

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

Councillors: Adje, Amin, Basu, Diakides, Griffith, Jenks, Meehan, Whyte, Williams and Wilson

Apologies: Councillor Khan

Also present: Keith Brown, Jeanelle de Gruchy, Paul Dossett (Grant Thornton), Roger Melling, Julie Parker, Raymond Prince, Liz Sandford (Grant Thornton), Hanisha Solanki (Grant Thornton), Nick Walkley, Nicola Webb, Anne Woods, Stuart Young

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC193.	<p>APOLOGIES (IF ANY)</p> <p>Apologies for absence were received from Cllr Khan, for whom Cllr Basu was substituting, and from Michael Jones.</p>	
CC194.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
CC195.	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Jenks declared a personal interest as a member of the Friends of Cooperscroft, owned by TLC, which was a scheduled and admitted body of the Pension Fund.</p> <p>Cllr Wilson declared a personal interest as an employee of the National Association of Pension Funds.</p> <p>In response to a question from the Committee regarding the need to declare membership of the Pension Fund as an interest, it was confirmed that in line with advice received previously with regards to this matter, declaration of membership of the Fund was not necessary.</p>	
CC196.	<p>DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS</p> <p>There were no such items.</p>	
CC197.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the minutes of the meeting held on 29 November 2012 be approved and signed by the Chair.</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

	<p>The Chair introduced Nick Walkley, Chief Executive, to the meeting. Mr Walkley advised the Committee that he had commissioned an independent review into the circumstances surrounding the closure of accounts. A full report on this issue, as requested by the Committee, would therefore be considered at the next meeting of the Committee, along with an action plan.</p>	
CC198.	<p>PENSION FUND QUARTERLY UPDATE</p> <p>This was the first full quarter being reported on since the move to passive management, as a result of which the investment performance was showing a smaller variation from the benchmark than previously. Section 18 of the report set out the communications policy, which the Committee had previously requested.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	
CC199.	<p>PENSION FUND: ASSET ALLOCATION ADVICE</p> <p>The Pensions Working Group and Aon Hewitt had discussed a timetable for movement to the strategic asset allocation position on a phased basis up to the end of December 2013; spreading the transition equally over four quarters in this way would mitigate risk in the current financial climate. This phased approach was recommended as timetabled, however it was recommended that the fund move directly to the strategic position in both corporate bonds and emerging markets equities, as it was felt that it was the most appropriate time to move directly to the strategic position in these two areas.</p> <p>RESOLVED</p> <p>That the asset allocation moves set out in the Advice Table in the report to the Committee be implemented.</p>	
CC200.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>RESOLVED</p> <p>That the press and public be excluded from the meeting for the following item, as it contained information defined as exempt in Section 100a of the Local Government Act 1972, paragraph 3, information relating to the financial or business affairs of any particular person (including the authority holding that information).</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

<p>CC201.</p>	<p>AWARD OF CONTRACT FOR PENSION FUND ACTUARIAL SERVICE</p> <p>The Committee considered the report regarding the award of contract for Pension Fund actuarial services.</p> <p>RESOLVED</p> <p>That the Committee approve the award of the Pension Fund actuarial services contract to the actuary identified in the exempt appendix for a period of 4 years from 1 March 2013.</p>	
<p>CC202.</p>	<p>EXERCISE OF PENSION DISCRETIONS IN THE ABSENCE OF THE EMPLOYING BODY</p> <p>The report recommended that the Council in its capacity as administering authority could exercise employing body discretion, in the event that payment of deferred benefits was requested by former employees of an employing body of the Pension Fund, where that employing body no longer existed. The report indicated some of the scenarios where this might apply.</p> <p>RESOLVED</p> <p>i) That in circumstances where a member's employing body no longer exists and there is no former or successor employing body, the Council in its capacity as Administering Authority of the Haringey Council Pension Fund exercise the employing body discretions arising under Regulations 30, 30A and 31 of the LGPS (Benefits, Membership and Contributions) Regulations 2007.</p> <p>ii) Each case will be considered on its merits and have regard to the member's employing body Policy Statement. Approval is delegated to the Section 151 Officer.</p>	
<p>CC203.</p>	<p>PENSIONS (DISCRETIONARY) POLICY STATEMENT</p> <p>The Committee was asked to approve an update to the Council's policy on the discretion to re-instate a suspended Tier 3 ill health retirement pension, on application from a member on or after age 55 and before 60. This was in line with amendments introduced by the Local Government Pension Scheme (Miscellaneous) Regulations 2010.</p> <p>RESOLVED</p> <p>i) That item 3 of the Council's Policy Statement is amended to allow reinstatement of a Tier 3 Ill Health retirement pension only if the case can be considered on 'Compassionate Grounds' as defined in paragraph 5 of the Policy Statement Document</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

	<p>appended to the report or otherwise where there is no financial disadvantage to the Council in doing so.</p> <p>ii) Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers.</p> <p>The Chair informed the Committee that it had been announced by Government that newly-elected Members would no longer be eligible to join the Pension Fund, and that from 2014 existing elected Members would be unable to make further contributions. Each party would discuss this further within their political groups.</p>	
<p>CC204.</p>	<p>TREASURY MANAGEMENT 2012/ 13 QUARTER 3 ACTIVITY & PERFORMANCE UPDATE</p> <p>The Committee was given an update on treasury management activity during the third quarter 2012/ 13. Borrowing had been undertaken in November after the introduction of a reduced ‘certainty rate’, at 0.2% below standard rates, which the Council was entitled to use. Two deals were made, and were in line with the Council’s maturity profile. Short term borrowing had also been undertaken in December in order to maintain liquidity, and a positive cashflow had been maintained subsequently. Borrowing had only been undertaken when necessary.</p> <p>In response to a question regarding the timescale for the recovery of funds from the Icelandic banks, it was reported that most of the funding from Glitnir had now been recovered and was likely to be resolved within two years, Landsbanki may take up to 2018 as disposal of assets was required and Heritable should be resolved by 2015/ 16.</p> <p>RESOLVED</p> <p>That Treasury Management activity undertaken during the third quarter of 2012/ 13 and the performance achieved be noted.</p>	
<p>CC205.</p>	<p>TREASURY MANAGEMENT STRATEGY STATEMENT 2013/ 14 - 2015/ 16</p> <p>The Treasury Management Strategy had been updated to reflect the capital programme figures, as set out in tables 1 to 9 in the report. The general principles around borrowing had not changed as a result.</p> <p>In response to a question around the 2012/ 13 approved and projected actual figures, as set out in table 7 of the report, it was reported that the approved limit was the maximum level</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

	<p>authorised, and was set relatively high in order to allow for unforeseen circumstances. This accounted for the discrepancy between the maximum authorised and the expected actual borrowing.</p> <p>The Committee discussed the borrowing limits around the HRA debt cap. It was clarified that any spending in this area would need to be prioritised in line with Council strategy, and was subject to detailed guidance issued by Government.</p> <p>RESOLVED</p> <p>That the proposed Treasury Management Strategy Statement and Prudential Indicators for 2013/ 14 to 2015/ 16 at Appendix 1 of the report be recommended to Council for approval as part of the Financial Planning report.</p>	
<p>CC206.</p>	<p>EXTERNAL AUDITORS PROGRESS REPORT</p> <p>Preparation was underway for the closure of the 2012/ 13 accounts; the external auditors had been meeting with Council finance staff and a CIPFA network event was being held to support the closure of the accounts, which the Council would be attending. <i>Towards a Tipping Point?</i> – Grant Thornton’s second financial health review of local authorities had recently been published, and the annual review of governance was due to be published shortly. Both publications would be provided to the Council.</p> <p>The Committee asked about a previous request regarding the auditing of the North London Waste Alliance (NLWA). It was reported that the NLWA’s decision-making process was not within the remit of the Council’s external auditors, but that Grant Thornton had asked the Council to look at whether it was satisfied regarding the arrangements for ensuring value for money with respect to the NLWA. It was noted that NLWA was audited in its own right, and it was agreed that its audited accounts for the previous year should be circulated to the Committee for information. It was noted that value for money issues around the NLWA were challenging, as the decisions made were against a background of changing market conditions, but that it was reasonable for the Council to set up a robust challenge around value for money issues.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	<p>Clerk</p>
<p>CC207.</p>	<p>EXTERNAL AUDITORS GRANT CERTIFICATION REPORT</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

	<p>The Council's performance around claims had continued to improve and no significant issues had arisen from the certification work undertaken by Grant Thornton. A recurring error with regards to the Housing and Council Tax Benefit Scheme had been identified, but the impact of such errors had reduced since the previous year. A composite indicative fee had replaced the previous hourly rate, and the fee as set out in the report incorporated a 40% reduction. This fee assumed that no qualification letters would be issued and that there would be no further issues arising in respect of the Housing and Council Tax Benefit Scheme.</p> <p>In response to a question, it was confirmed that the issues around the Housing and Council Tax Benefit Scheme were very complex and that many Councils made errors relating to this area. Haringey's performance continued to improve, and the borough's current performance in this area was estimated by the auditor to be just below the median when compared with other authorities.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	
<p>CC208.</p>	<p>EXTERNAL AUDITOR'S PROCUREMENT REVIEW</p> <p>Grant Thornton had looked at the Council's overall procurement arrangements and had found that progress had continued to be made. The central procurement unit had led to a reduction in costs and was having a good influence over third party spending. The unit had also received positive feedback from stakeholders. Recommendations had been made, particularly around improving the quality of documentation for demonstrating value for money. The action plan had been agreed, and most actions were already underway.</p> <p>In response to a question regarding the level of staff with technical procurement qualifications, it was reported that there was a focus on staff having relevant experience rather than technical qualifications, but that the qualification of staff was an area that the Council was looking at. It was felt that there should be a priority on developing specific skill sets, in order to improve the key issue of quality of negotiation.</p> <p>The Committee asked about the findings around ICT procurement. It was reported that the issues raised by the external auditors were around the documentation which</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

evidenced decisions made; there were concerns that the documentation did not always fully demonstrate the value for money judgements from an audit point of view, although there were no specific concerns raised regarding the judgements themselves. The Committee expressed concern that IT procurement decisions appeared to have already been made by the time they were presented to Members, and it was recommended that Members should be involved at an earlier stage in future, in order to ensure a more transparent process. The need to improve the quality of the evidence and documentation for decisions had been recognised, and would also improve the transparency and robustness of such processes. It was noted that procurement around this area was likely to be very different in future, as ICT arrangements and the nature of the service offered continued to change rapidly.

Progress against the action plan would be reported back to the Committee.

RESOLVED

That the content of the report be noted.

CC209. TEMPORARY DIRECTOR/ SENIOR MANAGEMENT ARRANGEMENTS

The Chief Executive reported that the changes proposed in the report were necessary in order to improve focus and clarity within the Council structure, without initiating wholesale changes which would only begin to be implemented in the run up to the next council election. These proposals would enable the Director of Corporate Resources to focus on finance issues and would create additional capacity for the review of strategy, performance and planning at a corporate level. A secondment from Government was felt to be beneficial as an effective way for the Council to liaise with Government, and a number of potential secondees and preferred candidate had been identified. This interim arrangement would be followed by a number of further reviews, and the Committee would be advised as these progressed.

In response to a question from the Committee regarding costs, Mr Walkley gave an assurance that he would deliver a year on year reduction in management costs, and that current work was around identifying how this would be achieved. With regards to the elections in 2014, it was reported that it would not be feasible to implement major changes to structure when there was a chance that there may be changes to the administration of the Council. Proposals would be brought forward in autumn 2014, to be implemented at the earliest

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

opportunity, following any necessary consultation.

The Committee asked about the proposal to create a Deputy Director post within Place and Sustainability, and it was confirmed that the intention was to recruit to this post from within the existing management team, with some redistribution of existing workloads. With regards to safeguards regarding the best candidate being appointed, it was confirmed that all candidates would currently be working within the Civil Service at a minimum of Director level, any appointment would need to be approved by the Leader and that a formal secondment agreement would be drawn up, including references.

In seeking the Committee's approval for the proposals, Mr Walkley believed that there was an urgent need to increase capacity at a strategic level, and that a secondment from the Civil Service would offer the appropriate expertise and value for money. It was reported that appraisal targets for the new post would be published so that Members could monitor performance.

RESOLVED

- i) That the implementation of the proposals set out in the report as from 1 February 2013 be agreed.
- ii) That the creation of a temporary Director of Strategy and Performance post to be filled on a secondment basis be agreed.
- iii) That the creation of a temporary Deputy Director of Place and Sustainability post to be appointed from amongst the existing management team be agreed.

CC210. PUBLIC HEALTH STAFF TRANSITION

From 1st April 2013, the Council would be taking on public health functions, and 19 staff currently employed by NHS North Central London would be transferring across to the Council on this date (12 FTE). This team would take a strategic role in shaping health and wellbeing and health protection functions, and commissioning support. Efforts were being made to transfer two provider staff currently within the PCT over to Fusion Lifestyle, but if this were not possible within the time constraints, these staff would initially be transferred to the Council.

It was noted that the timeframe for getting clarification regarding the mechanism for transferred staff retaining access to the NHS Pension Scheme was not currently known, but that

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**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

the Committee would be updated when further details became available.

RESOLVED

- i) That it be noted that the legal framework for public health staff transfer is drafted by the Department of Health.
- ii) That it be noted that local agreement between the receiver and sender organisation is a 'lift and shift' of all the functions and staff from the NHS North Central London to the Council.

CC211. INTERNAL AUDIT QUARTER THREE UPDATE

The Head of Audit and Risk Management drew the Committee's attention to appendix A of the report and the probity audits issued for schools during quarter 3, in particular the audit for Seven Sisters Primary School, which had received an assurance level of Nil. Internal Audit had been contacted by the Chair of the Board of Governors at the school with concerns regarding financial controls and probity at the school, with the resultant audit bearing out the concerns raised. An action plan of 32 high-priority recommendations had been issued and agreed with the school, and a follow-up audit had been arranged for the following month.

The rest of the Committee report indicated that Internal Audit was on track to deliver the Audit plan. It was noted that 3 Priority 1 recommendations were outstanding; Directors would be advised that, if these were still outstanding by the time of the next meeting, they would need to attend to explain the position to the Committee.

In response to a question regarding progress with the cases submitted to the DWP for joint prosecutions, it was reported that all such cases were highly complex, but that the Council met with the DWP on a monthly basis to chase progress regarding these issues. It was confirmed that of the disciplinary cases set out on pages 175 and 176 of the papers, the case to the value of £747 was being recovered from the employee's salary and that repayment arrangements were in place for the case valued at £41,758.

In response to questions regarding the Nil assurance in respect of Seven Sisters Primary School and the general issues this raised around financial controls at schools, Ms Woods advised that a previous nil assurance and some limited assurance findings at schools had occurred when schools were in transition to becoming an academy. In general, it was smaller primary schools that found covering all elements of financial

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

	<p>probity a challenge, and several had now begun working together in order to develop best practice. No evidence of fraud or theft had been identified at Seven Sisters, but exceptionally poor record-keeping and financial management had been demonstrated. It was reported that for those schools who used the Council's corporate finance facility, concerns would be flagged up through the service, but that not all schools used this service. School audits were programmed in on the basis of risk levels and feedback, and head teachers often requested an audit as soon as possible on starting at a new school. With regard to the children's centre associated with Seven Sisters Primary School, it was reported that they would also have a follow up audit at the same time as the school, as they shared some financial arrangements. It was agreed that Ms Woods would seek the permission of the school to share the full audit report with Members of the Committee.</p> <p>In response to a query raised by Cllr Jenks, it was agreed that Ms Woods would supply information on the amounts covered by the Bailiff Monitoring spreadsheet (as referred to on page 168 of the papers) outside the meeting.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i) That the audit coverage and counter-fraud work completed during the third quarter 2012/13 be noted. ii) That having reviewed the management responses received for those audit recommendations not fully implement, the Committee confirm that the managers' actions taken during the quarter to address the outstanding recommendations are appropriate. 	<p>AW</p> <p>AW</p>
<p>CC212.</p>	<p>USE OF CONSULTANTS - POLICY UPDATE</p> <p>The report as introduced by the Assistant Chief Executive set out the businesses processes and systems followed in engaging consultants, and the layouts proposed for future monitoring of numbers and analysis. The policy had also been updated in line with procurement regulations. Future reports would give more detail, facilitating greater transparency and scrutiny around the engagement of consultants and to provide Members with increased assurance.</p> <p>Concern was expressed that details was not available to the Committee regarding the latest figures, due to the information being in the process of being updated since last being reported in September 2012. In response to a question regarding the longest-serving consultant used by the Council, it was reported that some consultants were engaged on and off over a period of years, and that the reports in future would</p>	

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

give the Committee more detail as to the specific nature of such roles, so that they could see the case for ongoing retention. It was necessary to make a distinction between those who were retained on a long term basis but only actually called on for specific pieces of work, and those who were working in the Council's offices on a more regular basis, and this would be made in the new reports. It was noted that Members had an interest in both the cost aspect, and the issue of using consultants regularly over a long period of time, rather than engaging them as permanent members of staff.

The Committee noted that a key issue was that all employees should be paying appropriate tax, and that mechanisms were not in place that enabled people to avoid paying tax. Members should be able to see how long a consultant was expected to be contracted for, and to monitor this in practice. The Chief Executive advised that the number of consultants and interims was likely to go up and down over the next few years, as the Council currently employed an exceptionally low level of interims; the key issue was for the process to be transparent, and reported to Members accordingly. The Committee noted that HMRC had devised a code for senior officers, which incorporated an agreement that tax would be paid into staff contracts; it was reported that the Council were moving to implement this code, and that the HMRC online tool was also being used for guidance on tax arrangements, particularly where staff were employed on a freelance basis.

In response to a question around safeguards in place, Mr Young advised of the authorisation processes as set out in the report. It was noted that in most cases an agency would be used in order to preclude any concerns regarding tax arrangements, however there would be instances where a consultant would need to be approached on a non-agency basis, for example where very specific or specialist expertise was required. In addition, data on use of consultants would be reported on a quarterly basis to the Committee.

RESOLVED

That the updated processes and systems for the control and usage of consultants across the council attached in the appendices to the report be approved.

**CC213. DECISIONS TAKEN UNDER DELEGATED AUTHORITY, URGENCY AND SIGNIFICANT ACTIONS
RESOLVED**

That the content of the report be noted.

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 22 JANUARY 2013**

CC214.	ANY OTHER BUSINESS OF AN URGENT NATURE There were no urgent items.	
CC215.	ANY EXEMPT ITEMS OF URGENT BUSINESS There were no exempt urgent items. The meeting closed at 2105hrs.	

COUNCILLOR GEORGE MEEHAN
CHAIR