Owner: Director - CYPs. Control Owner: Deputy Director Children & Families	03- May- 2012	42	8	3	24		CEMB_R0 05_F002	Ensure that the recommendations of any audits and inspections are implemented and that governance and control issues are fully incorporated and embedded into operational working practices.	50 %	31-Mar- 2013
CEMB- R005b	Safety of Adults in care establishments. Ensuring Safeguarding practices.	Action Plan in place and monitored regularly following annual external inspection of Adult services. Multi-agency Safeguarding Hub in place and operational. Safeguarding training implemented with records of attendance at training courses maintained. Deprivation of Liberty Safeguards (DoLS) has been established as standard practice. Members Panel - Safeguarding in Adults is in place.	Risk Owner: Director - A&HS. Control Owner: Deputy Director Adult Services - A&HS	03- May- 2012	42	6	2	12		AH02_R0 01_F002	New PAN London Procedures now published. Safeguarding staff are acquainted with new procedures and implementation to progress.	100 %	31-Mar- 2012

CEMB- R005c	Lack of safety and well-being for staff, especially in light of reduced resources and changes to work pressures.	Risk Management strategy in place with links to health and safety requirements. Corporate Health & Safety audits undertaken. Risk assessments undertaken regularly to CEMB and Members. Compulsory DSE training for staff who use computer equipment. Home Safety advice provided by the crime reduction team. Directorate Safety Liaison Officers in place to implement H&S strategies/objectives. 'Supporting Change' advice and guidance available to all staff via intranet, regular reminders on available support provided via Team Brief and Smart Talk. Corporate staff Wellbeing programme in place, supported by Occupational Health Unit and sickness absence procedures, includes offer of NHS health checks to staff aged 40+ to identify health risks (April - July 2012) and 'healthy workplace' guidance and procedures.	Risk Owner: Chief Executive. Control Owner: All Directors and ACE - P&OD	03-May-2012	42	6	5	30		AH02_R001_F001	All establishments (including Sheltered Housing) to move to monthly Health & Safety Audits as currently undertaken by all residential homes.	100 %	31-Mar-2012
CEMB- R009	Failure to meet Council Priorities, and statutory and legal requirements and targets	Council Constitution including scheme of delegation and finance/contract procedure rules in place and reviewed regularly by officers and Members. Council Plan being developed for agreement at Cabinet in June 2012. Regular reports on compliance with national and local performance measures to CEMB and Members. Key legislation changes identified by Policy and Legal Services, with action plans in place to address e.g. 2010 Equalities Act Performance improvement plans, Service Action Plans in place in response to external and internal inspection processes. Joint Leadership Team (LBH, PCT, Vol Sector groups) in Adults & Housing in place.	Risk Owner: ACE - P&OD; Director - CR. Control Owner: Head of Legal Services; All Directors and ACE - P&OD	09-May-2012	42	7	4	28		CEMB_R009_F001	Regular monitoring, review and prioritisation of action via DMTs and relevant project/programme/partnership boards	0 %	31-Mar-2013

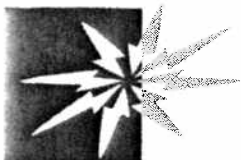
CEMB_R010	Failure of corporate I.T. operating framework.	IT Strategy in place and subject to regular review. IT Services achieved ISO accreditation, with regular audits and ongoing internal review to ensure compliance with ISO requirements. IT infrastructure renewal programme in place, with identified Project Sponsors, and Project Managers to ensure objectives of the programme delivered and benefits realised. Corporate firewalls upgraded with no impact on council business continuity. Disaster recovery and business continuity plans in place and tested for all key corporate systems. Regular service review meetings with key IT providers.	Risk Owner: Director - CR. Control Owner: Head of IT Services	09-May-2012	32	7	4	28					
CEMB_R011	Failure to ensure viability of services delivered through partnership working, especially where changes to funding arrangements occur or costs shunted to the council	Public Health directorate sited within the Council and transition plan in place to ensure that the formal move of Public Health to the Council is effective. Partnership arrangements are the subject of ongoing development including the establishment of the Shadow Health and Wellbeing Board, and are subject to high level review and monitoring by CEMB. Establishment and development of key relationships with external organisations and business sectors. Ongoing work with statutory and voluntary/ community sector partners, e.g. the Police, LDA, Employment Service, Small Business Service and Health agencies. Voluntary Sector commissioning framework being implemented (June 2012).	Risk Owner: ACE - P&OD. Control Owner: Corporate Head of Performance & Policy; Director A&HS; Director of Public Health	09-May-2012	30	6	5	30		AH02_R0 08_F002	Shadow Health & Wellbeing Board established. Priorities now set.	100 %	31-Mar-2012
										CEMB_R0 11_F001	CEMB to monitor resource allocation and funding of all key partners, especially where costs may be transferred to the Council.	50 %	31-Mar-2013
										CEMB_R0 11_F002	Ensure that the Public Health guidance and Health and Social Care Bill due to be issued in the Autumn 2011 is implemented in accordance with requirements	0 %	31-Dec-2012

CEMB_R012	Council policies and procedures fail to manage the risk of fraud appropriately	<p>Anti-fraud and corruption strategy, whistle-blowing policy and fraud response plan in place and reviewed on a regular basis.</p> <p>Programme of pro-active fraud work in internal audit and Housing Benefit plans.</p> <p>Risk of fraud included in departmental risk registers.</p> <p>Fraud awareness briefings provided on a regular basis in Team Brief and Smart Talk.</p> <p>Clear link between internal audit plans and the outcome of fraud work.</p> <p>Council participates in the National Fraud Initiative, work ongoing with departments during 2012 to investigate latest potential fraud matches.</p> <p>Corporate anti-fraud team in place within Corporate Resources, working with housing to develop tenancy fraud project across council housing stock and Registered Providers' housing stock.</p> <p>Publicity on proven frauds on council website and local media.</p>	Risk Owner: Director - Corporate Resources. Control Owner: All Directors and ACE - P&OD; Head of Audit & Risk Management	09-May-2012	36	9	3	27		CEMB_R012_F001	Publish details of successful fraud investigations and prosecutions on a regular basis	0 %	31-Mar-2013
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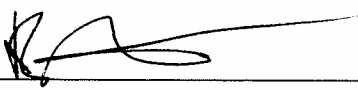
CEMB - R013	Failure to prepare appropriately for an emergency e.g. severe weather, or emerging events increasing risks to residents and staff.	Corporate contingency plan is in place, which complies with statutory requirements (Civil Contingencies Act), and has been approved by CEMB. Planning groups in place, with key services and partners, for specific events e.g. severe weather. Risk & Emergency Planning Group in place and meeting on a regular basis to identify and manage key risks and issues. Critical services to be maintained during a flu pandemic have been identified and plans are in place to ensure continuity of service. Business Continuity Plans in place for all business units and regular programme of testing is in place to ensure fit for purpose. Flu vaccination programme in place for key/frontline staff. Adults & Housing business continuity and emergency planning sub-group meet bi-annually.	Risk Owner: Joint Director of Public Health, All ACE - P&OD, All Directors. Control Owner: Emergency Planning & Business Continuity Manager	09-May-2012	28	7	2	14		CEMB_R014_F001	Develop a programme of proactive positive reputation management for the Council and review opportunities for promoting the Council's successes	50 %	31-Mar-2013
CEMB - R014	Failure to promote the Council's achievements successfully and enhance its reputation locally and nationally	Programme of Community engagement as part of the regeneration programme for Tottenham Managing the implementation of the communications strategy and other communication campaigns; Monitoring and responding to national and local media; Addressing the recommendations within external inspections.	Risk Owner: ACE - P&OD, Control Owner: Head of Communications & Consultation	09-May-2012	45	8	5	40		CEMB_R014_F001	Develop a programme of proactive positive reputation management for the Council and review opportunities for promoting the Council's successes	50 %	31-Mar-2013

CEMB- R015	Failure to prepare appropriately for the London 2012 Olympics, not achieving benefits for the borough or increasing risks to residents and staff	Olympic Planning and Steering Group in place within the Council, regular meetings and liaison with community groups and other public sector organisations Liaison processes in place with the organising bodies for the Holland House and Olympic Torch Relay events planned within the borough Pan-London Olympic Planning and Delivery Group in place with council representation Risk and planning issues discussed as part of the standing agenda items on risk and emergency planning group	Risk Owner: Chief Executive Control Owner: All Directors and ACE	09-May-2012	63	9	3	27				
CEMB- R016	Failure to fully identify and implement the regeneration opportunities following the 2011 disturbances	Project Manager appointed to oversee the regeneration programme Community engagement processes in place, regular meetings with key stakeholders from local and business communities Ongoing financial and other support offered to local businesses to assist in continuing with the regeneration of Tottenham High Road and other parts of the borough Liaison with central government departments regarding financial compensation schemes to maximise the funding available to support the regeneration programme	Risk Owner: Chief Executive, Director of Place and Sustainability Control Owners: Director CR,	09-May-2012	54	9	4	36				

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown



Haringey Council

Report for:	Corporate Committee 28 June 2012	Item number	
Title:	Delegated Decisions and Significant Actions		
Report authorised by :	Assistant Chief Executive 		
Lead Officer:	Ayshe Simsek (Tel. 020 8489 2929)		
Ward(s) affected: Not applicable		Report for Key/Non Key Decision: For information	

1. Describe the issue under consideration

To inform the Corporate Committee of Non Executive delegated decisions and significant actions taken by Directors.

The report details by number and type decisions taken by Directors under delegated powers. Significant actions (decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

2. Cabinet Member Introduction

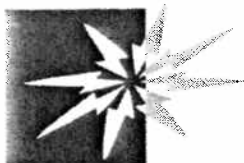
Not applicable

3. Recommendations

That the report be noted.

4. Other options considered

Not applicable



Haringey Council

5. Background information

To inform the Corporate Cttee of none executive delegated decisions and significant actions taken by Directors.

The report details by number and type decisions taken by Directors under delegated powers. Significant actions) decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

6. Comments of the Chief Financial Officer and financial Implications

Where appropriate these are contained in the individual delegations.

7. Head of Legal Services and Legal Implications

Where appropriate these are contained in the individual delegations.

8. Equalities and Community Cohesion Comments

Where appropriate these are contained in the individual delegations.

9. Policy Implications

Where appropriate these are contained in the individual delegations.

10. Use of Appendices

The appendices to the report set out by number and type decisions taken by Directors under delegated powers. Significant actions (decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

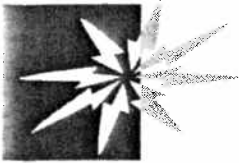
11. Local Government (Access to Information) Act 1985

Background Papers

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

Delegated Decisions and Significant Action Forms

Those marked with ♦ contain exempt information and are not available for public inspection.



Haringey Council

The background papers are located at River Park House, 225 High Road, Wood Green, London N22 8HQ.

DIRECTOR OF PLACE AND SUSTAINABILITY

Significant decisions - Delegated Action from January 2012

◆ denotes background papers are Exempt.

No	Date approved by Director	Title	Decision
1.	30/5/2012	Community Safety – temporary structure change.	Prevent Coordinator post PO7 (3 days a week), created for 12 months.
2.	14/06/2012	Corporate Landlord – Cleaning Services	Transfer two area cleaning manager posts to new cleaning provider and draw out the embedded client functions into the new role of contract monitoring officer created within Corporate Property Services

Delegated Action

Type	Number

DIRECTOR OF CYPs

Significant decisions – September 2011 to May 2012

♦ denotes background papers are Exempt.

No	Date approved by Director	Title	Decision
1.	15.9.11	Establishment change - Behaviour Intervention Service	Agreed to appoint two Higher Level Teaching Assistants
2.	30.9.11	Conversion of Alexandra Park School to Academy status	To note the decision of the Secretary of State and Alexandra Park School's decision to convert to Academy status to take effect from 1 October 2011.
3.	2.11.11	Establishment Change – Education Psychology Service	Restructuring agreed
4.	5.12.11	Establishment Change – Admissions and School Organisation	Restructuring agreed.
	29.2.12	Establishment Change – Children in Care	Restructuring agreed
	18.4.12	Establishment Change – Web Design	Agreed deletion of Web Designer post
5.	25.5.12	Establishment Change – Commissioning and Contracts	Agreed deletion of Commissioning and Contracts Manager post
5.	31.5.2012	Establishment Change – Family Support	Agreed reconfiguration of existing service

Delegated Action

Type		Number
8.02	<p>Changes to Methods of Paying Self-Employed Peripatetic Music Instructors</p> <p>Employment of Local Educational Psychologist</p> <p>Expansion of 2 year old Programme – appointment of consultant</p> <p>Appointment of Independent Fostering Panel Chair (for four years)</p> <p>Troubled Families – appointment of consultant – extension</p> <p>Strategic Improvement Plan – renewal of term of office</p> <p>Increasing capacity to support schools</p> <p>Appointment of Independent chair of Safeguarding Children's Board – renewal of appointment</p> <p>Formulation of and evaluation of deficit recover plans for identified schools</p> <p>– appointment of consultant</p>	<p>-</p> <p>£14,400</p> <p>£25,000</p> <p>£95,000</p> <p>£6,600</p> <p>£30,000</p> <p>£35,000</p> <p>£40,000</p> <p>(DSG) -</p>

Signed: *Libby Blake*Libby Blake
Director, CYPs

14/6/12

DIRECTOR OF ADULT AND HOUSING SERVICES

Significant decisions - Delegated Action – May 2012

♦ denotes background papers are Exempt.

No	Date approved by Director	Title	Decision
1.	29.05.12	Community Housing Services / Commissioned Services – establishment changes	Agreed
2.			
3.			
4.			

Delegated Action

	Number
28.05.12: CSO 8.02 under CSO 10.01 QCF Health and Social Care qualifications	
31.05.12: CSO 8.02 under CSO 10.01 Dry Goods/Food Supplies – Essex Flour and Grain Co Ltd	
31.05.12: CSO 8.02 under CSO 10.01 Frozen Foods – Hensons Foodservice	
31.05.12: CSO 10.02.1[c] Community Meals – Variation Sodexo Ltd	

Submission authorised by: MT Phung
Mun Thong Phung - Director of Adult and Housing Services

Date: 1st June 2012

DIRECTOR OF ADULT AND HOUSING SERVICES**Significant decisions - Delegated Action --April 2012**

♦ denotes background papers are Exempt.

No	Date approved by Director	Title	Decision
1.	18.04.12 [approved by Lisa Redfern]	Delegated authority – Personalisation and Assessment Services establishment changes	Agreed
2.			
3.			
4.			

Corporate
check**Delegated Action**

	Number
16.04.12: CSO 10.02.3 Housing Related Support-Circle Care & Support-HARTS for Families and Teenage Parents Service	
16.04.12: SP contract – Christian Action	
30.04.12: contract LBH and Housing Reviews Ltd re provision of services to Homelessness Reviews	

Corporate

Submission authorised by: WTH
 Mun Thong Phung - Director of Adult and Housing Services

Date: 1st June 2012

Document is exempt

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