



**Haringey** Council

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## Corporate Committee

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THURSDAY, 27TH JUNE, 2013 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

**MEMBERS:** Councillors Adje, Amin (Vice-Chair), 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 of unrestricted urgent business will be dealt with at item 20, new items of exempt urgent business will be dealt with at item 24).

**3. DECLARATIONS OF INTEREST**

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' 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 - 10)**

To consider and agree the minutes of the meeting held on 14 March 2013.

Note from the Head of Local Democracy and Member Services

When considering items 6, 7 & 8, the Committee will be operating in its capacity as "Administering Authority". When the Committee is operating in its capacity as an Administering Authority, Members must have due regard to their duty as quasi-trustees to act in the best interest of the Pension Fund above all other considerations.

**6. PENSION FUND QUARTERLY UPDATE (PAGES 11 - 26)**

Report of the Director of Corporate Resources to report the following in respect of the three months to 31<sup>st</sup> March 2013: Investment asset allocation, Investment performance, Responsible investment activity, Budget management, Late payment of contributions and Communications.

**7. PENSION FUND: ASSET ALLOCATION ADVICE (PAGES 27 - 38)**

Report of the Director of Corporate Resources to consider the Pension Fund's current asset allocation and recommend movements towards the agreed strategic benchmark.

**8. PENSION FUND EXTERNAL AUDIT PLAN 2012/13 (PAGES 39 - 54)**

Report of the Director of Corporate Resources to present the audit plan prepared by the external auditors, Grant Thornton for the audit of the Pension Fund accounts 2012/13 for the Committee's consideration.

**9. TREASURY MANAGEMENT 2012/13 OUTTURN AND QUARTER 1 2013/14 UPDATE (PAGES 55 - 66)**

Report of the Director of Corporate Resources to report to Members on treasury management activity and performance during 2012/13 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 2013/14.

**10. ANNUAL INTERNAL AUDIT REPORT AND ASSURANCE STATEMENT 2012/13 (PAGES 67 - 80)**

Report of the Director of Corporate Resources to inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2012/13 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

**11. ANNUAL GOVERNANCE STATEMENT 2012/13 (PAGES 81 - 98)**

Report of the Director of Corporate Resources to inform the Corporate Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to the 2012/13 financial year for review and approval.

**12. 2012/13 QUARTER 4 AUDIT PROGRESS REPORT (PAGES 99 - 148)**

Report of the Director of Corporate Resources and Assistant Chief Executive. The Corporate Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2012/13 annual audit plan, together with the responsive pro-active fraud investigation work, and housing benefit fraud investigation work. Where further action is required or recommended, this is highlighted in the report and appendices and included in the recommendations for the Corporate Committee.

The report also provides information from the Council's Human Resources (HR) business unit in respect of (a) work undertaken in supporting disciplinary action taken across all departments by respective Council managers; and (b) consultants employed by the Council.

**13. REVISIONS TO THE CODE OF CORPORATE GOVERNANCE (PAGES 149 - 162)**

Report of the Head of Legal Services to inform members of the review of the local Code of Corporate Governance and the proposed revisions to the Code which are to be recommended to the Cabinet on 9 July for approval and on to full Council on 15 July for adoption.

**14. EXTERNAL AUDIT PROGRESS REPORT (PAGES 163 - 174)**

Report of Grant Thornton.

**15. INDIVIDUAL ELECTORAL REGISTRATION (PAGES 175 - 180)**

Report of the Chief Executive to bring to the attention of the Committee the broad changes being planned for Electoral registration in the transition to Individual Electoral Registration under the terms of the Electoral Registration and Administration Act 2013, and to particularly note arrangements being made under secondary legislation to postpone the annual autumn registration campaign and the consequences of this.

**16. UPDATE FROM CHILDREN'S SERVICE ON PROGRESS TO ADDRESS RECOMMENDATIONS FROM THE FINANCIAL RESILIENCE REPORT (PAGES 181 - 188)**

Report of the Director of Children and Young People's Service to report on progress in addressing the recommendations of the external audit report 'Review of the Council's Arrangements for Securing Financial Resilience', as considered by the Committee in June 2012 and the subsequent report on how the recommendations were being taken forward within CYPS, considered by the Committee in September 2012.

**17. TEMPORARY ASSISTANT DIRECTOR ARRANGEMENTS (PAGES 189 - 198)**

Report of the Chief Executive to set out the revised arrangements at the Assistant Director and Head of Service level for the remainder of the financial year, for the Committee to note.

**18. REORGANISATION OF PLACE AND SUSTAINABILITY DIRECTORATE (PAGES 199 - 210)**

Report of the Director of Place and Sustainability on the proposed restructure of the Place and Sustainability Directorate, including proposals for the creation and disestablishment of posts at Deputy Chief Officer level. This paper seeks Corporate Committee approval for these proposals.

**19. DELEGATED DECISIONS, SIGNIFICANT ACTIONS, URGENT ACTIONS (PAGES 211 - 220)**

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

**20. NEW ITEMS OF URGENT BUSINESS**

To consider any items admitted under agenda item 2.

**21. EXCLUSION OF PRESS AND PUBLIC**

The following items are likely to be subject of a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972: paragraphs 1, 2 & 3, information relating to any individual, information which is likely to reveal the identity of an individual and information relating to the financial or business affairs of any particular person (including the authority holding that information).

**22. EXEMPT MINUTES (PAGES 221 - 224)**

To consider and agree the exempt minutes of the meeting held on 14 March 2013.

**23. REORGANISATION OF PLACE AND SUSTAINABILITY DIRECTORATE (PAGES 225 - 226)**

To consider exempt information pertaining to agenda item 18 above.

**24. NEW ITEMS OF EXEMPT URGENT BUSINESS**

To consider any items admitted at item 2 above.

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Wednesday 19 June 2013

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**MINUTES OF THE CORPORATE COMMITTEE**  
**THURSDAY, 14 MARCH 2013**

Councillors Adje, Amin, Egan, Griffith, Jenks, Khan, Meehan, Whyte, Williams and Wilson

Apologies Councillor Diakides

<b>MINUTE NO.</b>	<b>SUBJECT/DECISION</b>	<b>ACTION BY</b>
<b>CC216.</b>	<p><b>APOLOGIES (IF ANY)</b></p> <p>Apologies for absence were received from Cllr Diakides, for whom Cllr Egan was substituting, and from Keith Brown.</p>	
<b>CC217.</b>	<p><b>URGENT BUSINESS</b></p> <p>There were no items of urgent business.</p>	
<b>CC218.</b>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no declarations of interest.</p>	
<b>CC219.</b>	<p><b>DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS</b></p> <p>There were no such items.</p>	
<b>CC220.</b>	<p><b>MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the minutes of the meeting held on 22 January 2013 be approved and signed by the Chair.</p>	
<b>CC221.</b>	<p><b>PENSIONS FUND QUARTERLY UPDATE</b></p> <p>The Committee received the Pension Fund quarterly update. It was noted that the asset allocation changes agreed by the Committee in January had been implemented on 1 February. Further to discussion with BlackRock, it was confirmed that as a result of a change in policy, information on the names of companies they had engaged with would now be provided to the Committee in future reports.</p> <p>In response to a question from the Committee regarding performance, particularly with regard to the property portfolio, it was confirmed that officers were liaising with the property manager regarding performance, but it was noted that the relative illiquidity of this asset class meant that time was needed in order to implement changes.</p> <p><b>RESOLVED</b></p> <p>That the information provided in respect of the activity in the three</p>	

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	months to 31 <sup>st</sup> December 2012 be noted.	
<b>CC222.</b>	<p><b>PENSION FUND: ASSET ALLOCATION</b></p> <p>The Committee received the report on the Pension Fund's current asset allocation and the recommended movements towards the agreed strategic benchmark. It was noted that these movements would be implemented at the end of the month if agreed by the Committee.</p> <p><b>RESOLVED</b></p> <p>That the asset allocation moves set out in the Advice Table on page 5 of Appendix 1 of the report be implemented.</p>	
<b>CC223.</b>	<p><b>PENSION FUND: TRAINING PROGRAMME</b></p> <p>The Committee received the report on Pension Fund training and development, incorporating the review by the Independent Advisor on pensions knowledge and skills and the actions required in order for compliance with CIPFA guidance.</p> <p>It was noted that any training would need to be arranged after Annual Council, and would need to take into consideration the Council's calendar of meetings, in order to ensure that Members were able to attend sessions. It was agreed that Members would be consulted on a draft schedule for training, and that the training should be opened up to all Members.</p> <p><b>RESOLVED</b></p> <p>i) That the paper by the Independent Pensions Fund Advisor entitled "Pensions Knowledge and Skills" be noted.</p> <p>ii) That the key recommendations (principles) of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills be adopted, specifically the following statements contained within the Code:</p> <ul style="list-style-type: none"> <li>• This organisation adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.</li> <li>• This organisation recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.</li> <li>• Accordingly the organisation will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.</li> </ul>	



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	<ul style="list-style-type: none"> <li>• These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Framework.</li> <li>• This organisation will report on an annual basis how these policies have been put into practice throughout the financial year.</li> <li>• This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Director of Corporate Resources (Section 151 Officer) who will act in accordance with the organisation's policy statement and, when he/she is a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).</li> </ul>	
<p><b>CC224.</b></p>	<p><b>TREASURY MANAGEMENT 2012/13 QUARTER 4 ACTIVITY AND PERFORMANCE UPDATE</b></p> <p>The Committee received the update on Treasury Management 2012/13 Quarter 4 activity and performance. In respect of the downgrade of the UK's sovereign rating by the credit rating agency Moody's, it was noted that this had been widely anticipated by the markets, and there had therefore been no significant impact on markets as a result.</p> <p>In response to a question from the Committee regarding the anticipated saving on the treasury management budget, and whether longer-term debts could be rescheduled in order to take advantage of lower interest rates, it was advised that the premiums payable for the rescheduling of debts was prohibitive at the present time. It was confirmed that officers were liaising with the treasury management advisor on a regular basis, and that a note on the treasury management advisor's advice could be provided to the Committee.</p> <p><b>RESOLVED</b></p> <p>That the Treasury Management activity undertaken during the fourth quarter of 2012/13 and the performance achieved be noted.</p>	<p>HoT&amp; P</p>
<p><b>CC225.</b></p>	<p><b>PAY POLICY STATEMENT 2013/14</b></p> <p>The Committee was asked to consider and approve the Pay Policy Statement, which it was required to produce in order to comply with the requirements of the Localism Act 2011. The Statement would then be submitted to Full Council for endorsement on 18 March 2013.</p> <p>The Committee queried the final paragraph under the Pay on Appointment heading, as this matter had been discussed in the previous year, and it was understood to have been agreed that this wording would be revised. The Head of HR agreed to look into this matter, and amend the wording of the statement accordingly, in line with the previous agreement.</p> <p>It was clarified that the Chief Executive pay scale referred to in the</p>	

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second bullet point under 'Council Pay Rates / Scales' had last been reviewed in October 2009, and was the same pay scale used for subsequent Chief Executive appointments.

The Committee asked about the arrangements for public health staff transferring over to the Council in April. It was confirmed that under the terms between the Department of Health and Local Government Association, the benefits of transferring staff would be protected for a period of two years, with any issues such as restructures affecting those staff requiring the approval of the General Medical Council during this time.

In response to a question, it was advised that approval for any future discretionary award such as the previous agreement to award £250 to the lowest-paid Council staff, would be agreed through the Committee.

In response to a request from the Committee, it was agreed that a bench-marking exercise with other local authorities around the pay multiple would be undertaken, and the information around this shared with the Committee by the Head of HR.

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The Committee asked about the pay progression and performance related pay for senior managers and chief officers, as set out in the report, in particular the fact that it was indicated that there was discretion for 2 increments with regard to performance awards. Concern was raised regarding this discretion being in place in the current economic circumstances and it was suggested that this should be amended. The Head of HR confirmed that the performance award structure was currently drafted as set out in the report, but that in practice this had not yet been implemented and no such awards had been made.

It was noted that a review of senior manager pay and performance was being undertaken with Member involvement and that this was taking place alongside the review of the senior management structure. The comments made by the Committee with regard to the pay structure, and particularly the concerns regarding the inclusion of discretionary performance awards of 2 increments, would be fed into this work. It was anticipated that the initial report on this review would be presented to the Committee in September.

The Committee asked whether, in light of the requirement for the Statement to include a definition of the 'lowest-paid employees', the draft currently complied with the Act. The Head of HR advised that the lowest paid employees of the Council were paid in line with the London Living Wage; it was noted by the Chief Executive that the Statement would be re-drafted to incorporate this definition, in order to ensure compliance with the requirements of the Act.

The Committee asked about the section on Re-employment of Employees. The Head of HR advised that re-employment was in line with the Local Government and Housing Act 1989. It was felt that this section should be made more explicit with regards to the requirements of

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	<p>the legislation, and it was suggested that it could be amended to reflect there may be circumstances where re-employment would be subject to the specific terms of a redundancy package.</p> <p><b>RESOLVED</b></p> <p>That the Committee approve the Pay Policy Statement 2013/14, subject to the amendments agreed above, and remit it as amended for endorsement by Council on 18 March 2013.</p>	
<p><b>CC226.</b></p>	<p><b>ANNUAL INTERNAL AUDIT PLAN AND STRATEGY 2013/14 AND INTERNAL AUDIT CHARTER</b></p> <p>The Committee received the report on the annual internal audit plan and strategy 2013/14, and internal audit charter.</p> <p>In response to questions regarding the possibility of conducting an urgent review into the processes within CYPS, in light of the recent judicial review in respect of the use of section 47 powers, and on when an audit of Legal Services had last been undertaken, it was reported that while internal audit could provide assurance around the systems and processes in place, this was a technical area which would require a more specific technical review. The Chief Executive advised that he was commissioning a practice review, and that the existing quality assurance and case-file audit work would be intensified. It was further confirmed that the Head of Legal Services was committed to a thorough review in respect of the legal aspects of this issue, and would note the concerns of the Committee. The most recent audit of legal service had been undertaken two years ago, but it was emphasised that this covered systems and processes, rather than the content of decisions. It was confirmed that under statutory guidance, responsibility for section 47 belonged to the Cabinet Member for Children's Services and Director of Children's Services; while this did not limit the ability of Members to raise any questions and concerns, it was important to note that this was an area tightly governed by regulation.</p> <p>In response to concerns raised by Cllr Whyte with regard to a specific issue relating to legal advice associated with a disciplinary hearing, it was agreed that Cllr Whyte would supply details of this issue to the Chief Executive outside the meeting.</p> <p>In response to a question about the auditing of the coroners' service, it was noted that a review had been undertaken of the coroners' service and the mortuary in the previous year and the findings reported to the Committee. It was confirmed that for other areas of joint responsibility between local authorities, one authority would be the lead auditor, and the other authorities would support them in this role.</p> <p>The Committee asked about discretionary funds in respect of welfare, in response to which it was confirmed that each discretionary funding area was included in the audit plan. The new arrangements under the Welfare Reform Act were included in the audit plan, as these were issues where significant changes were taking place, and involved substantial amounts</p>	

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of money and high levels of accountability. Areas where the local authority was taking on greater responsibility, for example around Council Tax Benefit, were also covered by the audit plan.

The Head of Audit and Risk Management advised that the Public Sector Internal Audit Standards did not differ significantly from the previous standards and 2006 CIPFA Code of Practice, except in that there was the requirement to have a charter and arrangements for avoiding conflicts of interest arising from the Head of Audit and Risk Management having responsibility for any non-audit activities.

The Committee asked about the auditing of Alexandra Palace and Homes for Haringey. It was confirmed that Alexandra Palace had its own internal and external auditors and that the Section 151 Officer, who had overall responsibility and accountability in respect of the Palace, had the ability to ask the Council's internal audit service to look into any aspects relating to the Palace, were they to have any concerns with regard to the audit arrangements in place. The Section 151 Officer confirmed that she monitored the internal and external audit work for Alexandra Palace, along with progress regarding the implementation of any recommendations, and advised that she would not hesitate to seek further assurance from the Council's internal audit service in the event of any concerns. The Section 151 Officer assured the Committee that she was satisfied with the audit arrangements in respect of Alexandra Palace.

It was noted that Homes for Haringey engaged the same internal audit service as the Council, and that their audit arrangements were overseen by the Homes for Haringey Finance and Audit Committee, reporting into the Homes for Haringey Board. The Head of Audit and Risk Management confirmed that the auditing of Homes for Haringey was managed by means of a formal contractual arrangement between Homes for Haringey and Deloitte and Touche, but it was noted that as an ALMO, they had the option to use a different auditor to the Council.

It was noted that separation of audit responsibility between the local authority and ALMO was required in accordance with legislation, but that Members could take some assurance from the fact the same internal audit service was currently engaged by both organisations. Members were further advised that audit information relating to Homes for Haringey would still be available to the Council, in the event that Homes for Haringey were to decide to use a different internal auditor from the Council. Grant Thornton advised that any significant issues relating to Homes for Haringey would also be picked up by the Council's external auditors as part of their audit work in relation to the Group Accounts.

In response to a question regarding the auditing of the North London Waste Authority, particularly with regards to value for money, it was confirmed by the Section 151 Officer that as a best-value authority, the NLWA was subject to external audit, including value for money, in the same way as other organisations. Reports of the auditor were monitored by the NLWA Board.

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	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>i) That the Internal Audit Strategy be approved.</li> <li>ii) That the Annual Internal Audit Plan for 2013/14 be approved.</li> <li>iii) That the Internal Audit Charter be approved.</li> </ul>	
<p><b>CC227.</b></p>	<p><b>EXTERNAL AUDIT PROGRESS REPORT</b></p> <p>Paul Dossett, Grant Thornton, introduced the external audit update. In response to a request from the Committee, it was agreed that written responses to the 'challenge questions' set out in the report would be provided to the Committee, and that the benchmarking pack, as mentioned at the bottom of page 11 of the report, would also be provided to the council.</p> <p>In response to a question regarding the transfer of assets to academy schools, it was confirmed that, while there was a potential risk relating to PFI arrangements leading to a shortfall in funding, this had not been identified as an issue affecting Haringey. The Committee asked about the cost to the Council arising from the establishment of 'forced academies', with regard to revenue deficits; it was reported that this depended on whether the academy was sponsored or not, but it was confirmed that this would be a DSG cost.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	
<p><b>CC228.</b></p>	<p><b>AUDIT PLAN</b></p> <p>Hanisha Solanki, Grant Thornton, presented the report on the Audit Plan. In response to a question from the Committee, it was confirmed that 'Property, Plant and Equipment is not complete', as set out on page 9 of the report, was identified as a significant risk from an audit perspective, and testing would be undertaken to ensure that this risk was not in fact the case. Officers confirmed that the Council was doing everything possible to ensure that this was not a risk and that assets were properly stated. In response to a question regarding the group audit scope and risk assessment, it was confirmed that the NLWA was a stand-alone authority and would therefore not form part of the Council's Group Accounts.</p> <p>In response to a request from the Committee, the Section 151 Officer advised that the Audit Plan covered all key areas and met the Council's audit requirements.</p> <p><b>RESOLVED</b></p> <p>That the content of the report be noted.</p>	

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<b>CC229.</b>	<p><b>REVIEW OF CLOSURE OF ACCOUNTS PROCESS 2011/12</b></p> <p>The Chief Executive introduced the report on the findings and recommendations of the external review of the 2011/12 accounts closure process.</p> <p>In response to a question from the Committee regarding whether the Cabinet Member for Resources should be in attendance, the Chief Executive confirmed that the Cabinet Member had seen the report but that, as made clear in the report, responsibility for the issues set out in the report belonged to the Head of Paid Service.</p> <p>The Committee asked why the action plan did not include an explicit commitment to completing the accounts earlier, and it was confirmed that, while this was an aspiration, it was not felt to be deliverable until improvements had been made to the overall system.</p> <p><b>RESOLVED</b></p> <p>That the findings of the report be noted, and the proposed recommendations be endorsed.</p>	
<b>CC230.</b>	<p><b>EXCLUSION OF PRESS AND PUBLIC</b></p> <p><b>RESOLVED</b></p> <p>That the press and public be excluded from the meeting for the following items, as they contained information defined as exempt in Section 100a of the Local Government Act 1972, paragraphs 1, 2 and 3, information relating to any individual, information which is likely to reveal the identity of an individual and information relating to the financial or business affairs of any particular person (including the authority holding that information).</p>	
<b>CC231.</b>	<p><b>REVIEW OF CLOSURE OF ACCOUNTS PROCESS 2011/12</b></p> <p>The Committee considered the exempt information relating to the external review of the 2011/12 accounts closure process.</p> <p><b>RESOLVED</b></p> <p>That the recommendations of the report be approved.</p>	
<b>CC232.</b>	<p><b>EXEMPT MINUTES</b></p> <p><b>RESOLVED</b></p> <p>That the exempt minutes of the meeting held on 22 January 2013 be approved and signed by the Chair.</p>	
<b>CC233.</b>	<p><b>ANY OTHER BUSINESS OF AN URGENT NATURE</b></p>	

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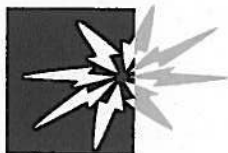
	<p>There were no new items of urgent business.</p> <p>The meeting closed at 21:10hrs.</p>	
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COUNCILLOR GEORGE MEEHAN

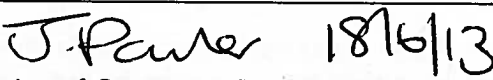
CHAIR

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**Haringey** Council

<b>Report for:</b>	Corporate Committee 27 <sup>th</sup> June 2013	<b>Item number</b>	
<b>Title:</b>	Pension Fund Quarterly Update		
<b>Report authorised by :</b>	 Director of Corporate Resources		
<b>Lead Officer:</b>	Ian Talbot, Interim Head of Finance – Treasury & Pensions Ian.talbot@haringey.gov.uk 020 8489 8621		
<b>Ward(s) affected: N/A</b>	<b>Report for Non Key Decision</b>		

**1. Describe the issue under consideration**

1.1 To report the following in respect of the three months to 31<sup>st</sup> March 2013:

- Investment asset allocation
- Investment performance
- Responsible investment activity
- Budget management
- Late payment of contributions
- Communications

**2. Cabinet Member Introduction**

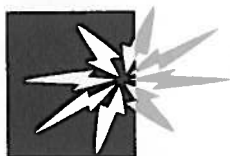
2.1 Not applicable.

**3. Recommendations**

3.1 That the information provided in respect of the activity in the three months to 31<sup>st</sup> March 2013 is noted.

**4. Other options considered**

4.1 None.



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## **5. Background information**

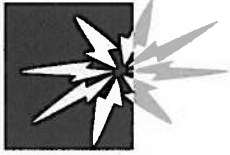
- 5.1 This report is produced on a quarterly basis to update the Committee on a number of Pension Fund issues. The Local Government Pension Scheme Regulations require the Committee to review investment performance on a quarterly basis and sections 13 and 14 provide the information for this. Appendix 1 shows the targets which have been agreed with the fund managers.
- 5.2 The Pension Fund has a responsible investment policy and section 15 of this report monitors action taken in line with it. The remainder of the report covers various issues which the Committee or its predecessor body have requested they receive regular updates on.
- 5.3 Following the request at the Committee's meeting in September, information on communication with stakeholders has been provided by officers in Human Resources and included in section 18.

## **6. Comments of the Chief Financial Officer and Financial Implications**

- 6.1 The investment performance figures in section 14 show the impact of the introduction of passive fund managers in that for the periods of one year, three years and five years the variance from target has reduced during the year. The continuing negative performance reflects the underperformance of the previous active managers which is likely to continue to show for the next few years. The quarterly underperformance has resulted from the stock selection and performance lag of the private equity portfolio.

## **7. Head of Legal Services and Legal Implications**

- 7.1 The Council as administering authority for the Haringey Pension Fund ("Fund") has an obligation to keep the performance of its investment managers under review. In this respect the Council must, at least every three months review the investments made by investment managers for the Fund and any other actions taken by them in relation to it;
- 7.2 Periodically the Council must consider whether or not to retain the investment managers;
- 7.3 In carrying out its review proper advice must be obtained about the variety of investments that have been made and the suitability and types of investment;
- 7.4 All monies must be invested in accordance with the Council's investment policy and members of the Committee should keep this duty in mind when considering this report and have regard to advice given to them.



**Haringey** Council

**8. Equalities and Community Cohesion Comments**

8.1 There are no equalities issues arising from this report.

**9. Head of Procurement Comments**

9.1 Not applicable

**10. Policy Implications**

10.1 None.

**11. Use of Appendices**

11.1 Appendix 1: Investment Managers' mandates, benchmarks and targets.

**12. Local Government (Access to Information) Act 1985**

12.1 Not applicable



**Haringey Council**

### 13. Investment Update

#### 13.1 Fund Holdings at 31<sup>st</sup> March 2013

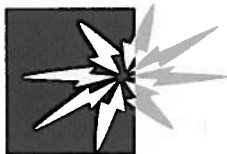
	BlackRock £000s	Legal & General £000s	CBRE £000s	Pantheon £000s	In-house £000s	Total £000s	% of Fund	Bench Mark %	Variance %
UK Equities	193,256	21,364	0	0	0	214,620	24.9	17.5	7.4
North America Equities	149,495	19,440	0	0	0	168,935	19.6	25.3	(5.7)
European Equities	43,563	47,589	0	0	0	91,152	10.6	8.6	2.0
Japanese Equities	10,642	36,628	0	0	0	47,270	5.5	4.1	1.4
Pacific ex Japan Equities	16,354	15,710	0	0	0	32,064	3.7	4.0	(0.3)
Emerging Markets Equities	0	84,243	0	0	0	84,243	9.8	10.5	(0.7)
Index linked Gilts	102,848	24,932	0	0	0	127,780	14.9	15.0	(0.1)
Property	0	0	48,230	0	0	48,230	5.6	10.0	(4.4)
Private Equity	0	0	0	34,756	0	34,756	4.0	5.0	(1.0)
Cash and other	0	0	5,816		5,513	11,329	1.4	0.0	1.4
<b>TOTAL</b>	<b>516,158</b>	<b>249,906</b>	<b>54,046</b>	<b>34,756</b>	<b>5,513</b>	<b>860,379</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>



**Haringey** Council

13.2 Fund Holdings at 30<sup>th</sup> April 2013 after the asset allocation changes agreed in March 2013 were made

	BlackRock £000s	Legal & General £000s	CBRE £000s.	Pantheon £000s	In-house £000s	Total £000s	% of Fund	Bench Mark %	Variance %
UK Equities	175,197	21,488	0	0	0	196,685	22.7	17.5	5.2
North America Equities	169,882	19,290	0	0	0	189,172	21.8	25.3	(3.5)
European Equities	44,721	43,705	0	0	0	88,426	10.2	8.6	1.6
Japanese Equities	8,538	38,850	0	0	0	47,388	5.5	4.1	1.4
Pacific ex Japan Equities	16,353	17,372	0	0	0	33,725	3.9	4.0	(0.1)
Emerging Markets Equities	0	86,665	0	0	0	86,665	10.0	10.5	(0.5)
Index linked Gilts	104,083	25,238	0	0	0	129,321	14.9	15.0	(0.1)
Property	0	0	48,253	0	0	48,253	5.6	10.0	(4.4)
Private Equity	0	0	0	34,196	0	34,196	3.9	5.0	(1.1)
Cash	0	0	6,453	0	6,263	12,716	1.5	0.0	1.5
<b>TOTAL</b>	<b>518,774</b>	<b>252,608</b>	<b>54,706</b>	<b>34,196</b>	<b>6,263</b>	<b>866,547</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>



**Haringey** Council

#### 14. Investment Performance Update: to 31<sup>st</sup> March 2013

Appendix 1 provides details of the benchmarks and targets the fund managers have been set. The tables below show the performance in the quarter January to March 2013.

##### 14.1 Whole Fund

	Return	Benchmark	Target	(Under)/Out
Jan - Mar 2013	10.42%	11.20%	11.21%	(0.79%)
One Year	14.87%	15.28%	15.32%	(0.45%)
Three Years	8.85%	9.32%	10.43%	(1.58%)
Five Years	6.39%	7.77%	9.09%	(2.70%)

- Total Value at 31/03/13: £860.4m
- The underperformance in the quarter was due almost entirely to the stock selection within the private equity portfolio and the underweight position in the US.

##### 14.2 BlackRock Investment Management

	Return	Benchmark	Variance
Jan - Mar 2013	12.26%	13.05%	(0.79%)

- Total Value at 31/03/13: £516.2m

##### 14.3 Legal & General Investment Management

	Return	Benchmark	Variance
Jan - Mar 2013	9.38%	10.30%	(0.92%)

- Total Value at 31/03/13: £249.9m
- A variance will continue to be seen with the passive managers because the portfolios were transferred over in their existing allocations instead of at benchmark weights. Therefore the variance shows the out or under performance resulting from asset allocation being different to the benchmark.



**Haringey** Council

#### 14.4 CBRE Global Investors

	Return	Benchmark	Target	(Under)/Out
Jan - Mar 2013	0.94%	0.97%	1.22%	(0.28%)
One Year	2.94%	2.06%	3.06%	(0.12%)
Three Years	3.43%	5.58%	6.58%	(3.15%)
Five Years	-3.17%	-0.86%	0.14%	(3.31%)

- Total Value at 31/03/13: £54.0m
- Following two quarters of outperformance, the property portfolio has now underperformed for two quarters. The performance is still being impacted by the issues with the European holdings, which cannot be resolved quickly due to the illiquid nature of property holdings.

#### 14.5 Pantheon

	Return	Distributions in period	Drawdowns in period	% drawdown
Jan - Mar 2013	7.72%	£1.80m	£1.70m	
One Year	13.01%	£3.37m	£4.82m	
Since inception	3.92%	£4.57m	£31.09m	66.6%

- Total Value at 31/03/13: £34.8m
- Distributions exceeded drawdowns during the quarter as the funds move into the distribution phase of their cycles.

#### 14.6 In house cash

	Value	Average Credit Rating	Average Maturity (days)	Return
At 31/03/13	£5.51m	AAA	1	0.31%
At 31/12/12	£5.08m	AAA	1	0.37%
At 30/09/12	£3.76m	AAA	1	0.38%
At 30/06/12	£30.93m	AAA	4	0.42%



**Haringey Council**

**15. Responsible Investment Activity in the three months ended 31<sup>st</sup> March 2013**

BlackRock	Legal & General	LAPFF
<p><b>15.1 Environmental Issues</b></p> <p>BlackRock have advised that over 94% of their company engagements have been in relation to governance and none has been specifically aimed at addressing environmental issues. However, in the Americas BlackRock initiated a dialogue with a large oil and gas company to understand the basis of the company's view that it highlights freshwater management as a key pillar of its environmental performance. In the UK they attended an annual session organised by an oil and gas producer to provide investors with access to the Chairman for a review of the company's activities over the last year and the focus for the coming year. The company provided updates on health and safety, risk mitigation and environmental performance. BlackRock also engaged with the company to discuss its sustainability initiatives with the need for non-conventional oil sources continuing to increase.</p>	<p>In the last year Legal and General had 425 meetings with 249 companies and over 30% of these covered environmental and/or social topics. Legal and General have engaged with a Chilean mining company, Antofagasta, which operates in a water scarce environment. They have discussed with the company their water management and recycling systems and their potential to serve the company's present and future needs. Legal and General have engaged twice in this quarter with BP. They have followed up on the company's remediation and learning from the Gulf of Mexico spill. They have also advised on the importance of the establishment of clear environmental objectives and targets for future years that can serve as a guide for the company's strategy.</p>	<p>As part of its involvement with the Carbon Disclosure Project, LAPFF has joined the carbon action group which asks companies to implement cost effective carbon emissions reductions which deliver a satisfactory return on investment. LAPFF is an investor supporter of the Forest Footprint Disclosure project which, in its annual review, indicated that now 100 companies have agreed to disclose information on their use of forest products. This represents a 15% increase from 2011 and the list of companies now includes Colgate-Palmolive Co., Groupe Danone, Gucci and HJ Heinz Company. Several British firms – Sainsbury's, Marks and Spencer, BSKyB and British Airways - were highlighted as leaders in this initiative.</p>





BlackRock	Legal & General	LAPFF
<p><b>15.2 Governance / Remuneration Issues</b></p> <p>BlackRock are in ongoing discussions with a UK retailer concerning their proposed changes to the executive incentive schemes which they argue does not provide a sufficient level of alignment between the interests of executives and shareholders. As a result of these engagements the board decided to withdraw the planned changes ahead of the publication of the company's annual reports.</p> <p>BlackRock were also consulted on the appointment and method of remuneration of the new Chairman of a UK food retailer.</p> <p>In Latin America BlackRock challenged the structure of a major transaction which could favour the controlling shareholder over minority investors. The efforts of BlackRock and other shareholders encouraged the company to make changes to the proposed structure, thus re-allocating more than \$1bn to minority shareholders.</p>	<p>Legal and General engaged with a large number of investors in HP over the company's acquisition of Autonomy Corporation. At the AGM they voted against the re-election of two non-executive directors, against the appointment of the company's auditors and against the remuneration of executive directors.</p> <p>Along with other institutional investors Legal and General raised concerns with Glencore/Xstrata over the appointment of the new Board Chairman and will continue to engage to seek to ensure that a best candidate is selected.</p> <p>Legal and General met with several large Japanese companies including Mitsubishi Corp, Nomura and Nippon Steel to discuss progress on improving board diversity.</p>	<p>LAPFF met with the senior independent director of Société Générale to follow up its 2011 resolution for the separation of powers at the head of the company.</p> <p>LAPFF wrote to JP Morgan and Chase welcoming the company's decision to adjust the CEO's pay downwards as a result of the \$6bn losses arising from the London trading scandal.</p> <p>LAPFF has engaged with several companies over governance concerns including joint Chair/CEO positions and the implementation of majority voting for directors.</p> <p>In March LAPFF launched a new document "Expectations for Executive Pay" which highlighted fifteen principles on which they expect to engage with corporate boards.</p>



Haringey Council

BlackRock	Legal & General	LAPFF
<p><b>15.3 Other Engagement activity</b></p> <p>BlackRock have advised that over 94% of their company engagements have been in relation to governance and none has been specifically aimed at addressing social issues.</p> <p>However, BlackRock met with senior management of one of the largest automobile manufacturers in Japan, to confirm the current state of the operation of its Indian plant which was shut down over a month last summer due to a riot. The company explained its continuing effort to determine the root cause while taking stringent actions including the lay off of the workers directly involved in the violence. BlackRock considered the company's actions to be convincing and appropriate.</p>	<p>In the last year Legal and General had 425 meetings with 249 companies and over 30% of these covered environmental and/or social topics.</p> <p>Legal and General co-signed a letter with other investors discussing US governance reforms. The letter was sent to the President of the United States, SEC commissioners and other oversight bodies. Within the letter Legal and General included the issue of political contributions and lobbying expenditure.</p>	<p>LAPFF is maintaining contact with Lonmin seeking to encourage the board to take steps to address the labour and human rights concerns at the mine in South Africa where forty six people lost their lives in August 2012.</p> <p>National Express and LAPFF also have an ongoing dialogue regarding its personnel practices and union relations in the US.</p> <p>LAPFF is a member of an investor coalition led by Universities Superannuation Scheme seeking to raise concerns with policy makers on the detrimental impact of IFRS on company accounts.</p>



**Haringey** Council

**16. Budget Management – position at 31<sup>st</sup> March 2013**

	Budget	Actual	Variance (under)/ overspend
	£'000	£'000	£'000
<b>Contributions &amp; Benefit related expenditure</b>			
<b>Income</b>			
Employee Contributions	8,800	8,819	(19)
Employer Contributions	30,400	31,943	(1,543)
Transfer Values in	6,000	4,258	1,742
<b>Total Income</b>	<b>45,200</b>	<b>45,020</b>	<b>180</b>
<b>Expenditure</b>			
Pensions & Benefits	(38,200)	(40,077)	1,877
Transfer Values Paid	(7,200)	(5,128)	(2,072)
Administrative Expenses	(700)	(876)	176
<b>Total Expenditure</b>	<b>(46,100)</b>	<b>(46,081)</b>	<b>(19)</b>
<b>Net of Contributions &amp; Benefits</b>	<b>(900)</b>	<b>(1,061)</b>	<b>161</b>
<b>Returns on investment</b>			
Net Investment Income	4,500	3,603	897
Investment Management Expenses	(2,500)	(1,642)	(858)
<b>Net Return on Investment</b>	<b>2,000</b>	<b>1,961</b>	<b>39</b>
<b>Total</b>	<b>1,100</b>	<b>900</b>	<b>200</b>



**Haringey** Council

## 17. Late Payment of Contributions

17.1 The table below provides details of the employers who have made late payments during the last quarter.

	Occasions late	Average Number of days late	Average monthly contributions
John Loughborough School	1	13	£5,700
Balfour Beatty Workforce	2	13	£17,300
Mulberry School	1	12	£14,100
Fusion Lifestyle	2	29	£18,700

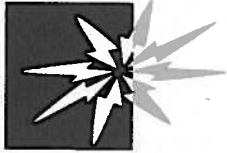
17.2 The first of the Fusion breaches arose from incorrect banking details being included with the payment, which was otherwise on time, whilst the second appears to have been due to an oversight which officers are taking up with the company. Otherwise the breaches have been dealt with informally and no formal action has been considered necessary.

## 18. Communication Policy

18.1 Two sets of regulations govern pensions communications in the LGPS: The Disclosure of Information Regulations 1996 (as amended) and Regulation 67 of the Local Government Pensions Scheme (Administration) Regulations 2008 as amended.

18.2 In March 2011, the Council approved the Pensions Administration Strategy Statement (PASS). The PASS sets out time scales and procedures which are compliant with the requirements of the Disclosure of Information Regulations. The PASS is a framework within which the Council as the Administering Authority for the Fund can work together with its employing bodies to ensure that the necessary statutory requirements are being met.

18.3 In June 2008 the Council approved the Policy Statement on Communications with scheme members and employing bodies. The Policy Statement identifies the means by which the Council communicates with the Fund members, the employing bodies, elected members, and other stakeholders. These cover a wide range of activities which include meetings, workshops, individual correspondence and use of the internet. In recent times, the Pensions web page has been developed to provide a wide range of employee guides, forms and policy documents. Where possible, Newsletters and individual notices are sent by email to reduce printing and postage costs.



**Haringey** Council

18.4 The requirement to publish a Communications Policy Statement recognises the importance that transparent effective communication has on the proper management of the LGPS.

Pensions Communications Q4 (1 <sup>st</sup> Jan 2013 – 31 <sup>st</sup> March 2013)		
Auto-enrolment	Individual letter to all employees to explain how they are affected by auto-enrolment. Followed by payslip message to confirm a letter was sent.	March 2013
Update to Pensions web page	Leaflet on Pension Reforms 2014 updated and posted on Pensions web page.	Feb 2013
Workshop on Auto-enrolment	Presentations to HR Staff.	Feb 2013
Employer Guide and template letters on auto-enrolment	Schools not using the Haringey Payroll issued with a Guide to Auto-enrolment and template letters to send to staff.	March 2013



**Haringey** Council

**Appendix 1 – Investment Managers mandates, benchmarks and targets**

<b>Manager</b>	<b>% of Total Portfolio</b>	<b>Mandate</b>	<b>Benchmark</b>	<b>Performance Target</b>
BlackRock Investment Management	55.7%	Global Equities & Bonds	See overleaf	Index (passively managed)
Legal & General Investment Management	29.3%	Global Equities & Bonds	See overleaf	Index (passively managed)
CBRE Global Investors	10%	Property	IPD UK Pooled Property Funds All Balanced Index	+1% gross of fees p.a. over a rolling 5 yr period
Pantheon Private Equity	5%	Private Equity	MSCI World Index plus 5%	+ 0.75% gross of fees p.a.
<b>Total</b>	<b>100%</b>			

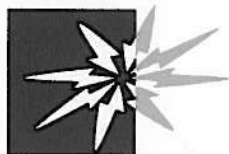


**Haringey** Council

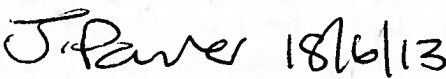
Asset Class	Benchmark	BlackRock Investment Management	Legal & General Investment Management	Total
UK Equities	FTSE All Share	14.9%	2.6%	17.5%
Overseas Equities				
North America	FT World Developed North America GBP Unhedged	28.8%	23.7%	52.5%
Europe ex UK	FT World Developed Europe X UK GBP Unhedged	21.5%	3.8%	25.3%
Pacific ex Japan	FT World Developed Pacific X Japan GBP Unhedged	4.3%	4.3%	8.6%
Japan	FT World Developed Japan GBP Unhedged	2.0%	2.0%	4.0%
Emerging Markets	FT World Global Emerging Markets GBP Unhedged	1.0%	3.1%	4.1%
Index Linked Gilts	FTA Index Linked Over 5 Years Index	0.0%	10.5%	10.5%
		12.0%	3.0%	15.0%
		55.7%	29.3%	85.0%







**Haringey** Council

<b>Report for:</b>	Corporate Committee 27th June 2013	<b>Item number</b>	
<b>Title:</b>	Pension Fund: Asset Allocation Advice		
<b>Report authorised by :</b>	 Director of Corporate Resources		
<b>Lead Officer:</b>	Ian Talbot, Interim Head of Finance – Treasury & Pensions ian.talbot@haringey.gov.uk 020 8489 8621		
<b>Ward(s) affected:</b> N/A		<b>Report for Non Key Decision</b>	

**1. Describe the issue under consideration**

- 1.1 This report considers the Pension Fund's current asset allocation and recommends movements towards the agreed strategic benchmark.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 That the asset allocation moves set out in the Advice Table on page 6 of Appendix 1 are implemented.

**4. Other options considered**

- 4.1 None.



**Haringey** Council

## **5. Background information**

- 5.1 At the time of agreeing the new investment strategy for the Pension Fund, the Committee agreed the assets would be transferred to the new fund managers in their existing allocations and that asset allocation advice would be taken from the investment advisers, Aon Hewitt to move to the agreed strategy on a gradual basis taking into consideration conditions in the market.
- 5.2 At the meetings on 22<sup>nd</sup> January 2013 and 14<sup>th</sup> March 2013 Aon Hewitt presented a timetable of proposed moves which would achieve the strategic asset allocation by the end of 2013. The moves agreed at those meetings were implemented on 1<sup>st</sup> February 2013 and 2<sup>nd</sup> April 2013 respectively.

## **6. Comments of the Chief Financial Officer and financial implications**

- 6.1 This report recommends the next set of timetabled moves to achieve the strategic asset allocation by the end of the calendar year. Implementing the moves on a gradual basis mitigates the risk to performance of making one large move.

## **7. Head of Legal Services and Legal Implications**

- 7.1 The Council as administering authority for the Pension Fund has the power to invest fund monies as set out in Local Government Pension Scheme (Management and Investment Funds) Regulations 2009.
- 7.2 All investments must comply with the Council's published investment policy and the asset allocation must be in accordance with the investment strategy adopted on 12<sup>th</sup> April 2011. This third allocation forms part of the strategic allocation to the new fund managers.

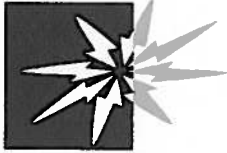
## **8. Equalities and Community Cohesion Comments**

- 8.1 Not applicable.

## **9. Head of Procurement Comments**

- 9.1 Not applicable.

## **10. Policy Implications**



**Haringey** Council

10.1 None.

**11. Use of Appendices**

11.1 Appendix 1: Aon Hewitt – Asset Allocation Process

**12. Local Government (Access to Information) Act 1985**

12.1 Not applicable.

**13. Asset Allocation**

13.1 At the meetings on 22<sup>nd</sup> January 2013 and 14<sup>th</sup> March 2013 the Committee agreed to the first two sets of asset allocation moves towards the strategic asset allocation and these were implemented on 1<sup>st</sup> February 2013 and 2<sup>nd</sup> April 2013 respectively. Aon Hewitt have prepared a report setting out their advice for the third set of asset allocation moves to the strategic benchmark in 2013 and this is attached at Appendix 1.

13.2 This shows that the Pension Fund remains overweight in its allocation to equities (75.7% compared to 70%). Offsetting this overweight, the property and private equity allocations are underweight, but these are long term asset classes which cannot be added to quickly. Property and private equity, along with other alternative asset classes, are currently being considered by the working group. Recommendations will be brought to the Committee once the review is complete.

13.3 Aon Hewitt have recommended that the planned moves take place over time for all asset classes and that the overweight position in equities is temporarily maintained. These recommendations have been discussed with Aon Hewitt and are supported by officers and the Independent Adviser.





**London Borough of Haringey**  
 Date: 13 June 2013  
 Prepared for: Working Group  
 Prepared by: Colin Cartwright  
 Emily McGuire

## Asset Allocation Process

### Introduction

The Corporate Committee ("the Committee") of the London Borough of Haringey Pension Fund ("the Fund") has decided to move to the strategic benchmark over a period of time, taking into consideration the medium term asset allocation advice ("MTAA") advice from Aon Hewitt to move faster on an opportunistic basis if market conditions are favourable. The purpose of this note is to provide the Committee with advice regarding the third timetabled switch.

### Establishing the Objectives

An important step in establishing any process is to set the objectives that the process is designed to achieve. It is our understanding that the key objectives of the asset allocation process are as follows;

- To move the Fund's asset allocation to the strategic benchmark by the end of 2013
- To identify trends in underlying markets
- To realise in the short term outperformance from underlying regional equity markets without compromising the intention to move to the strategic benchmark by the end of 2013.
- To support the Working Group and Committee through the process.

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**Asset Allocation** The strategic asset allocation and current (17 May 2013) allocation are set out in the table below:

	Overall		LGIM		BlackRock		CBRE		Pantheon	
	Strategic %	Current %	Strategic %	Current %	Strategic %	Current %	Strategic %	Current %	Strategic %	Current %
<b>Listed Equities</b>	<b>70.0</b>	<b>75.7</b>	<b>26.3</b>	<b>26.5</b>	<b>43.7</b>	<b>49.2</b>				
UK	17.5	23.2	2.6	2.5	14.9	20.7				
North America	25.3	22.7	3.8	2.3	21.5	20.4				
Europe ex UK	8.6	10.3	4.3	5.1	4.3	5.2				
Asia Pacific ex Japan	4.0	3.8	2.0	2.0	2.0	1.8				
Japan	4.1	5.6	3.1	4.6	1.0	1.0				
Emerging markets	10.5	10.1	10.5	10.1						
<b>Index-linked gilts</b>	<b>15.0</b>	<b>14.1</b>	<b>3.0</b>	<b>2.7</b>	<b>12.0</b>	<b>11.4</b>				
<b>Property</b>	<b>10.0</b>	<b>6.2</b>					<b>10.0</b>	<b>6.2</b>	<b>5.0</b>	<b>4.0</b>
Private equity	5.0	4.0								
Cash	0.0	0.0								
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>29.3</b>	<b>29.3</b>	<b>55.7</b>	<b>60.5</b>	<b>10.0</b>	<b>6.2</b>	<b>5.0</b>	<b>4.0</b>

Source: Northern Trust. Figures may not add up due to rounding.

The Working Group are currently undertaking a review of the Private Equity and Property allocations. Therefore, due to the illiquid nature of Private Equity and Property and the ongoing review they are not included in the rebalancing timetable. The asset allocation process is only focused on the equity and bond allocations.

**Rebalancing timetable**

In order to ensure that the Fund has reached its strategic benchmark by the end of 2013 we have designed a timetable that removes a quarter of each assets class's divergence from the strategic allocation each quarter. It should be noted that the actual movements will differ from the timetable amounts to reflect relative market movements over the year.

## Rebalancing Timetable

	Current Under/Overweight Position	Quarter 3 2013 %	Quarter 4 2013 %		
		Switch	Under/ Overweight	Switch	Under/ Overweight
UK	+5.7	-2.9	2.8	-2.8	0.0
North America	-2.6	+1.3	-1.3	+1.3	0.0
Europe ex UK	+1.7	-0.9	+0.8	-0.8	0.0
Asia Pacific ex Japan	-0.2	+0.1	-0.1	+0.1	0.0
Japan	+1.5	-0.7	+0.8	-0.8	0.0
Emerging markets	-0.4	+0.2	-0.2	+0.2	0.0
Index-linked gilts	-0.9	0.4	-0.5	+0.5	0.0

**Recommendation**

Our recommendation is to use the process described in the paper to move towards the strategic allocation, making movements based on Aon Hewitt's advice at each quarterly meeting. Our recommendations are set in the table on the following page. There are two key recommendations with all other switches proceeding as timetabled:

- Stay overweight equities relative to bonds
- Move regional equities in line with benchmark relative to each other

To calculate the switches the regional weightings were scaled to reflect the equity overweight. For example UK equities make up 25% of the equities, so keeping the equities at 75.7% overall the neutral weighting to UK equities would be 18.9%. The switched amounts were then calculated based on reaching this revised allocation over the next two switching dates.

The result of these switches is detailed in the table below.

	<b>Strategic Allocation %</b>	<b>Current Allocation %</b>	<b>New Allocation %</b>
<b>Listed Equities</b>	<b>70.0</b>	<b>75.7</b>	<b>75.7</b>
UK	17.5	23.2	18.9
North America	25.3	22.7	27.4
Europe ex UK	8.6	10.3	9.3
Asia Pacific ex Japan	4.0	3.8	4.3
Japan	4.1	5.6	4.4
Emerging markets	10.5	10.1	11.4
<b>Index-linked gilts</b>	<b>15.0</b>	<b>14.1</b>	<b>14.1</b>
<b>Property</b>	<b>10.0</b>	<b>6.2</b>	<b>6.2</b>
<b>Private equity</b>	<b>5.0</b>	<b>4.0</b>	<b>4.0</b>
<b>Cash</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



Rebalancing Timetable Adjusting for the Equity Overweight

Current Under/Overweight  
Position to New Allocation

		Quarter 3 2013 %		Quarter 4 2013 %	
		Switch	Under/ Overweight	Switch	Under/ Overweight
UK	+4.3	-2.2	2.1	-2.1	0.0
North America	-4.7	+2.4	-2.3	+2.3	0.0
Europe ex UK	+1.0	-0.5	+0.5	-0.5	0.0
Asia Pacific ex Japan	-0.5	+0.3	-0.2	+0.2	0.0
Japan	+1.2	-0.6	+0.6	-0.6	0.0
Emerging markets	-1.3	+0.6	-0.7	+0.7	0.0
Index-linked gilts	0.0	0.0	0.0	0.0	0.0

## Advice Table

Asset Class	Strategic Allocation (%)	Revised Allocation (%)	Current Allocation (%)	Under/Overweight Position (%)	Adjusted Timetable Move (%)	Aon Hewitt view on asset class	Recommendation	Rationale
UK	17.5	18.9	23.2	+4.3	-2.2	Neutral	Sell 2.2%	We have no strong views on UK equity, but are negative on US equities. We recommend making the timetabled move.
North America	25.3	27.4	22.7	-4.7	+2.4	Negative	Buy 2.3% (0.1% less to make sure trade sums to zero)	We believe that the valuations in North America are the least attractive of all equity regions and therefore we would recommend the timetabled move to reduce the underweight.
Europe ex UK	8.6	9.3	10.3	+1.0	-0.5	Negative	Sell 1.0%	The macroeconomic outlook for Europe is not good, and there are lots of political and event risks. We recommend moving straight to the benchmark position as soon as possible.
Asia Pacific ex Japan	4.0	4.3	3.8	-0.5	+0.3	Neutral	Buy 0.2% (0.1% less to make sure trade sums to zero)	We currently have a neutral view on Asia Pacific equities, and recommend reducing the slight underweight.
Japan	4.1	4.4	5.6	+1.2	-0.6	Positive	Sell 0.6%	Despite strong performance in local currency terms we believe Japanese equities are still attractively priced. However, we recommend making the timetabled move to reduce the overweight over the next two quarters.
Emerging Markets	10.5	11.4	10.1	-1.3	+0.6	Positive	Buy 1.3%	Emerging markets have continued to underperform and are now looking attractive. We recommend moving straight to the benchmark position and purchasing emerging market equities.
Index-linked gilts	15.0	14.1	14.1	0.0	0.0	Negative	Maintain Weight	Negative real yields make index linked gilts very expensive, so we recommend maintaining the underweight.



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Calculations may be derived from our proprietary models in use at that time. Models may be based on historical analysis of data and other methodologies and we may have incorporated their subjective judgement to complement such data as is available. It should be noted that models may change over time and they should not be relied upon to capture future uncertainty or events.





Haringey Council

Report for:	Corporate Committee 27 <sup>th</sup> June 2013	Item number	
Title:	Pension Fund External Audit Plan 2012/13		
Report authorised by :	Director of Corporate Resources <i>J. Pender 18/6/13</i>		
Lead Officer:	Ian Talbot Interim Head of Finance – Treasury & Pensions ian.talbot@haringey.gov.uk 020 8489 8621		
Ward(s) affected: N/A	Report for Non Key Decision		

**1. Describe the issue under consideration**

- 1.1 This report presents the audit plan prepared by the external auditors, Grant Thornton for the audit of the Pension Fund accounts 2012/13 for the Committee's consideration.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

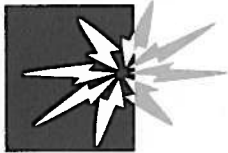
- 3.1 That the 2012/13 Audit Plan prepared by Grant Thornton be agreed.

**4. Other options considered**

- 4.1 None.

**5. Background information**

- 5.1 The audit plan will be presented by Subarna Banerjee, the Engagement Leader from Grant Thornton.



**Haringey** Council

- 5.2 The plan sets out the approach the auditors will take, the key issues, timescales, staffing and fee for the audit.
- 5.3 Officers will provide the auditors with all necessary information during the audit which will take place during the summer. Grant Thornton will then report back to the Corporate Committee in September to advise of their findings and any recommendations.

## **6. Comments of the Chief Financial Officer and financial Implications**

- 6.1 Grant Thornton are proposing a fee of £22,379 for the 2012/13 audit, which is approximately £13,000 less than the fee charged for the 2011/12 audit. This reduction has arisen because, as part of the process of the Audit Commission outsourcing work to private audit firms, fees have been set at a national level.

## **7. Head of Legal Services and Legal Implications**

- 7.1 The Head of Legal Services has been consulted on the content of this report. The audit is in line with the Council's duty as administering authority for the Haringey Pension Fund.

## **8. Equalities and Community Cohesion Comments**

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

## **9. Head of Procurement Comments**

- 9.1 Not applicable

## **10. Policy Implications**

- 10.1 None.

## **11. Use of Appendices**

- 11.1 Appendix 1: Grant Thornton – The Audit Plan for London Borough of Haringey Pension Fund for year ended 31<sup>st</sup> March 2013

## **12. Local Government (Access to Information) Act 1985**

- 12.1 Not applicable.

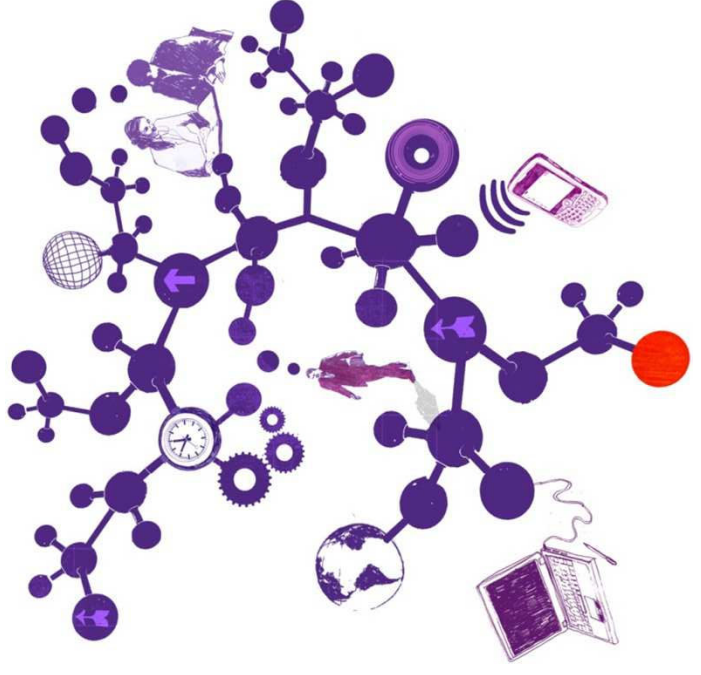


# The Audit Plan for London Borough of Haringey Pension Fund

**Year ended 31 March 2013**  
3 June 2013

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3 June 2013

Dear Sirs

**Audit Plan for London Borough of Haringey Pension Fund for the Year ended 31 March 2013**

We are pleased to be engaged to perform the audit of London Borough of Haringey Pension Fund for the Year ending 31 March 2013.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

This Audit Plan highlights the key elements of our proposed audit strategy for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. An Audit Findings report will be issued prior to approval of the financial statements and will present our significant findings and other matters arising from the audit. We will communicate any significant adverse or unexpected findings affecting the audit on a timely basis, either informally or through an interim memorandum.

We look forward to working with you during the course of the audit.

Yours faithfully

**Subarna Banerjee**

**Chartered Accountants**  
Member firm within Grant Thornton International Ltd  
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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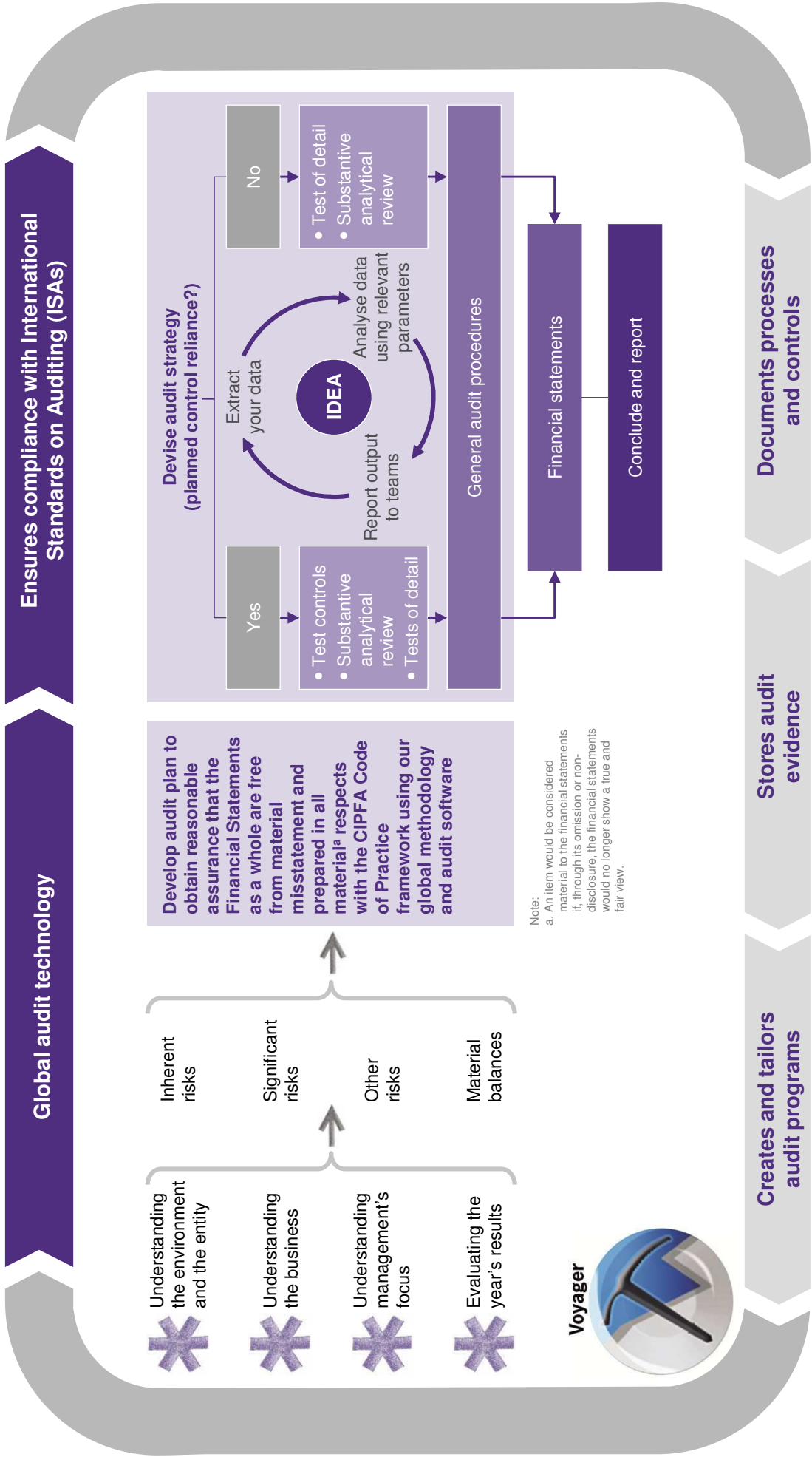
# Developments relevant to the pension fund and the audit

In planning our audit we consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements	
<p><b>1. Financial reporting</b></p> <ul style="list-style-type: none"> <li>CIPFA publication of a revised set of example accounts for pension funds in 2013.</li> </ul>	<p><b>5. Triennial valuation</b></p> <ul style="list-style-type: none"> <li>Demands on pension funds' time in terms of administering the information to pass to the actuary and regular dialogue with the actuary.</li> </ul>
<p><b>2. LGPS 2014</b></p> <ul style="list-style-type: none"> <li>Planning for the impact of the implementation of career average re-valued earnings scheme (CARE) from 1 April 2014.</li> </ul>	<p><b>4. Financial Pressures – Pension fund</b></p> <ul style="list-style-type: none"> <li>Pension funds are increasingly requiring to withdraw from assets to fund the demand on benefits payable that are not covered by contributions in year. Pension fund investment strategies need to be able to respond to these demands as well as the changing nature of investment markets.</li> </ul>
<p><b>3. Financial Pressures – scheduled and admitted bodies</b></p> <ul style="list-style-type: none"> <li>Managing pensions administration where contributing bodies are offering early retirement and redundancies placing additional workload on the pension fund in dealing with severance arrangements.</li> </ul>	

Our response	
<ul style="list-style-type: none"> <li>We will ensure that the Pension Fund complies with the requirements of the CIPFA Code of Practice through our substantive testing</li> </ul>	<ul style="list-style-type: none"> <li>We will maintain regular dialogue with management to assess the impact this may have on the administration of the Pension fund. We will raise any concerns with those charged with governance.</li> </ul>
<ul style="list-style-type: none"> <li>We will discuss the impact of the changes with the Pension Fund through our regular meetings with senior management and those charged with governance, providing a view where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>We will monitor the changes being made to the pension fund investment strategy through our regular discussions with senior management and those charged with governance.</li> <li>We will consider the impact of changes on the nature of investments held by the pension fund and adjust our testing strategy as appropriate.</li> </ul>
<ul style="list-style-type: none"> <li>We will maintain regular dialogue with management to assess the impact this may have on the administration of the Pension fund. We will raise any concerns with those charged with governance.</li> </ul>	<ul style="list-style-type: none"> <li>We will maintain regular dialogue with management to assess the impact this may have on the administration of the Pension fund. We will raise any concerns with those charged with governance.</li> </ul>

# Our audit approach



## An audit focused on risks

We undertake a risk based audit whereby we focus audit effort on those areas where we have identified a risk of material misstatement in the accounts. The table below shows how our audit approach focuses on the risks we have identified through our planning and review of the national risks affecting the sector. Definitions of the level of risk and associated work are given below:

**Significant** – Significant risks are typically non-routine transactions, areas of material judgement or those areas where there is a high underlying (inherent) risk of misstatement. We will undertake an assessment of controls (if applicable) around the risks and carry out detailed substantive testing.

**Other** – Other risks of material misstatement are typically those transaction cycles and balances where there are high values, large numbers of transactions and risks arising from, for example, system changes and issues identified from previous years audits. We will assess controls and undertake substantive testing, the level of which will be reduced where we can rely on controls.

**None** – Our risk assessment has not identified a risk of misstatement. We will undertake substantive testing of material balances. Where an item in the accounts is not material we do not carry out detailed substantive testing.

## Net assets statement

Account	Material (or potentially material) balance?	Transaction cycle	Inherent risk?	Material misstatement risk?	Description of risk	Planned control reliance?	Extent of substantive testing
Investment assets	Yes	Investments	Medium	Not remote	Investments recorded are not valid	No	Full
Investment assets	Yes	Investments	Medium	Not remote	Investments are not recorded at fair value	No	Full
Cash deposits with fund managers	Yes	-	Low	Remote	-	No	Reduced
Other investment balances	No	-	Low	Remote	-	No	Reduced
Investment liabilities	No	-	Low	Remote	-	No	Reduced
Current assets - contributions receivable	No	-	Low	Remote	-	No	Reduced
Current assets - cash balance	No	-	Low	Remote	-	No	Reduced
Current assets - other	No	-	Low	Remote	-	No	Reduced
Current liabilities - unpaid benefits	No	-	Low	Remote	-	No	Reduced
Current liabilities - other	No	-	Low	Remote	-	No	Reduced

# An audit focused on risks (continued)

## Fund account

Account	Material (or potentially material) balance?	Transaction cycle	Inherent risk	Material misstatement risk?	Description of risk	Planned control reliance?	Extent of substantive testing
Contributions in the year	Yes	Scheme Contributions (Defined benefit)	Medium	Not remote	Contributions not valid or incomplete	No	Full
Transfers in	Yes	Transfers in to the scheme	Medium	Not remote	Transfers in not valid or incomplete	No	Full
Benefits payable	Yes	Benefit Payments	Medium	Not remote	Benefits incorrectly calculated	No	Full
Transfers out	Yes	Benefit Payments	Medium	Not remote	Transfers-out incorrectly calculated	No	Full
Administrative expenses	No	-	Low	Remote	-	No	Reduced
Investment income	Yes	Investments	Medium	Not remote	Investment income incorrectly stated	No	Full
Taxation	No	-	Low	Remote	-	No	None
Investment portfolio expenses	Yes	-	Low	Remote	-	No	Reduced
Investment changes in market value	Yes	Investments	Medium	Not remote	Market value movements overstated	No	Full

## Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
<p><b>Revenue</b></p>	<p>Under ISA 240 there is a presumed risk that revenue (which for the purposes of the London Borough of Haringey Pension Fund we have considered as investment income, transfers into the scheme and contributions) may be misstated due to the improper recognition of revenue.</p>	<p>We have rebutted this presumption and therefore do not consider this to be a significant risk for the London Borough of Haringey Pension Fund since:</p> <ul style="list-style-type: none"> <li>• The nature of the pension fund's revenue is in many respects relatively predictable and does not generally involve cash transactions.</li> <li>• The split of responsibilities between the Pension Fund, its fund managers and the custodian, provides a very strong separation of duties reducing the risk around investment income.</li> <li>• Revenue contributions are made by direct salary deductions and direct bank transfers from admitted bodies and are supported by separately sent schedules and are directly attributable to gross pay making any improper recognition unlikely.</li> <li>• Transfers into the scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving funds.</li> </ul>
<p><b>Management over-ride of controls</b></p>	<p>Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> <li>• Review of accounting estimates, judgements and decisions made by management</li> <li>• Testing of journals entries</li> <li>• Review of unusual significant transactions</li> </ul>

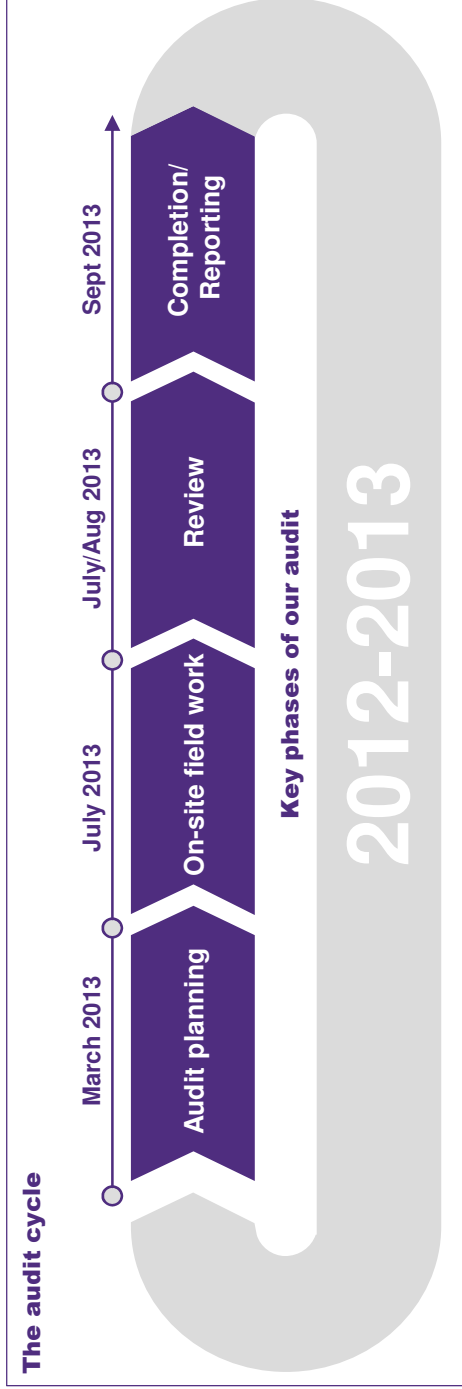
## Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Planned audit procedure
<b>Investments</b>	Investments are not valid or fair value measurements are not correct	<ul style="list-style-type: none"> <li>• obtain direct confirmations from fund managers, and the global custodian of investments held</li> <li>• compare holdings confirmed by global custodian to individual fund managers</li> <li>• obtain direct confirmation of market prices for a selection of investment holdings to external pricing agencies such as Bloomberg (quoted investments)</li> <li>• critically assessing the assumptions used in a sample of the valuations (unquoted investments and direct property investments)</li> <li>• agree a selection of purchase and sales transactions to supporting information</li> </ul>
<b>Investment income</b>	Investment income incorrectly recorded	<ul style="list-style-type: none"> <li>• establish an expectation of income receipts based on investment assets held</li> <li>• for a selection of investments ensure expected income is correctly recorded</li> </ul>
<b>Contributions</b>	Contributions are missing or incorrectly calculated	<ul style="list-style-type: none"> <li>• estimate total contributions by reference to average pensionable salaries, and average member numbers</li> <li>• review overall contributions received on a monthly basis and ensure unusual trends satisfactorily explained</li> <li>• deductions of contributions from salaries will be checked for a selection of members to ensure accuracy, and that they were correctly paid over to the fund</li> </ul>
<b>Benefits and transfers payments</b>	Benefits paid incomplete and / or incorrectly calculated	<ul style="list-style-type: none"> <li>• rationalise pensions paid with reference to changes in member numbers and increases in the year</li> <li>• for each benefit, a selection of transactions will be made and agreed to supporting documentation maintained on individual member files</li> </ul>



# Logistics and our team



### Our team

<p><b>Subarna Banerjee</b>  <b>Engagement Leader</b>                      T 01908 359647                      E subarna.banerjee@uk.gt.com</p>
<p><b>Stuart Halliday</b>  <b>Audit Manager</b>                      T 01908 359665                      E stuart.n.halliday@uk.gt.com</p>
<p><b>Tomeca Campbell</b>  <b>Audit Senior</b>                      T 01908 660666                      E tomeca.campbell@uk.gt.com</p>

Date	Activity
22.03.13	Planning meeting
04.06.13	The draft audit plan provided to management
27.06.13	The audit plan presented to the Corporate Committee
15.07.13	Year end fieldwork commences
25.07.13	Manager on-site review
10.08.13	Director review
w/c 02.09.13	Issue draft ISA 260 for comment
19.09.13	Discuss audit findings with Corporate Committee
19.09.13	Corporate Committee to approve accounts and annual report
TBC	Issue opinion on the financial statements and annual report

# Fees and independence

## Fees

	£
Pension fund audit	22,379

## Fees for other services

Service	Fees £
None	Nil

### Our fee assumptions include:

- Our fees are exclusive of expenses and VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Pension fund and its activities have not changed significantly
- The Pension fund will make available management and accounting staff to help us locate information and to provide explanations

### Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

# Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to those charged with governance.

## Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

We have been appointed as the Council and Pension fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Pension Fund's key risks when reaching our conclusions under the Code.

The audit of the Pension fund's financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Report for:	Corporate Committee 27th June 2013	Item number	
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Title:	Treasury Management 2012/13 Outturn and Quarter 1 2013/14 update
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Report authorised by :	<i>J. Power 18/6/13</i> Director of Corporate Resources
---------------------------	--

Lead Officer:	Ian Talbot, Interim Head of Finance – Treasury & Pensions ian.talbot@haringey.gov.uk 020 8489 8621
---------------	---

Ward(s) affected: N/A	Report for Non Key Decision
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#### 1. Describe the issue under consideration

- 1.1 This is a report to Members on treasury management activity and performance during 2012/13 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 2013/14.

#### 2. Cabinet Member Introduction

- 2.1 Not applicable.

#### 3. Recommendations

- 3.1 That Members note the treasury management activity and performance during 2012/13 and the first quarter of 2013/14; and,  
3.2 That Members approve the amendment to the Prudential Indicators within the Treasury Management Strategy Statement 2013/14 as set out in paragraph 14.6.

#### 4. Other options considered

- 4.1 None.

## 5. Background information

- 5.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 5.2 The Code recommends that members are informed of treasury management activities at least twice a year. Formulation of treasury policy, strategy and activity is delegated to the Corporate Committee and this Committee receives reports quarterly.
- 5.3 However, overall responsibility for treasury management remains with the Council and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2012/13 on 28<sup>th</sup> February 2012.
- 5.4 This outturn report is a requirement of the Code and it summarises the activity during 2012/13.
- 5.5 With regard to investments, 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. However, no treasury management activity is without risk and the effective identification and management of this risk are integral to the Council's treasury management activities.

- 5.6 This report has been written in consultation with the Council's treasury management advisers, Arlingclose.

## 6. Comments of the Chief Financial Officer and financial implications

- 6.1 The treasury management strategy in 2012/13 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 2012/13. This active

management of the debt portfolio realised savings of £2.8m in the year.

## **7. Head of Legal Services and Legal Implications**

7.1 The contents and recommendation of this report are in accordance the Treasury Management Strategy Statement (except for the adjustments set out in paragraph 14.6 of this report) and consistent with legislation governing the financial affairs of the Council. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

7.2 Paragraph 14.6 of this report will have the effect of changing Paragraph 4.14 (Table 11: Maturity of fixed rate borrowing) of the Treasury Management Strategy 2013/14 to 2014/15. The changes are necessary because the Treasury Management Code has been revised.

## **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: Summary of Treasury Management activity and performance  
Appendix 2: Prudential Indicators

## **12 Local Government (Access to Information) Act 1985**

12.1 Not applicable.

## **13. Economic and treasury portfolio background in 2012/13**

13.1 The Council's treasury management advisers have advised that some of the principal factors in relation to the UK economy were:

- The global outlook stabilised mainly due to central banks maintaining low interest rates and governments increasing

spending and reducing taxes to encourage economic growth. In the UK the Bank Base Rate remained at 0.5% throughout the financial year.

- The UK economy shrank in the first and third quarters of the financial year but registered growth of 0.9% in the second quarter and 0.3% in quarter four producing year on year growth of 0.6%.
- The UK's sovereign rating was downgraded by Moody's to Aa1. The AAA status was maintained by Fitch and S&P, albeit with a Rating Watch Negative and with a Negative Outlook respectively.

13.2 The "Funding for Lending Scheme," whereby the Bank of England provides funds for the banks at a very low interest rate means that they are not so reliant on the wholesale market resulting in short term investment rates falling below the Bank Rate for much of the year.

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 a net reduction of £12.3m in long term PWLB borrowing and £20m in short term borrowing from other local authorities arising from the repayment of maturing debt and further use of cash balances in lieu of borrowing. The sections which follow describe the activity in the borrowing and investment portfolios in more detail.

Treasury Portfolio	Position at 31/03/12 £'000	Position at 31/03/13 £'000
<b><u>Borrowing</u></b>		
PWLB fixed maturity	201,544	192,178
PWLB fixed EIP	9,682	7,746
PWLB variable EIP	7,746	6,778
Market loans	125,000	125,000
Other local authorities	50,000	30,000
<b>Total External Borrowing</b>	<b>393,972</b>	<b>361,702</b>
<b><u>Investments</u></b>		
Fixed term deposits	0	7,100
Money market funds	5,470	7,095
<b>Total Investments</b>	<b>5,470</b>	<b>14,195</b>

#### 14. Borrowing

14.1 During the year the Council continued its policy of undertaking limited external long term borrowing and maximising the use of internal balances in lieu. The reason for this was to continue to minimise the "cost of carry" associated with external borrowing and



thus to reduce overall borrowing costs. 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 which has amounted to 2-3% over the last year. As a result, of the £22.3m repaid for maturing loans and principal repayments only £10m was replaced by new borrowing.

- 14.2 The "Certainty Rate" was introduced by the PWLB in November 2012, allowing local authorities to borrow at a reduction of 0.20% on the Standard Rate and the Council's borrowing of £10m was taken on this basis.
- 14.3 Short term borrowing from other local authorities at £50m, was artificially high at the end of 2011-12 in order to maximise the benefits from the Government's repayment of PWLB debt as part of housing reform. The in-year borrowing of £30m is due to the large differential between short and longer term interest rates which is likely to remain a feature for some time in the future. This differential is kept under constant review and the borrowing strategy adjusted accordingly.
- 14.4 To minimise the risks associated with interest rate changes, 98% of the Council's loans portfolio is held at fixed rates.
- 14.5 The Council has £125m of market loans which are LOBO loans (Lender's Options Borrower's Option) and all of them were in their call period during 2012/13. A LOBO is called when the lender exercises its right to amend the interest rate on the loan at which point the borrower can accept the revised terms or reject them and repay the loan without penalty. Whilst none of the LOBOs were called during 2012/13 they do represent a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the lender's discretion. Any LOBO called will be discussed with the Council's treasury advisers prior to the acceptance of any revised terms.
- 14.6 The Treasury Management Code has recently been revised and now requires the Prudential Indicator relating to the Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment. This is in effect a technicality but should nevertheless be adjusted going forward and it is recommended, therefore, that the Prudential Indicators be adjusted as follows:

Maturity structure of borrowing (U: upper; L: lower)	Existing L	Existing U	Revised U
Under 12 months	0%	40%	55%
12 months and within 2 years	0%	35%	40%
2 years and within 5 years	0%	35%	40%
5 years and within 10 years	0%	35%	35%
10 years and within 20 years	0%	35%	35%
20 years and within 30 years	0%	35%	35%
30 years and within 40 years	0%	35%	35%
40 years and within 50 years	0%	50%	50%
50 years and above	0%	50%	50%

14.7 The table below summarises the transactions undertaken during the year:

	1/4/12 £'000	Maturing loans £'000	New loans £'000	31/3/13 £'000
PWLB fixed maturity	201,544	(19,366)	10,000	192,178
PWLB fixed EIP	9,682	(1,936)	0	7,746
PWLB variable EIP	7,746	(968)	0	6,778
Market loans	125,000	0	0	125,000
Other local authorities	50,000	(50,000)	30,000	30,000
Total borrowing	393,972	(72,270)	40,000	361,702

14.8 At the end of the financial year the average interest payable on the borrowing portfolio had fallen to 5.38% from 5.87% at 1 April 2012.

## 15. Investments – activity and performance

15.1 The Council held average cash balances of £22.3m 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 2012/13. All investments made during the year complied with the Council's agreed Treasury Management Strategy and Treasury Management Practices. Maturing investments were repaid to the Council in full and in a timely manner.

## 15.2 Credit Risk

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long term counterparty rating of A- Fitch, Standard and 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 risks by setting limits on each institution on the lending list. The Council has complied with all these limits during 2012/13.

In June Moody's downgraded a number of banks with global capital market operations, including the UK banks on the Council's lending list - Barclays, HSBC, Royal Bank of Scotland/Natwest, and Lloyds TSB Bank/Bank of Scotland. Although the only effect of this action was to remove RBS/NatWest from the Council's approved list (due only to their short term rating) this confirmed the Council's strategy of investing only in instant access AAA rated Money Market Funds and the Government guaranteed Debt Management Office.

The table below shows the investments outstanding at 31 March 2013:

Institution	Long term credit rating	Amount (£m)	% of total deposits
Deutsche MMF	AAA	1.400	9.9
RBS MMF	AAA	0.840	5.9
JP Morgan MMF	AAA	1.350	9.5
Invesco MMF	AAA	1.320	9.3
Goldman Sachs MMF	AAA	1.305	9.2
BlackRock MMF	AAA	0.880	6.2
Debt Management Office	AA+	7.100	50.0
TOTAL		14.195	100.0

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

Throughout 2012-13 credit risk scores have been reported to Committee based on a methodology devised by Arlingclose. 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

The scores during 2012-13 are shown below and evidence the impact of investing only in AAA rated Money Market Funds and the Debt Management Office:

	Quarter 1 2012/13	Quarter 2 2012/13	Quarter 3 2012/13	Quarter 4 2012/13
Value weighted	1.0	1.0	2.4	2.5
Time weighted	1.0	1.0	1.9	2.9

The significant changes during the year have arisen from a change in the methodology for valuing money market funds.

### 15.3 Liquidity

In keeping with the Government's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and Debt Management Office investments which operate on an instant access basis. The weighted average maturity of the investment portfolio was, therefore, one day.

### 15.4 Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. £0.08m was earned on the Council's investments during 2012/13 at an average rate of 0.36%, 0.14% below the Bank of England Base Rate.

## **16. Update on Investments with Icelandic Banks**

16.1 In December 2011, the Courts determined that local authority deposits with Glitnir and Landsbanki qualified for priority status. Securing priority creditor status means that deposits with Glitnir are set to recover 100%, whilst Landsbanki deposits are estimated to recover 98% and Heritable 88%.

16.2 Distributions received by the Council to date total £24.5m, 66% of the original investment of £36.9m.

## **17. Compliance with Prudential Code indicators**

17.1 The Council set prudential indicators for 2012/13 in February 2012. The set of indicators is made up of those which provide an indication of the

likely impact of the planned capital programme and those which are limits set on treasury management activity. Appendix 2 sets out the approved indicators for 2012/13 and the final position for each of the capital indicators and the year end position on each of the treasury management limits.

17.2 Borrowing is well within the operational and authorised limits, as the peak of borrowing was £394m in April 2012. The continued policy of using internal cash balances to fund the capital programme ensured this was the case.

#### 18. 2013/14 quarter 1 update

18.1 During the quarter to date £25m of local authority borrowing has matured. Due to the pattern of the Council's cash flow where a high proportion of payments arrive early in the year it has not yet been necessary to carry out any re-financing.

18.2 The table below shows the Council's investments as at 13 June 2013.

Counterparty	Long Term Credit Rating	Period to Maturity (days)	Amount (£k)	% of Total Deposits
Debt Management Office	AA+	5	3,200	5.7
Debt Management Office	AA+	7	5,000	8.9
Debt Management Office	AA+	5	3,600	6.4
Debt Management Office	AA+	1	8,200	14.7
Debt Management Office	AA+	1	1,700	3.0
Debt Management Office	AA+	1	7,300	13.0
Debt Management Office	AA+	14	5,000	8.9
Debt Management Office	AA+	11	3,250	5.8
Nat West Call Account	A	1	5,400	9.6
Goldman Sachs MMF	AAA	1	3,750	6.7
Deutsche MMF	AAA	1	1,160	2.1
RBS MMF	AAA	1	2,900	5.2
JP Morgan MMF	AAA	1	0.535	1.0
Invesco MMF	AAA	1	1.320	2.4
BlackRock MMF	AAA	1	3,700	6.6
<b>TOTAL</b>			<b>56,015</b>	<b>100.0</b>

The Debt Management Office does not have a credit rating therefore the UK sovereign rating is used

### Appendix 1: Summary of Treasury Management Activity and Performance

#### 1. Treasury Portfolio

	Position at Q4 2012/13 £000	Position at Q3 2012/13 £000	Position at Q2 2012/13 £000	Position at Q1 2012/13 £000
Long Term Borrowing PWLB	206,702	208,155	205,901	218,972
Long Term Borrowing Market	125,000	125,000	125,000	125,000
Short Term Borrowing	30,000	20,000	23,000	35,000
<b>Total Borrowing</b>	<b>361,702</b>	<b>353,155</b>	<b>353,901</b>	<b>378,972</b>
Investments: Council	14,195	20,950	15,580	19,795
Investments: Icelandic deposits in default	12,455	12,995	13,918	14,485
<b>Total Investments</b>	<b>26,650</b>	<b>33,945</b>	<b>29,498</b>	<b>34,280</b>
<b>Net Borrowing position</b>	<b>335,052</b>	<b>319,210</b>	<b>324,403</b>	<b>344,692</b>

#### 2. Security measure

	Quarter 4 2012/13	Quarter 3 2012/13	Quarter 2 2012/13	Quarter 1 2012/13
Credit score – Value weighted	1.6	1.0	1.0	1.0
Credit score – Time weighted	1.9	1.0	1.0	1.0

#### 3. Liquidity measure

	Quarter 4 2012/13	Quarter 3 2012/13	Quarter 2 2012/13	Quarter 1 2012/13
Weighted average maturity: deposits (days)	4.00	8.36	4.21	2.37
Weighted average maturity: borrowing (years)	27.74	27.20	28.50	25.60

#### 4. Yield measure

	Quarter 4 2012/13	Quarter 3 2012/13	Quarter 2 2012/13	Quarter 1 2012/13
Interest rate earned	0.31%	0.36%	0.33%	0.45%
Interest rate payable	5.38%	5.46%	5.47%	5.44%

## Appendix 2: Prudential Indicators

	Prudential Indicator	2012/13 Original Indicator	2012/13 Position/Actual at 31/3/2013
<b>CAPITAL INDICATORS</b>			
1	Capital Expenditure	£k	£k
	General Fund	44,350	41,317
	HRA	43,514	40,673
	TOTAL	87,864	81,990
2	Ratio of financing costs to net revenue stream	%	%
	General Fund	2.70	2.78%
	HRA	15.35	13.18%
3	Capital Financing Requirement	£k	£k
	General Fund	298,901	277,726
	HRA	272,854	271,096
	TOTAL	571,755	548,822
4	Incremental impact of capital investment decisions	£	£
	Band D Council Tax	1.31	0.41
	Weekly Housing rents	0.20	0.09

	Prudential Indicator	2012/13 Original Indicator	2012/13 Position/Actual at 31/3/2013	
<b>TREASURY MANAGEMENT LIMITS</b>				
5	Borrowing Limits	£k	£k	
	Authorised Limit	788,917	393,972	
	Operational Boundary	638,545	393,972	
6	HRA Debt Cap	£k	£k	
	Headroom	54,684	54,894	
7	Net debt to gross debt	£k	£k	
	Limit on proportion of net debt to gross debt	531,755	422,331	
8	Upper limit – fixed rate exposure	100%	98.13%	
	Upper limit – variable rate exposure	40%	1.87%	
9	Maturity structure of borrowing (U: upper, L: lower)	L	U	
	under 12 months	0%	40%	14.28%
	12 months & within 2 years	0%	35%	2.82%
	2 years & within 5 years	0%	35%	10.41%
	5 years & within 10 years	0%	35%	12.37%
	10 yrs & within 20 yrs	0%	35%	5.22%
	20 yrs & within 30 yrs	0%	35%	3.35%
	30 yrs & within 40 yrs	0%	35%	4.37%
	40 yrs & within 50 yrs	0%	50%	26.45%
50 yrs & above	0%	50%	20.74%	
10	Sums invested for more than 364 days	£0	£0	
11	Adoption of CIPFA Treasury Management Code of Practice	√	√	





**Haringey** Council

<b>Report for:</b>	Corporate Committee 27 June 2012	<b>Item number</b>	
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<b>Title:</b>	<b>Annual Internal Audit Report and Assurance Statement 2012/13</b>
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<b>Report authorised by :</b>	Director of Corporate Resources <i>J. Parker 12/6/13</i>
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<b>Lead Officer:</b>	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: <a href="mailto:anne.woods@haringey.gov.uk">anne.woods@haringey.gov.uk</a>
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<b>Ward(s) affected: ALL</b>	<b>Report for: Information</b>
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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 2012/13 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 and Risk Management's annual audit report and assurance statement for 2012/13.



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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 Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013, state:

- The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
- The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- The annual report must incorporate:
  - the opinion;
  - a summary of the work that supports the opinion; and
  - a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

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 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.

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.'*



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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 is part of the framework contract which was awarded to the London Borough of Croydon from 1 April 2012, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

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 Council's Head of Legal Services has been consulted in the preparation of this report, and advises that the Committee has the Constitutional power to adopt the recommendations sought.

7.2. The Head of Legal Services further 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.

**10. Policy Implications**

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, improving governance, internal controls and risk management practices, reducing the opportunity for fraud to take place in the first place and taking appropriate action to detect and



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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 2012/13**

**12. Basis of Assurance**

12.1 The Head of Audit and Risk Management's opinion is derived from work completed during 2012/13 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 2012/13 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. Due regard has been given to the requirements of the new PSIAS to ensure that these standards can be met from 1 April 2013.

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 2012/13**

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; the 2011 Accounts and Audit (Amendment) (England) Regulations; and the PSIAS. The opinion is based on the work undertaken. Work was planned and performed in order to obtain the information necessary to provide sufficient 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 2013 accords with proper practice and is fundamentally sound. The opinion relates only to the systems and areas reviewed during the year



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and any details of significant control issues identified are included in the report.

**14. Assurance from the work of Internal Audit**

14.1 During 2012/13, Internal Audit undertook 55 planned system reviews and 21 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. Six of the system reviews and 12 of the schools received a 'limited' assurance rating; one school received a 'nil' assurance rating; with the remaining reviews which were completed receiving 'substantial' or 'full' assurance ratings. Eleven out of twelve key financial systems were assessed as having substantial assurance ratings, with one receiving a 'full' assurance rating.

14.2 Internal Audit were satisfied with management responses in those areas which had received a 'limited' assurance rating and undertook prompt follow up work in some high risk cases to ensure that appropriate controls were in place and operating effectively.

14.3 In addition, detailed monitoring was undertaken during 2012/13 on all high priority (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 2013, three 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 2012/13 and were satisfied with the responses from management on this area of follow up work.

14.4 A detailed report on the work of Internal Audit in 2012/13 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 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 2012/13, the Council implemented the requirements of the Localism Act effectively and no challenges were made to its arrangements.



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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). Its approval and publication with the authority's statement of accounts represents the end process of the annual review of internal control. During 2012/13, the increased incidence of limited and nil assurance ratings for schools was highlighted as an issue by the Head of Audit and Risk Management. In response to this, internal audit have begun a series of training and briefing sessions for school governors and clerk to governors, with planned workshop sessions for school staff and head teachers to address areas of control weakness.

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 previous year's (2011/12) AGS were addressed during the year. Three significant governance issues were included in the draft 2012/13 AGS and the Council has implemented action plans to address these areas.



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**16. Assurance on Risk Management Activities**

- 16.1 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 2012/13 monitored the management of departments' highest risk areas.
- 16.2 Regular reports to the Directors Group and the Corporate Committee during 2012/13 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 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 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 2011/12 was reported to the Corporate Committee on 29 November 2012. The letter reported that although a higher than usual number of errors were found in the Council's draft accounts, the auditors were able to sign off the accounts by the statutory deadline; and the Council received an unqualified opinion on its accounts which gave a true and fair view of the Council's affairs as at 31 March 2012. Grant Thornton also issued their annual Value for Money conclusion which confirmed that the Council made proper arrangements to secure economy efficiency and effectiveness in its use of resources for the year ending 31 March 2012.
- 17.3 Grant Thornton also commented that the Council had appropriate arrangements in place for securing financial resilience over the medium



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term and effective arrangements to ensure future savings requirements were delivered.

#### **18. Assurance on the Effectiveness of Internal Audit**

- 18.1 In May 2012, a self assessment of the effectiveness of the Council's internal audit arrangements was completed by the Head of Audit and Risk Management. The self assessment used the CIPFA Code of Practice, and the Council's compliance with the standards required of it, as its basis and concluded that Haringey had complied with the Code of Practice and that Internal Audit arrangements were effective. The Head of Audit monitors compliance with the Code of Practice (now PSIAS) 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 2012/13

### 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**

<b>Assurance Level</b>	<b>Definition</b>
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 2012/13 76 projects, including schools, formed the annual audit plan which was approved by the Corporate Committee on 25 March 2012. 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 2012/13, 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 94% of the planned audit programme by 31 March 2013, which is slightly lower than the agreed performance indicator which specifies a 95% completion rate. However, the completion rate had risen above this target by 30 April 2013.

1.5 One project (10 days) was deferred until April 2013 and one school audit (5 days) was cancelled following their conversion to academy status during 2012/13 and prior to the audit visit taking place. A summary of the outputs of the remaining project work completed by 31 March 2013 against the planned work is shown at Table 2 below.

**Table 2 – Planned project work vs. completion rates at 31 March 2013**

	Number of projects planned	Number of final reports issued	Number of draft reports issued	Work in Progress	% draft/ final complete
Key systems	12	8	3	1	92%
Other systems	43	30	7	6	86%
Schools	21	16	4	1	95%
Additional projects	11	11	0	0	100%
<b>Total</b>	<b>87</b>	<b>65</b>	<b>14</b>	<b>8</b>	<b>90%</b>

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 2012/13 is shown in Table 3 below. For comparison purposes, the assurance levels for 2010/11 and 2011/12 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	2010/11	2011/12	2012/13
Full	2	0	1
Substantial	10	11	11
Limited	0	1	0
Nil	0	0	0
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>

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 2012/13 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 2012/13 was 3.8, 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	94%	95%
Priority 1 recommendations implemented at follow up	85%	95%
Benefit fraud cases completed and accepted for prosecution	35	30
Benefit overpayments recovered (including POCA and confiscation awards)	£67.2k	£150k

- 1.11 This level of audit coverage is satisfactory and complies with the 2006 CIPFA Code of Practice for Internal Audit (and the Public Sector Internal Audit Standards which came into effect on 12 April 2013).

## 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 2012/13, 18 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 18 cases investigated were concluded within the 2012/13 financial year.

**Table 5 – Investigations by department**

Department	Investigations 2010/11	Investigations 2011/12	Investigations 2012/13
Chief Executive	1	1	0
Corporate Resources	5	3	2
Children's Service	7	11	5
Adults & Housing Services	4	3	6
Place & Sustainability	3	4	5
<b>Total</b>	<b>20</b>	<b>22</b>	<b>18</b>

- 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 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. 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 newsletters reminding everyone of the Council's expected standards of behaviour and how to report any concerns regarding fraud and corruption.

2.5 During 2012/13, the Corporate Anti-Fraud team continued their work on investigating tenancy fraud. 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 148 referrals during 2012/13.

2.6 As a result of the referrals received in 2012/13, 30 Haringey properties 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, seven Registered Providers' properties were also recovered.

2.7 Investigations in 57 cases will be continued in 2013/14. No further action was taken in 56 cases which were referred to the team in 2012/13. 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 2012/13, the Housing Benefit Fraud Investigation Team completed 35 prosecution cases. In 2011/12, 30 cases were heard in court and all decisions made in favour of the Council and three custodial sentences were handed down.

3.2 In 2012/11, the 35 prosecution cases identified a total of £747k in overpaid and fraudulent benefits, of which £67.2k has been recovered and repayment plans are in place for the remaining amounts. 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.

3.3 The Housing Benefit Investigation team has established an information sharing protocol and risk based process with the Housing Benefit processing and

housing teams to review cases where Right to Buy applications have been submitted and the applicants have housing and council tax benefit claims in payment. As a result of the review processes, 15 applicants have withdrawn from the process, 26 benefit claims have been suspended, and a notice to quit has been issued in one case during 2012/13. The teams will continue to work together to ensure benefit and right to buy processes are applied correctly. The value of this work was approximately £1m based on the discounts applied for by applicants.

#### **4. Looking Forward**

- 4.1 The Council underwent some significant organisational and staffing changes in 2012/13 and, as budget pressures continue, departments are continuing to seek ways of delivering services with reduced resources. In periods of change, there are risks that management and control processes will be reduced, avoided, or stopped which increase the opportunity for fraud.
- 4.2 Internal Audit operates a risk-based approach to its audit coverage and, as a result, focused their activity for 2013/14 on those areas where management or organisational change had already occurred, or was planned, in order to provide assurance to Directors that operational risks were being managed appropriately. Internal Audit will continue to work with Directors and service managers in 2013/14 where concerns are raised in order to address any potential breakdown in the control environment.
- 4.3 In addition, the Head of Audit and Risk Management is part of the risk and governance review group, reporting to the Chief Executive, which will focus on ensuring appropriate management responses to audit recommendations, identifying common themes in control assurance or weakness and highlighting any areas for future audit focus. This process should complement the existing assurance processes and assist in focusing audit resources on the highest risk areas.





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<b>Report for:</b>	Corporate Committee 27 June 2013	<b>Item number</b>	
<b>Title:</b>	Annual Governance Statement 2012/13		
<b>Report authorised by :</b>	Director of Corporate Resources <i>J. Paver 12/6/13</i>		
<b>Lead Officer:</b>	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: <a href="mailto:anne.woods@haringey.gov.uk">anne.woods@haringey.gov.uk</a>		
<b>Ward(s) affected: ALL</b>	<b>Report for: Non-Key Decision</b>		

### 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 2012/13 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 the Corporate Committee, culminating in the production of the draft AGS.

### 2. Cabinet Member Introduction

- 2.1 Not applicable

### 3. Recommendations

- 3.1 The Corporate Committee review and approve the draft 2012/13 AGS.
- 3.2 That the Corporate Committee notes the approval timescale and processes for the draft 2012/13 AGS.

### 4. Other options considered

- 4.1 Not applicable.



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**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'.

**6. Analysis**

- 6.1 In order to comply with the statutory reporting deadlines, the AGS for 2012/13 has to be approved prior to 30 June 2013. 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 in their report 'Delivering Good Governance', the 2012 guidance note; and from recommendations made by Grant Thornton in their 2012 national review of governance in local government: 'Improving Council Governance'.
- 6.3 The AGS format for 2012/13 has been updated to explicitly link it to the Council's published Local Code of Corporate Governance; and demonstrate more clearly the processes and assurances the Council has in place to fulfil its requirements. The Council believes this represents a better approach to producing the AGS and demonstrating the value and importance of good governance throughout the year.
- 6.4 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. Initial discussions with 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-submitted for officer and member consideration and approval before the closure of the statutory audit period on 30<sup>th</sup> September 2013.
- 6.5 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by





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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 Council's Head of Legal Services has been consulted in the preparation of this report, and advises that the Committee has the Constitutional power to adopt the recommendations sought.

8.2. The Head of Legal Services further advises that there are no direct legal implications arising out of the report. In so saying, the Head of Legal Services notes that colleagues have produced the draft Annual Governance Statement in line with industry best practice, and recommendations made by Grant Thornton.

**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 2012/13.



## Annual Governance Statement 2012/13

### 1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, 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, with 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 the council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (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 31<sup>st</sup> March 2013 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 consistent with the six core principles of the council's Code of Corporate Governance:

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
<p><b>Core Principle 1</b></p> <p>Focusing on the purpose of the council, on outcomes for the community and creating and implementing a vision for the area</p>	<ul style="list-style-type: none"> <li>The Council Plan 2012-14 sets out the vision and priorities for the council. The plan identifies five key priorities which formed the major programmes of work for the period 2012/13:                             <ul style="list-style-type: none"> <li>Work with local businesses to create jobs</li> <li>Deliver regeneration to key areas of the borough</li> <li>Tackle housing challenges</li> <li>Improve school standards and outcomes for young people</li> <li>Deliver responsive, high quality services to residents.</li> </ul> </li> <li>The Medium Term Financial Plan (MTEP) sets out the council's spending plans for 2012-13 and 2014-15, linked to its vision and priorities, within reduced resources and takes into account residents' views from area forums and budget consultations.</li> <li>In 2012/13 the council completed a number of cross-cutting service reviews to improve efficiency and reduce costs, including reviewing the finance, procurement and administration functions. This resulted in the ratio of frontline staff to be increased compared to 'back office' staff.</li> <li>The council has seven area forums, each led by a local ward councillor with the agreed terms of reference contained within the council's constitution. Area forums develop and encourage partnerships with local residents' associations, voluntary and community bodies and other</li> </ul>	<ul style="list-style-type: none"> <li>The Council Plan received endorsement from Cabinet in June 2012 and was agreed by Council on 16 July 2012.</li> <li>The Council Plan for 2012-2014 is published on the council's website.</li> <li>The quarterly performance report provides an update on the progress that has been made during 2012/13 against the key indicators and activity identified in the Council Plan.</li> <li>The performance reports are received by Cabinet quarterly, with agendas, reports and minutes made available on the council's website.</li> <li>Area Forum and Committee agendas and minutes are available on the council's website. Each forum has developed an area plan which is published on the council's website.</li> <li>During 2012/13 a scrutiny panel project examined area forums. Recommendations were made for further work to explore alternative models with the intention of identifying future improvements.</li> <li>Programme management arrangements were used to ensure the transfer of the public health function followed the necessary NHS and council requirements for the transfer of</li> </ul>

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	<p>stakeholder groups to raise and address issues of local interest.</p> <ul style="list-style-type: none"> <li>• During 2012/13, preparations were carried out for the transfer of the local public health function to the council to take effect from 1 April 2013.</li> <li>• Haringey's Health and Wellbeing Strategy has been developed by the shadow Health and Wellbeing Board, informed by the Joint Strategic Needs Assessment and in consultation with residents and partners, to improve the health and wellbeing of children and adults in our borough and to reduce health inequalities between the east and west.</li> <li>• In January 2013, the council reinstated a Children's Trust. The terms of reference are being finalised.</li> <li>• Haringey's Community Safety Partnership produces the Community Safety Strategy and action plan, monitors the use of relevant budgets, and ensures compliance with legislation. The Community Safety Strategy 2011-14 is currently being revised, based on updated information from the Community Safety Strategic Assessment.</li> </ul>	<p>functions, staff and contracts.</p> <ul style="list-style-type: none"> <li>• Actions and measures to achieve the Health and Wellbeing Strategy's priorities are monitored and reviewed on a six-monthly basis by the shadow Health and Wellbeing board and will be revised annually.</li> </ul> <hr/> <p>Actions:</p> <ul style="list-style-type: none"> <li>➤ Finalise the council priorities and create a new Corporate Plan for 2013-15.</li> <li>➤ Ensure the Health and Wellbeing Board is fully operational in April 2013.</li> <li>➤ Finalise the terms of reference for the Children's Trust</li> <li>➤ Finalise the Community Safety Strategy</li> </ul>
<p><b>Core Principle 2</b></p> <p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The roles and responsibilities of the council, the Cabinet, committees, councillors including cabinet members, and officers are clearly documented within the constitution.</li> <li>• The constitution 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).</li> </ul>	<ul style="list-style-type: none"> <li>• The constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the council.</li> <li>• 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.</li> <li>• 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</li> </ul>

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	<ul style="list-style-type: none"> <li>The council's constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions.</li> <li>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.</li> <li>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 in accordance with relevant legislation.</li> <li>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.</li> <li>The council's website has an 'Our Standards' page which sets out the expectations and standards required of both officers and members.</li> <li>The council has an agreed Pay Policy in place which is reviewed and approved by the Corporate Committee prior to Full Council. The council has approved its commitment to paying employees the London Living Wage and is working to require contractors to implement the same policy.</li> </ul>	<p>Corporate Committee quarterly during 2012/13. All of the key financial systems received a 'substantial' or higher assurance rating in 2012/13.</p> <ul style="list-style-type: none"> <li>An independent review of the 2011/12 closure of accounts process which confirmed the gaps in governance arrangements was presented to Corporate Committee in March 2013. All recommendations were agreed and an action plan to address weaknesses was implemented.</li> </ul> <hr/> <p>Actions:</p> <ul style="list-style-type: none"> <li>Ensure the recommendations of the closure of accounts independent review are fully implemented.</li> </ul>
<p><b>Core Principle 3</b></p> <p>Promoting values for the authority and demonstrating the</p>	<ul style="list-style-type: none"> <li>Haringey Council has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members.</li> <li>The Head of Legal Services is the Monitoring Officer and is responsible for ensuring that the council acts lawfully and in accordance with the constitution:</li> </ul>	<ul style="list-style-type: none"> <li>The council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. No exceptions were noted in 2012/13.</li> <li>Members are provided with regular briefings on the code of conduct as part of the established</li> </ul>

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
<p>values of good governance through upholding high standards of conduct and behaviour</p>	<ul style="list-style-type: none"> <li>o Directors have the primary responsibility for ensuring that decisions in their directorates are compliant with the Scheme of Delegation to officers.</li> <li>o Standards of conduct and behaviour expected of members are addressed in the members' Code of Conduct set out in the constitution.</li> <li>o A Standards Committee is in place.</li> <li>o Arrangements are in place to govern the conduct between members and officers, as set out in the Protocol on Member/Officer Relations.</li> <li>• 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 induction training, including on the code of conduct, as part of their induction processes.</li> <li>• The council 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.</li> </ul>	<ul style="list-style-type: none"> <li>• member induction and training programme.</li> <li>• Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas and these continued in 2012/13. This included how to report concerns and details of the council's whistle-blowing policy. Copies of staff newsletters are published on the council's intranet.</li> <li>• The council's complaints policy is publicised on the council's external website and at various public places across the borough.</li> </ul>
<p><b>Core Principle 4</b> Taking informed and transparent decisions which are subject to effective scrutiny and risk management</p>	<ul style="list-style-type: none"> <li>• The council has processes in place to ensure that decision takers follow due process.</li> <li>• The council's 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</li> </ul>	<ul style="list-style-type: none"> <li>• The council's internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. Issues were identified in relation to the closure of accounts processes but no other significant governance issues were raised by either report.</li> <li>• 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</li> </ul>

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	<p>processes.</p> <ul style="list-style-type: none"> <li>The council undertakes equality impact assessments of all major policies and strategies and all proposals for major changes in structures and service delivery models, to ensure that they do not disproportionately have a negative impact on any of Haringey's communities. Services follow Equality Impact Assessment guidance which was updated in 2012/13.</li> <li>The council has processes in place to ensure that decision takers follow due process, that decisions are taken having regard to all relevant considerations and that decisions are properly documented.</li> <li>The council's scrutiny function was reviewed during 2011 and new governance arrangements were put in place from April 2012. The Overview and Scrutiny Committee (OSC) is in place to review or scrutinise decisions or actions, in accordance with the protocol in place which sets out how the committee should operate.</li> <li>Scrutiny panels report through the OSC which makes recommendations to Cabinet, based on evidence gathering, consultation and research.</li> <li>The functions of an audit committee, as recommended in guidance by CIPFA and the Institute of Public Finance, are contained within the remit of the council's Corporate Committee.</li> <li>Haringey Council 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 has a free-phone</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Committee quarterly during 2012/13.</li> <li>The counter-fraud team's work achieved 35 successful prosecutions for benefit fraud and recovered 36 Council properties where fraudulent tenancy issues were proven in 2012/13.</li> <li>Full compliance is achieved with CIPFA's statement on the role of the Chief Financial Officer.</li> <li>The use of the whistle-blowing processes and fraud reporting procedures are reported on a quarterly basis to Corporate Committee and the reports are published on the council's website.</li> <li>A list of the equality impact assessments undertaken during 2012/13 is available on the website. No successful challenges were made to the equality impact assessments.</li> <li>The proposed areas to be scrutinised are agreed by the panels and the OSC at the beginning of the municipal year. Cabinet members attend the relevant scrutiny panels to answer questions. The reports are published on the council's website.</li> <li>By taking a detailed look at the council's decisions and policies, Overview and Scrutiny works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account, developing and reviewing policy in an inclusive cross-party manner that involves local communities and</li> </ul>



<p><b>Code of Corporate Governance Principle</b></p>	<p><b>What processes the council has in place to meet the Corporate Governance Principle</b></p> <p>telephone number and email reporting facilities on its external website. Fraud and corruption policies and procedures are contained in the Employee Handbook, and are on the council's intranet and website.</p> <ul style="list-style-type: none"> <li>• The council has a dedicated counter-fraud resource which undertakes reactive and pro-active fraud reviews based on an assessment of the risks included in the corporate fraud risk register, Audit Commission and CIPFA guidance and emerging risks across the public and private sectors.</li> <li>• The council has reviewed governance arrangements for the implementation of the new Localism Act 2011 and Health and Social Care Act 2012.</li> <li>• Haringey has a corporate Risk Management Policy and Strategy which is reviewed 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.</li> <li>• The council has a corporate risk register and all departments and business units have risk registers in place.</li> <li>• Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service within a directorate produces a business continuity plan which is updated twice a year. Service continuity plans are incorporated into the council-wide Business Continuity Plan.</li> </ul>	<p><b>How the council gets assurance that the Corporate Governance processes work in practice</b></p> <p>other interested parties, reviewing the performance of the council and scrutinising local services not provided by the council, such as health services. The reports and decisions of the committee are published on the council's website.</p> <ul style="list-style-type: none"> <li>• The council's programmes and projects identify and review risks in line with the council's project management framework.</li> <li>• The corporate risk register is reviewed on a quarterly basis by the Directors Group and annually by Corporate Committee. A copy of the risk register and the report to Corporate Committee is published on the council's website.</li> <li>• The council's corporate risk management and emergency planning steering group met on a quarterly basis during 2012/13, chaired by a member of the Chief Executive's Director's Group. The group 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.</li> <li>• The corporate Emergency Planning and Business Continuity Team proved guidance and support to services and carry out regular audits of the business continuity service plans. No</li> </ul>
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Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
<p><b>Core Principle 5</b></p> <p>Developing the capacity and capability of Members and Officers to be effective</p>	<ul style="list-style-type: none"> <li>The council provides a programme of training for members, and all members have access to the council's corporate training and development programme.</li> <li>All permanent staff within the council receive an annual performance review and appraisal, which is linked to the council's management standards and corporate competency framework, and results in individual work targets and development plans.</li> <li>Senior managers' performance targets include mandatory requirements for people and budget management.</li> </ul>	<p>significant business continuity incidents were reported in 2012/13.</p> <ul style="list-style-type: none"> <li>Members who sit on the Corporate and Regulatory Committees were provided with training in 2012/13 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury.</li> <li>During 2012/13, 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.</li> </ul>
<p><b>Core Principle 6</b></p> <p>Engaging with local people and other stakeholders to ensure robust public accountability</p>	<ul style="list-style-type: none"> <li>Haringey Council's Consultation Charter sets out how the council ensures that its consultation is effective and what can be expected from its consultation. This, together with consultation principles, is published on the website.</li> <li>The council's publishes a resident's magazine, Haringey People, six times per year containing information on council activities.</li> <li>As part of its budget consultation process, the council informed, consulted and engaged residents and businesses from November 2012 to January 2013. The consultation was undertaken using both an online and paper questionnaire which included factual information about the council's budget and its services.</li> <li>Local Area Committees have been operating during 2012/13. These have specific responsibilities and consultative powers and are a vital part of local</li> </ul>	<ul style="list-style-type: none"> <li>No significant governance or control issues were identified by APP's independently appointed internal auditors during 2012/13.</li> <li>The results of the budget consultation were published on the council's website.</li> <li>Hard copies of Haringey People are delivered to all residential addresses and the magazine is also available via the council's intranet and external website. Once a year it includes a summarised annual report and set of financial statements.</li> <li>10 public meetings were held where residents were able to ask questions and make comments on the council's budget to the Cabinet Member, effectively influencing the budget process.</li> </ul>

Code of Corporate Governance Principle	What processes the council has in place to meet the Corporate Governance Principle	How the council gets assurance that the Corporate Governance processes work in practice
	<p>democratic engagement.</p> <ul style="list-style-type: none"> <li>• Standing partnership bodies exist for the shadow Health and Wellbeing Board, Children's Trust and the Community Safety Board.</li> <li>• Public consultation was carried out on a proposal to close the John Loughborough School.</li> <li>• The Education Commission, Outstanding for All, reported during the year on the results of its engagement.</li> <li>• 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.</li> <li>• The council has a wholly-owned company, Homes for Haringey Limited (HfH) and is a trustee of APP under the terms of the current operating requirements. The council provides advice and services to HfH and APP, which have their own board, constitution, memorandum and articles. The accounts of HfH and APP are incorporated into the group accounts of the London Borough of Haringey. The assessment of governance and controls by the relevant officers included an assessment of the governance and controls of HfH and APP.</li> </ul>	<ul style="list-style-type: none"> <li>• The results of the budget consultation were used to inform the Medium Term Financial Plan (MTFP).</li> <li>• A summary of the budget consultation findings was given to all councillors to inform the council budget setting with the consideration of the MTFP by the council.</li> <li>• The complete results of the budget consultation will be published on the council's website.</li> <li>• The MTFP was scrutinised by the four scrutiny panels and recommendations made by the OSC to Cabinet.</li> <li>• The council produces a Scrutiny Annual Report which is available on its website.</li> </ul>

**4. Significant governance issues**

4.1 During 2012/13, the council's closure of accounts process was identified as significant governance issue. Although the accounts were signed off within the statutory deadline, and were unqualified by the external auditor, there were a high level of quality issues associated with the draft accounts submitted for audit in June 2012. The following actions have been undertaken:

- An independent review of the process was commissioned by the Chief Executive, which was presented to Corporate Committee in March 2013
- The team responsible for accounts closure has been restructured, and staff have been transferred to bolster resources and capabilities
- CIPFA have been commissioned to provide ongoing technical advice and support
- A robust project methodology has been established, with a project plan, risk register and issues log
- A governance framework has been approved that sets out roles, responsibilities and escalation procedures. External challenge is a key part of this framework, and a closure review board has been set up that includes external audit and senior expertise from another local authority
- Risk and issues are being managed more proactively at Corporate Finance Management Team, and the Assistant Director (Finance) has increased management oversight of the process through weekly update meetings.

4.2 In addition, the council identified some key areas where work would be undertaken in 2012/13 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress on this is set out below.

Issue	Action	Progress Update
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.	Completed and operating effectively. All requirements to ensure the council was compliant with the Act were put in place effectively in 2012/13.
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 managed and addressed to enable the effective transfer of the public health function fully to the local authority.	Completed and operating effectively. The public health function was successfully transferred to the council on 1 April 2013. The Health and Wellbeing Board was formally established and is operational.

Issue	Action	Progress Update
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's governance processes meet its objectives.	The recommendations were implemented following full Council approval and have since been reviewed by the member working group and reported to this year's full Council in May 2013 with subsequent minor changes.
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.	Governance structures have been agreed, including sign off procedures to include Director's Group, a dedicated Programme Management Board and a Strategic Forum and with Cabinet/ member sign off as appropriate.
Children and Young People's Service Shared Services arrangements	Formalise and implement the statutory responsibilities for the Children's Trust with the Health and Wellbeing Board. Agree the form of governance and ensure that there are effective operational arrangements in place between preferred partners.	Completed and operating effectively. Governance was established for a shared service programme with Waltham Forest. That programme has since paused while the Council considers broader transformational change.

4.3 The council has identified the following significant governance issues during 2012/13. It is proposed over the coming year to take steps to address the governance issues in these areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
Council's closure of accounts processes	Ensure the recommendations of the independent review into the 2011/12 closure of accounts processes are fully implemented.	Assistant Director of Finance	June 2013
Community Safety Strategy	Finalise the Community Safety Strategy 2011-14, based on updated information from the Community Safety Strategic Assessment.	Director of Place and Sustainability	The finalised Community Safety Strategy will be formally agreed by the Community Safety Partnership on 13 June 2013. It is scheduled to be considered by Overview and Scrutiny on 17 June, by Cabinet 9 July, and adopted by Full Council 15 July 2013.
Tottenham Regeneration Programme	Ensure that the Tottenham Regeneration Programme 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	The Programme Management Office will be launched on 3 June 2013. All associated programme management controls will be in place by 30 June 2013, including risk registers, issue logs, project summary meetings, budget forecasting and monitoring.

## 5. Review of effectiveness

5.1 Haringey Council 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.

5.2 The Director of Corporate Resources (the council's statutory section 151 Officer), the Head of Legal Services, and the Head of Audit and Risk Management have also reviewed the work done by the council relating to governance issues in 2012/13. Their comments on the key governance issues are as follows:

- Director of Corporate Resources: There was a significant governance issue during 2012/13 relating to the closure of the 2011/12 accounts. Although the accounts were signed off within the statutory deadlines and were unqualified there were a high level of quality issues relating to the draft accounts. Actions are being taken to prevent this occurring in the closure of the 2012/13 accounts.
- Head of Legal Services: Significant changes were made to corporate governance arrangements as a result of the Localism Act 2011. A local Code of Conduct for members, reformed Standards Committee and local arrangements for dealing with complaints for members were adopted by the council in 2012/13. New procedures also had to be adopted by the council arising from other provisions of the Localism Act, including those relating to the community right to bid, community right to challenge, assets of community value and the registration of neighbourhood forums. All these were put in place effectively in 2012/13 and no external challenge to the new processes were made in 2012/13.
- Head of Audit and Risk Management: Although the closure of accounts processes highlighted some governance failings, this did not impact on the operating of the council's key financial systems which all received 'substantial' assurance ratings from internal audit in 2012/13. A higher proportion of schools received 'limited' or 'nil' assurance ratings from internal audit in 2012/13, partly as a result of recommendations relating to governance issues. Internal Audit and Corporate Finance have started a programme of training aimed at school governors, head teachers, and school finance staff to assist in improving their performance. No other significant governance issues were raised by internal audit during 2012/13.

5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2012/13, 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. All of the council's key financial systems received a 'substantial' assurance rating or higher in 2012/13. Five of the 48 completed system reviews and 13 of the 19 schools audits completed received a 'limited' assurance rating (including one school with 'nil' assurance), with the remaining reviews completed receiving 'substantial' or higher

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.

- 5.4 Directors have completed a statement of assurance covering 2012/13 which is informed by work carried out by departmental managers, internal audit, external assessments and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. One issue within the Children and Young People's Service was identified which fell outside routine audit and inspection processes, namely the failure to record decisions to seek or over-ride parental consent when sharing information, leading to a Judicial Review judgment against the council. Adjustment to the electronic social care recording database will be implemented as a result. New guidance has been issued to staff to ensure that practice is now compliant with the judgement. The Director of Corporate Resources identified the closure of accounts process as their main governance issue in 2012/13.
- 5.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) statements on the role of the Chief Financial Officer (CFO) and the role of the Head of Internal Audit (HoA) in public service organisations have both been incorporated into the council's overall governance arrangements. During 2012/13, the council has been able to confirm that CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.
- 5.6 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.
- 5.7 The evidence provided with regards to the production of the Annual Governance Statement has been considered by the Chief Executive, all Directors and by the council's Corporate Committee, who concluded that the council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement. The Chief Executive and the Directors' Group are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the council's corporate governance arrangements under review during the year.

Signed by:

**Councillor Claire Kober**  
Leader of the council

**Nick Walkley**  
Chief Executive

Date:





**Haringey Council**

<b>Report for:</b>	Corporate Committee 27 June 2013	<b>Item number</b>	
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<b>Title:</b>	Internal Audit Progress Report – 2012/13 Quarter 4
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<b>Report authorised by :</b>	Director of Corporate Resources <i>J. Parker 18/6/13</i> Assistant Chief Executive <i>Stt X.</i>
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<b>Lead Officer:</b>	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: <a href="mailto:anne.woods@haringey.gov.uk">anne.woods@haringey.gov.uk</a>
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<b>Ward(s) affected: ALL</b>	<b>Report for: Non-Key Decision</b>
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### 1. Describe the issue under consideration

1.1 The Corporate Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2012/13 annual audit plan, together with the responsive pro-active fraud investigation work, and housing benefit fraud investigation work. Where further action is required or recommended, this is highlighted in the report and appendices and included in the recommendations for the Corporate Committee.

1.2 The report also provides information from the Council's Human Resources (HR) business unit in respect of (a) work undertaken in supporting disciplinary action taken across all departments by respective Council managers; and (b) consultants employed by the Council.

### 2. Cabinet Member Introduction

2.1 Not applicable



### **3. Recommendations**

- 3.1** The Corporate Committee is recommended to note the audit coverage and counter-fraud work completed during the fourth quarter, 2012/13.
- 3.2** That the Corporate Committee reviews the management responses received for those audit recommendations not fully implemented; and confirms that the managers' actions taken during the quarter to address the outstanding recommendations are appropriate.
- 3.3** The Corporate Committee note the information received from the HR business unit.

### **4. Other options considered**

- 4.1** Not applicable.

### **5. Background information**

- 5.1** The internal audit service and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council. This report looks at the work undertaken in the quarter ending 31 March 2013 and focuses on:
- Progress by Deloitte and Touche on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised;
  - Progress in implementing outstanding internal audit recommendations with particular attention given to priority 1 recommendations;
  - Details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities, including those within the remit of the Corporate Anti-Fraud and Housing Benefit Fraud Investigation Teams;
  - Information in respect of disciplinary action taken by managers across all departments of the Council during the quarter; and
  - Details of consultants employed by all departments across the Council to the end of March 2013.
- 5.2** The information in this report has been compiled from information held within the Audit & Risk Management business unit and from records held by Deloitte and Touche and the Council's corporate HR business unit.

### **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 is part of the framework contract which was awarded to the London Borough of Croydon from 1 April 2012, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.



**Haringey Council**

6.2 The financial benefits to the Council of the work completed during 2012/13 as part of the ongoing tenancy fraud project will be realised as properties are recovered and returned to the Council's portfolio. The Audit Commission estimate that the costs of fraudulent tenancies and unauthorised sub-letting equate to £18k per annum per property. During the fourth quarter, a further Council property was recovered.

6.3 The work undertaken to review and investigate potential fraudulent Right to Buy (RTB) applications ensures that discounts of up to £75k per property are approved for genuine applications. During the year, 15 RTB applications were either withdrawn or stopped as a result of the team's investigations, with a total value of £1m.

**7. Legal Implications**

7.1 The Council's Head of Legal Services has been consulted in the preparation of this report, and advises that the Committee has the Constitutional power to adopt the recommendations sought.

7.2. The Head of Legal Services further 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. The report also contains details of how fraud investigation work is undertaken and pro-active fraud projects are managed. 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.

**10. Policy Implications**

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, improving controls and reducing the opportunity for fraud to take place in the first place, and taking appropriate pro-active 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 – Deloitte and Touche Progress report  
Appendix B – In-house Team – investigations into financial irregularities  
Appendix C – Council-wide disciplinary information  
Appendix D – Consultants employed by the Council as at 31 March 2013.



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## 12. Performance Management Information

12.1 Although there are no national or Best Value Performance Indicators, key local performance targets have been agreed for Audit and Risk Management. These form part of Corporate Resources' reporting processes, but are detailed below for information. Table 1 below shows the targets for each key area monitored in 2012/13 and gives a breakdown between the quarterly and cumulative performance.

**Table 1**

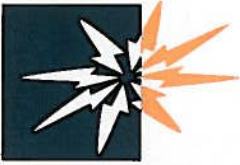
PI Ref.	Performance Indicator	4 <sup>th</sup> Quarter	Year to date	Target
1	Audit work – Days Completed vs. Planned programme	93%	94%	95%
2	Priority 1 recommendations implemented at follow up	100%	85%	95%
3	Benefit fraud cases completed and accepted for prosecution	9	35	30
4	Benefit overpayments recovered (including POCA and confiscation awards)	£41.8k	£67.2.0k	£150k

## 13. Internal Audit work – Deloitte and Touche contract

13.1 The activity of Deloitte and Touche for the fourth quarter of 2012/13 to date is detailed at Appendix A. Deloitte and Touche planned to deliver 219 days of the 2012/13 annual audit plan (876 days) during the quarter. Deloitte and Touche actually delivered 203.25 days audit work during the quarter, which is slightly below the level of the planned work. Overall the level of completed work was just below the annual target, but completion rates as at 30 April (to take into account the Easter period) were above the 95% target. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.

13.2 Members of the Corporate Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any issues to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter, together with detailed summaries of the findings and recommendations of those reports which received a 'limited' assurance rating.

13.3 Appendix A also provides detailed summaries of all recommendations which were previously recorded as outstanding at the time of the follow up audit work. Members have been monitoring the progress and implementation of these at the previous Audit Committee meetings to ensure that managers were taking appropriate action to address outstanding recommendations. Four recommendations from prior years remain outstanding, with only one high priority recommendation remaining as 'partly implemented'. Work is ongoing to



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address the Priority 1 recommendation and Internal Audit are satisfied that the interim controls in place manage the risks adequately; and that managers' actions are appropriate to manage these lower priority risks facing the Council. Internal Audit will continue to monitor implementation of recommendations to ensure appropriate actions are taken to mitigate identified risks.

13.4 A summary of all follow up audit projects for 2011/12 work which have been undertaken is also included in Appendix A. We have followed up on 107 recommendations to date and found that 83 have been implemented, 13 are no longer applicable including 10 relating to establishments that are now closed, 8 are in progress, and 3 have not been implemented. Overall, a compliance rate of 90% has been achieved for the fourth quarter. Three Priority 1 recommendations remain outstanding (1), or in progress (2).

### 14. In-house Team: Fraud investigation/Pro-active work

- 14.1 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. Appendix B details the individual cases that were completed by the In-house Team in the fourth quarter of 2012/13 and any which were brought forward from 2011/12, relating to Council employees. The listing at Appendix B also includes any referrals made using the Council's whistle blowing policy which were investigated by Internal Audit. During the fourth quarter, no staff-related whistle blowing referrals were made.
- 14.2 Within the fourth quarter, no new cases relating to permanent and temporary employees were referred to Internal Audit by management. Four cases were completed during the quarter involving Council employees. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.
- 14.3 The section has been continuing to work with Homes for Haringey and the Strategic and Community Housing Service to target and investigate housing and tenancy fraud during 2012/13. The Audit Commission estimate that each fraudulent tenancy costs councils an estimated £18k in temporary accommodation and other associated costs.
- 14.4 As at 31 March 2013, 148 referrals of suspected tenancy fraud have been received by the team during 2012/13 (108 received in total during 2011/12) and Table 2 below summarises the source of these referrals:

**Table 2**

<b>Referrals Received From:</b>	<b>Number</b>
Tenancy Management Officer	86
Fraudcall (email and freephone telephone)	2
Registered Providers	51



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<b>Referrals Received From:</b>	<b>Number</b>
Members of the Public	1
Joint investigation with Housing Benefit Fraud	4
Education Welfare Officers	0
National Fraud Initiative	0
Police	0
Other Local Authority	1
Member	1
Legal Services	0
Haringey Staff	2
Customer Services	0
<b>Total</b>	<b>148</b>

- 14.5 During 2012/13, 30 Haringey properties have been recovered in total, plus a further nine applications for Succession, or Grant of Tenancy, refused on evidence of ineligibility, so the tenancies can be allocated to tenants in accordance with the Council's lettings policy. In addition, seven Registered Providers' properties have also been recovered. Advice and recommendations for further action have been made by the Corporate Anti-Fraud Team to the Tenancy Management Teams in seven further cases.
- 14.6 Investigations are ongoing in 57 cases; and 56 cases which were referred to the team as a potential fraudulent tenancy case resulted in no further action being taken. Feedback on the outcomes of cases is provided to housing and Homes for Haringey staff during regular case conferences and team meetings to show the positive outcomes resulting from their referrals. The total of 30 properties recovered to date includes action taken in six cases by housing officers.
- 14.7 In addition to the above details relating to tenancy fraud, the Corporate Anti-Fraud Team has also abated two fraudulent 'Right to Buy' applications from proceeding where the maximum discount of £75k was being claimed by the applicants. Nine cases are presently with Legal Services awaiting Court application, or Hearing. The first application for possession is being made under the Prevention of Social Housing Fraud Act 2013; which will include an application for an Unlawful Profit Order (S.5). Further to tenancies being recovered, the Corporate Anti-Fraud Team are also taking prosecution proceedings against six former tenants that have been found to have sublet and one Right To Buy applicant.
- 15. Housing Benefit Fraud Investigation**
- 15.1 During the fourth quarter, the HB Fraud team completed investigations on nine benefit fraud cases and submitted these for prosecution at crown court via Legal Services. Four cases submitted by the team to the DWP for joint prosecutions in 2011/12 are still to be heard. There are also three cases with outstanding Bench Warrants which the team chase up on a regular basis. The



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team has an annual target of 30 prosecution cases for 2012/13, and this target was achieved.

15.2 In the fourth quarter, nine cases were heard at crown court and all prosecution cases found in favour of the Council. All cases identified that an overpayment had been fraudulently obtained by the claimants and one custodial sentence was handed down by the courts. The total overpayment identified for the 2012/13 cases was £747k, although only £67.2k has been recovered to date. Overpayment plans are in place to recover the remaining amounts and the team will be working with the HB recovery team and Legal Services going forward to ensure that all options for recovery are considered when fraud has been proven.

15.3 The Housing Benefit team has established an information sharing protocol and risk based process with the Housing Benefit processing and housing teams to review cases where Right to Buy applications have been submitted and the applicants have housing and council tax benefit claims in payment. As a result of the review processes, 15 applicants have withdrawn from the process, 26 benefit claims have been suspended, and a notice to quit has been issued in one case during 2012/13. The teams will continue to work together to ensure benefit and right to buy processes are applied correctly.

**16. Council-wide disciplinary statistics**

16.1 Appendix C details the number of disciplinary suspensions and/or action taken in the fourth quarter of 2012/13. The data is taken from SAP and the information has been provided by the HR business unit in line with Council statistics reported elsewhere.

16.2 During the quarter, the number of disciplinary cases investigated was 34, with 19 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in quarter four was 82 days, which is an increase on the previous quarter. Internal Audit has not completed any further verification on the information provided by HR for this appendix.

**17. Consultants information**

17.1 Appendix D details the consultants employed by the Council during the fourth quarter. The data is taken from SAP and the information has been provided by the HR business unit. Internal Audit has not completed any further verification on the information provided by HR for this appendix.

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**Internal Audit  
Quarter 4 Internal Audit Report  
2012/2013  
London Borough of Haringey**

Deloitte & Touche Public Sector Internal Audit Ltd.  
June 2013

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## Executive Summary

### Introduction

This is our fourth quarter report to the Corporate Committee for the 2012/13 financial year including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council which have been identified during the course of our internal audits. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Corporate Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

As a reminder, our recommendations are prioritised according to the following categories:

- Priority 1* - major issues for the attention of senior management
- Priority 2* - other recommendations for local management action
- Priority 3* - minor matters and/or best practice recommendations

### Key Highlights/Summary of Quarter 4 2012/13 – Final Reports issued:

#### 2012/13 Internal Audits finalised in the quarter:

- Homelessness Assessment Processes;
- Commissioning of Services;
- Strategic Financial Management & Budgetary Control;
- Adoption Service;
- Fostering Service;
- Accounts Receivable (Sundry Debtors);
- NNDR;
- Pension Fund Investment;

- Treasury Management;
- Cash Receipting;
- Council Tax;
- CE Parking Application;
- SAN Data Migration and Security;
- Wireless Network; and
- Health & Safety.

### **Delivery of 2012/13 Internal Audit Plan**

As part of the delivery of the 2012/13 Internal Audit Plan, we have we have also issued draft reports for the following audits:

- Housing Benefits;
- IT Infrastructure Renewal Programme; and
- Partial Hardware Asset Management;

### **Follow Up of Prior Years' Recommendations**

The results of our follow-up work are as follows:

#### **2009/10**

Two Priority 2 recommendations remain outstanding; work is ongoing to address these.

#### **2010/11**

One Priority 2 recommendation from 2010/11, relating to Accounts Receivable (Sundry Debtors) remains outstanding, as partly implemented. This recommendation was re-raised in 2011/12 and has been followed up again as part of the 2012/13 Accounts Receivable (Debtors) audit. It is now being reported as part our follow-up of the 2011/12 recommendations..

#### **2011/12**

To date we have followed up 107 recommendations raised in 2011/12 and the results of our work are as follows:

- Implemented – 84 (79%);
- Partly implemented – 9 (8%);
- Not implemented – 1 (1%); and
- No longer applicable – 13 (12%).

**2012/13**

We have completed a follow-up of the three Priority 1 and three Priority 2 recommendations raised in the 2012/13 Health & Safety internal audit report. We found that all six recommendations have been fully implemented. The detailed results of this follow-up work will be reported separately as part of our monthly summary reporting to Corporate Committee.

As part of the 2013/14 Internal Audit Plan, we will complete a follow-up of the 2012/13 recommendations throughout the financial year. The findings will be reported in our quarterly report to the Corporate Committee.

### Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2012/13 financial year and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

Detailed summaries of all audits which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information.

Audit Title	Date of audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
<b>2012/13</b>							
Homelessness Assessment Processes	September 2012	25/01/2013	Substantial	N/A	0	1	1
Commissioning of Services	July 2012	30/01/13	Substantial	N/A	0	2	0
CE Parking Application	October 2012	06/02/13	Substantial	N/A	0	5	1
SAN Data Migration and Security	November 2012	06/02/13	Substantial	N/A	0	0	1
Strategic Financial Management & Budgetary Control	November 2012	11/02/13	Substantial	↔	0	3	1
Adoption Service	October 2012	04/03/13	Substantial	N/A	0	5	3
Fostering Service	October 2012	03/04/13	Limited	↔	1	6	0
Wireless Network	January 2013	04/03/13	Substantial	N/A	0	1	2
NNDR	December 2012	11/03/13	Substantial	↔	0	0	0
Accounts Receivable (Sundry Debtors)	November 2012	11/03/13	Substantial	↔	0	2	0
Pension Fund Investment	January 2013	11/03/13	Full	↔	0	0	0
Treasury Management	December 2012	11/03/13	Substantial	↔	0	2	1
Cash Receipting	January 2013	12/03/13	Substantial	↔	0	2	0
Council Tax	December 2012	12/03/13	Substantial	↔	0	1	0
Health & Safety	November 2012	24/04/13	Limited	↔	3	3	0

# DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2012/13

## APPENDIX A

As part of the 2012/13 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 4 issued a final report.

School	Date of Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
<b>2012/13</b>						
The Brook on Broadwaters Special School	September 2012	30/01/13	Substantial	1	4	0
North Harringay Primary School	November 2012	06/02/13	Limited	3	7	0
Tetherdown Primary School	December 2012	20/02/13	Limited	3	8	1

As part of the 2012/13 Internal Audit Plan we have visited the following schools during Quarter 4 and completed a probity audit, for which a draft report has been issued.

- St Michael's CE Primary School;
- St Mary's CE Primary School;
- Woodlands Park Nursery School;
- Pembury Nursery School.

Audit area	Scope	Status/key findings	Assurance
<p><b>Fostering Service 2012/13</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Governance;</li> <li>• Documentation, policy and procedures;</li> <li>• Costs and value for money;</li> <li>• Information management;</li> <li>• Expenditure;</li> <li>• Performance monitoring; and</li> <li>• Referral and assessment.</li> </ul>	<p><b>CHILDREN &amp; YOUNG PEOPLE'S SERVICE</b></p> <p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk.</p> <p>Some of the key findings are detailed below:</p> <ul style="list-style-type: none"> <li>• A Children's Social Care Procedures manual covering the Fostering Service has been developed, and is available on HARINET, although this needs updating;</li> <li>• It was identified that the Fostering Team does not undertake tasks as noted in the online procedures manual due to the restructure of the service. These issues were as follows:             <ul style="list-style-type: none"> <li>• Initial enquiries from individuals seeking to become foster carers are logged on Framework-I and individuals are invited to attend an Information Session. Procedures are in place to remind individuals who have enquired of attendance, but with limited Recruitment Team capacity this is not always possible. Where an individual missed three Information Sessions, the enquiry is closed. However, this is not in accordance with the Children's Social Care Procedure Manual;</li> <li>• For the four foster carers examined, letters confirming the booking of an Initial Visit could not be located although the team maintained contact with the carers and did undertake initial visits; and</li> <li>• The Children's Social Care Procedure manual requires an Initial Visit to be completed within 14 days, but this was not evident in the two cases examined.</li> </ul> </li> </ul> <p>Management expect that the new structure will support improvements to the Service in addressing the issues.</p> <ul style="list-style-type: none"> <li>• The Council is part of the CIPFA Children Looked After Benchmarking Club, which is made up of nine London Local Authorities. The Club completes an annual comparison of the cost of service, which includes Fostering;</li> <li>• Action plans have been established for each of the teams within the Fostering Service, Recruitment, Kinship Fostering, and Task Centred Fostering;</li> </ul>	<p>Limited</p>



Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• Staff have access to Framework-I with an individual user-id and password;</li> <li>• Written consent to obtain and share information to complete the assessment of potential foster carers was given all four cases examined;</li> <li>• Set allowances for foster carers have been agreed but have not been amended since 2010/11, apart from an annual inflation increase. A review has been undertaken and new rates due for discussion at CYPS Senior Leadership Team in April 2013.</li> <li>• A payment run is completed weekly for all certified foster carer payment requests;</li> <li>• We confirmed from examination that performance data is produced and reported to each meeting of the Corporate Parenting Advisory Committee;</li> <li>• An annual report on the Fostering Service for the year to 31 March 2012 was prepared and presented to the Corporate Parenting Advisory Committee for review on 4 September 2012;</li> <li>• Information on how to apply to become a foster carer is published by the Council and is advertised through the Council's webpage, on-street advertising and local media;</li> <li>• The Foster Care service has a Marketing Plan by which it seeks to increase the number of foster carers;</li> <li>• Two of the four foster carers sampled were Kinship Carers for whom the assessment process had not been completed, where temporary approval is granted for a child already placed, and a third carer had withdrawn during the assessment process; and</li> <li>• Three of the 10 foster carers sampled had not completed an annual review, although the reviews are overdue; and the date of completion of the last review of 10 foster carers as per the Foster Carer Register was different from that recorded on Framework-I.</li> </ul> <p>As a result of our audit work we have raised one Priority 1 and six Priority 2 recommendations, which should assist in improving the control environment. The Priority 1 recommendation is as follows:</p>	

Audit area	Scope	Status/key findings	Assurance
		<ul style="list-style-type: none"> <li>• The process by which the Register of Foster Carers is produced and maintained should be reviewed to confirm that all entries are for the approved foster carers and are accurate.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The Service Improvement Plan should be completed to identify the required actions and timescales for all the standards and presented to the Head of Service, Commissioning for approval.</li> <li>• Management should ensure that individual employee performance objectives are aligned with the priorities of the new team plans when the new structure is implemented.</li> <li>• The Children Social Care Procedures Manual should be reviewed and updated to reflect current service requirements and practice with regard to the pursuit of outstanding enquiries. Once the procedures have been updated, they should be dated and signed off as approved, with next review date established.</li> <li>• The service should review the arrangements by which where children in an existing placement pass the age limit for the foster carer, the terms of the foster carer's engagement can be reviewed and extended for that child, where it is necessary to maintain the stability of the placement.</li> <li>• The Service should explore with the Framework-I support team the means by which a periodic performance report on timely completion of Initial Visits can be produced.</li> <li>• The Foster Service should develop a programme of reviews of Foster Carers, identifying those due for review each month and planning a review date. Completion of the planned reviews should be monitored and where planned reviews are missed, explanations should be sought, and a revised date booked.</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
<p><b>Health &amp; Safety 2012/13</b></p>	<p><b>ASSISTANT CHIEF EXECUTIVE – PEOPLE AND ORGANISATIONAL DEVELOPMENT</b></p> <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Policies and procedures;</li> <li>• System and controls for monitoring compliance with statutory requirements;</li> <li>• Monitoring of performance, including reportable incidents;</li> <li>• Data collection and verification processes;</li> <li>• Liaison with HSE and other agencies; and</li> <li>• Reporting and management information, including statutory returns.</li> </ul>	<p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk.</p> <p>Some of the key findings are detailed below:</p> <ul style="list-style-type: none"> <li>• The Corporate Health &amp; Safety Policy was formalised in August 2012 by the Chief Executive. We were informed by the Occupational Health &amp; Safety Wellbeing Manager that this is reviewed and revised, where appropriate, to reflect any changes in legislation or personnel.</li> <li>• Corporate Health and Safety Committee meetings are held quarterly and are minuted.</li> <li>• The Directorate Senior Liaison Officer (DSLO) holds quarterly Directorate Health &amp; Safety meetings which are minuted; however, it was found that this is not done for the ACE Directorate.</li> <li>• Ad-hoc support provided by the Corporate Health and Safety Team to the directorates is recorded to identify trends and patterns.</li> <li>• Discussions with relevant officers identified that the P&amp;S, ACE and CYPs Directorates do not hold a competency matrix for staff and details of their qualifications and skills. Management explained that due to the difficulty in finding staff with the required skills to fill health and safety positions, HR seek to identify managers with good general knowledge, but who do not require full knowledge of health and safety, who can complete relevant tasks, such as risk assessments. The staff may at a later date seek formal health and safety training. Although no recommendation has been raised, individual Directorates should ensure that the rationale for selecting managers for health and safety duties,</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>together with any training provided, is documented.</p> <ul style="list-style-type: none"> <li>The directorates are required to adhere to the Corporate Health &amp; Safety Terms of Reference and make these available to relevant staff. Evidence of its communication to relevant staff was not provided to us by P&amp;S, ACE and CYPS directorates.</li> </ul> <p>As a result of our audit work we have raised three Priority 1 and three Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>Risk assessments should be conducted on a regular basis and whenever there are changes in processes. The current risk assessment forms should also be reviewed periodically and updated, where necessary (ACE and CYPS).</li> <li>Management should ensure that a central monitoring process is put in place for the submission of quarterly Health &amp; Safety Service Reports by all Directorates and for following up on non-submission and lack of corrective actions to address any issues (Corporate Team).</li> <li>Health &amp; Safety should be included as a standing item on the agenda of the Director's Group meetings in line with the Corporate Policy that Health &amp; Safety is discussed at such meetings at least twice a year and should form part of the Council's strategic objectives (Corporate Team).</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>Health and Safety Policies should be reviewed and updated to reflect any changes in legislation, Council policy and local practices, and as a minimum should be reviewed for continuing applicability at least once every three years. Evidence of the review should be retained through the use of version control.</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>This recommendation is applicable to the Health &amp; Safety policies relating to the Corporate Team and CYPS Directorate.</p> <ul style="list-style-type: none"> <li>The ACE Directorate DSLO should ensure that quarterly Health &amp; Safety meetings are held with staff, at which risks and issues are discussed, appropriate action plans are developed (identifying deadlines and responsibilities) and required actions are followed up to completion.</li> <li>Minutes of the meetings should be prepared and circulated to all relevant staff (ACE Directorate).</li> <li>Management should ensure that any concerns and issues raised at Health &amp; Safety meetings are formally followed up at subsequent meetings, until completion within the deadlines set against the action plans (P&amp;S Directorate)</li> </ul>	

Detailed Progress Report – Outstanding Recommendations 2009/10

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CORPORATE RESOURCES</b>				
<b>IT AUDIT - PLANNING &amp; CONTROL APPLICATION</b>				
1	<p>A procedure should be established to reconcile payments received from the Planning Portal and iPlan as well as e-Forms on the Haringey website and iBuild application via the Haringey e-Payments system. This should ensure that all payments received via the Cash Receiving interface are reconciled to the Planning Portal application and e-Forms.</p>	2	31 August 2010	<p><b>Partly Implemented:</b>                      Implementation date is unclear at present due to costs involved; however, in the interim a workaround has been developed whereby before applications are formally completed, SAP is checked for payments received.                      The issue has been reported to the supplier but progress is dependent on the prioritisation by the supplier and this would depend on demand from all their customers, unless the Council was to commission the work specifically.                      The Applications Solutions Manager confirmed that this has not been treated as high priority by the supplier and it would not be cost effective for the Council to commission the work independently.  <b>Management Comments at 6 June 2013:</b>                      The Council's e-payment system went live at the end of May 2013. The service can now start to look at the reconciliation procedure as this has now moved up the priority list. Management are unable to give an exact time frame for completion of this action but will be able to determine, by the end of July 2013, the feasibility for the full implementation of this recommendation. Where this is feasible, an estimated timescale for completion of the action is end of October 2013.</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
2	<p>The current audit trail in place on the iPlan and iBuild application should be reviewed to ensure audit trail functionality specifies the tables required for auditing. This should be completed with management to help ensure that all system activity is recorded for the following areas:</p> <ul style="list-style-type: none"> <li>• Changes to system files or fields;</li> <li>• User access to the system; and</li> <li>• Unauthorised access attempts and user lockouts.</li> </ul>	2	31 August 2010	<p><b>Partly Implemented:</b></p> <p>It has been agreed that this recommendation is not going to be implemented at this time due to the way that the i-LAP is configured. However, as with the input controls above, an enhancement request based upon the recommendation will be submitted.</p> <p>The issue has been reported to the supplier but progress is dependent on the prioritisation by the supplier and this would depend on demand from all their customers, unless the Council was to commission the work specifically. The Applications Solutions Manager confirmed that this has not been treated as high priority by the supplier and it would not be cost effective for the Council to commission the work independently.</p> <p><b>Management Comments at 6 June 2013:</b></p> <p>Management believe that this recommendation cannot practically be implemented as both the supplier and the service are of the opinion that the costs outweigh the benefits. The quote by Northgate in 2010 was between £5-10k. Therefore, management suggest that this recommendation should no longer be applicable. This will be discussed with the Deloitte IT Team.</p>

Follow Up Table – 2011/12 Audit Work

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding			
		Category					Implemented					Not Implemented						
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due					
<b>Corporate Resources</b>																		
Treasury Management	Substantial	0	1	1	2	0	1	1	2	0	1	1	2	0	0	0	0	0
Strategic Financial Mgmt. & Budgetary Control	Substantial	0	3	0	3	0	3	0	3	0	3	0	3	0	0	0	0	0
Cash Receipting	Substantial	0	2	0	2	0	0	0	2	0	0	0	2	0	0	2	0	0
Accounting & General Ledger	Substantial	0	1	1	2	0	0	0	2	0	0	0	2	0	1	1	0	0
Accounts Receivable	Substantial	0	1	1	2	0	0	0	2	0	0	0	2	1	1	0	0	0
Creditors	Substantial	0	2	0	2	0	2	0	2	0	2	0	2	0	0	0	0	0
Pension Fund Investment	Substantial	0	2	1	3	0	2	1	3	0	2	1	3	0	0	0	0	0
Council Tax (KFS)	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
NNDR	Substantial	0	0	2	2	0	0	2	2	0	2	2	2	0	0	0	0	0
Housing Benefits	Substantial	0	3	2	5	0	3	2	5	0	3	2	5	0	0	0	0	0
Corporate Savings and Efficiency Programme	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of external Counsel	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0
Customer Service Centres	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Corporate Resources – Procurement</b>																		
Contract Standing Orders/ Scheme of Delegation	Limited	3	4	0	7	3	4	0	7	3	4	0	7	0	0	0	0	0
Homeless Persons Accommodation/Temporary	Substantial	0	0	1	1	0	0	1	1	0	0	1	1	0	0	0	0	0





## APPENDIX A

## DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2012/13

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding	
		Category					Implemented					Not Implemented				
		1	2	3	Total	1	2	3	Total	N/A	Not Imp.	In Progress	Not due			
School Admissions and Place Planning	Substantial	0	1	1	2	0	1	1	2	0	0	0	0	0	0	0
<i>Adult and Housing Services</i>																
Homes for Haringey client-side monitoring	Substantial	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0
Housing Options – private renting scheme	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Personalisation Follow-Up	N/A	0	3	2	5	0	3	2	5	0	0	0	0	0	0	0
Housing in Multiple Occupation – licensing arrangements.	Substantial	0	0	1	1	0	0	1	1	0	0	0	0	0	0	0
<i>Establishment Audits – Day Centres</i>																
The Grange	Substantial	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0
The Haynes	Substantial	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0
The Haven Day Centre	Substantial	0	0	1	1	0	0	1	1	0	0	0	0	0	0	0
<b>Chief Executive – People and Organisational Development</b>																
Voluntary Redundancy Programme	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Equalities – Equality Impact Assessments and compliance with Equalities Act 2010	Substantial	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Framework Agreements – Learning & Development	Limited	2	1	0	3	2	1	0	3	0	0	0	0	0	0	0
<b>Total</b>		<b>20</b>	<b>59</b>	<b>28</b>	<b>107</b>	<b>13</b>	<b>46</b>	<b>25</b>	<b>84</b>	<b>13</b>	<b>9</b>	<b>1</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>2</b>

**Implemented** – officers has indicated through self-certification the progress of recommendations. We have verified a sample of responses.

**N/A** – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.

**Not implemented** – the recommendation has not been addressed, alternative action has not been taken.

**In Progress** – officers have started implementation of recommendations

Detailed Progress Report – Outstanding Recommendations 2011/12

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CORPORATE RESOURCES – KEY FINANCIAL SYSTEMS</b>				
<b>Cash Receipting</b>				
1	<p>Procedure manuals should be documented for the cash receipting function, including instructions for cashiers administering parking related matters, to assist staff in administering the cash receipting function effectively, efficiently and in a consistent manner.</p>	2	December 2012	<p><b>In Progress</b></p> <p><b>Original Management Response:</b></p> <p>This is an issue that we will be addressing with high priority in the objectives being set for the team for 2012/13.</p> <p>Due to the parking team currently awaiting an upgrade to their system and the changes to the parking function due to take place within the next few months, the policies and procedures will not be reviewed/ updated until at least September 2012.</p> <p>This is an issue that will be addressed with high priority at the performance meeting, due to be held next month (June). They informed us that although the restructure was effective from July 2011, officers took to their new roles and responsibilities several months later, to minimise disruption to the services.</p> <p><b>Management Update June 2013:</b></p> <p>Although updating the procedure notes was given a high priority, their update had to wait until the planned upgrade to the Council's cash receipting system had taken place. Now that the system supplier has resolved its issues, the system has now gone live, albeit later than planned. The revised procedure notes that reflect the changes to the process can now be written and this is already in progress.</p> <p>Revised Deadline: August 2013</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
2	The Cashier's process and procedure notes for Parking should be reviewed annually and version controls should be introduced.	2	December 2012	<p><b>In Progress</b></p> <p><b>Original Management Response:</b>                      "Agreed – as the team are currently awaiting an upgrade to their system and the changes to the parking function due to take place within the next few months, the policies and procedures won't be reviewed / updated until at least September 2012."</p> <p><b>Management Update June 2013:</b>                      As outlined above, although updating the procedure notes was given a high priority, their update clearly had to wait until the planned upgrade to the Council's cash receiving system had taken place. Now that the supplier has resolved its issues the system has gone live, albeit later than planned. The revised procedure notes that reflect the changes to the process can now be written and this is already in progress.                      Revised Deadline: August 2013</p>
<b>Accounting &amp; General Ledger</b>				
3	Procedures should be reviewed on a periodic basis and updated, where applicable. Evidence of this should be retained through the use of version control. The SAP procedure notes on Harinet should be updated to include the requirement for journals over £50,000 to be authorised by a manager.	2	<p>July 2012</p> <p>May 2012</p>	<p><b>Partly Implemented</b></p> <p><b>Original Management Response::</b>                      "Agreed. The procedure note will be updated and reviewed annually."  <b>Management Update June 2013:</b>                      "Agreed that regular periodic updating of SAP procedure notes needs to be undertaken and this has been incorporated into future team plans.                      However, it is important to note that interim measures have been taken to mitigate the risk by sending out a specific instruction to all SAP users on 22/3/13 highlighting the (existing) requirement to park/post journal line items of over £50,000.                      We have re-emphasised the need for separation of duties to apply</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
4	<p>A reminder should be issued to relevant staff to ensure that supporting documentation for the approval of new ledger codes is retained in a readily accessible location.</p> <p><b>Internal Audit Comment:</b> Following non-implementation of this action, the following was recommended in the 2012/13 internal audit report: A process should be implemented for all documentation pertaining to the request and approval of new cost codes to be retained in a central folder, either manually or electronically. Furthermore, we recommend that the responsibility for approving new cost code requests should be formally documented and communicated to staff.</p>	3	Next Finance Managers Group meeting	<p>to the parking and posting of journals greater than £50,000 (see above). As part of the review of the 'Enter &amp; Post General Ledger Journal' procedure note, we will include guidance in which staff roles should post journals over £50,000 and review whether this can be system enforced." Revised Deadline: August 2013</p>
<p><b>Accounts Receivable (Sundry Debtors)</b></p>				
5	<p>The Debt Recovery procedure should be reviewed and amended, where required. The review should include an assessment of required timescales within the debt recovery process. Following the review, the Debt Recovery procedure should be formalised and implemented and should</p>	2	September 2011	<p><b>Partly Implemented</b> <b>Management Update March 2013:</b> The draft procedures were published to reflect the move to a Corporate Debt Management (CDM) structure and described the proactive collections activity being undertaken to achieve collection.</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>include KPIs for the Debt Recovery process. Periodic sample checks should be completed to confirm compliance with the procedure and the KPIs.</p> <p>This recommendation incorporates and re-raises the 2010/11 recommendation.</p>			<p>In terms of the SAP dunning process, which includes the 30 day timescales, the "as is" position was adopted into the revised procedures as this requires amendments to the SAP system. Given the current restrictions in place on SAP development this will be addressed as part of the OneSAP project.</p> <p>Revised Deadline: 31 December 2013</p>
<b>CORPORATE RESOURCES – PROCUREMENT</b>				
<b>HAYS Resource Management</b>				
6	<p>The HR team should request that HAYS Resources:</p> <ul style="list-style-type: none"> <li>• Disclose the hidden information supporting the graphs within the monthly Headline Report;</li> <li>• Incorporate the job position numbers into the Headline Report; and</li> <li>• Ensure agency release forms are not processed without the job number included.</li> </ul>	2	October 2011	<p><b>In Progress</b></p> <p><i>Management update as at January 2012</i></p> <p>The new vendor system, Hays 3SS was due to go live on 7 January 2012. Notes and updates on the new system were circulated by the Head of HR Services to managers on 6 January 2012. It was expected that the implementation of the new system would result in the position and job numbers being made mandatory fields and in managers being able to produce their own reports to extract performance data from Hays 3SS.</p> <p>The system was piloted for a period of two weeks from 7-22 January 2012, prior to its expected full release. However, there were issues identified during the piloting stage. A meeting was held between the relevant Council officers and Hays on 20 January 2012 to review progress with the implementation phase and discuss the issues identified.</p> <p>However, subsequent to the meeting a decision was made by management to defer the implementation of the new system until further consideration is given to the issues and until the Council's IT systems are upgraded, as required, and further testing carried out. The decision was taken to continue with the Hays Workflow system until a technical solution is found and implemented with</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>regards to Hays 3SS.</p> <p>Through discussions with management, we had identified that only one officer within HR had access to the Hays 3SS system, while it was being piloted.</p> <p>The controlled two week pilot revealed technical issues which we cannot overcome at this point in time. In view of this, Hays have rolled us back to the Hays Workflow system. The existing process on Workflow remains unchanged.</p> <p>The timing of further testing and implementation of Hays 3SS will be dependent on the outcome of discussions with Hays and the resolution of technical issues.</p> <p><b>Management update as at March 2012</b></p> <p>Further work has now found that the technical issues impacting on the ability to implement the Hays 3SS system are that the HAYS system requires Internet Explorer 8 for it to work, while the Council is only on Internet Explorer 6. An upgrade is planned to bring the Council up to Internet Explorer 8 by IT Services later in the year, but first there is the testing of all other systems to ensure that they can run on Internet Explorer 8.</p> <p><b>Management update as at August 2012</b></p> <p>Internet Explorer 8 has been implemented but moving to the new system is now on hold as the contract is up for renewal as from April 2013.</p> <p><b>Revised deadline: April 2013</b></p> <p><b>Internal Audit Update 6 June 2013</b></p> <p>The contract has been put to tender and tenders are currently being evaluated. Implementation of the new system will be dependent on the outcome of the tender process. It will be some time before a decision is taken.</p> <p><b>Revised deadline: September 2013</b></p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
7	<p>The Balance Scorecard and Headline Report provided by HAYS Resources should be aligned to include information provided for management review in the same format. Any variation should be explained.</p>	2	November 2011	<p><b>In Progress</b>  <b>Management update as at January 2012</b>                      The new vendor system, Hays 3SS was due to go live on 07/01/2011, followed by a two week piloting period. However, the implementation of the system has been put on hold pending resolution of the issues identified during the piloting stage.                      It was expected that under the new system, the management information would not be provided by Hays and the system would enable managers to decide what information they require.                      We will be in a position to check the required reporting options available to managers once the new system becomes fully operational. As above. Management should ensure that the new system generates the relevant management information.  <b>Management update as at March 2012</b>                      Further work has now found that the technical issues impacting on the ability to implement the Hays 3SS system are that the HAYS system requires Internet Explorer 8 for it to work, while the Council is only on Internet Explorer 6. An upgrade is planned to bring the Council up to Internet Explorer 8 by IT Services later in the year, but first there is the testing of all other systems to ensure that they can run on Internet Explorer 8.  <b>Management update as at August 2012</b>                      As per 6 above  <b>Revised deadline: April 2013.</b>  <b>Internal Audit Update 6 June.2013</b>                      As per 6 above, the Service is awaiting the outcome of the tender process, which will determine whether the system, and consequently the reporting brief, is implemented.  <b>Revised deadline: September 2013</b></p>



Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CHILDREN AND YOUNG PEOPLE SERVICES</b>				
<b>South Grove Children's Centre</b>				
8	<p>The following documents should be presented to the Children's Centre Committee for review and approval:</p> <ul style="list-style-type: none"> <li>Revised Internal Scheme of Financial Delegation;</li> <li>Centre Development Plan for 2011/12; and</li> <li>Haringey Schools Financial Manual.</li> </ul> <p>The approval should be recorded in the minutes of the relevant Committee meeting.</p> <p>The Committee should then formally advise the Governing Body with regards to acceptance of the documents. Governing Body approval should be recorded in the minutes of the relevant meeting.</p> <p>Furthermore, a process should be implemented for the continued relevance of all documents affecting the governance of the Centre to be confirmed by the Children's Centre Committee.</p>	1	July 2012	<p><b>Partly Implemented</b></p> <p><i>Management Update as at 6 June 2013:</i></p> <p>OFSTED, when visiting in October 2012, recommended that we re-structure our GB committees so that Children's Centre comes under the full general GB and relevant sub-committees. We therefore no longer have a separate Children's Centre Committee.</p> <ol style="list-style-type: none"> <li>Scheme of delegation minuted and approved GB meeting 7 Feb 2013</li> <li>Haringey Schools Financial Manual - minuted as such on 7 March 2013</li> <li>Last children's Centre Committee was held on 18 April 2012. Children's Centre Plan was approved here. A 13/14 plan cannot be finalised until the LA SLA meetings have set our targets. We are awaiting the LA and anticipate this to be done by the end of July 2013.</li> <li>Documents: The school and Children's Centre have a combined spreadsheet that lists the policies that are in place and their expiry dates. This list is used when preparing policy and document updates for Governing Body meetings.</li> </ol>
9	<p>The Centre's non-staff costs budget should be allocated across all relevant cost centres and budget monitoring reports should be produced to identify the budget performance of individual cost centres to assist with effective budget monitoring.</p>	1	September 2012	<p><b>Partly Implemented</b></p> <p><i>Internal Audit update as at 16 November 2012</i></p> <p>RM Budget v Actual Report obtained, which confirms non-staff costs accounted under CFR E32 on 14 different budget starting 'CC'.</p>

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>A process should be implemented for the Centre's Quarterly Management Report to be presented to the Finance and Personnel Committee on a regular basis, and for any issues to be reported to the Governing Body. Discussion of the budget at all meetings should be recorded in the meeting minutes.</p>			<p>Budget v Actual reports have been produced as part of the month end reports. Non-staff costs have been allocated across relevant cost centres.</p> <p>However, while Quarter 1 Management Return for 2012/13 was on the agenda of the Finance &amp; Personnel Committee meeting on 5 July 2012, examination of the minutes of the meeting found no records to confirm that the return was reviewed and approved by the Committee Members. Therefore there is no indication as to whether any issues have been reported to the Governing Body.</p> <p><b>Management Update as at 6 June 2013:</b></p> <p>Children's Centre Staffing is now allocated to E31 (Community Focused School Staff) and non-teaching funding to E32 (Community Focused School Costs)</p> <p>Within E32, we have an itemised budget. We prefer to do this than to mix it up with school resources as the Children's Centre attracts a discrete funding allocation which we find easier to track when in one place.</p> <p>Third and fourth quarter budgets were presented to Governors. With the start of our new Business Manager on 10 June 2013, we hope to tighten this procedure still further.</p>
10	<p>The results of the asset inventory checks should be reported to either the Children's Centre Committee or the Governing Body for review and further action, where appropriate.</p> <p>Furthermore, all current and future assets should be security marked, as confirmation of the Centre's ownership of the assets.</p>	2	July 2012	<p><b>Partly Implemented</b></p> <p><b>Internal Audit update as at 6 June 2013</b></p> <p>There is a separate asset inventory for the Children Centre, checked by the Centre Manager on 15 June 2012. The Centre is located within Seven Sisters Primary School and the School is awaiting completion of its own asset register and physical asset checks before all results are reported to the Governing Body.</p> <p>Assets belonging to the Centre are marked with ultra violet pens.</p>

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2012/13**

**APPENDIX A**

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p><b>Management Update as at 6 June 2013:</b></p> <p>Minutes of meeting of 7 March 2013 identify that asset registers are to be approved, but the minutes are not accurate, as there have been several updates required to these minutes. They are expected to be fully approved at the next Governing Body meeting on 20 June 2013.</p> <p>School has bought the standard Yellow Haringey Security stickers and using them for all new purchases, including the Children's Centre.</p>

## **Statement of Responsibility**

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

**Deloitte & Touche Public Sector Internal Audit Limited**

**London**

**June 2013**

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**Member of Deloitte Touche Tohmatsu Limited**

## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/12 - 31/03/13 &amp; B/F FROM 2011/12

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2013	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Children's Services	Allegation of housing benefit fraud B/F 2011/12	1	1	1	Resigned	
	Failed to declare income increase for benefit purposes B/F 2011/12	1	1	1	Resigned	
	Code of Conduct B/F 2011/12	1	0	0	Final Written Warning	
	Allegation of bringing the Council into disrepute	1	1	1	Dismissed	
	Allegation of failure to declare true circumstances for Council Tax purposes	1	1	1	Final Written Warning	£747

## APPENDIX B

## IN HOUSE AUDIT - IRREGULARITIES INVESTIGATED 01/04/12 - 31/03/13 &amp; B/F FROM 2011/12

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2013	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Corporate Resources	Allegation that employee is working whilst off sick B/F 2011/12	1	1	1	Resigned	
	Allegation of gross misconduct	1	1	1	Resigned	
Adults and Housing	Allegation of failure to declare income changes for benefit purposes	1	1	1	Dismissed Appeal Upheld Decision to Dismiss	£41,758
	Allegation of undeclared second employment B/F 2011/12	1	0	0		
	Allegation that employee is running a business from their desk	1	1	1	Dismissed Appeal Upheld Decision to Dismiss	

## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/12 - 31/03/13 &amp; B/F FROM 2011/12

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2013	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	Allegation that employee abused position of trust	1	1	1	Employee Dismissed	
	Allegation of contribution to irregular benefit claim	1	1	1	Disciplinary Action Pending	
	Allegation of Irregular time Keeping	1	1	1	Disciplinary Action Pending	
Place and Sustainability	Allegation that employee has failed to declare a private interest B/F 2011/12	1	1	1	Warning	
	Allegation that employee used false driving licence B/F2011/12	1	1	1	Employment Contract Ended	
	Allegation of submission of	1	1	1	Standard Setting Hearing	

## APPENDIX B

## IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/12 - 31/03/13 &amp; B/F FROM 2011/12

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2013	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
	altered medical certificate					
	Allegation of time sheet fraud	1	1	1	Final Written Warning	
	Allegation of theft/ falsification of records	1	1	1	Resigned	
<b>TOTAL</b>		<b>18</b>	<b>16</b>	<b>16</b>		<b>42,505</b>



## Haringey Council – Corporate Committee

## Disciplinary Case Analysis January 2013 to March 2013

## Introduction

The information in this report is taken from SAP, covering the period January 2013 – March 2013.

The data is based on Haringey Council employees who

- hold Permanent, Temporary or Fixed Term Contracts

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

Legend	
Adults & Housing	AS
The Children & Young People's Service	C
Chief Executive	CE
Corporate Resources	CR
Public Health	PH
Place & Sustainability	PS
Strategy & Performance	SP
Haringey Council	HGY

The Council's Disciplinary Procedure is considered as a tool to assist in good management and not solely as a means of imposing sanctions or setting out procedures leading to dismissal.

The procedure aims to:

- Allow managers to address issues of unsatisfactory conduct and seek improvements in behaviour
  - Ensure that employees covered by the procedure are treated fairly and consistently
  - Ensure that proper and adequate procedures are observed before any disciplinary decisions are taken
  - Help and encourage all employees to achieve and maintain standards of conduct, attendance and job performance
  - Maintain discipline essential to the delivery of high quality services
  - Protect the health, safety and well being of staff, service users and members of the public
  - Safeguard the integrity and good reputation of the Council
- (Disciplinary Procedure July 2005)*

**Disciplinary Cases**

This section looks at the number of formal actions taken against employees under the disciplinary procedure.

Disciplinary Cases by Directorate				
Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	7	2	9	8
C	6	4	10	10
CE	1	0	1	1
CR	0	0	0	0
PH	0	0	0	0
PS	4	9	13	12
SP	1	0	1	1
<b>Total</b>	<b>19</b>	<b>15</b>	<b>34</b>	<b>32</b>

Please note that the total number of cases is 34, but this only represents 32 employees. The reason being is that one employee can have more than one case in the same period. For example, an employee's dismissal could count as one case and their appeal as another.

- **Place & Sustainability** has the highest percentage of disciplinary cases against its workforce at 1.4% in this quarter
- **19 cases** remain 'open' at the end of this period

The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases				
Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	6	6	12	35
Invest. - suspended	8	7	15	44
ET	2	1	3	9
Appeal	3	1	4	12
<b>Total</b>	<b>19</b>	<b>15</b>	<b>34</b>	<b>100</b>

The following table identifies the outcomes of the 15 cases that were closed in this period.

Disciplinary Case Outcomes						
Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Compromise agreement	1	0	0	0	1	7
Dis. Appeal Dismissed	0	0	1	1	2	13
Dis. Appeal Part Upheld	0	0	0	0	0	0
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Appeal Withdrawn	0	0	0	0	0	0
Dis. Dismissal	0	2	0	0	2	13
Dis. ET Dismissed	0	0	0	0	0	0
Dis. ET Withdrawn	0	0	0	0	0	0
Dis. Final Written Warning	0	5	0	0	5	33
Dis. No Action	2	0	0	0	2	13
Dis. Other	0	0	0	0	0	0
Dis. Relegation/Demotion	0	0	0	0	0	0
Dis. Resigned	0	0	0	0	0	0
Dis. Verbal Warning	0	0	0	0	0	0
Dis. Warning & Sanction	0	0	0	0	0	0
Dis. Written Warning	3	0	0	0	3	20
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>15</b>	<b>100</b>

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases				
Reason	Cases Open	Cases Closed	Total	%
Assault	1	0	1	3
Attendance	1	1	2	6
Behaviour	6	4	10	29
Fraud / Theft	4	0	4	12
Misuse of resources	1	1	2	6
Negligence	3	3	6	18
Other	3	6	9	26
<b>Total</b>	<b>19</b>	<b>15</b>	<b>34</b>	<b>100</b>

- The highest cause for disciplinary action was for Behaviour at 29% and Other Reasons at 26%

This table looks at the ethnic breakdown and gender split for Disciplinary cases

Disciplinary Case employee representation by Ethnicity and Gender						
	Female		Male		All	
Ethnic Class	Total	%	Total	%	Total	%
B A M E	16	64	9	36	25	78
White	1	20	4	80	5	16
Not Declared	1	50	1	50	2	6
Total	18	56	14	44	32	100

- 32% of the workforce is male, but the male representation with disciplinary cases is higher at 44%

The following table looks at the ethnic breakdown per Directorate and across grade bands.

Disciplinary Case employee representation by Ethnicity and Grade Band (T = Total no. in grade band, WF = % of total disciplined employees in Directorate)													
Dir	Ethnic Group	SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
AS	B & ME	4	50	3	38	0	0	0	0	0	0	7	88
	White	1	13	0	0	0	0	0	0	0	0	1	13
	Total	5	63	3	38	0	0	0	0	0	0	8	100
C	B & ME	2	22	0	0	0	0	6	67	0	0	8	89
	White	0	0	0	0	0	0	1	11	0	0	1	11
	Total	2	22	0	0	0	0	7	78	0	0	9	100
CE	B & ME	0	0	1	100	0	0	0	0	0	0	1	100
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	1	100	0	0	0	0	0	0	1	100
CR	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
PH	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
PS	B & ME	5	45	4	36	0	0	0	0	0	0	9	82
	White	1	9	0	0	1	9	0	0	0	0	2	18
	Total	6	55	4	36	1	9	0	0	0	0	11	100
SP	B & ME	0	0	0	0	0	0	0	0	0	0	0	0
	White	0	0	0	0	0	0	1	100	0	0	1	100
	Total	0	0	0	0	0	0	1	100	0	0	1	100
HGY	B & ME	11	37	8	27	0	0	6	20	0	0	25	83
	White	2	7	0	0	1	3	2	7	0	0	5	17
	Total	13	43	8	27	1	3	8	27	0	0	30	100

\* 2 employees in grade band SC1-SC5 and PO4-PO7 did not declare their ethnicity

## Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Cases	
Case status	Total
No. of cases heard	7
No. of cases not concluded	8
No. of cases not concluded - leaver	0
<b>Total</b>	<b>15</b>

### Timescales (no of days) of Suspension Cases

The table below looks at the 15 suspension cases and identifies the no. of working days each case has taken. If a case has not concluded by the end of the quarter, the number of working days is calculated from the start date of the suspension to the end of the quarter.

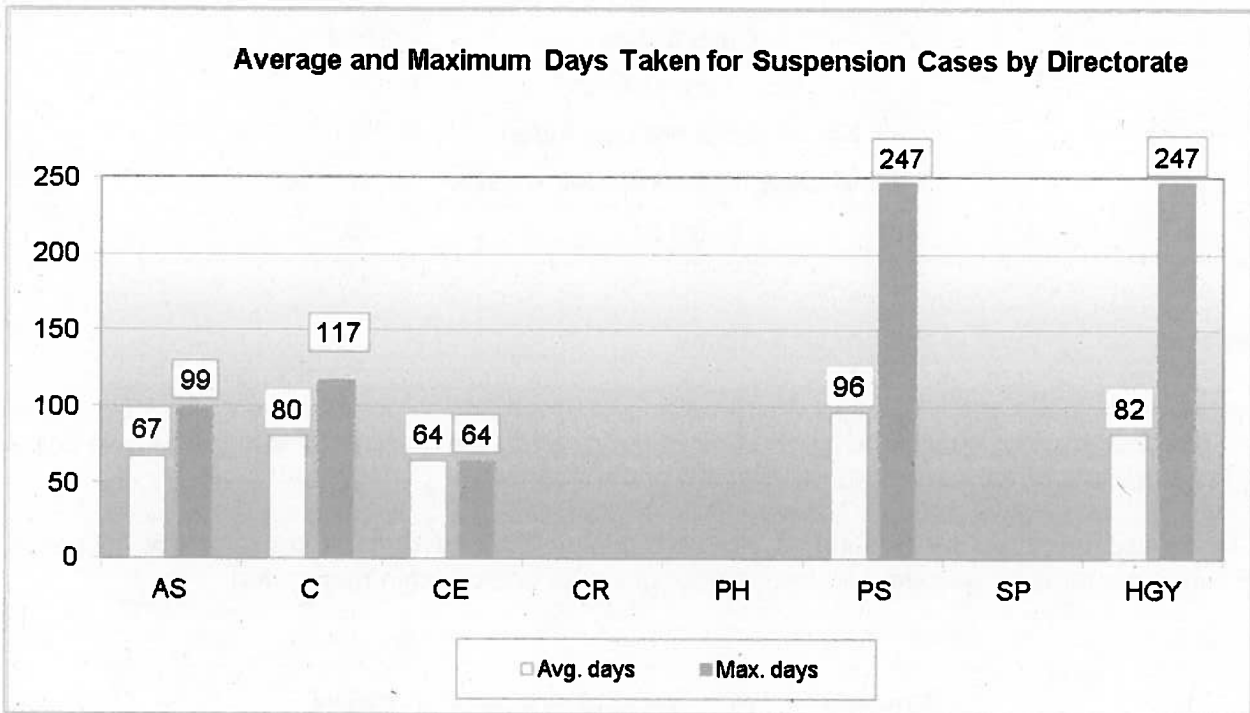
The table also identifies by directorate, the average number of days suspension for all cases, the maximum days for a single case and the number of cases heard within that period.

Timescales (no of days) of Suspension Cases										
Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg. days of total cases	Max. Days	Total cases heard
AS	1	3	0	0	0	4	268	67	99	1
C	2	2	0	0	0	4	321	80	117	2
CE	0	1	0	0	0	1	64	64	64	0
CR	0	0	0	0	0	0	0	0	0	0
PH	0	0	0	0	0	0	0	0	0	0
PS	2	3	0	0	1	6	576	96	247	2
SP	0	0	0	0	0	0	0	0	0	0
HGY	5	9	0	0	1	15	1229	82	247	7
<b>Total cases closed</b>	2	4	0	0	1	7				

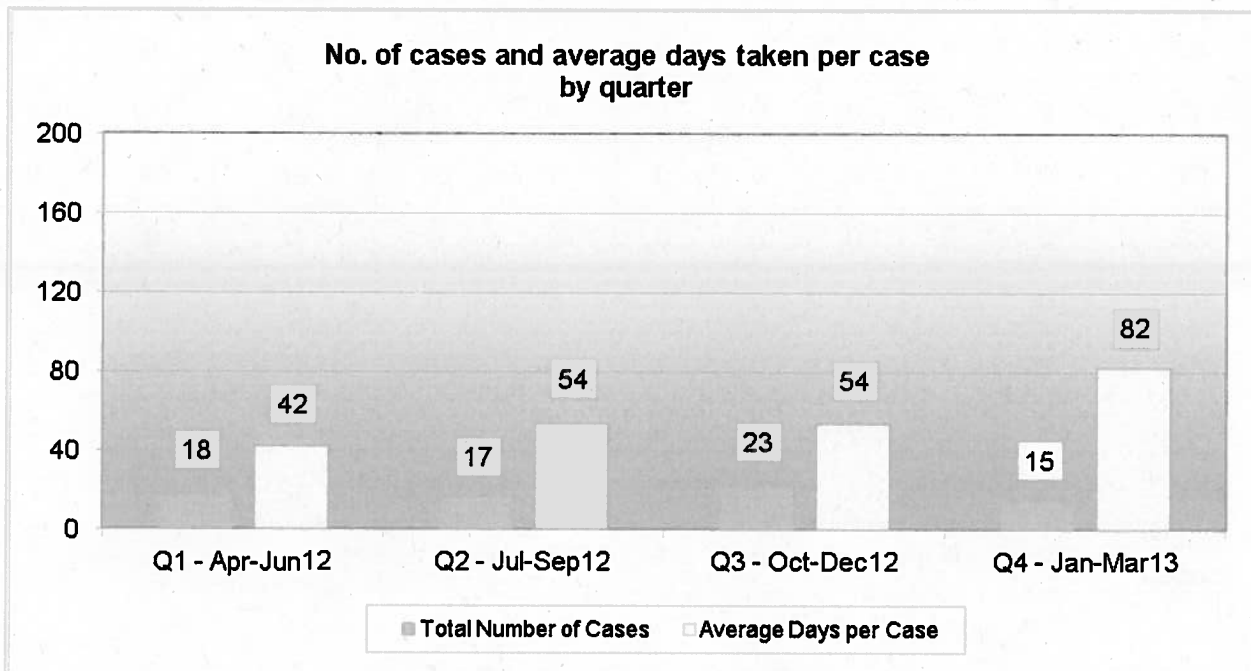
On average, 82 days were spent on each suspension case within the quarter.

**Suspensions (continued)**

The chart below illustrates the average and maximum number of days taken for a suspension case by Directorate for the quarter.



The chart below looks at the number of suspension cases per quarter for a rolling year and highlights Haringey Council's average number of days per case.



The average number of days suspended for the quarter was 82 with a total of 15 cases. 8 of these cases remain open at the end of quarter 4.

## Consultants employed by the Council as at: 31 March 2013

Dir	Business unit	Status	name of consultancy / agency (or if applicable mark 'Self Employed')	Start date	Likely End date of contract	Daily rate	Days per week	Funding from Revenue, Capital, or Grant	Reason for engagement & benefits
CYPS	CYPS	Consultant	Self Employed	18/10/2012	31/03/2013	£400	4	Revenue	Develop support systems in CYPS
CYPS	PEI	Consultant	Mindstretchers Recruitment Agency	31/05/2012	30/09/2013	£550 + £22.50 travel	3	Revenue	To deliver statutory work on 2 year expansion project to develop and increase provision for 2 year olds
CYPS	School Standards & Inclusion	Interim	Self Employed	01/09/2011	31/07/2013	£500	5	Revenue	School Improvement Advisor
CYPS		Consultant	Ameo Recruitment Agency	21/02/2013	31/08/2013	£630	2 to 4	Revenue	Assist with preparing Youth, YOS and Alternative Provision to move to a commissioning approach.
CYPS	Children & Families	Consultant	Self Employed	01/06/2011	31/03/2013	£245	1 to 2	Revenue	Independent assessor supporting Adoption team in the assessment of relatives and fosters carers as Special Guardians and prospective adopters

## Consultants employed by the Council as at: 31 March 2013

Dir	Business unit	Status	name of consultancy / agency (or if applicable mark 'Self Employed')	Start date	Likely End date of contract	Daily rate	Days per week	Funding from Revenue, Capital, or Grant	Reason for engagement & benefits
CYPS	Children & Families	Consultant	Self Employed	01/06/2011	31/03/2013	£245	1 to 2	Revenue	Independent assessor supporting Adoption team in the assessment of relatives and fosters carers as Special Guardians and prospective adopters
CR	BLT	Consultant	Self Employed	01/12/2011	30/11/2013	£432	as and when	Revenue	Works on an occasional basis only. Monitors HB Subsidy claim and advises on areas where we can further increase our income through subsidy.
CR	BLT	Consultant	Indigo Edge Management Consultancy Agency	01/09/2012	31/03/2013	£500	2	Revenue	Project Manage the Welfare Reform Act implementation
CR	BLT	Consultant	Indigo Edge Management Consultancy Agency	01/09/2012	31/03/2013	£500	2	Revenue	Project Manage the Welfare Reform Act implementation
CR	Corporate Finance	Interim	CIPFA	01/03/2012	31/03/2013	£595	4	Revenue	Interim Head of Corporate Finance

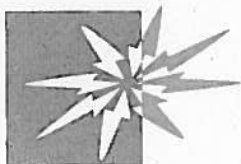


## Consultants employed by the Council as at: 31 March 2013

Dir	Business unit	Status	name of consultancy / agency (or if applicable mark 'Self Employed')	Start date	Likely End date of contract	Daily rate	Days per week	Funding from Revenue, Capital, or Grant	Reason for engagement & benefits
CR	Corporate Finance	Interim	Allen Lane Interim Recruitment Agency	12/12/2012	04/10/2013	£300	5	Revenue	Senior Capital Accountant
CR	Corporate Legal Service	Interim	Whiteowl Legal Services Agency	18/01/2012	31/03/2013	£430	5	Revenue	Providing Senior Management support in Legal
P&S		Consultant	RESPECT Recruitment Agency	06/08/2012	31/12/2013	£400	10 days over 6 months	Revenue	Chair of Domestic Homicide Review
P&S	Director	Interim	Odgers Interim Recruitment Agency	07/01/2013	05/07/2013	£750	5	Revenue	Interim AD Major Projects
P&S	Corporate Property Services	Consultant	Self Employed	01/11/2008	31/03/2013	£450	2	Capital	Advice and Support related to Spurs project
P&S	Corporate Property Services	Consultant	Self Employed	01/10/2011	30/06/2013	£400	3	Revenue	To assist in the delivery of the property disposal programme.

## Consultants employed by the Council as at: 31 March 2013

Dir	Business unit	Status	name of consultancy / agency (or if applicable mark 'Self Employed')	Start date	Likely End date of contract	Daily rate	Days per week	Funding from Revenue, Capital, or Grant	Reason for engagement & benefits
P&S	Frontline Services	Consultant	Ogders Interim Recruitment Agency	05/01/2009	31/07/2013	£530	4	Revenue	Project Management of the SFL commissioning projects, specifically around the Highways and Street Lighting Contracts.
P&S	Frontline Services	Consultant	Penna Recruitment Agency	05/05/2007	31/03/2014	£400	3	Revenue	Support specialist software (Confirm), building asset database, IT solution for NAT and training team
P&S	Frontline Services	Consultant	Aurecon Group - Career Agency	01/04/2012	31/03/2013	£207	5	Revenue	Provide flood water management experience.
P&S	Frontline Services	Consultant	Gatenby Sanderson Recruitment Agency	13/08/2012	30/09/2013	£600	5	Revenue	Interim head of Community Safety pending permanent recruitment.
P&S	Planning, Regeneration & Economy	Consultant	Penna Recruitment Agency	15/01/2009	31/03/2013	£675	2 to 3	Revenue	Project management of major sites

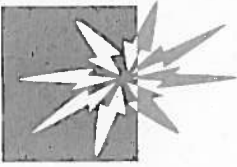


Haringey Council

Report for:	Corporate Committee 27 June 2013	Item Number:	
Title:	Review of the Local Code of Corporate Governance		
Report Authorised by:	Bernie Ryan, Head of Legal Services and Monitoring Officer <i>Bernie Ryan</i>		
Lead Officer:	Victoria Wyatt, Senior Corporate Lawyer		
Ward(s) affected:	Report for:		
All	Non Key Decision		

1. Describe the issue under consideration
  - 1.1 To inform members of the review of the local Code of Corporate Governance and the proposed revisions to the Code which are to be recommended to the Cabinet on 9 July for approval and on to full Council on 15 July for adoption.
2. Cabinet Member introduction
 

N/A
3. Recommendations
  - 3.1 That members approve the revised Local Code of Corporate Governance as attached as the Appendix to the report.
  - 3.2 That members note process for consulting Member Bodies before adoption of the revised Code by full Council.
4. Alternative options considered
  - 4.1 The adoption of a local Code of Corporate Governance is not an express statutory function and there is no legal requirement for such a Code to be adopted.

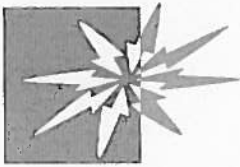


## Haringey Council

However, it recommended as proper practice by the Department for Communities and Local Government to adopt a local Code of Corporate Governance in accordance with the CIPFA/SOLACE framework, entitled "Delivering Good Governance in Local Government". The review of corporate governance is integral to the integrity of the Council and its decision-making processes.

### 5. Background information

- 5.1 The Annual Governance Statement (AGS) is the formal statement that recognises, records and publishes the effectiveness of the authority's governance framework across the Council. The AGS is published annually together with the Council's Statement of Accounts pursuant to regulation 4 of the Accounts and Audit (England) Regulations 2011.
- 5.2 The Code of Corporate Governance exists as part of the authority's governance framework. The CIPFA/SOLACE framework, "Delivering Good Governance in Local Government" (2007) established principles and standards to assist local authorities to develop and maintain their codes of governance and discharge their accountability for the proper conduct of business. To ensure that their guidance remained fit for purposes, CIPFA/SOLACE issued an Addendum to the Guidance in December 2012.
- 5.3 The framework places significant emphasis on six core principles of good governance. These principles have been taken from 'The Good Governance Standard for Public Services' (2004) developed by the Independent Commission on Good Governance in Public Services with support from the Office Public Management and CIPFA. The principles have been adapted to local government purposes for the framework and are included in the Haringey Code of Corporate Governance.
- 5.4 The six core principles of good governance are:
- A - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
  - B - Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
  - C - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - D - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
  - E- Developing the capacity and capability of members and officers to be effective.



**Haringey Council**

F - Engaging with local people and other stakeholders to ensure robust public accountability.

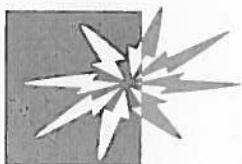
- 5.5 On 14 July 2008, full Council approved the Haringey Code of Corporate Governance. A review of the current Code by the Monitoring Officer (the Lead Officer responsible for monitoring the Code's effectiveness) has resulted in a number of minor changes to ensure that the Code is up to date and fit for purpose. A summary of the changes are set out below:

General and format changes

- 5.6 All hyperlinks in the document have been updated.
- 5.7 Reference to the Remuneration Committee has been updated with the Corporate Committee, and reference to the Audit Committee has been updated with the Corporate Committee.

Introduction and background

- 5.8 This has been updated to reflect the abolition of the national Model Code of Conduct for councillors and to include the recent revision to the CIPFA/SOLACE guidance. The review arrangements undertaken by the Lead Officer at paragraph (g) have been revised to streamline the process with the Annual Governance Statement.
- 5.9 This report seeks the Corporate Committee's comments on these revisions before the revised Code goes before the Cabinet and then full Council.
6. On-going review of the Local Code of Corporate Governance and process for consulting Member Bodies
- 6.1 The adoption of a Local Code of Corporate Governance is not an express statutory function and there is no legal requirement for the formal decision on any review to be taken either by Cabinet or full Council.
- 6.2 It is proposed that going forward, the annual review of the Code is presented to the Corporate Committee as part of its audit function, at the same time that the Committee is presented with the draft Annual Governance Statement in the summer of each year. It is recommended that should any revisions to the Code be recommended, these should be approved in the same way as the original Code, that is, any changes will be presented to the Cabinet for approval and recommendation on to full Council for adoption.
- 6.3 The Monitoring Officer as Lead Officer will continue to oversee the review of the Code and of its effectiveness, supported by the core officer group responsible for the completion of the AGS, which also comprises the Head of Local Democracy & Member Services, the Head of Audit & Risk Management and key officers from



**Haringey** Council

within the Legal Service, Corporate Finance and Strategy and Business Intelligence.

7. Comments of the Chief Finance Officer and financial implications

7.1 There are no specific financial implications.

8. Head of Legal Services and legal implications

8.1 A Code of Corporate Governance is recommended by the guidance designated as 'proper practice' by the Department for Communities and Local Government. This being the CIPFA/SOLACE framework, entitled "Delivering Good Governance in Local Government".

8.2 There are no direct legal issues arising from this report.

9. Equalities and Community Cohesion Comments

9.1 The proposed Code of Corporate Governance reflects values and key commitments enshrined in the Council's Equal Opportunities Policy. In this respect, it will contribute to supporting the Council's compliance with its public sector equality duty.

10. Head of Procurement Comments

N/A

11. Policy Implication

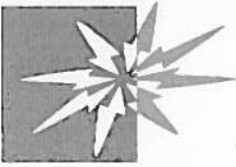
11.1 The Code of Governance has no direct implications for the Council's existing policy, priorities and strategies. Ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where necessary will assist the Council to use its available resources more effectively.

12. Reasons for Decision

12.1 Adopting and maintaining the Haringey Local Code of Corporate Governance assists the Council to discharge its accountability for the proper conduct of business. The review of corporate governance is integral to the integrity of the Council and its decision-making processes.

13. Use of Appendices

Revised Haringey Local Code of Corporate Governance



**Haringey** Council

14. Local Government (Access to Information) Act 1985

None

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## **LOCAL CODE OF CORPORATE GOVERNANCE**

### **LONDON BOROUGH OF HARINGEY**

#### **1. Introduction and Background**

(a) Corporate Governance is the system by which organisations are directed and controlled. The Committee on Standards in Public Life (the “Nolan Committee”) concluded that there was a need for comprehensive framework of principles and standards to guide the conduct of local Councillors and local authorities.

(b) In 2007 CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers), published a Guidance Note and Framework entitled “Delivering Good Governance in Local Government”. The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of corporate governance and discharge their accountability for the proper conduct of business. To ensure that the Framework remained fit for purpose, CIPFA/SOLACE issued an Addendum to the Guidance in December 2012.

(c) Good Corporate Governance requires the authority to be open, transparent, effective, inclusive of all sectors of the community, accountable to the public it serves and demonstrate integrity. This Code is a statement of the ways in which the Council will achieve good corporate governance. It is based upon the six core principles from the Good Governance Standard for Public Services (2004), which should underpin the governance arrangements of all public bodies. These are:

- (1) a clear definition of the organisation’s purpose and desired outcomes,
- (2) well-defined functions and responsibilities,
- (3) an appropriate corporate culture,
- (4) transparent decision making,
- (5) a strong governance team and
- (6) real accountability to stakeholders.

(d) These six core principles have been adapted by CIPFA/SOLACE for the local authority context, as set out in this Code. Under each of these principles there are several supporting principles which exemplify important aspects of the core principles. Each of the supporting principles in turn gives rise to a

range of specific practical requirements which should be reflected in a Local Code of Corporate Governance.

(e) This Local Code of Corporate Governance includes ethical and governance standards applicable to all Members. It is not intended to interfere with the necessarily distinct roles of the Council's Leadership and its Opposition nor to restrict robust political debate which is an essential part of a healthy local democracy.

(f) Haringey Council is committed to the principles of good corporate governance identified in the CIPFA/SOLACE Guidance and confirms its on-going intentions through the adoption and monitoring and development of Haringey's own Local Code of Corporate Governance. The Council recognises that achieving high standards of corporate governance will encourage stakeholders to have confidence in us and will allow the Council to undertake its Community leadership role effectively.

(g) The Lead Officer will be given responsibility for: -

- Overseeing the implementation and monitoring the operation of the Code
- Reviewing the operation of the Code in practice on an annual basis
- Reporting annually to the Corporate Committee on compliance with the Code and any changes that may be needed to ensure its effectiveness in practice. Any changes to Code will be referred to the Cabinet and on to full Council.
- Reporting any significant revisions of the Code to stakeholders.

(h) The Chief Executive and the Leader will make an Annual Statement of Assurance, following the annual report to Council, giving their position on whether the corporate governance arrangements are operating effectively.

(i) This document sets out Haringey Council's Local Code of Corporate Governance and the processes for monitoring its effectiveness. The Code provides the framework for the Council to achieve its aims and objectives.

(j) The Local Code of Corporate Governance for Haringey can be found:

- On Harinet for Members and officers
- On the Council's website
- By contacting the Head of Local Democracy & Member Services on 0208-489-2623 or the Monitoring Officer on 0208-489-3974.

2. **Core Principle 1 – Focussing on the Purpose of the Council and on Outcomes for the Community and Creating and Implementing a Vision for the Area**

(a) To exercise strategic leadership by developing and communicating clearly the Council’s purpose and vision, and its intended outcomes for citizens and service users, we will:

- Develop and promote the [Council’s purpose and vision](#)
- Review on a regular basis the Council’s vision for its area and its implications for the Council’s governance arrangements
- Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners, see [Working in Partnership](#).
- Publish an annual report on a timely basis to communicate the Councils’ activities and achievements and its financial position and performance.

(b) To ensure that users receive a high quality of service whether directly, or in partnership, or by commissioning, we will:

- Decide how the quality of service for users is to be measured and make sure that the necessary information is available to review service quality effectively and regularly
- Put in place effective arrangements to identify and deal with failure in service delivery.

(c) To ensure that the Council makes the best use of resources and that tax payers and service users receive excellent value for money, we will:

- Decide how value for money is to be measured and make sure that the Council has the information needed to review value for money and performance effectively
- Measure the environmental impact of policies, plans and decisions.

3. **Core Principle 2 – Members and Officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles**

(a) To ensure effective leadership throughout the Council and to be clear about “executive” and “non-executive” functions and the roles and responsibilities of the scrutiny function, we will:

- Set out a clear statement of the respective roles and responsibilities of the Cabinet and of the Cabinet Members individually including the Council’s approach towards putting this into practice

- Set out a clear statement of the respective roles and responsibilities of non-executive Members, Members generally and senior officers

(b) To ensure that a constructive working relationship exists between Members and officers and that their respective responsibilities are carried out to a high standard, we will:

- Determine a scheme of delegation and reserve powers within the [Council's Constitution](#) including a schedule of those matters specifically reserved to the full Council and update this as required
- Make a Chief Executive responsible and accountable to the Council for all aspects of operational management
- Develop Protocols to ensure that the Leader and Chief Executive have a shared understanding of their respective roles and objectives
- Make a senior officer, the section 151 officer, responsible to the Council for ensuring that appropriate financial advice is given and for maintaining proper records and an effective system of internal financial control
- Make a senior officer, the monitoring officer, responsible to the Council for ensuring that agreed procedures are followed and that all legislation is complied with

(c) To ensure relationships between the Council, its partners and the public are clear so that each knows what to expect of the other, we will:

- Develop Protocols to ensure effective communication between Members and officers in their respective roles
- Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective Corporate Committee
- Ensure that effective mechanisms exist to monitor service delivery
- Ensure that the Council's vision, strategic plans, priorities and targets are developed robustly in consultation with the local communities and key stakeholders and that they are clearly expressed and publicised
- Ensure that Members working in partnership are clear about their roles and responsibilities, individually and collectively, both to the partnership and to the Council
- Ensure that all those working in partnership understand clearly the legal basis of the partnership and the extent of each representative's authority to commit their parent organisation to partnership decisions

4. **Core Principle 3 – Promoting Values for the Authority and Demonstrating the Values of Good Governance through Upholding High Standards of Conduct and Behaviour**

(a) To ensure Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance, we will:

- Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect
- Define and publicise the standards expected in the conduct of Members and officers and in the work of the Council including work with partners and the local communities
- Put in place and maintain in operation arrangements to ensure that Members and officers are not influenced by prejudice, bias or conflicts of interest when dealing with different stakeholders

(b) To ensure that the Council's values are put into practice and remain effective, we will:

- Develop and maintain shared values, including leadership values, for both the Council and its staff which reflect public expectations and communicate these to Members, staff, the community and partners
- Put in place arrangements to ensure that systems and processes reflect appropriate ethical standards and to monitor their continuing effectiveness in practice
- Develop and maintain an effective Standards Committee
- Use the Council's shared values as a guide for decision-making and a basis for developing positive and trusting relationships within the Council
- Pursue a partnership vision with an agreed set of values for assessing decision-making and actions which must be demonstrated by the partners' individual and collective behaviour

5. **Core Principle 4 – Taking Informed and Transparent Decisions which are Subject to Effective Scrutiny and Risk Management**

(a) To be rigorous and transparent about how decisions are taken and to listen and act on the outcomes of constructive [scrutiny](#) we will:

- Develop and maintain an effective scrutiny function which encourages effective challenge and which enhances the Council's performance overall and that of organisations for which the Council is responsible

- Develop and maintain open and effective mechanisms for documenting the evidence for decisions and for recording the criteria, rationale and considerations behind decisions
- Put in place arrangements to safeguard Members and staff against conflicts of interest together with appropriate processes to maintain them in practice
- Develop and maintain an effective Corporate Committee dealing with audit functions which is independent of the Cabinet and scrutiny functions
- Make sure that effective, transparent and accessible arrangements are in place for dealing with complaints

(b) To have good quality information, advice and support which ensure that the services wanted and needed by the community are delivered effectively, we will:

- Ensure that decision-makers in the Council and partner organisations have information that is fit for purpose i.e. relevant, timely and with clear explanations of the technical issues
- Ensure that proper professional advice, on matters with financial or legal implications, is available, recorded well in advance of decision-making and used appropriately

(c) To ensure that an effective risk management system is in place, we will:

- Ensure that risk management is embedded into the culture of the Council with Members and managers recognising this is part of their respective roles
- Ensure that effective arrangements for whistle-blowing are in place with access for Members, staff and those contracting with, or appointed by, the Council. For more information on Haringey's whistle-blowing policy see the bottom of the [Ethical Governance](#) page.

(d) To use the Council's legal powers for the full benefit of citizens and communities in the Borough, we will:

- Recognise the limits of lawful action while striving to use Council powers for the full benefit of the community
- Comply with the specific requirements of legislation and the general duties placed on Councils by public law
- Integrate the key principles of administrative law - rationality, legality and natural justice – into the Council's procedures and decision-making processes

6. **Core Principle 5 – Developing the Capacity and Capability of Members and Officers to be Effective**

(a) To make sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles, we will:

- Provide induction programmes tailored to individual needs and also opportunities for Members and officers to update their knowledge regularly
- Ensure that the statutory officers have the necessary skills, resources and support to perform effectively
- Ensure that the roles of the statutory officers are properly understood by all in the Council

(b) To develop the capability of those with governance responsibilities and to evaluate their performance individually and collectively, we will:

- Assess the skills required by Members and officers and develop those skills to enable their roles to be performed effectively
- Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
- Ensure that effective arrangements are in place for reviewing the performance of the Cabinet and individual Cabinet Members and for agreeing action plans to address training or development needs

(c) To encourage new talent for membership of the Council so best use can be made of individuals' skills and resources in balancing continuity and renewal, we will:

- Ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to, and participate in, the Council's work
- Ensure that career structures are in place for Members and officers to encourage participation and development

7. **Core Principle 6 – Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability**

(a) To exercise leadership through a robust scrutiny function which effectively engages local people and all local stakeholders and partnerships and which develops constructive and accountable relationships, we will:

- Make clear to all Members, staff and the community that we are democratically accountable for this scrutiny function
- Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required
- Produce an annual report on the activity of the scrutiny function

(b) To take an effective and planned approach to dialogue with, and accountability to, the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning, we will:

- Ensure that clear channels of communication are in place with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively
- Hold meetings in public unless there are good reasons for confidentiality
- Ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively.
- The above arrangements will recognise that different sections of the community have different priorities and will establish processes for dealing with these competing demands
- Establish a clear policy on the types of issues where we will consult, or engage the public and service users, including a feedback mechanism to demonstrate to consultees what has changed as a result of consultation
- Publish an annual performance plan with information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and service user satisfaction in the previous year
- Ensure that the Council is open and accessible to the community, service users and its own staff and committed to openness and transparency in its dealings including partnerships subject to the protection of confidentiality where necessary and appropriate see more information on the [Have Your Say](#) pages.

(c) To make the best use of human resources by taking an active and planned approach to meet the Council's responsibility to its staff, we will:

- Develop and maintain a clear policy on the means for consulting and involving staff and their representatives in decision-making





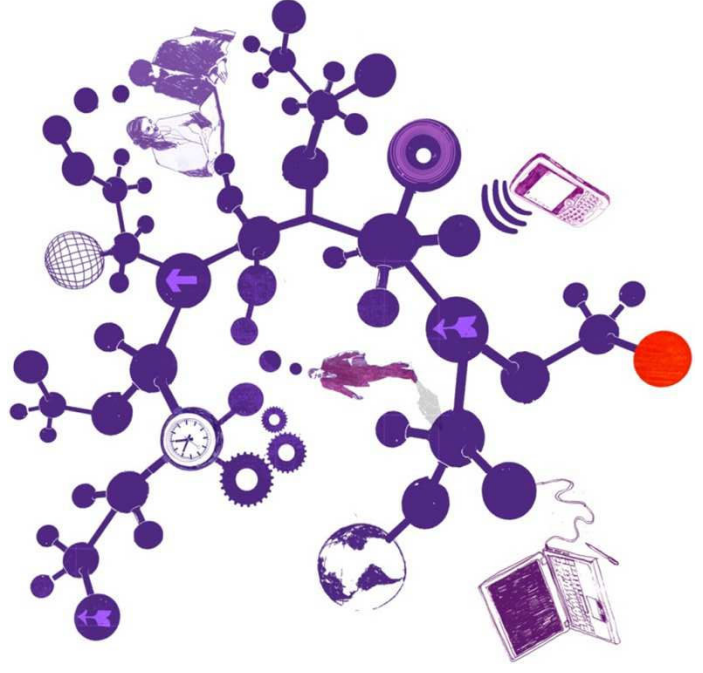
# Corporate Committee Update for London Borough of Haringey

**June 2013**

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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## Introduction

This paper provides the Corporate Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a Council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Corporate Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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## Progress at 5 June 2013

Work	Comments
Audit of financial statements	<p>Our interim audit took place in February which has informed our audit strategy. This is set out in our Audit Plan which we presented to the March Corporate Committee.</p> <p>We have attended the Closedown Board meetings to monitor the progress of preparing the 2012/13 accounts. We have also received an update on the progress the Council is making in implementing our recommendations included in the report to those Charged with Governance presented at the September 2012 meeting.</p> <p>Our IT specialists are completing their review and their work will inform our assessment of the Council's IT control environment. We will report on the outcome of this work as part of our Audit Findings Report in September 2013.</p> <p>We will start our financial statements audit on 1 July 2013 and report our results to the September Corporate Committee as part of the Annual Report to those charged with governance.</p>
Value for Money (VfM) conclusion	<p>We have completed our risk assessment and are in the process of planning work on financial resilience.</p> <p>We plan to report our findings to the September 2013 meeting.</p>
Certification work	<p>Work has started on the Housing and Council Tax Benefits grant claim and we are working closely with the council on this with a view to complete this work in a timely manner.</p>

# Emerging issues and developments

## Accounting and audit issues

### LAAP Bulletin 96: Closure of the 2012/13 accounts and related matters

In March, CIPFA's Local Authority Accounting Panel issued [LAAP Bulletin 96](#). The bulletin provides further guidance and clarification to complement CIPFA's 2012/13 Guidance Notes for Practitioners and focuses on those areas that are expected to be significant for most authorities. Topics include:

- a reminder that authorities should tailor CIPFA's example financial statements to meet their own reporting needs in order to give a true and fair view of their own financial position and performance
- the need for billing and precepting authorities to disclose their share of non-domestic rate appeals liabilities that transferred to them on 1 April 2013
- the revised disclosure format for dedicated schools grant
- accounting for carbon reduction commitment (CRC) energy efficiency scheme assets
- accounting for the transfer of public health reform in 2013/14.

### Accounting for Schools in Local Authorities

CIPFA/LASAAC has issued a [technical alert](#) on accounting for schools. There are no changes planned for the 2013/14 Code. The alert refers to the issues that were consulted on for the 2013/14 Code and draws attention to the need for CIPFA/LASAAC to consider the impact of IFRS 10: 'Consolidated Financial Statements' on school accounting which is due to be adopted in the 2014/15 Code.

The technical alert recommends 'local authorities set out clearly in their 2012/13 and 2013/14 financial statements, in the summary of significant accounting policies, their approach to accounting for maintained schools' income, expenditure, assets, liabilities and reserves. These accounting policies need to be consistently applied throughout the complete set of financial statements'.

# Emerging issues and developments

## Accounting and audit issues

### Code of Practice on Local Authority Accounting in the United Kingdom 2013/14

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2013/14. The main changes to the Code include:

- amendments for the requirements of the localisation of business rates in England
- amendments to how 'other comprehensive income' is presented in the Comprehensive Income and Expenditure Statement. These changes follow the June 2011 amendments to IAS 1 Presentation of Financial Statements.
- amendments to how authorities should account for the cost of employees. This is as a result of the June 2011 amendments to IAS 19 Employee Benefits and include amendments to the classification, recognition, measurement and disclosure of local authority pension costs. This is accounted for as a prior period adjustment which means that the figures for previous years will need to be restated.
- clarifications and improvements of the Code as a result of the CIPFA/LASAAC post-implementation review of IFRS on issues such as:
  - the recognition and measurement of property, plant and equipment – in particular, paragraph 4.1.2.35 of the Code now requires items within a class of property, plant and equipment to be revalued simultaneously. The Code does permit a class of assets to be revalued on a rolling basis provided the revaluation is completed within a short period and provided the revaluations are kept up to date.
  - leases and lease-type arrangements (for example where lease rentals are charged at peppercorn rents)
  - service concession (PFI/PPP) arrangements in relation to assets under construction and intangible assets
  - the recognition of non-current assets held for sale
- amendments relating to deferred tax which may be applicable to authorities with group accounts. These follow amendments to IAS 12 Income Taxes issued in December 2010.

The Code also notes that guidance on the adoption of IFRS 13 Fair Value accounting and on accounting for schools has been deferred to the 2014/15 Code.

# Emerging issues and developments

## Accounting and audit issues

### Internal audit – practice case studies

The NAO and the Institute of Internal Auditors have released a [set of case studies](#), available on the NAO website, illustrating some of the key principles of effective internal auditing, taken from a range of public and private sector organisations (including British Telecom, Department for Work and Pensions, EDF). These cover the following areas:

- applying internal audit resources
- scope of internal audit
- auditing projects
- the relationship with the audit committee
- risk-based internal audit
- evaluating internal audit

Examples of the practical advice these case studies provide are:

- 'ensure that the internal audit function has the right development practices and the right mix of people'
- 'internal audit must check its own performance'
- 'look at the range and depth of assurance that is being provided to management from other assurance providers within the organisation: this will reduce the duplication and free up resources to provide deeper assurance in other areas'
- 'make sure that internal audit's work is aligned to management's view of risk: the function may be focussing on the wrong issues if it does not understand management's risk priorities'
- 'review whether senior management and the business share the same view of risk – highlight where differences occur to ensure that the right risks and controls are targeted in the audit plan'
- 'consider carrying out a benchmarking review with a similar sized organisation in the same industry sector to compare and contrast approaches to internal audit and resourcing'



# Emerging issues and developments

## Local government guidance

### 2010/11 Whole of Government Accounts

The following reports have been published on the audited 2010/11 Whole of Government Accounts (WGA):

- Public Accounts Committee (PAC) issued its [2010/11 WGA report](#) - PAC has recommended that HM Treasury should do more to use WGA accounts to inform decision making and also drew attention to the need for the preparation and audit of WGA to be timelier.
- DCLG published an unaudited consolidated account for [English Local Government 2010/11](#) - the information is high-level, focussing on the consolidated statement of revenue and expenditure, the consolidated statement of financial position and the consolidated statement of changes in taxpayers' equity. There is no breakdown of line items and no comment on cash flows, commitments and off balance sheet liabilities. However, the document does provide links to more detailed local government finance statistics.

### Governance statements

The National Audit Office has published '[Fact Sheet: Governance Statements: good practice observations from our audits](#)' providing insight and commentary on the first year of Governance Statement reporting observations on good practice "challenge questions" for those whose role it is to oversee and scrutinise an organisation's Governance Statement.

## Emerging issues and developments

### Local government guidance

#### **Public Health Local Authorities: Other changes to secondary legislation in force from 1 April**

The Department of Health has published guidance on changes to [secondary legislation](#) from the changes to public health functions affecting local authorities. Some of the changes are:

- local authorities, as commissioners of health services, will now be able to make direct payments under pilot schemes for personal health budgets (National Health Service (Direct Payments) Regulations 2010)
- local authorities must charge overseas visitors for relevant services where no exemption from charge applies (National Health Service (Charges to Overseas Visitors) Regulations 2011)
- Clinical Commissioning Group and the NHS Commissioning Board are to be notified of the death of a child in a children's home (Children's Homes Regulations 2001)
- Clinical Commissioning Group and NHS Commissioning Board are to notified of the death of a child accommodated in a residential family centre (Residential Family Centres Regulations 2002)
- local authorities exercising public health functions are under the same obligation as health service bodies to notify the Care Quality Commission of the death of a service user (the Care Quality Commission (Registration) Regulations 2009)
- the death of a child placed in foster care should be reported now to the Clinical Commissioning Group and NHS Commissioning Board (Fostering Services (England) Regulations 2011)
- a local authority body is to instruct an independent mental capacity advocate in certain circumstances where it proposes to provide, or to secure the provision of, serious medical treatment to a person who lacks capacity to consent to the treatment (Mental Capacity Act 2005 (Independent Mental Capacity Advocates) (General) Regulations)
- regulations specify the sets of depersonalised information that relevant authorities (which include local authorities) have a duty to disclose to each other if held by them (Crime and Disorder (Prescribed Information) Regulations)

## Emerging issues and developments

### Local government guidance

#### **Openness and transparency on personal interests - A guide for councillors**

In March, DCLG published '[Openness and transparency on personal interests - A guide for councillors](#)'.

This guide provides guidance to councillors about how to be open and transparent about their personal interests now that new standards arrangements have been introduced by the Localism Act 2011.



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**Haringey** Council

Report for:	Corporate Committee	Item Number:	
Title:	Individual Electoral Registration		
Report Authorised by:	Chief Executive <i>N. Walling</i>		
Lead Officer:	George Cooper, Head of Electoral Services		
Ward(s) affected: All	Report for Key/Non Key Decisions: Non-key		

**1. Describe the issue under consideration**

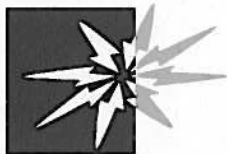
To bring to the attention of the Committee the broad changes being planned for Electoral registration in the transition to Individual Electoral Registration under the terms of the Electoral Registration and Administration Act 2013, and to particularly note arrangements being made under secondary legislation to postpone the annual autumn registration campaign and the consequences of this.

**2. Cabinet Member introduction**

NA

**3. Recommendations**

That the changes to Electoral Registration processes required by the Electoral Registration and Administration Act 2013, including a postponed Annual Registration Canvass, be noted and that endorsement be given to the measures being planned to maintain and enhance registration levels through this postponement including:



**Haringey** Council

- 3.1 First posting of registration forms at earliest permitted opportunity ( first week of October 2013).
- 3.2 At least one reminder round.
- 3.3 Recruitment and training of canvassers on the basis of a contract that will extend to February 2014 and involve a longer than usual campaign period.
- 3.4 Development of a campaign with Corporate Communications to raise awareness of the changed timetable for registration and of the importance of being registered for elections to be held in May 2014.
- 3.5 Dispatch of registers to entitled parties and persons at the earliest opportunity after their publication on 17 February 2014.

#### 4. Alternative options considered

The parameters of electoral registration activity remain essentially fixed by legislation but Electoral Registration Officers ( EROs) have the responsibility on the ground to implement these to best effect.

#### 5. Background information

5.1 In December 2011 I reported to this Committee on national proposals to fundamentally change the system of Electoral Registration from a Household-based to an individual application- based one.

5.2 That report outlined the essential features of the likely changes, which in principle had support across the aisle of the House of Commons, and we were asked to return to Committee in due course once legislation was embedded. This has now happened and includes:

5.3 A transition to full Individual Registration over the period 2014 – 2016;

5.4 Registration to be based ultimately not on a list of eligible residents compiled or confirmed by any one householder, but on applications by individuals taking responsibility for their own registration;

5.5 Such applications to include National Insurance numbers (NINOs) and dates of birth;

5.6 Given the use of NINOs, registers to be initially populated and data-matched for accuracy with a wider range of data-sets including, primarily, that of the Department of Work and Pensions;

5.7 The key purpose of the change being to reduce the possibility of any electoral fraud;



**Haringey Council**

5.8 The capacity, for the first time, for any elector to make a complete application for registration online ( as opposed to the present situation where only "no changes" can be recorded via text or SMS or in which forms can be downloaded in hard copy); and

5.9 A transitional phase of registration in which electors canvassed onto the 2014 register may "carry over" into 2015 if data-matching and individual application processes do not retain them.

5.11 The legislation governing these changes has now passed into law as the Electoral Registration and Administration (ERA) Act 2013.

5.12 Secondary legislation is still being developed to finalise the data-matching and Online aspects of IER, but is in place to take forwards preparations for the rest of this year and to postpone the conduct of the annual autumn electoral registration campaign nationally ( but n.b. Northern Ireland already has a form of IER).

5.13 The next stages of IER are, then:

5.14 The transfer of a copy of all Registers in July 2013 to the Cabinet Office for a Data-matching test the against the DWP database ( the "Confirmation Dry Run.") . This seeks to measure just how much overlap there is between an electoral register and records held by DWP. Pilots in two London Boroughs suggest it is between 55% and 71%.

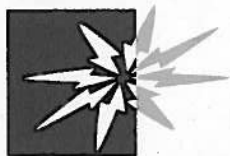
5.15 An assessment at local and national level of these results to inform future planning and resource implications of the change to IER.

5.16 The commencement, from June 2013, of formal training and support for Electoral Administrators across the country in respect of the new requirements and the appointment of Regional Development Managers by the Cabinet Office to support this;

5.17 The postponement of the annual registration canvass to a defined period, being 1 October 2013 to 17 February 2014 in England, this latter being the new register publication date ( ie instead of 1 December 2013);

5.18 An amendment via the ERA Act to also postpone proposals to re-draw new Parliamentary Boundaries ( i.e. the Parliamentary General Election scheduled for May 2015 will take place on existing boundaries.);

5.19 In November 2013, a Ministerial level decision on whether to go ahead or delay IER implementation ( there is provision in the Act to put back the process by a year if necessary.)



**Haringey Council**

5.20 Starting in July 2014, *live* data– matching of the Register in force at that time against the DWP database, with all those who match being informed that they are registered and need take no further action;

5.21 Where there is no match, a Household Enquiry Form ( HEF) to be sent to such properties asking for a list of names of possibly eligible electors;

5.22 Once those names are received, individual “Invitations to Register” ( ITR) to be sent to those concerned and these may be returned in hard copy or Online.

5.23 Rolling Registration ( i.e. the right to register at any time notwithstanding the canvass period ) continues, but as with IER, will require NINOs and dates of birth from next summer.

5.24 This is, then, a very significant set of changes to registration. The system could depend on just one householder in any given property and was based largely on trust. In future, individuals will be the focus of registration and more evidence required that an elector is who they say they are.

**6. Comments of the Chief Finance Officer and financial implications**

6.1 The extra processes of IER involved with IER are such that significant additional costs are effectively being pushed into Registration, but we are assured by Cabinet Office that transitional costs will be met via grant or, in the case of IT upgrades to specialist systems and certain training, directly by Central Government. IER is a £108million programme nationally. We have received a grant for additional activities for the remainder of this year in the sum of £10,306. Liaison on Grant levels in 2014-15 is ongoing.

6.2 Postponing the canvass creates several extra challenges. Cabinet Office have considered the canvass to be “business as usual” but just at a different time. They have indicated that additional requests for support will be considered if a compelling case is made and we believe that the “different time” will demonstrate noticeable additional cost.

**7. Head of Legal Services and legal implications**

Electoral Registration remains on the same basis as hitherto until June 2014 although the timing of the annual canvass is postponed. The usual registration “relevant date” ( effectively a census date) of October 15<sup>th</sup> is abolished.

**8. Equalities and Community Cohesion Comments**

The effect of individual, as opposed to household registration, remains to be seen in a London context ( there is some evidence from Northern Ireland) but





**Haringey Council**

it must be our ambition to retain and maximise registration in every part of the Borough, both through the postponed canvass which is so fundamental to the 2014 elections and through new online and other processes thereafter. Absolute levels of registration fell markedly in Northern Ireland upon the introduction of Individual registration. This is well documented by the Electoral Commission. Maintaining the register will be no small challenge.

**9. Head of Procurement Comments**

9.1 New contracts will be required for a markedly different set of Registration Form printing after June 2014. The format of registration forms may be localised to demonstrate the Council's identity but other than that, form design will in future be devised by the Electoral Commission ( testing is taking place currently.)

9.2 Online registration will be sourced via the Government Digital Service but, again, may be localised at the point of log-in and will not be retained centrally. This is being devised currently.

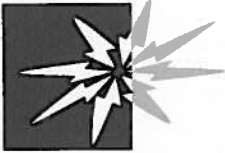
**10. Policy Implication**

10.1 The most immediate and significant change to Electoral Registration is the postponed canvass. Taking place across the winter instead of across autumn will present major challenges to maintaining or enhancing the current level of registration. The theory is that the register so collected will both have the best chance of a high data match with DWP records

10.2 In common with many other London Boroughs, in Haringey we find we must chase up a considerable proportion of registration forms which are not returned via post, automated telephone or SMS by canvassing doors. Posting of both first forms and reminders has hitherto taken place in August and September, and non- responders have to be followed up during the course of October and early November ready for publication on 1 December.

10.3 This year, no posting activity is permitted before 1 October. This effectively means that the physical door-knocking stage will have to take place in December and January. This will require planning on a markedly different basis.

10.4 We have been assisting the Electoral Commission in preparing a risk assessment template for a winter canvass and there are real issues in terms of door- knocking during the darkest part of the year and the one which has a major holiday at its heart. From the point of view of what our canvassers have to do, there are significant implications for recruitment, availability, timetabling of activities, lone working, and payment. Our customers will not be expecting



**Haringey Council**

us to undertake this work during the winter so there are communications and awareness issues.

10.5 We are now planning to revise our canvassing procedures to take account of all these factors in a way designed to maintain and maximise levels of registration. Thus, for example, the defined winter canvass period includes more weekends than the traditional autumn period and we will have to maximise activity during these wherever we can as one way of making up for the loss of daylight door-knocking hours. Where canvassing does take place in the hours of early darkness, it should be by teams of at least two canvassers, more visible and supported by a much more extensive public information profile such as on housing community information boards, in community halls, surgeries etc and through other press and media to let people know that we are out there and what we are doing.

**11. Reasons for Decision**

11.1 The requirements of the new ERA Act 2013 and associated secondary legislation thus far, these being:

11.2 The Electoral Registration ( Transitional Provisions) Order 2013.

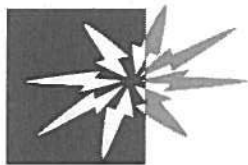
11.3 The Electoral Registration ( Disclosure of Electoral Registers) Regulations 2013

11.4 The Electoral Registration ( Postponement of 2013 Annual Canvass) Order 2013.


**12. Use of Appendices**

NA

**13. Local Government (Access to Information) Act 1985:**



**Haringey** Council

Report for:	Corporate Committee	Item Number:	
Title:	Update from Children's Service on progress to address recommendations from the Financial Resilience report		
Report Authorised by:	 Libby Blake, Director of Children and Young People's Service		
Lead Officer:	Jan Doust		
Ward(s) affected:	Report for Non- Key Decision		
All			

## 1 Describe the issue under consideration

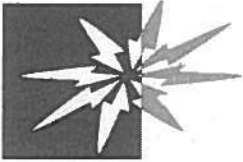
- 1.1 The Corporate Committee on 28 June 2012 considered the 'Review of the Council's Arrangements for Securing Financial Resilience' prepared by the Council's external auditor (Grant Thornton).
- 1.2 The Director of the Children and Young People's Service (CYPS) reported to Corporate Committee on 27 September 2012 setting out how the recommendations in that report were being taken forward by the Service.
- 1.3 The Corporate Committee requested an update on progress. This report satisfies that request.

## 2 Cabinet Member introduction

2.1 N/A

## 3 Recommendations

- 3.1 The Committee is asked to note the actions being taken.



**Haringey** Council

#### 4 Other options considered

4.1 None

#### 5 Background information

5.1 The Council's external auditor, Grant Thornton, carry out an annual review of the Council's arrangements for securing financial resilience as part of their assessment of value for money. They reached their opinion by considering four key areas:

- Key Indicators of Financial Performance;
- the Council's approach to strategic financial planning;
- the Council's approach to financial governance; and
- the Council's approach to financial control.

5.2 Their review of the Council's position concluded, in a report presented to the Corporate Committee on 28 June 2012, that:

*"... whilst the Council faces some significant risks and challenges during 2012/13 and beyond, its current arrangements for achieving financial resilience are adequate."*

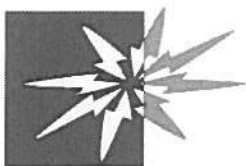
5.3 Within their report two Key Points for Consideration were highlighted for action by the Director of CYPS. These issues, together with the Council's original management response, are reproduced as Appendix A. This report updates Members on the action that the Director intends to take, or has already taken, in order to address these issues.

#### ***Level of the Dedicated Schools Grant (DSG)***

5.4 The auditors report identifies that there has been a steady decrease in the level of schools' balances as a ratio of the Council's DSG allocation over the period from 2007-08. It also highlights that Haringey has the lowest ratio of the benchmark group used.

5.5 The final audited position in 2011-12 reversed this trend with an increase of £2.5m in that year, taking balances held by schools to £5.1m. This increase was double the percentage increase in school balances across London in 2011-12. By 31 March 2013, nine primary schools and two secondary schools had converted to Academy status. The opening balance position at 1 April 2012 for maintained schools was a net surplus balance of £5.6m.

5.6 The (unaudited) position in 2012-13 shows that overall maintained school balances have increased by a further £1.3m, taking balances at 31 March 2013 to £6.9m. Until all of the comparator authorities in the benchmark grouping publish their Section 251 outturn statements (October 2013) it is not possible to comment on whether this trend is also being seen elsewhere.



**Haringey** Council

5.7 Haringey Schools Forum has approved the continued inclusion of a balance control mechanism in the Scheme for Financing Schools. As a consequence a process for continuing to evaluate and challenge schools that accumulate balances will continue to exist and be applied in Haringey.

#### ***Management of Deficit Budgets***

5.8 Schools are not permitted to operate a deficit budget without the express permission of the Council and such agreement requires the production of a deficit recovery plan setting out how a return to balance will be achieved over an agreed period that cannot exceed three years (the maximum timeframe set out in the Scheme).

5.9 Although at the end of the 2012-13 financial year, there are still 11 maintained schools with a deficit position (Appendix B) there have been significant movement in respect of the cohort which includes 16 schools over the two year period. Of the maintained schools with deficits at 31 March 2013, six schools were in a deficit position in both financial years, five schools moved into a deficit position during 2012-13 and five schools moved into a surplus position during 2012-13.

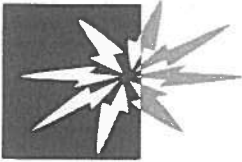
5.10 Of those schools in a deficit position as at 31 March 2013, five are budgeting to return to surplus in the current, 2013-14, financial year and a further three schools are budgeting to return to surplus in 2014-15, the following financial year. Cabinet has approved the closure of a further school and subject to the approval of the closure by the Schools Adjudicator, the deficit will revert as a charge against the Dedicated Schools Grant (DSG). Financial provision has been set aside for this as part of the 2012-13 closure of accounts process.

5.11 Stroud Green has submitted a revised Licensed Deficit application which is currently being reviewed. Officers are concerned that the deficit has arisen from Children's Centre activities which, if not addressed, could put at risk the education of statutory school age pupils.

5.12 The licensed deficit application approved for The Brook during 2012-13 will need to be updated following closure of the accounts. Officers are working closely with The Brook to address financial, operational and management issues .

5.13 A recently retired headteacher with financial experience in Haringey continues to provide targeted support to schools, including The Brook.

5.14 We remain confident that schools requiring support and challenge in dealing with deficit budget situations are being supported and that the overall levels of deficits in schools is being managed.



**Haringey** Council

***Business Planning Support***

5.15 The Director has commissioned a transformational change programme within the service – Haringey 54,000 – through which it is intended to shift the focus to universal and outstanding early help that will sustain families, ensuring that services are delivered at the right time from the right settings to improve outcomes for our children and young people. This programme will shape the direction of the service over the short to medium term and as such will drive forward the re-balancing of the budget from high cost interventions to more efficient and effective preventative services, in line with comparator authorities and best practice.

5.16 As part of developing a business case for transformation, which is due to be considered at Cabinet on 15<sup>th</sup> October 2013, the programme is in the process of concluding a detailed analysis of the service, the workforce and budget allocation. The derived data will form the inputs in a zero-based financial model that incorporates cost/benefit forecasting over 10 years. The model will provide the financial underpinnings for both the business case, as well as, for the commissioning and financial planning of the transformed service. Early modelling data suggest that visible shift of resource from high-cost services to early intervention and prevention will be evident from quarter 2 of financial year 2014/15.

5.17 At the same time as developing the transformation programme and business case, the directorate has responded with increased operational focus to improve business process planning and financial management, that has included the use of the re-launched business planning framework for the local authority.

**6 Comments of the Chief Finance Officer and financial implications**

6.1 Until the model and business case are available, it is not possible to add any further comments on the financial implications of Haringey 54,000.

**7 Head of Legal Services and legal implications**

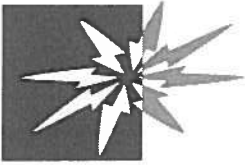
7.1 The Head of Legal Services has been consulted on the contents of this report, which is for noting, and therefore has no specific legal comment to make save that the steps being taken will assist the authority in complying with its various statutory duties and statutory requirements including, for example, under the School Finance (England) Regulations 2012 in relation to budget issues and the preparation of a scheme for financing its maintained schools.

**8 Equalities and Community Cohesion Comments**

8.1 There are no equality implications deriving from this report, and therefore there is no need for an equality impact assessment or any further analysis of equality data.

**9 Head of Procurement Comments**

9.1 Not Applicable



**Haringey** Council

## **10 Policy Implication**

10.1 The continuing implementation of the Academy programme reduces the number of maintained schools for which the Council retains statutory responsibilities.

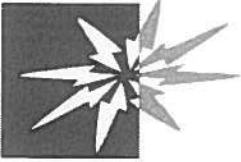
10.2 The work of the Haringey 54,000 programme is intended to result in changes to the way services are delivered which are likely to result in proposals which both deliver savings and ask Cabinet to consider and make decisions on future policy.

## **11 Use of Appendices**

**Appendix A – Summary of external audit financial resilience recommendations attributable to the Director (CYPS)**

**Appendix B – List of Maintained Schools with deficits as at 31 March 2013**

## **12 Local Government (Access to Information) Act 1985**



**Haringey** Council

**Appendix A**

<b>Area of review</b>	<b>Key Points for Consideration</b>	<b>Management Response</b>
Key Indicators of Performance	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.	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.
Strategic Financial Planning	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.	The Director will, in consultation with Corporate Finance, ensure that the appropriate level of resource is allocated and utilised effectively.



	Deficit Revenue Balance			Licensed
	31.3.12	31.3.13		Deficit
	£	£		Y/N
<u>Primary Schools</u>				
Bruce Grove	-	6,889	Plan to recover deficit 2013-14	N
Campsbourne	362	-	Surplus balance as at 31.3.13	
Coleridge	-	319,267	Plan to recover deficit 2014-15	Y
Crowland	-	131,220	Plan to recover deficit 2014-15	Y
Ferry Lane	-	32,025	Surplus balance as at 31.3.13	
St Gilda's RC Junior	-	67,786	Plan to recover deficit 2014-15	Y
St Martin of Porres	-	53,308	Plan to recover deficit 2013-14	Y
St Mary's CE Junior	-	22,009	Plan to recover deficit 2013-14	Y
Seven Sisters	-	70,391	Plan to recover deficit 2013-14	N
South Haringey Junior	-	114,793	Surplus balance as at 31.3.13	
Stroud Green	-	81,854		N
<b>Total Maintained Primary</b>	<b>- 939,673</b>	<b>- 745,835</b>		
<u>Secondary Schools</u>				
Highgate Wood School	-	90,079	Surplus balance as at 31.3.13	
John Loughborough	-	54,441	Final decision on clause awaited	N
Northumberland Park	-	245,140	Surplus balance as at 31.3.13	
Park View	-	12,380	Plan to recover deficit 2013-14	N
<b>Total Maintained Secondary</b>	<b>- 387,317</b>	<b>- 66,821</b>		
<u>Special Schools</u>				
The Brook	-	217,931		Y
<b>Total Maintained Deficits</b>	<b>- 1,326,990</b>	<b>- 1,030,587</b>		
<u>Academies (as at 31.3.13)</u>				
The Green CE	-	106,427		
Nightingale	-	64,699		
Noel park	-	363,011		
St Michael's N22	-	103,431		
St Thomas More	-	900,163		
<b>Total Academies</b>	<b>- 1,537,731</b>			





**Haringey Council**

<b>Report for:</b>	<b>Corporate Committee 27<sup>th</sup> June 2013</b>	<b>Item Number:</b>	
<b>Title:</b>	<b>Temporary Assistant Director Arrangements</b>		
<b>Report Authorised by:</b>	<b>Nick Walkley, Chief Executive</b>		
<b>Lead Officer:</b>	<b>Nick Walkley, Chief Executive</b>		
<b>Ward(s) affected: All</b>	<b>Report for Key/Non Key Decisions:</b>		

### **1. Describe the issue under consideration**

- 1.1. Corporate Committee on 22 January 2013 agreed the Chief Executive's report to put in place temporary revisions to Director level arrangements for the financial year 2013/14. The report signalled that, given the pressures facing the authority, further work was necessary at the Assistant Director and Head of Service level to ensure the Council makes best use of its available skills in order to support corporate improvement.
- 1.2. This report sets out such revised arrangements for the remainder of this financial year. Corporate Committee is asked to note the arrangements.
- 1.3. The report also identifies specific improvement capacity necessary to accelerate work underway. Corporate Committee is asked to agree the formation of a Corporate Delivery Unit and note changes to the programme management function and arrangements in the Council.
- 1.4. The 22 January report noted that as Chief Executive I would bring forward wider organisation of the Council for Member, staff and stakeholder conversation during 2013 and I expect proposals to be brought to this Committee at its September meeting. The changes set out in this report are therefore temporary, are intended to support improvement activity and inform a wider restructure.



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## **2. Recommendations**

2.1 That Members note:

- The temporary changes set out in this report at Assistant Director and Head of Service level to be enacted by 1 August 2013
- Proposals to enhance the programme management approach of the Council

2.2 That Members agree;

- The formation of a Delivery Unit on a temporary basis from 1 July 2013

## **3. Detailed proposals** **Corporate Improvement**

3.1 The 22 January report outlined an early indication of the pressures facing the authority that required focussed and directed effort to ensure delivery, namely:

- Proposals and funding options for the regeneration of Tottenham
- Savings proposals for the 2014-15 budget
- Improvements to customer services
- Performance improvements in key services
- Development of options and delivery plans for savings to 2017 (in the light of the Chancellor's Autumn Statement)

3.2 Further work has translated these early priorities into a six point improvement plan to guide the work of officers over the next 18 months. The priorities are:

- 1) Delivering a new Corporate Plan to focus work on areas of policy priority
- 2) Delivering proposals to balance the 2014/15 budget
- 3) Revised organisation development work
- 4) Ensuring the Council has the right capacity – the remainder of the report deals with this priority
- 5) Establishing four corporate change programmes
- 6) Delivering wider policy and budget options for the period to 2017/18

3.3 The corporate capacity arrangements set out below are intended, wherever possible, to use internal resource or if that is not suitable secondment from within the public sector. This should ensure we offer new opportunities and 'acting up' potential to high performing staff in the organisation as well as sharing skills within Haringey and across the public sector.

### **Children's services/Adults and Housing**

3.4 As already reported to Members the Deputy Director for Adult Services and Commissioning has been seconded to the Children's Service. The post holder's wide-ranging commissioning experience will be used to help advance improvement work in the service. The 12 month vacancy created by this secondment has been filled



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through internal recruitment to an 'acting up' post.

### **Place and Sustainability**

3.5 A more extensive restructure of this directorate is the subject of a separate report on this agenda. These proposals have the support of the Chief Executive and do not cut across corporate proposals.

3.6 The Tottenham Programme Team is now beginning to take shape and will be the subject of future reports to Cabinet. A central aspect of any regeneration, and often neglected, is ensuring that social regeneration keeps pace and is fully integrated with physical regeneration.

3.7 It is therefore proposed to second a senior officer to the Tottenham Team to work on these issues. Given that Adults and Housing already have 'acting up' arrangements in place this secondment will come from the Children's Service management team, and will commence 1<sup>st</sup> August 2013.

### **Organisational Development / Customer Services/ Human Resources**

3.8 The Customer Services corporate programme will over the next six months move to delivering significant change. Organisational development skills will be central to this and it is proposed to second the Head of OD into the programme to direct this effort.

3.9 The leadership of corporate OD will be brought together with HR for the remainder of the financial year.

### **Programme Management Office/IT**

3.10 The Council has an ambitious programme of change which requires a more structured and corporate approach than currently evident in the council. The Corporate Programme Office needs stronger leadership and wider influence if it is to be successful. The AD for IT has produced proposals for enhancing the Council's programme management and he will be seconded for the next 12 months to implement these proposals. This will create acting up opportunities within IT which will be offered to the management team.

3.11 An enhanced Programme Management Office is likely to require additional resource but this is dependent the number of corporate programmes it manages and such resource would be drawn from the funding from these programmes.

### **Delivery Unit**

3.12 As noted in the 22 January report the Council and community face a number of significant pressures; in addition there are service delivery challenges for the Council and for areas delivered in partnership. To tackle these and support wider corporate improvement work including delivering a new council structure, it is proposed to



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establish a corporate delivery unit.

3.13 The Delivery Unit will be small, no more than six staff and be time limited to 18 months. The Unit will work on a project basis using tools and methodologies adapted from successful work in Whitehall in the Prime Minister's Unit. Typical delivery unit work involves the identification of a service or delivery problem, the development of structured improvement plans and delivery of sustainable improvement.

3.14 The Delivery Unit will report directly to the Director of Strategy and Performance working closely with the Chief Executive and Directors' Group. To establish the Unit the Head of Local Democracy will be seconded to lead this process. During this six month secondment Local Democracy Teams will be line managed by the Head of Legal Services. Staffing the remainder of the Unit will be the subject of internal secondment, offering development opportunities to staff or in limited cases external secondment from government or the wider public sector. Initial costs can be contained within the strategy, performance and corporate business units, however it is anticipated that additional budget will be required as the unit is established. If these costs are estimated to exceed the current budget, they will be the subject of separate reporting to Cabinet. There will be no long term revenue commitment - an important principle is that the Unit is time limited. Such costs should also be weighed against alternative consulting style arrangements.

### **Structures and Staffing**

3.15 This is a limited set of changes subject to internal recruitment which will take place through July. Ahead of an August 1<sup>st</sup> implementation revised senior structure charts will be shared with all Members.

3.16 Affected post-holders and Directors have been consulted and are in agreement with these proposals

## **4. Comments of the Chief Finance Officer and financial implications**

In the main these proposals will be funded from within the relevant service budgets, by realigning resources. That will apply to revenue budgets and project budgets. The proposals in respect of place and sustainability mentioned at 3.6 are covered elsewhere on the agenda.

4.1 For the establishment of the delivery unit the initial costs will be contained within existing budgets, however it is anticipated that additional budget may be required as the unit is established. This would be one off and not long term. It is likely to span a period of 2 years. An appropriate request for additional resources will be made to cabinet when the level of additional commitment required is known.

## **5. Head of Legal Services and legal implications**



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5.1 It is noted that these changes do not involve any permanent changes to the establishment and the duties will be performed by secondees or officers “acting up” into these roles. When officers are making decisions during this interim period then they will need to be clear of the delegated authority they are acting under.

**6. Equalities and Community Cohesion Comments**

**7. Use of Appendices**

**8. Local Government (Access to Information) Act 1985**

N/A



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## **Appendix A. Improvement Priorities**

This Appendix summarises the current sets out improvement priorities for Haringey for the forthcoming year.. It is not a comprehensive description of all that the authority does, or needs to do, but is intended to serve as a set of clear priorities for how the officers should organise and focus to address the problems facing it.

The priorities take the form of a six point plan. Many activities can be funded from within existing resource, others are about resource re-allocation or re-direction of existing programmes. Where new investment is required this will be the subject of separate reports to Cabinet.

### **8.1 A New Corporate Plan**

A new plan is required, supported by new PI reporting arrangements as a first step in delivering a more focussed organisation effort. Approval of the Corporate Plan at July Cabinet will be supported by a major internal comms effort using the new tools outlined below.

The Director of Strategy and Performance is leading this work and the draft plan is much shorter than previous iterations.

### **8.2 A Balanced Budget**

There remain considerable savings to be found and it is by no means certain that these targets will be achieved without further service cuts. A short timetable was agreed and draft proposals were presented to the June Cabinet. Reporting this before the summer to Cabinet to allow sufficient time for far more detailed implementation planning to take place to ensure the savings are realised.

### **8.3 A New Organisational Development Programme**

The Council has considerable OD resource but this is currently delivering a training programme rather than corporate OD. A 5-theme programme will run on a six-week cycle through the remainder of the year. This will be supported by new comms infrastructure including a fortnightly staff newsletter, training programmes, desktop and poster campaigns.

A more structured approach to work with the three most senior tiers of management had been introduced with each grouping meeting on a programmed cycle with defined roles and responsibilities. There will be particular emphasis on developing the role of ADs during this period. A learning and development programme for each tier is being commissioned.

### **8.4 Corporate Programmes**





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The Council needs to focus on programme delivery. The proposal is for four corporate programmes that strip away other 'business as usual' and policy development items and replaces them with the most pressing improvement issues facing the Council

Each programme will have a business case, agreed by Cabinet, and a distinct governance structure. This will report to an Officer board, then to Directors Group in Programme Board form and ultimately to the relevant Member/partner forum.

The Corporate Programme will initially contain the following projects:

### **a) Customer Services**

A review of current improvement has already been conducted and this has paused some major decisions, such as the purchase of a CRM, in favour of a short-term improvement programme, which will inform more medium term decisions. Directors Group has agreed the approach and this will come to June Cabinet.

The authority lacks the skills and expertise to deliver the improvement programme and the Cabinet Paper will propose use of a partner to support this for the next 18 months.

### **b) Tottenham**

- Internal Team Established. Sept 2013
- Commission comms/ engagement Framework. June 2013
- Governance Structures in Place  
Lead: L Garner

There is still much work to do to get the basic infrastructure in place to support a Tottenham programme as the recent CAB meeting illustrated. This will be a significant commitment for the long term, with the immediate priority being the interim capacity to kick start projects. The Place Services are being reorganised to allow for better support to this programme

### **c) Children's Service Improvement – Haringey 54,000**

- Short Term Action Plan in Place. June 2013
- Outline Business Case Agreed. October 2013
- Lead: L Blake

This is the most pressing issue facing the Council. A set of short term activities are now being procured which will deliver some improvements and a business case for investment to support long term improvement. A business case will be presented for approval in the autumn.

### **d) Corporate Infrastructure**



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- Council Estate/ Smart Working refresh July 2013
  - Review of support functions Dec 2013
- Lead: S Young

There are a number of good building blocks in place such as the “Smart Working” programme but the support services need to perform more effectively and cheaply and this programme will steer that work. This will include a programme of buildings consolidation. Proposals for this programme will be presented to Cabinet in July.

### 8.5 Building Capacity

- Senior Pay and Grading Review Sept 2013
- AD reorganisation June 2013
- Corporate restructure proposals Sept 2013
- Creation of Corporate Delivery Unit June 2013
- Revised Programme Office July 2013

For the authority to deliver sustainable change it needs to address significant capacity gaps. Following the agreement of the interim structure a pay and grading review has been commissioned. This should report in September and deliver a new employment package for senior staff. In turn this will set important parameters for a wider restructure at Director level.

In advance of this, work is currently underway to alter AD structures to support corporate programmes and add capacity. Over the next two months there will be changes affecting the Place, Children’s, Adults, Strategy and Assistant Chief Executive functions.

Even with the improvement programmes set out above the authority will still have areas of significant poor and under performance. Moreover the authority struggles to respond to performance issues with high quality improvement planning. It is therefore proposed to create a delivery unit to work alongside services to deliver improvement planning and targeted support. The Delivery Unit will be small, perhaps 4 or 5 people, be time limited – two years – but will act to increase the pace of improvement across the authority. The Delivery Unit will report to Zina Etheridge and be made up of a mix of internal secondees and external appointments.

### 8.6 Beyond 2014

- Zero Based Budget/Community Engagement
- Growth Strategy and Early Intervention Strategy
- 2014 – 17 Corporate Plan
- New Partnership Arrangements.



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These first 5 actions represent a degree of “fixing” and medium term improvement. They will need to be matched by a set of wider strategic actions to support the authority beyond 2014. The ZBB process provides a good opportunity to identify community priorities and begin a wider informed debate about the role of the council and its partners.

This work ought to also inform two important new strategies for the authority.

- A Growth Strategy that pulls together plans for business, housing and economic growth into a single overarching borough-wide document.
- An Intervention and Prevention strategy that sets out how the council intends to work across partners and services to deliver better, targeted preventative services.

Completion of these two documents ought then, in turn, inform a Corporate Plan, Financial Strategy and organisational strategy that looks to a longer time horizon of 3-4 years.

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<b>Report for:</b>	<b>Corporate Committee</b>	<b>Item Number:</b>	
<b>Title:</b>	<b>Reorganisation of Place and Sustainability Directorate</b>		
<b>Report Authorised by:</b>	 <b>Lyn Garner, Director Place and Sustainability</b>		
<b>Lead Officer:</b>	<b>Kate Dalzell, Head of Director's Office</b>		
<b>Ward(s) affected: N/A</b>		<b>Report for Key/Non Key Decisions:</b>	

### 1. Describe the issue under consideration

1.1 A restructure of the Place and Sustainability Directorate has been proposed, including proposals for the creation and disestablishment of posts at Deputy Chief Officer level. This paper seeks Corporate Committee approval for these proposals.

1.2 Implementation of these proposals would result in some Deputy Chief Officers aged 55 or over requiring early release from the pension scheme. This report seeks approval from Corporate Committee to proceed on this basis.

### 2. Cabinet Member introduction

N/A

### 3. Recommendations

3.1 Members are asked to:

- note the overview of the proposed future shape of the service and summary of the proposed restructure set out in the appendix to this report
- approve the proposed changes to the establishment at Deputy Chief Officer level, including:
  - disestablishment of the following posts:



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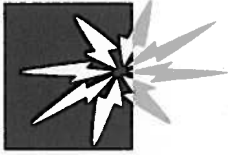
Assistant Director Leisure  
Assistant Director Culture  
Head of Corporate Property Services  
Capital Programmes Director  
Assistant Director Planning, Regeneration and Economy

- establishment of the following posts:
  - Assistant Director for Regeneration and Strategy
  - Assistant Director Planning
  - Assistant Director for Property and Capital Projects
  - Tottenham Programme Director
- note the delegation of authority to the Director of Place and Sustainability to make changes to the establishment to implement staff reorganisation as regards posts below the level of Deputy Chief Officer and following appropriate consultation
- conditional on approval of the changes to the establishment set out above, to provide approval in principal to the release of pension benefits to Deputy Chief Officers resulting from these changes. This would include:
  - approval of the release of pension benefits to the Assistant Director for Planning, Regeneration and Economy, and
  - in the event that the postholder is not successful in being appointed to the new role of AD Property and Capital Projects, approval of release of pension benefits to the Head of Corporate Property Services. A closed ring fence interview process will be used to select a postholder for this position
- note the financial implications of this release of benefits as set out in Section 6 and in the exempt sections of this report. Members are asked to note that subject to approval of the recommendation above, the capital costs arising to the pension fund as a result of the early release of benefits will be met from the Council's general fund.

#### 4. Other options considered

4.1 The option for the Place and Sustainability to maintain its current organisational structure has been considered. This is not recommended for reasons of organisational effectiveness and efficiency as outlined in further detail in Section 5 below.

4.2 In relation to the costs arising from pension considerations and redundancy, officers will attempt to avoid redundancy by seeking suitable alternative employment for postholders. Ringfencing selection processes have been applied where postholders hold knowledge, skills and experience which would adequately satisfy the job description and candidate specification for new roles proposed in the reorganisation. These are detailed below. Staff who are made redundant as a result of this process will have access to the council's redeployment processes and will therefore be considered against any appropriate vacancies arising across the organisation.



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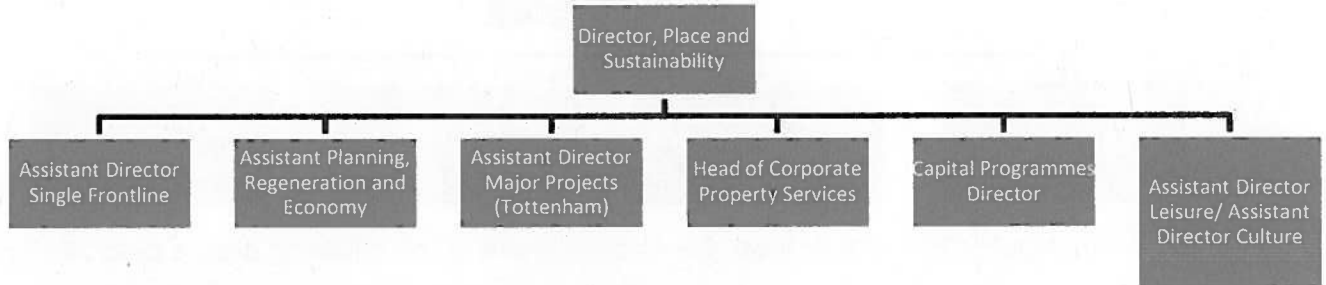
**5. Background information**

5.1 In January 2013 Corporate Committee agreed to the appointment of a temporary deputy director post in Place and Sustainability. The intention of this arrangement was to create management capacity to enable the Directorate to deliver significant service improvements and savings while at the same time progressing regeneration in Tottenham and across the borough. The creation of the post allows for a split between the operational and strategic elements of the Directorate, with the deputy director taking on direct responsibility for the majority of operational services in the department. A number of other drivers have also prompted reorganisation at this time, including the demise of the Building Schools for the Future Programme and the contracting out of a significant element of Leisure services

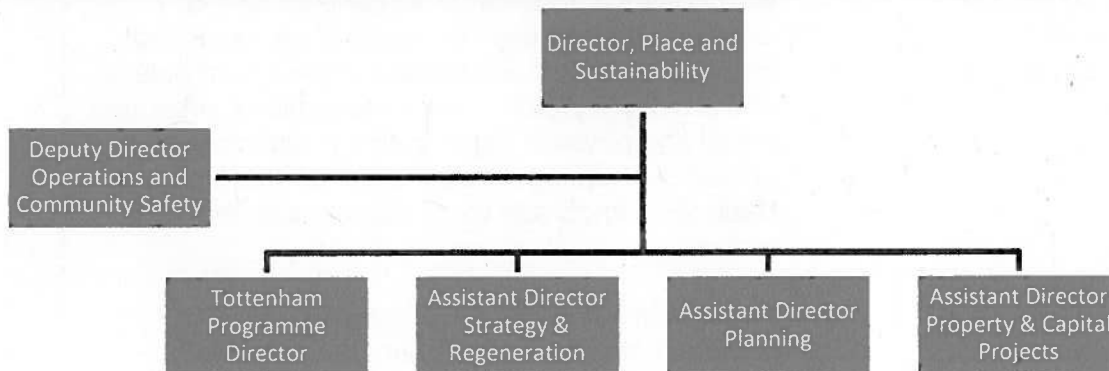
5.2 The reorganisation proposals are also set against a context of reducing resources across the Council. The Directorate is required to deliver pre-agreed savings, and will be required to find continuing efficiencies beyond 2013/14. It is envisaged that the new establishment will realise efficiencies and synergies in operational and strategic services as well as progress council priorities more effectively.

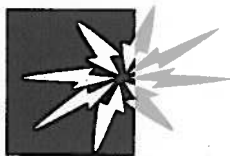
5.3 The structure charts below illustrate the proposed changes at first and second tier:

*Current structure at first and second tier*



*Proposed structure at first and second tier*





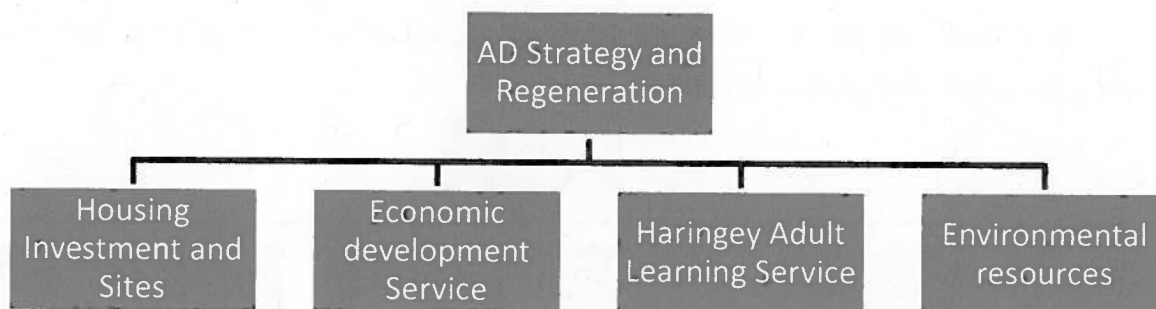
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5.4 In summary the following changes are proposed:

5.4.1 **Strategy and Regeneration:** The Directorate has a significant role to play in delivering growth and regeneration borough-wide (outside of the Tottenham Programme). Creation of a new business unit, Strategy and Regeneration, is proposed to drive forward cross-borough regeneration and renewal and lead on attracting inward investment and growth, drawing together the services that will need to work collaboratively to deliver objectives in this area including:

- Housing Investment and Sites (formerly in Planning, Regeneration and Economy)
- Economic development (formerly based in Planning, Regeneration and Economy)
- Haringey Adult Learning Service (formerly based in Culture)
- The environmental resources/ low carbon team (formerly based in Planning, Regeneration and Economy)

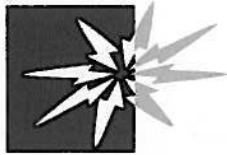
5.4.2 Shared management oversight will also accelerate the council’s work to strengthen the alignment between Adult Learning Service and Economic Development, to better create pathways for local people through learning, skills and employment.



5.4.3 At Deputy Chief Officer level, the establishment of the following post is proposed:

Post	Grade	Role outline
Assistant Director Strategy and Regeneration	SM5	<p>Responsible for the strategic development of regeneration initiatives in the borough, attracting inward investment, influencing Government policy, and providing direction and leadership of economic, social and physical regeneration programmes across the borough Responsible for developing Haringey’s approach to housing investment and renewal.</p> <p>Requires the knowledge, experience and understanding of regeneration, housing and economic growth issues in London to oversee the delivery of major regeneration initiatives, from initiation to delivery.</p>

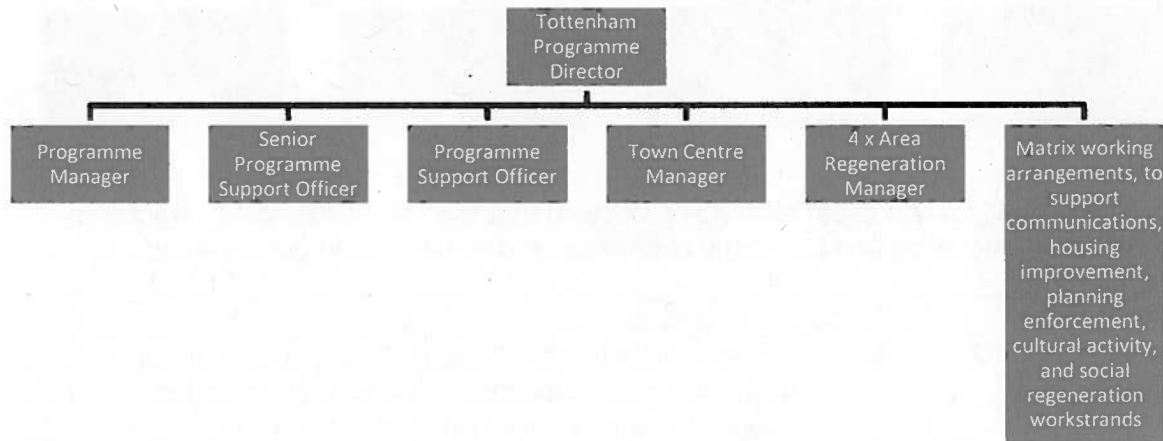




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5.4.4 **Tottenham Programme:** to be delivered as a corporate and partnership programme, located in the Place and Sustainability Directorate. A Programme Management Office will draw together partner and corporate activities to bring focus to delivery arrangements, align workstreams, and oversee revised governance arrangements to engage internal and external partners at appropriate strategic and operational levels

5.4.5 It is proposed that existing resources are refocused and capacity increased to create a team include that includes a Programme Director, Programme Management Office, Town Centre Manager, and four Area Regeneration Managers. The work of this team will be reinforced by matrix working arrangements with other council services as necessary to deliver the programme, and will replace existing secondment arrangements.



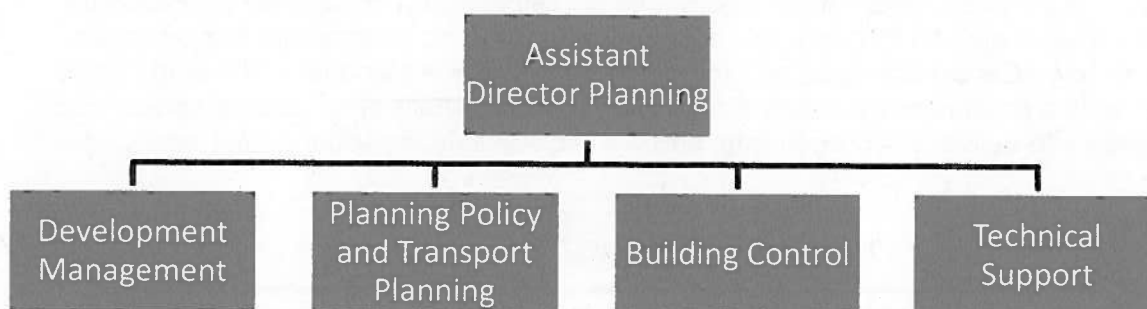
5.4.6 At Deputy Chief Officer level, the establishment of the following post is proposed:

Post	Grade	Role outline
Tottenham Programme Director	SM7	<p>This will be a key strategic role in supporting relationships with local and regional partners across public, private and third sectors and in providing overall direction for the programme in line with Joint Strategic Forum and Tottenham Plan priorities as well as responsibility for strategic communications.</p> <p>The role requires experience of successfully managing large scale regeneration/economic growth programmes and projects from initiation through to delivery, involving the use of external contractors and in partnership with the private sector. Also requires experience of setting up and delivering through high profile public and private sector partnership arrangements across service areas and with partners in sub- regional, regional and national contexts.</p>



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5.4.7 **Planning:** Following the movement (above) of a number of services into the new Strategy and Regeneration unit, it is proposed that services remaining from the Planning, Regeneration and Economy business unit form a new Planning business unit with a narrower and more focused remit. This service will comprise Development Management, Planning Policy and Transport Planning, Building Control and Technical Support.

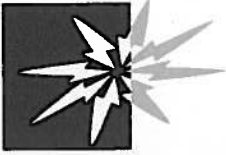


5.4.8 At Deputy Chief Officer level it is proposed that the role of Assistant Director for Planning, Regeneration and Economy is deleted, and the following post created:

Post	Grade	Role outline
Assistant Director Planning	SM5	Responsible for the management and delivery of all town planning, planning enforcement and building control services; provides leadership in the implementation of planning policies for the borough, including the development of policies to support the local plan.

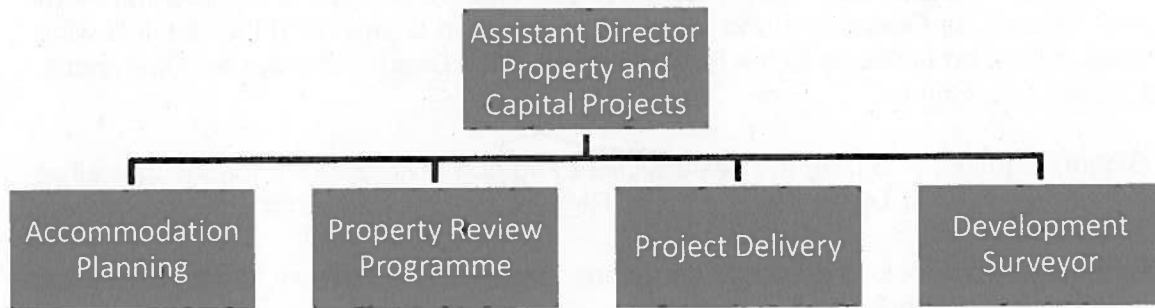
5.4.9 **Property and Capital Projects:** Merger of the current Capital Programmes team and the strategic property functions in Corporate Property Services into a new business unit, Property and Capital Projects. This change follows on from the demise of the Building Schools for the Future programme and will capture existing synergies between Capital Projects and Corporate Property divisions. The new business unit will consolidate existing resources to ensure there is capacity in place to deliver the Property Review and to take forward the major capital projects that are delivering on regeneration objectives.

5.4.10 Property and Capital Projects will be a small and strategic unit. It will include a Project Delivery Team, overseeing the delivery and programme management of capital projects, a small team to take forward the council’s Property Review, and direct and commissioned activity through the Development Surveyor to take forward Property Review decisions on the future use of surplus properties.



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5.5.8 It is proposed that management of operational property functions transfers to the Deputy Director for Operations and Community Safety. This will include hard and soft facilities management, the Commercial/ Valuers team, and the finance/ business support team as well as schools property management (currently reporting to the Capital Programmes Director).



5.4.11 At Deputy Chief Officer level it is proposed that the two posts of Head of Corporate Property Services and Capital Programmes Director are deleted, and the two postholders ring fenced to a new role, that of Assistant Director for Property and Capital Projects:

Post	Grade	Role outline
Assistant Director Property and Capital Projects	SM5	<p>To lead on the strategic property portfolio, and through effective use of the council's property assets to promote value for money, high quality development and regeneration in the borough.</p> <p>Responsible for securing the Council's desired outcomes in relation to the development, disposal or retention of its property portfolio.</p> <p>Oversees delivery of significant capital construction projects.</p>

5.4.12 **Leisure and Culture:** following the departure of the AD Culture late in 2011, both Leisure and Culture divisions have been led by the Assistant Director Leisure on an interim basis. Proposals set out earlier in this document suggest aligning Adult Learning Service with Economic Development to better create pathways for local people between learning, skills and employment within the Strategy and Regeneration unit. In December 2012, the Leisure service contract was realised with a significant part of Leisure services moving to an external provider.

5.5.11 Taking these changes into account, key remaining services in the Leisure and Culture divisions include the Libraries service, Parks service and client and commissioning functions. These proposals set out direct service synergies and alignments to be realised by moving remaining Leisure operational services under a single

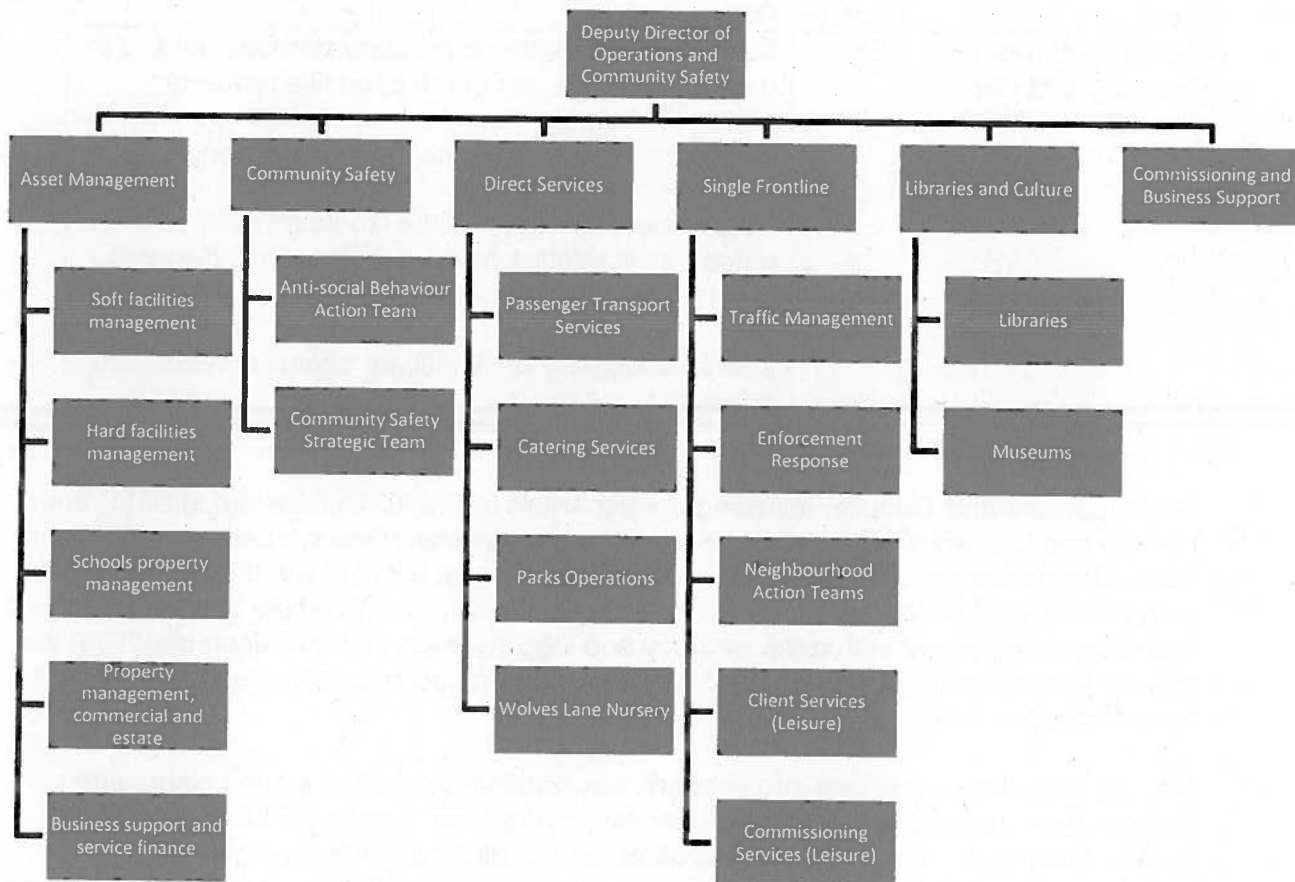


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Head of Direct Services, and moving Leisure client and commissioning services to be aligned with other client and commissioning functions within Single Frontline. As a result of these changes, it is proposed that the Leisure and Culture divisions are dissolved and the roles of Assistant Director for Leisure and Assistant Director for Culture are deleted.

**5.4.12 Operations and Community Safety:** Following recruitment to the interim role of Deputy Director for Operations and Community Safety, it is proposed that the following services will report upwards to the Director through the Deputy Director for Operations and Community Safety:

- Single Frontline, including the Leisure client and commissioning functions as well as current services of Traffic Management, Regulatory Services and the Neighbourhood Action Team
- Direct Services, including Parks Operations, Wolves Lane Nursery, Catering Services and Passenger Transport Services
- Asset Management, including hard and soft facilities management of the Council's estate, its commercial property, and property management of the schools estate
- Libraries and Culture
- Community Safety
- Business Support and Development





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5.4.13 The proposals at Deputy Chief Officer level are summarised in the table below. These will directly affect four members of staff.

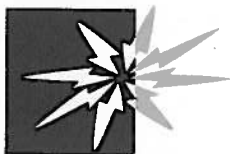
Post	Grade	Proposal	Outcome for postholder
AD PRE	SM7	Post to be deleted	Displaced
AD Leisure	SM4	Post to be deleted	Displaced
AD Culture	SM4/5	Post to be deleted	N/A: post being covered by AD Leisure
Head of Corporate Property Services		Post to be deleted	Ring fence to AD Property and Capital Projects
Capital Programmes Director		Post to be deleted	Ring fence to AD Property and Capital Projects
AD Property and Capital Projects	SM5	Post to be created	New post
AD Planning	SM5	Post to be created	New post
AD Strategy and Regeneration	SM5	Post to be created	New post
Tottenham Programme Director	SM7	Post to be created	New post

5.4.14 A consultation on the proposals took place between 1 May 2013 and 7 June 2013 in keeping with the Council's reorganisation policy. A meeting was held with staff, one to one meetings with the Director were made available on request, and comments were invited in writing and through trade union representatives.

5.4.15 Management shared its response to the comments raised with staff and trade unions in the week commencing 17 June and set out the resulting changes to proposals. Individual responses were also sent to individuals regarding specific queries relating to their personal circumstances where appropriate.

5.4.16 Unison sought assurances that management have sought to avoid job losses, have considered applications for voluntary redundancy, reduced hours or job-share, and are putting in place a support strategy for those who will be involved in recruitment and selection as a result of proposals. Management provided assurance that ring fences have been applied to reduce job losses wherever appropriate, that applications for voluntary redundancy have been invited and considered, and that access to support will be put in place for affected officers.

5.4.17 In relation to deputy chief officer posts specifically, queries were raised about whether displaced staff would be able to apply for short-term opportunities such as delivery of the Libraries Improvement project, and interim roles acting into AD Single Frontline and AD Strategy and Regeneration positions. Management have provided assurance that this opportunity will be available to displaced staff. Further exposition of



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the rationale for reshaping business units, in relation to merging Corporate Property and Capital Programmes and dissolving Culture and Leisure business units, were supplied by management as set out above.

5.4.18 In relation to the disestablishment of the Culture business unit, following consultation management confirmed its proposal for culture services to be managed alongside libraries within the Operations and Community Safety unit, and for a three month additional resource to be identified to take forward a libraries improvement project. In relation to services remaining in the Leisure business unit, following consultation it is proposed that existing synergies between Leisure clienting and Leisure commissioning services are maintained by keeping both services within a single business unit in Operations and Community Safety. Following consultation, detailed work is also underway with relevant managers to ensure effective allocation of responsibilities and accountabilities across operational and strategic property services.

**6. Comments of the Chief Finance Officer and financial implications**

6.1 The wider restructure of Place and Sustainability which includes these post changes is broadly cost neutral, although it does mean that some pre-agreed savings from post deletions that were due to be achieved in 2014-15 will now be achieved at an earlier date. The impact of this on the 2014-15 budget has been allowed for in budget-setting work for 2014-15.

6.2 It is expected that the redundancy costs associated with these staffing changes will be met from the Corporate Transformation Reserve in line with how the costs of other redundancies have been treated as part of the wider Council saving process. The cost of potential redundancies are shown in the exempt section of this report.

6.3 As at least 1 member of staff and potentially 2 have reached the age of 55 they will be entitled to release of pension benefits in the event of redundancy. The relevant amounts are outlined in the exempt section of this report and will be fully met from the Council' General Fund.

6.4 The Chief Financial Officer is satisfied that best endeavours have been made to find alternative employment for the post holder and thus the costs outlined in the exempt section are necessarily incurred.

**7. Head of Legal Services and legal implications**

7.1 The Head of Legal Services has been consulted on the contents of this report.

7.2 Consultation with staff and recognised trade unions is an essential part of the responsibilities of an employer in the course of a business re-organisation. The requirement for consultation with employees and their trade union representatives is recognised within the report at paragraph 5.



**Haringey Council**

7.3 Due consideration should be given to responses received as a result of the consultation before any final decision is reached concerning the proposals outlined, including any decision to issue notices of dismissal. Further, due consideration must also be given to the authority's public sector equality duties before such a final decision, taking into account the outcome of the equality impact assessment outlined at paragraph 8.

7.4 The process by which the restructuring exercise is to be achieved must comply with the Council's procedures regarding organisational change. Further, the position of any members of staff at risk of displacement must be considered under the Council's procedures regarding redundancy and redeployment.

7.5 With regards to the new posts envisaged in the proposals the Council is able to create such posts under its general staffing powers. Appointment to these posts should be undertaken within the terms of the Council's procedures concerning recruitment.

7.6 Under Part 3 Section C of the Council's Constitution the Corporate Committee has the function of taking decisions relating to changes to the establishment which are not covered by the Officer Scheme of Delegation. Further the terms of any early release from the pension scheme for Deputy Chief Officers aged 55 or over requires the approval of the Corporate Committee.

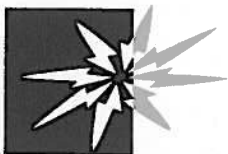
7.7 The proposed deletion of and/or appointment to posts below Deputy Chief Officer level is delegated to officers in accordance with Appendix E Section 8 of the Constitution, where this concerns changes to the establishment affecting 50 posts or less. Chief Officers or Deputy Chief Officers exercising this delegated power are required to consult with the relevant Cabinet Member before taking a decision.

7.8 Under Part 4 Section K of the Council's Constitution any proposed dismissal of and/ or appointment to posts at Deputy Chief Officer level will require approval by a Special Committee of members of the authority.

7.9 Where a member of the Local Government Pension Scheme, who has attained the age of 55, is dismissed by reason of redundancy, Regulation 10 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 provides that they will be entitled to receive the immediate payment of their retirement pension. This report proposes the deletion of two posts falling within these regulations with currently no suitable alternative posts available for redeployment. Accordingly, in the event that these members of staff are dismissed by reason of redundancy they will be entitled to the immediate payment of their retirement pensions.

## **8. Equalities and Community Cohesion Comments**

8.1 The proposal has been processed in accordance with the Council's standard employment processes for organisational change. An Equalities Impact Assessment has been completed for the reorganisation proposals.



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8.2 Corporate Committee approval is sought for changes to the establishment affecting four Deputy Chief Officer posts: these proposals therefore have a disproportionate impact on staff in grade band PO8+ (this grade band comprises only 0.34% of the Directorate workforce). All of the four staff are male and in the age band 45-65, a disproportionate impact on men (who comprise 38.5% of the Directorate workforce) and on this age band (58.1% of the Directorate workforce). 50% of those affected are white, a disproportionate impact as this group make up 27% of the Directorate workforce.

8.3 In order to mitigate the impact on employees, ring fencing proposals have been made, in compliance with council policies for staff restructure, to maximise the opportunity for staff who may be displaced to apply for other opportunities where relevant. Where staff are identified as displaced this is because there are no suitable alternative roles created as a result of the proposals. However staff will be able to access any opportunities available through redeployment.

**9. Head of Procurement Comments**

N/A

**10. Policy Implication**

N/A

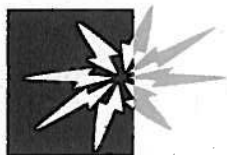
**11. Use of Appendices**

N/A

**12. Local Government (Access to Information) Act 1985**

12.1 Exempt information pertaining to this report is set out in the exempt information section. This information is exempt in that it relates to a specific individuals involved in a labour relations matter.





**Haringey** Council

<b>Report for:</b>	Corporate Committee 27 June 2013	<b>Item number</b>	
<b>Title:</b>	Delegated Decisions /Significant Actions/ Urgent Actions		
<b>Report authorised by :</b>	Head of Legal Services <i>Bernie Ryan</i>		
<b>Lead Officer:</b>	Helen Chapman (Tel. 020 8489 2615)		
<b>Ward(s) affected:</b> Not applicable	<b>Report for Key/Non Key Decision:</b> For information		

**1. Describe the issue under consideration**

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

To further advise of any urgent actions taken by Directors in consultation with the Chair of the Corporate Committee since the previous meeting.

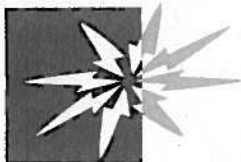
The report details by number and type decisions taken by Directors under delegated powers. Significant actions (decisions involving expenditure of more than £100,000) taken during the same period are also detailed.

**2. Cabinet Member Introduction**

Not applicable

**3. Recommendations**

That the report be noted.



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**4. Other options considered**

Not applicable

**5. Background information**

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.

In keeping with usual practices and working procedures used for Cabinet, the attached report details urgent actions taken by Directors in consultation with Corporate Committee Chair since last reported. Part three, Section E, under the scheme of delegation paragraph 4.03, of the Council Constitution provides guidance on the action that needs to be taken on any urgent matter between meetings of the Cabinet, or any committee or Sub Committee of the Cabinet or the Council.

**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**

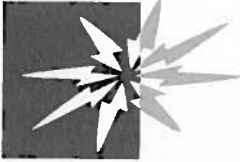
Where appropriate these are contained in the individual delegations.

**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.



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## 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.

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







**DIRECTOR OF CYPS**

**Significant decisions - January to May 2013**


◆ denotes background papers are Exempt.

No	Date approved by Director	Title	Decision

**Delegated Action**

Type	Number
9.07	4
H54k Transformation Programme, People and Change Lead – award of contract	£66,750
H54k Transformation Programme, Interim Financial Modeller – award of contract	£20,000
H54k Transformation Programme, Interim Business Analyst – award of contract	£20,000
H54k Transformation Programme, OD consultant – award of contract	£37,500
increase from four to six staff in Troubled Families Team	£97,430
Estab change	1
Estab Change	1
Pendarren House – to create a larger pool of casual instructors for cover	£400

Signed



Jan Doust, Deputy Director, CYPS









By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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of the Local Government Act 1972.

Document is exempt

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