

## **NOTICE OF MEETING**

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# **Decision by the Leader**

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TUESDAY, 27TH AUGUST, 2013 at 10:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillor Claire Kober, Leader of the Council

### **AGENDA**

#### **1. URGENT BUSINESS**

The Leader/Cabinet Member will advise of any items they have decided to take as urgent business.

#### **2. LONDON AUTHORITIES MUTUAL LIMITED (LAML) SETTLEMENT DEED (PAGES 1 - 4)**

(Report of the Director of Corporate Resources) To advise of the current situation regarding the formal processes to wind up the LAML organisation and Haringey's participation in it; and to recommend entering into a final deed of settlement with the liquidators and other members of LAML in order to finalise LAML's financial affairs by approving the final distribution of remaining funds to the former LAML members.

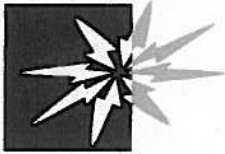
#### **3. NEW ITEMS OF URGENT BUSINESS**

To consider any items admitted under item 1 above.

David McNulty  
Head Local Democracy & Member Services  
5<sup>th</sup> Floor  
River Park House  
225 High Road  
Wood Green  
London N22 8HQ

Xanthe Barker  
Principal Committee Co-ordinator  
Tel: 020-8489 2957  
Fax: 020-8489 2660  
Email: [xanthe.barker@haringey.gov.uk](mailto:xanthe.barker@haringey.gov.uk)

Friday, 16 August 2013



**Haringey** Council

Report for:		Item Number:	
Title:	London Authorities Mutual Ltd (LAML) settlement deed		
Report Authorised by:	Director of Corporate Resources <i>J. Parker 9/8/13</i>		
Lead Officer:	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>		
Ward(s) affected: All	Report for: Non Key Decision		

**1. Describe the issue under consideration**

To advise of the current situation regarding the formal processes to wind up the LAML organisation and Haringey's participation in it; and to recommend entering into a final deed of settlement with the liquidators and other members of LAML in order to finalise LAML's financial affairs by approving the final distribution of remaining funds to the former LAML members.

**2. Cabinet Member introduction**

Not applicable.

**3. Recommendations**

That the Leader agrees to enter into a final settlement deed.

**4. Alternative options considered**

The winding up of LAML was triggered by a high court judgement against LAML on 8 June 2009 which left no practical alternative to the present course of action.

**5. Background information**

Following the high court judgement against LAML on 8 June 2009, the company was required to cease trading. Since June 2009, the processes to formally wind down the company have been in progress, with Deloitte and Touche appointed as liquidators for LAML. New insurance contracts have been in place with effect from 1 January 2010 via the Insurance London Consortium purchasing arrangement. Retrospective insurance cover has also been purchased to cover the period of



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LAML's operation to mitigate the risks against any claims received which relate to this period.

The arrangements to complete the winding up of LAML are now reaching a conclusion. All the former members of LAML have formally agreed an approach in respect of the final distribution of remaining funds, return of capital guarantees and retrospective insurance policies purchased to cover the period in which LAML was operating.

This process was expected to be concluded during May 2010 and an original deed of settlement was prepared by Weightmans solicitors, based on the costs and information at that time. Authority was obtained from the Leader to conclude the process and enter into the settlement deed at the time. However, due to ongoing claims against and by LAML, the final deed of settlement could not be executed, the court could not be petitioned to approve the final winding up and LAML continued in existence.

All outstanding claims have now been settled and there is a balance of funds available for distribution to former LAML members.

Deloitte and Touche as liquidators have now presented an updated final settlement deed, prepared by Weightmans solicitors, which confirms the details of the final distribution of funds. This settlement deed has been agreed by all former LAML members.

Legal Services have advised that the previous authority is not sufficient to authorise the revised deed and that further authority therefore needs to be obtained in order to conclude the process.

The original decision to be involved in LAML was taken by Cabinet. To allow the liquidators to expedite a court hearing in September, approval is needed before Cabinet's next meeting. The Leader is therefore now being asked to agree to enter into the deed of settlement.

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

There are no cost implications to this decision. The final settlement deed, when executed, will distribute the outstanding monies of approximately £690k, held by the company to each authority. It is expected that Haringey will receive approximately £75k of the remaining funds.

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

7.1 The report is seeking approval to enter into a final settlement of LAML's affairs so that the liquidators may proceed to seek court approval for the formal winding up of the company.

7.2 The liquidators have presented a deed of final settlement of the company's affairs for the consent of LAML's members. The liquidators require the members'



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approval of the final settlement in order to expedite approval by the court of LAML's formal winding up.

7.3 As the required decision is an executive decision, the Cabinet or the Leader has the power to grant the necessary approval for the Council to enter into the settlement. There is no applicable delegation of this power.

7.4 Legal Services have reviewed the final settlement deed and confirm that there are no issues preventing approval of the recommendation at paragraph 2 of the report.

**8. Equalities and Community Cohesion Comments**

There are no equality or community cohesion implications to this report.

**9. Head of Procurement Comments**

Not applicable.

**10. Policy Implication**

There are no policy implications to this report.

**11. Reasons for Decision**

The decision, which is not a key decision, is required in order to confirm the LAML members' consent to the final winding up arrangements. This will allow the liquidators to avoid any further costs of the winding up process by proceeding as soon as possible to petition the court for approval of the formal winding up of the company. Weightmans will seek a court hearing in September 2013 although there is no confirmed date as yet.

**12. Use of Appendices**

Not applicable.

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

Not applicable.

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