

**MINUTES OF THE CORPORATE COMMITTEE
TUESDAY, 26 NOVEMBER 2013**

Councillors Adje, Amin (Vice-Chair), Diakides, Egan, Griffith, Jenks, Meehan (Chair), Whyte, Williams and Wilson

Apologies Cllr Khan

Also Present Keith Brown
Michael Jones
Roger Melling
John Raisin

MINUTE NO.	SUBJECT/ DECISION	ACTION BY
CC282.	<p>APOLOGIES (IF ANY)</p> <p>Apologies for absence were received from Cllr Khan, for whom Cllr Egan substituted. Apologies for lateness were received from Cllr Adje.</p>	
CC283.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
CC284.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>	
CC285.	<p>DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS</p> <p>There were no such items.</p>	
CC286.	<p>MINUTES</p> <p>Cllr Jenks advised that he had not received the publicity information requested at the previous meeting – officers would look into this and re-circulate the information as had been previously agreed.</p> <p>RESOLVED</p> <p>That the minutes of the meeting held on 19 September 2013 be agreed and signed by the Chair.</p>	
CC287.	<p>PENSION FUND: ACTUARIAL VALUATION 31ST MARCH 2013</p> <p>Douglas Green, Hymans Robertson, presented the draft actuarial valuation report as circulated. A training session on the actuarial valuation had been undertaken prior to the meeting, and members advised that they had found this useful.</p> <p>In response to questions regarding the table on page 35 of the agenda pack regarding the initial results for the total contribution rate, it was reported that these were notional, whole fund, figures only and that</p>	

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	<p>actual rates for individual employers would be calculated subsequently, following separate modelling exercises. It was further noted that in setting contribution rates, stabilisation work would be undertaken in order to avoid sharp rate increases. The Committee asked how the Council compared with other local authorities; Mr Green advised that the Council's deficit position compared favourably to some others, and that the notional contribution rates indicated were in line with other local authorities.</p> <p>Kevin Bartle, Assistant Director of Finance, advised that setting contribution rates did not fall within the remit of the Corporate Committee, but would be undertaken as part of the wider budget-setting work, in discussion with the Actuary. Mr Bartle emphasised the significance of the stabilisation work referred to, and that this work meant that any increase in contribution rate for the Council would be limited to around 1 – 2%. It was noted that, indicatively, a 1% increase in employer contribution rate would equate to approximately £1m additional cost to the Council.</p> <p>It was noted that the Committee would be asked to consider the final version of the report at its meeting on 20 March 2014.</p> <p>RESOLVED</p> <p>That the assumptions and methodology used by the Actuary to determine the actuarial funding level and standardised employer contribution rate be agreed.</p>	
<p>CC288.</p>	<p>PENSION FUND QUARTERLY UPDATE</p> <p>The Committee considered the Pension Fund quarterly update report in respect of the three months to 30th September 2013.</p> <p>In response to a question from the Committee regarding the cost to the Fund of late payment of contributions, it was reported that if an annual return of 6% was assumed, the cost of late payments would be around 0.5% per month. It was reported that, in the event that an employer were persistently late and this was having a significant impact on the Fund, the Committee's view would be sought on how to address this issue. It was agreed that the cost to the Fund due to late payments over the period of a year would be calculated and circulated to the Committee for information. Members noted that Fusion had been mentioned for late payments in previous reports, and it was agreed that this matter would be escalated via the contract manager and the outcome of this would be reported back to the Committee. The Committee gave the view that all employers should be encouraged to pay via direct debit, in order to avoid the issue of late payments arising.</p> <p>The Committee asked about the reported underperformance of some of the funds against the benchmark and target. It was reported that the performance of CBRE had been affected by previous EU investment which had been a significant detractor, and that performance for Legal</p>	<p>ADF / HoT& P</p> <p>ADF / HoT& P</p>

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	<p>and General, which had been in line with benchmark for the individual funds invested in, was affected by the way in which the aggregate benchmark was calculated. Underperformance in private equity was reported as the result of the length of time it took to invest in such funds and the overall length of the investments, which could be 10-15 years. It was agreed that an update on the new investment positions, with performance expectations and targets, should be reported to the next meeting, now that the previously-agreed changes had been implemented.</p> <p>The Committee asked about the reported meetings held by Legal and General under their 'other engagement activity report' on page 67 of the agenda pack, and whether it was possible to receive an update on the outcome of those discussions. It was agreed that officers would seek further information regarding this.</p> <p>Further to the request at a previous meeting for the Committee to have a meeting with the fund managers, it was reported that officers were setting up a meeting in the first three months of the new year.</p> <p>The Committee asked about the administration costs associated with fund management. It was noted that costs would be low for the Council's fund, due to the decision to move much of the fund to passive management. Officers would try to provide comparative information around administration costs, but it was noted that it was very difficult to compare such costs due to the significant differences in the way in which costs were calculated for different funds.</p> <p>RESOLVED</p> <p>That the information provided in respect of the activity in the three months to 30th September 2013 be noted.</p>	<p>HoT& P</p> <p>ADF / HoT& P</p>
<p>CC289.</p>	<p>LOCAL GOVERNMENT PENSION SCHEME IT SYSTEM - CONTRACT RENEWAL</p> <p>The Committee considered the report on the proposal to enter into a contract with Heywood for a new IT system, as circulated in advance of the meeting.</p> <p>In response to a question from the Committee as to its authority to award such a contract, the Chief Executive advised that the correct process for this decision had been discussed in advance and it had been felt that the Corporate Committee was the most appropriate decision-making body in this instance, because the function of the contract related to the Pension Fund. This position was supported by legal advice.</p> <p>The Chief Executive reported that programmes such as this were very specific in nature, and that local authorities' options were extremely limited as a consequence – it was suggested that in the long term, it would be more effective for local authorities to fund the development of such programmes themselves in order to avoid such situations in the future. By way of illustration, it was reported that 88% of LGPS</p>	

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	<p>administering authorities used the system proposed.</p> <p>RESOLVED</p> <p>That the Corporate Committee agree to award a contract for a period of three years with the option to extend for a further two years to Heywood for the provision of a managed service, including support, maintenance, and required upgrade.</p>	
<p>CC290.</p>	<p>TREASURY MANAGEMENT UPDATE</p> <p>The Committee considered the Treasury Management quarterly activity and performance update as circulated.</p> <p>In response to a question from the Committee , it was confirmed that the Council did not use the Co-operative Bank but that some schools did have accounts with the bank. Those schools had been advised to speak with the bank to discuss any concerns with them, and it had also been suggested that schools may wish to open alternative accounts as a precaution. The Committee asked about the longer-term strategy for meeting its payment obligations and it was reported that the position was monitored very closely by officers and the Council’s treasury management advisers Arlingclose – currently short-term borrowing was the most cost-effective strategy, but when the gap between short-term and long-term borrowing rates narrowed, the Council would consider taking the opportunity to enter into some longer-term borrowing at that time.</p> <p>The Committee asked about the average rate set out in the report at paragraph 16.4 of 5.44%, when elsewhere in the report the rate for short-term local authority borrowing was cited as around 0.4%. It was reported that the average rate was affected by older loans taken out at higher rates and it was reported that it would not be possible to repay these loans early without paying a premium. Paul Dossett, Grant Thornton, advised that in the past it had been possible to spread the cost of such premiums over a period of time, but that this was no longer permitted and the full cost associated with any such repayment would be required to be found out of the budget. In response to a question from the Committee, it was reported that the Council did not currently loan to other local authorities.</p> <p>Mr Bartle advised that this was an area in which significant savings had been made and were continuing to be made – the borrowing budget had been reduced by 1.5m in the last year.</p> <p>RESOLVED</p> <p>That the treasury management activity undertaken during the quarter to 30th September 2013 and the performance achieved be noted.</p>	
<p>CC291.</p>	<p>TREASURY MANAGEMENT STRATEGY STATEMENT - 2014/15 - 2016/17</p>	

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	<p>The Committee considered the proposed Treasury Management Strategy Statement for 2014/15 to 2016/17, prior to it being scrutinised by Overview and Scrutiny Committee. It was noted that the report would be updated to reflect the agreed capital programme following the Cabinet meeting in December, and that the final report would be brought back to Corporate Committee on 28 January 2014 prior to final approval by Full Council. It was proposed that treasury management training with Arlingclose be arranged for the Committee before its January meeting.</p> <p>In response to a question from the Committee regarding the Enhanced Cash Fund proposals, it was reported that these did include an element of active fund management – further details on such funds would be covered in the January training.</p> <p>RESOLVED</p> <p>That the proposed Treasury Management Strategy Statement for 2014/15 to 2016/17 be agreed and approved for release to Overview and Scrutiny Committee before being represented to Corporate Committee, subject to updating to reflect the agreed capital programme.</p>	
<p>CC292.</p>	<p>INTERNAL AUDIT PROGRESS REPORT - 2013/14 QUARTER 2</p> <p>The Committee considered the Internal Audit Progress report for quarter 2, 2013-14, as circulated. Anne Woods, Head of Audit and Risk Management, highlighted the briefing at Appendix E to the report on the DWP proposals for a Single Fraud Investigation Service, and the concerns regarding the impact this could have on local authorities' ability to tackle issues such as tenancy fraud. It was noted that the Local Authority Investigation Officers Group had lobbied the DWP regarding these concerns, but there had as yet been no response.</p> <p>The Committee noted that there had been three limited assurance reports this quarter. Particular concern was expressed regarding the Mayoral Community Infrastructure Levy, and the Committee asked why a recommendation had not been made that all CIL calculations should be reviewed, given that errors had been identified in three out of the ten cases sampled. With regard to the number of limited assurance reports, it was noted that the total number of audit reports completed in the quarter had been high, and the three identified therefore represented a small proportion. It was noted that the Interim Director of Children's Services was looking at the two limited assurance reports relating to CYPS, and it was anticipated that significant progress on implementation of these recommendations would be reported back soon. In respect of the CIL report, it was noted that the service had offered to review all CIL cases as a result of the audit findings, and it had therefore not been necessary to issue this as an audit recommendation. It was agreed that a report on the findings of the review of the remainder of the CIL cases, as well as progress on implementation of the audit recommendations would be circulated to the Committee outside the meeting.</p> <p>The Committee asked about the timescales for suspension cases, and</p>	<p>HoA& RM</p> <p>CE</p> <p>CE</p>

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how these could be closed down more quickly. The Chief Executive advised that there was a focussed effort on resolving suspension cases more quickly, as a consequence of which a number of service level and Member level hearings had been scheduled recently. The Chief Executive agreed to circulate in confidence details of the one outstanding suspension case exceeding 100 days' duration.

In response to a question from the Committee regarding how sub-letting of Council properties was identified and investigated, it was reported that there were a number of possible reporting mechanisms, and that potential cases were also identified through data-matching exercises and through the National Fraud Initiative. Any cases prosecuted would be reported in Haringey People and Home Zone.

The Committee asked about the number of outstanding suspension cases, and it was agreed that the Chief Executive would circulate a breakdown of ongoing cases to the Committee confidentially outside the meeting. It was noted that the number of ongoing cases had reduced, as a number of cases had been concluded since the production of the report. Concern was expressed regarding the over-representation of BAME staff in disciplinary cases, in response to which the Chief Executive advised that he shared these concerns and had initiated a piece of work to try and identify the issues and would report the findings of this work to the Committee in due course.

The Committee asked about the cost-effectiveness of engaging consultants for prolonged period of time – particularly with regard to the two single frontline services posts reported at the bottom of page 160 of the agenda pack. With regard to these two posts, the Chief Executive agreed to provide details of the Highways Contract post to the Committee outside of the meeting, and advised that for the other post, the possibility of entering into a contract for the Confirm software was being explored. The Committee asked whether it may be possible to offer permanent recruitment to the individual concerned, and it was agreed that this would also be explored.

In response to concerns raised regarding recent disciplinary cases relating to individuals not having the right to work in the UK, the Chief Executive agreed that recent cases had highlighted the need to address this issue, and reported that recruitment processes were being strengthened such that all job applicants to provide evidence of their right to work in the UK before any appointment was made.

The Committee expressed concern at the briefing regarding the SFIS. It was agreed that the Committee would ask the Chief Executive and Leader to write to the DWP regarding this issue, and that both political groups would ask their respective MPs to pursue this matter.

RESOLVED

- i) That the audit coverage and counter-fraud work completed be noted; and the actions taken during the quarter to ensure audit

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	<p>recommendations are implemented and that outstanding recommendations are addressed during the second quarter, 2013/14.</p> <p>ii) That the information received from the HR business unit be noted.</p> <p>iii) That the Council's proposed actions, set out in appendix E, in response to the DWP's statements on how SFIS will operate be agreed. In addition, that the Chief Executive and Leader be asked to write to the DWP regarding this issue, and that both political groups ask their MPs to pursue this matter.</p>	
<p>CC293.</p>	<p>EXTERNAL AUDIT PROGRESS UPDATE</p> <p>The Committee considered the external audit progress update from Grant Thornton, as circulated. The Committee's attention was drawn to the Local Government Pensions Governance Review, which was now available online. Hard copies of this document would also be provided to the Council for reference.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>CC294.</p>	<p>ANNUAL AUDIT LETTER</p> <p>The Committee considered the Annual Audit Letter for London Borough of Haringey, as circulated and introduced by Paul Dossett, Grant Thornton.</p> <p>In response to a question regarding the Council's level of reserves, Mr Dossett advised that there was a need for balance in this matter, but the key issue was that Council's should not be using their reserves to balance the budget – the level held should be for emergency use only. With regard to the wording provided around Value for Money, Mr Dossett advised that this indicated that, overall, the Council had materially sound processes in place to ensure VfM and that most local authorities were in the same position.</p> <p>The Committee thanked Grant Thornton for their report, and thanked Council officers for their work which had led to a positive audit assessment.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
<p>CC295.</p>	<p>SENIOR STAFF STRUCTURES UPDATE</p> <p>Cllr Adje declared a personal interest in this item as a trade union branch secretary. This did not preclude him from participating in discussion of the item.</p>	

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The Committee considered the Chief Executive's update report on senior staff structures, as circulated. The Chief Executive highlighted the following issues which had arisen through the consultation process; that there was an appetite for change among staff, that there was concern regarding the impact the changes would have on statutory functions of the Council, that there was a need to address the current organisational culture, staff wanted to be clear about their reporting lines and Members were keen to minimise the costs associated with the restructure. With regard to the last point, the Chief Executive assured Members that, wherever possible, staff being made redundant would be required to work their notice and that costs would be kept to a minimum as far as possible. The Chief Executive stated that it was best practice, in the case of any statutory Chief Officer, that a clean break be made as quickly as possible and therefore a Special Committee may be asked to approve payment in lieu of notice to the postholder. It was noted that there would be a need for interim arrangements, with permanent recruitment processes for all posts following as quickly as possible. The post of COO would be the exception to this, as it was felt that the same post-holder should see through the budget and business planning process for the coming year, after which point the post would be permanently recruited to.

In response to questions from the Committee, it was confirmed that recruitment for senior posts would be subject to Member appointment panels, as set out in the constitution. It was also noted that there was a desire to retain talent and to recruit internally where feasible. With regard to interim arrangements, the Chair noted the resolution of the Committee made in June that "the Chair of Corporate Committee would be consulted when freelance consultants were engaged to cover chief officer or deputy chief officer positions or to head up special projects".

In response to questions from the Committee regarding the proposed deletion of the posts of Assistant Chief Executive and Head of Legal Services, it was reported that the current position of Assistant Chief Executive included a range of miscellaneous functions which had evolved over time and that replacing this post with the post of Deputy Chief Executive would regularise the functions of this post, and provide effective leadership across the Council's people-based functions. With regard to the deletion of the post of Head of Legal Services, the responsibilities of this post would be covered by the new post of Assistant Director for Governance, the post-holder for which would be a qualified lawyer.

The Committee welcomed the emphasis on minimising costs associated with the restructure, but asked whether the interim arrangements would incur additional costs, in response to which the Chief Executive advised that the reorganisation costs would be contained within current budgets. In response to a question from the Committee regarding contractual costs, the Chief Executive clarified that there was not a question of additional payments being made, but that for statutory officers, there was a need to make a judgement regarding the risks associated with allowing

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someone to work their notice and whether payment in lieu of notice should be considered.

The Committee asked whether the aim of the restructure was to reduce hierarchy within the organisation, in response to which the Chief Executive advised that the aim of the restructure was to create functional units, each with a recognisable area of responsibility. It was intended that each of these units would have a simpler line management chain and that assistant directors would have a greater level of accountability than at present. The development centre currently taking place for senior managers was one of the measures in place to support this process.

The Committee asked about the timescale for the appointment of the Assistant Director for Housing and Chief Executive of Homes for Haringey, and it was reported that HfH Board agreement was required for the timetable of this process. The Chief Executive reported that a report on the more general future of the housing service would be considered by the Cabinet in the new year – historically there had been some issues raised around HfH governance, and a governance review had been initiated to seek reassurance that these issues had all been resolved before the proposed changes were progressed. The Chief Executive advised that addressing the governance issues around HfH was essential, and that there was a need to clarify the role of the Board members in order that expectations were clear and that the scrutiny and accountability of the Board was strengthened.

In response to a question from the Committee regarding whether the Council would be the employing body for the housing post, with the post-holder then seconded to the ALMO, the Chief Executive advised that the arrangement could work with either party being the employing body. It was reported that the view of the HfH Board was that the ALMO should be the employing body, and that meetings would be taking place with the Chair of the HfH Board with the aim of identifying a way forward. Although it was emphasised that the Corporate Committee was the Council body with responsibility for employment matters, it was noted that HfH also had rights regarding the employment of its Chief Executive, and therefore there was a need for both parties to agree a way forward together.

The Chair expressed the clear view that the Council should be the employer of the joint housing post, and emphasised that the fact that HfH was an ALMO did not prevent HfH problems having a negative impact on the Council's reputation. It was felt that there was therefore a need for the Council to have oversight of the operation of HfH in order to meet its responsibilities to local residents, and that the housing post needed to be employed by the Council in order to achieve this. It was emphasised that there was a need for a clear, transparent, direction with regard to housing strategy, and the Chief Executive reported that this was the reason for the proposed report to Cabinet in the new year.

The Committee looked forward to future updates.

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	<p>RESOLVED</p> <p>That the content of the report be noted.</p>	
CC296.	<p>DELEGATED DECISIONS, SIGNIFICANT ACTIONS, URGENT ACTIONS</p> <p>The Committee considered the report on delegated decisions, significant actions and urgent actions since the last meeting of the Committee.</p> <p>RESOLVED</p> <p>That the content of this report be noted.</p>	
CC297.	<p>ANY OTHER BUSINESS OF AN URGENT NATURE</p> <p>There were no new items of urgent business.</p>	
CC298.	<p>EXCLUSION OF PRESS AND PUBLIC</p> <p>RESOLVED</p> <p>That the press and public be excluded from the meeting for the following items as they contained exempt information as defined 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>	
CC299.	<p>EXEMPT MINUTES</p> <p>The Committee received the exempt minutes of the CEJCC meeting held on 2 July 2013 and the Special Committees held on 1 October and 23 October 2013, and considered the exempt minutes of the 19 September 2013.</p> <p>RESOLVED</p> <p>That the exempt minutes of the meeting held on 19 September 2013 be approved and signed by the Chair.</p>	
CC300.	<p>LOCAL GOVERNMENT PENSION SCHEME IT SYSTEM - CONTRACT RENEWAL</p> <p>The Committee considered exempt information pertaining to agenda item 8.</p>	
CC301.	<p>DELEGATED DECISIONS / SIGNIFICANT ACTIONS / URGENT ACTIONS</p> <p>The Committee considered exempt information pertaining to agenda item 15.</p>	
CC302.	<p>ANY EXEMPT ITEMS OF URGENT BUSINESS</p>	

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	<p>There were no new items of exempt urgent business.</p> <p>The meeting closed at 21:20hrs.</p>	
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COUNCILLOR GEORGE MEEHAN
CHAIR