

# **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON MONDAY, 14TH MARCH, 2016, 7.00 - 9.00 pm**

## **PRESENT:**

**Councillors: Barbara Blake (Chair), Eddie Griffith (Vice-Chair), Charles Adje, Isidoros Diakides, Sarah Elliott and Ali Gul Ozbek**

### **61. FILMING AT MEETINGS**

The Chair referred Members present to agenda item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

### **62. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)**

Apologies for absence were received from Councillors Adamou, G Bull, Ejiofor, Opoku and Ross.

Apologies for lateness were received from Councillor Elliott.

### **63. URGENT BUSINESS**

It was noted that agenda item 7, Treasury Partnership with the GLA, had been submitted as a late report due to officer illness. The reason for the urgency of the report was that this was the last opportunity for the Committee to discuss the partnership with the GLA before it became operational.

### **64. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **65. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

There were no such items.

### **66. MINUTES**

#### **RESOLVED**

That the minutes of the meeting held on 8 February 2016 be approved as a correct record and signed by the Chair.

### **67. TREASURY PARTNERSHIP WITH GLA**

The Committee considered the report on the proposed treasury management partnership with the Greater London Authority (GLA), presented by Tracie Evans, Chief Operating Officer. The Committee was asked to note that the Chief Operating Officer had exercised her delegated authority to enter into the treasury management partnership agreement with the GLA, and the report set out the background and reasons for this decision. It was noted that this had been considered by the Overview and Scrutiny Committee, who had asked whether the arrangement would lead to the Council having less control over treasury management and the Chief Operating Officer advised that this would not be the case. It was reported that it was intended to commence the partnership agreement from 1<sup>st</sup> April 2016.

Cllr Adje declared a personal interest as an employee of the London Fire and Emergency Planning Authority, who were mentioned in the report as another external client of the GLA treasury management function, but this did not constitute a disclosable pecuniary or prejudicial interest and therefore did not affect his ability to participate in discussion of this item.

The Committee asked about the cost impact of the change. The Chief Operating Officer advised that the new arrangement would not cost more than the previous arrangement of having a single post covering pensions and treasury management. It was noted that pensions and treasury management had previously been covered by a single post, which was funded partly by the Council and partly by the Pension Fund; the new dedicated pensions post would be funded entirely out of the Pension Fund and the savings to the Council of the cost of the treasury management element of the former post would be used to cover the transaction costs under the new partnership agreement, estimated at around £50-60k annually. Oversight and monitoring of the partnership would be undertaken by an existing senior finance post, as at present.

In response to a question from the Committee regarding the resources available for treasury management under the agreement, the Chief Operating Officer advised that the GLA had a larger team dedicated to treasury management, reflecting the greater amounts they were responsible for managing, and were therefore also able to negotiate more favourable interest rates due to economies of scale, which the Council would now be able to benefit from.

The Committee asked whether the Council had the option to review performance, and withdraw from the agreement in the event that there were any concerns. The Chief Operating Officer advised that the agreement would be reviewed annually and that there was the option to cease the agreement if it was felt that the GLA was not delivering the desired performance. It was noted, however, that this was unlikely and was felt to be the most appropriate way of managing the Council's risk profile. It was noted that the GLA would be operating the Treasury Management Strategy Statement as approved by Full Council, and that there was therefore no change in the risk profile. In response to a question about the length of the agreement to be entered into, it was confirmed that this would be renewable on an annual basis.

## **RESOLVED**

That the Committee note that the Chief Operating Officer had exercised her delegated authority to enter into a treasury management partnership agreement with the GLA.

## **68. EXTERNAL AUDIT PLAN**

The Committee considered the External Audit Plan, as presented by Leigh Lloyd-Thomas from the Council's newly appointed auditors, BDO. Mr Lloyd-Thomas gave an overview of the report, and explained some of the key terms in respect of the work to be carried out. The Committee noted the timeline for the work of the auditors and the reports back to the Committee over the coming year, as set out in the report.

In response to a request for clarification in respect of the Alexandra Park and Palace Charitable Trust, Mr Lloyd-Thomas advised that the Council, as corporate Trustee of Alexandra Palace, is considered to have control of the Palace and therefore it was included in the Council's Group accounts. As Alexandra Palace and Homes for Haringey together formed less than 1% of the Group, it was noted that there was no need for BDO to have a relationship with the auditors of either of these bodies, as this was only required where a body formed at least 15% of the Group accounts.

The Committee welcomed the explanations as provided by the external auditors.

### **RESOLVED**

That the content of the report be noted.

## **69. ALEXANDRA PALACE AND PARK CHARITABLE TRUST (APPCT)**

The Committee considered the report on the Council's responsibilities for oversight of the Alexandra Palace and Park Charitable Trust (APPCT), as presented by Neville Murton, Lead Finance Officer. Mr Murton asked the Committee to note that at the previous meeting it had been understood that the debt owed by APPCT to the Council was responsible for the negative position in respect of the Council's Group accounts, however subsequent to that meeting it had been ascertained that this was not the case and that this negative position was in fact due to the unfunded pensions liability relating to Homes for Haringey. The report set out the Council's capital and revenue funding support to APPCT, governance arrangements and the background and current position in respect of the debt owed to the Council by APPCT.

The Committee asked about the reduction in revenue grant to APPCT for 2017/18, and it was confirmed that this had been agreed by Full Council as part of the MTFS in February 2015.

The Committee asked about the risks associated with the current position with the debt owed by APPCT and how long this position, whereby the debt was not discharged but was not being actively repaid, would be sustainable for. The Committee also asked whether the Council would be in a legal position to recover the debt owed, in the event that APPCT were in a financial position to do so in the future. Mr Murton advised that a significant improvement in the profitability of APPCT was the most likely cause of this issue being revisited in future and that at such a time it would be legally enforceable for the Council to seek to negotiate the repayment of the outstanding debt. The Council had taken a view that the debt could not be fully

discharged while there was any chance of the money being recovered in future. It was noted that the auditors of APPCT were satisfied with the current position in respect of the debt.

In terms of the risks associated with the current position, it was noted that the Council was no better or worse off for having not discharged the debt, as this sum had been provided for in its accounts, but the current arrangement meant that the Council was covered in the event that APPCT was in a financial position to pay the debt in future.

Raymond Prince, Legal Advisor to the Committee, responded to the issues raised in respect of the legality of the arrangement and confirmed that he was satisfied that this was a legally enforceable approach. Mr Prince also noted that the Heritage Lottery Fund was also satisfied with the current position, as evidenced by their significant financial support for the current regeneration work at Alexandra Palace. In respect of the £6.8m of capital resource provided by the Council to APPCT for the regeneration work, it was confirmed that this was a one-off provision, which was spread over several years as the project progressed. It was noted that preliminary work was currently taking place, with Phase 2 of the work scheduled to commence in October or November 2016, with the project due to take a further 18 months to two years from that point.

The Committee asked whether potential investors in the Palace would be aware of the debt owed to the Council, in response to which Mr Murton advised that the debt did not appear in the APPCT accounts, as there was no immediate prospect of the debt being repaid and that investors would therefore not necessarily be aware of the debt in respect of the accounts. In response to concerns as to the legality of this, it was confirmed that this treatment was in compliance with accounting practices and that in reality APPCT had confirmed its intention to share information regarding the debt and had done so with the HLF. Mr Prince clarified that the treatment of the debt in technical accounting terms and its treatment as part of commercial negotiations were very different in nature and that it would be expected that such information would be shared, or revealed, as part of any commercial negotiations.

In response to a question from the Committee, it was confirmed that the value of the debt was solidified at £45m; further capital funding of the APPCT by the Council was treated as grant funding, and there was also no interest applied to the amount owed. It was noted that, as liability for the funding of the Palace and Park remained with the Council, there was no benefit to the Council in allowing the value of the debt to continue to increase.

The Committee asked who the decision on the current treatment of the debt had been made by, and whether this had been a public decision. It was agreed that information on this would be provided to the Committee.

**Action: Chief Operating Officer**

## **RESOLVED**

That the content of the report be noted.

**70. ANY OTHER BUSINESS OF AN URGENT NATURE**

There were no new items of urgent business.

**71. DATE AND TIME OF NEXT MEETING**

Tuesday 28 June 2016, 7pm (subject to the agreement of the 2016/17 calendar at Full Council on 17 March 2016).

The Chair noted that this was the last meeting of the Corporate Committee that Neville Murton would be attending, as he was moving on to a new role in another Local Authority. The Chair and Committee thanked Mr Murton for all of his work and support to the Committee and wished him the very best in his new role.

The Chair thanked the Committee, external auditors and officers for their support over the past municipal year.

The meeting closed at 8.10pm.

CHAIR: Councillor Barbara Blake

Signed by Chair .....

Date .....