

**MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 20 MARCH 2014**

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

Apologies: Councillor Diakides

Also present: Keith Brown
Michael Jones
Roger Melling
John Raisin

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC322.	<p>APOLOGIES (IF ANY)</p> <p>Apologies for absence were received from Cllr Diakides, for whom Cllr Egan was substituting.</p>	
CC323.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
CC324.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>	
CC325.	<p>DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS</p> <p>There were no such items.</p>	
CC326.	<p>MINUTES</p> <p>RESOLVED</p> <p>That the minutes of the meeting held on 28 January 2014 be approved and signed by the Chair.</p>	
CC327.	<p>FINAL ACTUARIAL VALUATION AND FUNDING STRATEGY STATEMENT</p> <p>The Committee considered the report on the final actuarial valuation and funding strategy statement. It was noted that, subsequent to the papers being issued, the actuarial valuation as appended to the report had been signed off as final by the actuary. Having contacted each employer within the Pension Fund regarding the valuation report, Age Concern Haringey was the only body to have responded, and had raised concerns that the proposed contribution rate was unaffordable. Age Concern Haringey had been asked to provide evidence around this point and the Council would respond accordingly once this</p>	

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had been received.

With regard to the funding strategy statement, the Committee noted that this had been amended since the January meeting to include a stabilisation option for new academies.

In response to a question from the Committee regarding the validity of the assumptions employed in the actuarial valuation, officers confirmed that they had tested the assumptions and were satisfied that they complied with all the necessary regulations. In response to further questions about the assumptions and how they were used in relation to early retirement, it was reported that they would not be considered in relation to whether any individual was entitled to apply for early retirement, but would be used by the actuary in calculating costs associated with early retirement. It was reported that any restructuring at senior management level within the Council would not have a significant effect on the overall position in respect of the Pension Fund valuation.

The Committee asked how Haringey compared with other London Boroughs regarding the Pension Fund deficit and funding level, in response to which it was reported that Haringey was within a grouping of other London Boroughs in respect of funding level, and was around median for deficit level. It was reported that the funding strategy was felt to be a realistic strategy for addressing the Fund deficit over a 20 year period, but that achievement of this was dependent on investment performance. In response to a question regarding the potential impact of the Collective Investment Vehicle, it was reported that, as Haringey's Pension Fund had limited active management, this was likely to have only a small effect. It was further noted that no decision had yet been taken around how much to invest in the CIV, and that this would be a matter for the new Pensions Committee to consider in due course.

In response to a question regarding why an employer with no remaining active members would wish to continue contributing to the Fund, as set out in 3.9c) of the funding strategy statement, it was reported that this would be an alternative to the payment of a lump sum as a means of addressing the deficit.

RESOLVED

- i) That the Committee note the actuarial valuation report and schedule of contributions.
- ii) That the Committee agree the Funding Strategy Statement.

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CC328.	<p>PENSION FUND STATEMENT OF INVESTMENT PRINCIPLES</p> <p>The Committee considered the Statement of Investment Principles, which had been updated subsequent to the January meeting of the Committee; the changes were set out in paragraph 5.3 of the report.</p> <p>The Committee asked for definitions of the asset classes Multi Sector Credit and Infrastructure Debt; officers provided brief definitions of these asset classes, and it was agreed that Mercer would provide further details on these asset classes in the discussion under the later agenda item on recommended investment funds. In response to a question from the Committee as to whether the statement of investment principles complied with all the relevant regulations, it was confirmed that this was the case.</p> <p>RESOLVED</p> <p>That the Committee agree the updated Statement of Investment Principles.</p>	
CC329.	<p>PENSION FUND QUARTERLY UPDATE</p> <p>The Committee considered the quarterly update on the Pension Fund performance and activity, and was asked to note that the investment information contained in the report related to the quarter ended 31st December 2013, and not as set out in the report. It was noted that the agreed move to increase investment in Property would address the reported overweight position in respect of Equities. With regard to the reported underperformance by both passive managers, it was confirmed that officers were seeking further information on the causes of this, and would give a more detailed report at the next meeting of the Committee. It was also noted that longer-term data on Private Equity performance would be included in the next update report to the Committee.</p> <p>In response to a question from the Committee regarding how long the underperformance reported was likely to last for, it was reported that the Fund was still seeing figures relating to negative performance coming through from some time ago, prior to the move to passive management, but it was anticipated that this negative performance would fall away in due course.</p> <p>The Committee asked about the engagement activity reported</p>	

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	<p>on page 121 of the agenda pack, in particular the Legal and General update around RSA. It was confirmed that this related to the Irish offshoot of the UK entity, and the issues with the property market local to Ireland, although it was noted that this would have an overall impact.</p> <p>RESOLVED</p> <p>That the information provided in respect of the activity in the three months to 31st December 2013 be noted.</p>	
CC330.	<p>PENSION FUND: LONDON COLLECTIVE INVESTMENT VEHICLE</p> <p>The Committee considered the report summarising the progress in establishing a Collective Investment Vehicle for London LGPS, further to the report considered by the Committee in September 2013. It was noted that on 18 March 2014, Cabinet had agreed the establishment of a company to operate the scheme, to contribute £1 initial share capital and to nominate an elected member to sit on the joint committee to represent the Council's shareholder interest. Further decisions relating to the CIV would be taken by the new Pensions Committee later in the financial year.</p> <p>RESOLVED</p> <p>That the Committee note progress towards the establishment of a London Collective Investment Vehicle.</p>	
CC331.	<p>PENSION FUND INVESTMENT IN RECOMMENDED INVESTMENT FUNDS</p> <p>The Committee considered the report on the progress in identifying suitable investment funds, following the allocations to two new asset classes agreed by the Committee at its meeting in January. A briefing note outlining further progress since the circulation of the meeting agenda was tabled for the Committee's consideration. The Committee was asked to approve the investment of 5% in the Allianz UK Infrastructure Debt Fund, and to agree to delegate the decision on the selection of a Multi-Sector Credit Fund to officers, in consultation with the Chair of the Committee, pending the receipt of additional information and references.</p> <p>Marc Devereux, Mercer, addressed the Committee regarding the process that had been followed, and provide further information on the nature of the Multi-Sector Credit and Infrastructure Debt asset classes. In response to a further question from the Committee, it was reported that Multi-Sector Credit was a much more liquid asset class than</p>	

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	<p>Infrastructure Debt. The Committee noted that the aim of investment in these new asset classes was to reduce the level of risk in the Fund, and that limiting risk had also been a key factor in the selection of the Funds for investment. It was reported that the investment in these new funds would come out of the BlackRock portfolio.</p> <p>Cllr Khan asked for it to be noted that he was not satisfied that the shortlisting process for such decisions should be undertaken by anyone other than elected Members.</p> <p>RESOLVED</p> <ul style="list-style-type: none">i) That the Committee agree to invest 5% (circa £45 million) in the Allianz UK Infrastructure Debt Fund.ii) That the Committee delegate the decision on investment in a Multi-Sector Credit fund to the Chief Financial Officer and Chair of the Committee, further to additional research having been undertaken.iii) The Committee agree to invest in the recommended investment funds that will be named at the meeting and delegate authority to the CFO and / or Assistant Director of Corporate Governance to complete all required documentation.	
<p>CC332.</p>	<p>TREASURY MANAGEMENT UPDATE</p> <p>The Committee considered the report on treasury management activity since 1st January 2014, in particular the recent sale of Icelandic deposits.</p> <p>In response to a question from the Committee regarding the work being undertaken to recover the full amount invested, officers confirmed that they continued to work actively to recover the full amount, although it was noted that recovery of some of the investment was dependent on the outcome of ongoing legal action. It was noted that any loss would be to the General Fund.</p> <p>RESOLVED</p> <p>That Members note the sale of Landsbanki deposits and the actions being taken with the remaining balances.</p>	
<p>CC333.</p>	<p>LOCAL GOVERNMENT PENSION SCHEME - EMPLOYER DISCRETIONS</p> <p>The Committee considered the report on the proposed changes to the Council's policy statement on the exercise of its employer discretions under the LGPS Regulations 2013 and the</p>	

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	<p>LGPS (Transitional Provisions and Savings) Regulations 2014. It was noted that there were no material changes to the Council's previously-agreed discretions, but that the policy statement needed to be updated to accurately reflect the new Regulations.</p> <p>RESOLVED</p> <p>That the Committee approve the changes to the Council's Policy Statement set out in paragraph [6] of the report on the exercise of its pension discretions.</p>	
<p>CC334.</p>	<p>PAY POLICY STATEMENT 2014/ 15</p> <p>The Committee considered the 2014/ 15 Pay Policy Statement, which the Council is required to produce annually to comply with the requirements of the Localism Act 2011. It was noted that the only substantive changes to the previous year's statement were updates to the delegations regarding the approval of remuneration and severance packages of £100,000 or more. Currently, such packages required the approval of Full Council, however it was proposed that Full Council agree to delegate such approvals to a Special Committee in accordance with section K4 of the Council's Constitution, and that such decisions then be reported up to Full Council for noting. It was noted that the reason for this proposed change was that it was not always possible to time the recruitment process for senior posts such that approval of the remuneration package by Full Council was practicable.</p> <p>In response to a question from the Committee regarding benchmarking of remuneration packages, Jacquie McGeachie, Interim Assistant Director Human Resources advised that as part of recent recruitment exercises to senior posts, benchmarking had been undertaken against other London Councils, and remuneration had been set at the median of the range. It was also noted that, were the proposal to delegate approval of remuneration packages to Special Committees agreed, it would be necessary for the Special Committee to have the relevant information available at the time of its meeting, in order to reach a decision. Jacquie McGeachie advised that benchmarking for posts was undertaken before going to advertisement, and that candidates were also asked about their salary expectations at the outset of the process, in order that a decision on remuneration could be taken by the Special Committee at the point of an appointment being agreed.</p> <p>Going forward, it was suggested that the Assistant Director</p>	

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Human Resources might be asked to undertake a benchmarking exercise annually for certain posts and bring this information back to the Committee for a discussion of pay and grading issues, and where the Council wished to position its pay structure in respect of other London Councils.

The Committee asked about the Council's policy in respect of contractors paying the London Living Wage, as there had been a suggestion at a recent meeting that a contractor was recruiting at the National Minimum Wage instead. With regard to the specific contractor named, it was understood that their contract with the Council required them to pay the London Living Wage, and that this was being explored currently, with the involvement of the Trade Unions. It was further noted that officers were currently looking into the potential costs to the Council of moving to a policy whereby all contractors working for the Council were required to pay the London Living Wage, and that the findings of this work would be brought back for consideration by Members later in the year.

The Committee asked about training for Members in respect of making decisions around remuneration, and it was expected that these issues would be covered as part of the comprehensive training programme for Members after the elections later in the year. In response to a question about the possible reintroduction of a Members working group on senior remuneration, it was noted that the Chief Executive was currently working on issues around reward and remuneration, and would be reporting back to the Committee on proposals in due course. The Committee emphasised the importance of considering remuneration packages as a whole, not just salaries in isolation, as part of this work.

RESOLVED

That the Committee note the Pay Policy Statement 2014/ 15 attached at appendix A, which will be submitted to Council for approval on 26th March 2014.

CC335. SCHOOLS EMPLOYEE CONSULTATIVE GROUP

The Committee considered the report on the proposed revised consultative and negotiating group for school based employees. A recommendation of the Outstanding for All report was the disbanding of the existing negotiating group

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for teaching staff, and the establishment of a wider group to include non-teaching staff within schools; it was reported that the proposals had been agreed with the Trade Unions, and that a mechanism was in place for matters to be escalated to the Joint Consultative Committee.

In response to a question from the Committee, it was reported that a key element behind the new body was inclusivity – previously, schools' support staff had reported being isolated and had felt that they were not represented formally within the industrial relations framework.

The Committee asked whether there was any weighting in respect of representation on the new body, and it was agreed that Jacquie McGeachie would look into this and report back to the Committee.

RESOLVED

That the terms of reference for the Schools Employee Consultative Group be approved.

CC336. ANNUAL INTERNAL AUDIT PLAN AND STRATEGY 2014/ 15

The Committee expressed its best wishes to Anne Woods, Head of Audit and Risk Management, who was unable to attend the meeting as she was recovering from an injury. Kevin Le Roux, Mazars, presented the report on the Annual Internal Audit Plan and Strategy 2014/ 15 in her absence.

The Committee asked how schools were selected for inclusion in the Audit Plan, and it was reported that this was on a risk-based approach. In response to a question regarding the audit of Alexandra Palace, it was reported that there was no specific allocation of days for the audit of Alexandra Palace, but there was a 10% contingency in place which could be used for matters not currently included in the plan, including Alexandra Palace, and this had been done in the past. It was also reported that the Council's internal auditors helped to support the work of Alexandra Palace's own internal auditors. It was noted that this was a draft Plan, and that if the Committee felt that there were any specific changes that should be made, these could be looked into.

In response to a question from the Committee regarding the Section 151 Officer's satisfaction with the audit plan proposed, Kevin Bartle, Assistant Director Finance, advised that he had requested some changes in order to increase the level of assurance, and would be fully satisfied once these changes had

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	<p>been incorporated.</p> <p>The Committee noted that, in addition to the allocation set out in the Audit Plan, the Committee had the ability to request that specific matters be looked into throughout the year.</p> <p>RESOLVED</p> <ul style="list-style-type: none">i) That the Committee approve the Internal Audit strategy.ii) That the Committee approve the Annual Internal Audit Plan for 2014/15, subject to the amendments requested by the Assistant Director Finance.	
<p>CC337.</p>	<p>AUDIT LETTERS TO MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE - ASSURANCE STATEMENTS TO COMPLY WITH INTERNATIONAL AUDITING STANDARDS</p> <p>The Committee considered the report on the responses from Management and from the Chair of the Corporate Committee to the Council's external auditors, Grant Thornton, regarding the processes in place to prevent and detect fraud and knowledge of any actual or alleged fraud, in order to comply with International Auditing Standards.</p> <p>RESOLVED</p> <p>That the Committee note the responses as set out in the report and agree these for formal submission to the auditors.</p>	
<p>CC338.</p>	<p>THE AUDIT PLAN</p> <p>The Committee considered the report from external auditors on the Audit Plan, presented by Liz Sandford, Grant Thornton.</p> <p>In response to a question from the Committee, it was confirmed that the table on page 227 of the agenda pack 'Communication of audit matters with those charged with governance' indicated how matters would be raised in the event that they were found. It was confirmed that no such matters had been found as part of the audit work so far. It was further reported that the two significant risks set out on page 218 of the pack were those which were felt to be applicable to all audits, and that no specific concerns in respect of these areas had been identified as part of the Haringey audit work so far.</p>	

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The Committee expressed concern regarding the risk identified on page 219 of the pack in respect of employee remuneration, in response to which it was reported that this was identified as an area where significant work would be necessary in order to provide audit assurance, as remuneration represented a significant figure for the Council and there was therefore a higher risk associated with misstatement in this area. Although identified as a risk, it was noted that this did not indicate that any issues had so far been identified in this area.

It was suggested that the way in which the report was presented did not make clear that the risks in the report highlighted *potential* areas of risk and might give the impression that concerns had been identified in these areas in relation to the audit work for Haringey. Liz Sandford agreed to take this feedback back to Grant Thornton with a view to improving the clarity of such reports.

The Committee noted that governance at Homes for Haringey (HfH) would be an area requiring audit attention going forward, as proposals for moving toward a new structure were being developed. It was confirmed that Grant Thornton were meeting with officers to identify the risks associated with the changes and to ensure that these were properly managed, and that, where concerns were identified, additional audit work would be undertaken.

The Committee considered the issue of the Council's oversight of HfH audit matters, and it was agreed that the Committee should make a recommendation that the new governance and accountability arrangements for HfH, which were in the process of being developed, should incorporate the agreement that the Council's Corporate Committee should see all audit reports for HfH, as the body with overall responsibility for audit matters. Officers noted that any such an agreement would be on the basis that this was not precluded by law.

The Committee also considered the progress report from Grant Thornton, and noted that, since the last Committee meeting, the 2012/13 audit had been closed and the audit certificate issued. In response to a question from the Committee, it was reported that the potential objection had never been formally submitted, as the correspondent had been satisfied with the information provided by the Council. The Committee also noted the publication of Grant Thornton's 'Working in Tandem' report, of which copies were available to Committee Members.

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	<p>i) That the content of the report be noted.</p> <p>ii) That the Committee recommend that all HfH audit reports be reported to the Corporate Committee under the emerging new governance arrangements for HfH, provided that there was no legal impediment relating to this matter.</p>	
CC339.	<p>LOCAL AUDIT AND ACCOUNTABILITY ACT 2014</p> <p>The Committee considered the briefing report on the implications of the Local Audit and Accountability Act 2014, which received Royal Assent on 30 January 2014. It was noted that further updates would be reported to the Committee as they developed.</p> <p>In response to a question from the Committee, it was confirmed that the current appointment of the Council's external auditors ran until 2015, and that the process to establish a new external audit contract for a number of local authorities, including Haringey, was currently taking place. The Committee noted the requirement for the Council to have an Auditor Panel in due course; it was noted that the Chair and majority of members of such a Panel would need to be independent.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
CC340.	<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. The Committee requested additional information on such decisions in future, as the nature of the decisions that had been made was not always clear from the information provided in the report.</p> <p>In response to a question from the Committee regarding the Interim Early Years and Early Help Lead, the Assistant Director Human Resources confirmed that this was an interim appointment and agreed to provide information on the length of the appointment outside the meeting.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	

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CC341.	ANY OTHER BUSINESS OF AN URGENT NATURE There were no new items of urgent business.	
CC342.	EXCLUSION OF PRESS AND PUBLIC RESOLVED That the press and public be excluded from the meeting for the following items as they contain exempt information as defined in Section 100a of the Local Government Act 1972 paragraphs 1 and 3; information relating to any individual and information relating to the business or financial affairs of any particular person (including the Authority holding that information).	
CC343.	EXEMPT MINUTES RESOLVED That the minutes of the Special Committees held on 19 December 2013, 6 March 2014 and 7 March 2014, and the Council and Employee Joint Consultative Committee held on 10 October 2013 be received.	
CC344.	PENSION FUND INVESTMENT IN RECOMMENDED INVESTMENT FUNDS The Committee considered exempt information pertaining to agenda item 10.	
CC345.	ANY ITEMS OF EXEMPT URGENT BUSINESS There were no items of exempt urgent business. As the last meeting of the municipal year, the Chair placed on record the Committee's thanks to all those Members who were standing down at the forthcoming elections for their service, as well as to those Members who were standing for re-election and the officers who had supported the Committee throughout the year. The meeting closed at 2100hrs.	

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COUNCILLOR GEORGE MEEHAN

CHAIR