

# **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON MONDAY, 9TH JULY, 2018, 19:00**

## **PRESENT:**

**Councillors: Isidoros Diakides (Chair), Dana Carlin (Vice-Chair), Scott Emery, Barbara Blake, Eldridge Culverwell, Makbule Gunes, Mike Hakata, Josh Dixon, Alessandra Rossetti and Daniel Stone**

### **1. 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.

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

Apologies for absence were noted from Cllr Morris, Cllr Barnes and Cllr Say.

Cllr Emery and Cllr Dixon attended as substitute.

### **3. URGENT BUSINESS**

There were no Items of Urgent Business.

### **4. DECLARATIONS OF INTEREST**

Cllr Carlin declared a non-pecuniary interest, as she sat on the APPCT Board as well as the Homes for Haringey Board.

Cllr Rossetti also advised that she sat on the Homes for Haringey Board.

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

None.

### **6. MINUTES**

In response to a point of clarification, officers advised that there was an action during the previous meeting for the 2018/19 Audit Plan to come back to the first Corporate Committee of the new municipal year. The Plan presented to Members at agenda Item 8 was a revised version of the plan presented in March 2018.

The Chair sought clarification around the action in the previous minutes around the appropriateness of an additional *ex gratia* compensation payment, following the

Ombudsman's report dated 31<sup>st</sup> January. The Head of Audit and Risk Management agreed to look into this case and email the details to the Committee. (**Action: Minesh Jani**).

RESOLVED

That the minutes of the meeting on 22<sup>nd</sup> March 2018 were agreed as a correct record.

## **7. TREASURY MANAGEMENT OUTTURN 2017/18**

The Head of Treasury Management introduced a report which provided an update on the Council's treasury management activities and performance in the year to 31<sup>st</sup> March 2018, in accordance with the CIPFA Treasury Management Code of Practice.

In discussion of the report, the following points were noted:

- a. In reference to local authorities being able to "opt up" to professional client status under MIFID II, officers advised the Section 151 Officer would be a key officer in terms of possessing the requisite professional experience to make investment decisions.
- b. In response to a question around the Council's borrowing strategy, officers advised that an increase in interest rates would not necessarily have an immediate impact on the amount of money available, as most of the borrowing that the Council undertook was done on a fixed rate basis. Officers also emphasised that the borrowing costs were linked to gilt yields rather than the Bank of England base rate, so an increase in the base rate would not necessarily result in a commensurate increase in the Council's borrowing rates. Gilt yields were largely determined by market sentiment and confidence.
- c. In response to a question about the potential costs involved with restructuring the LOBO loans, officers advised that the lenders involved would have to agree to repayment terms and that this would involve some cost to the Council. Officers elaborated that there were 6 separate LOBO loans from 3 different lenders and that 3 of these loans had review terms of 6 months, and the others were between 2 and 5 years. The review term periods were fixed intervals at which the lender could agree to increase the interest rates or the Council could repay the loan in full. There may be circumstances where changes in interest rates made repaying the loan and seeking alternative borrowing arrangements financially advantageous to the Council.
- d. In response to a query around what the Council's useable reserves were, officers advised that there was £188m in total useable reserves however this was a misleading figure as it included the HRA and schools.
- e. In response to a query, officers advised that there were significant slippages in the capital programme from year to year and that this was a primary reason in explaining the reported level of borrowing headroom.
- f. In response to a question about the difference between borrowing limits and current borrowing levels, officers advised that the headroom was around £116m for the Council as a whole and £78m for the HRA as at 31/3/18. Officers cautioned that the Council needed to demonstrate prudent borrowing and value for money when determining its investment activities.

The Committee agreed that it would like to receive a special training/induction session around treasury management for September. The Head of Treasury Management agreed to arrange this. **(Action: Thomas Skeen)**.

## RESOLVED

- I. That Members noted the Treasury Management activity undertaken during the year to 31<sup>st</sup> March 2018 and the performance achieved.
- II. That Members noted that all treasury activities were undertaken in line with the approved Treasury Management Strategy; in particular, the prudential indicators with fixed limits shown in appendix 1 of the report.

## 8. ANNUAL INTERNAL AUDIT PLAN AND STRATEGY 2018/19

The Committee received an updated internal audit plan, together with the internal audit strategy, for review and approval. The Committee noted that it was responsible for reviewing and approving the internal audit plan as part of its terms of reference. Corporate Committee approved the plan in March 2018 but Members asked that the new Committee be provided with a copy of the plan for information and ratification. The Head of Audit and Risk Management introduced the audit plan and strategy 2018/19.

Following discussion of the report, the following points were noted.

- a. In response to a question around how often school audits were undertaken, officers advised that they were usually done on a four year cyclical programme but schools that fell below the required level were re-assessed within 12 months.
- b. The Head of Audit and Risk Management advised that he would bring a paper which provided the Committee with information on the schools which had failed to provide satisfactory audit assurance, to its meeting in September. **(Action: Minesh Jani)**.
- c. The Committee raised concerns with the issue of overpayment of benefits, a number of Members had significant concerns around housing benefit administration and the impact that delays in this process had on their constituents. The Committee queried whether the level of concern that the Committee had around the issue could be better reflected in the amount of time allocated in the internal audit plan for 2018/19. The Head of Audit and Risk Management agreed to bring forward the audit of housing benefit and produce a report to the Committee on this issue. **(Action: Minesh Jani)**.
- d. The Chair advised that Members could contact the Head of Audit and Risk Management directly to discuss and feedback on some of their experiences and concerns in relation to housing benefit administration.
- e. In response to a query around the process for selecting which contracts were audited, officers advised that they were largely selected according to risk profile, reflecting the concerns and assurance needs of the organisation. Officers acknowledged that there was also a wider point around contract management being only one part of a wider procurement process and that the audit plan needed to provide adequate assurance on the process as a whole.

- f. The Committee suggested that the wider process of contract monitoring was going to be an important evidence base in determining any future programme of insourcing.
- g. The Chair sought clarification on what 'new build properties advisory' entailed, as set out on the audit plan. In response, officers advised that audit had been asked to input into a wider review and process of learning lessons following the building of council houses undertaken by the authority. The Chair requested that officers provide a briefing on this area of work and how the project was being scoped. The Chair also requested that officers ensure that the Cabinet Member was informed about this area of work. **(Action: Minesh Jani)**.
- h. The Committee raised concerns with the ability of HfH to adequately carry out repairs and suggested that this contract should be included in the audit plan. In response, officers advised that HfH had their own audit committee and audit processes and suggested that it would be a more appropriate place to undertake this. The Committee agreed to have an item on a future agenda around the ALMO and invite the MD of HfH to attend and submit a report on the repairs service. The Chair also requested that the Cabinet Member also be invited to attend the meeting. **(Action: Clerk/Minesh Jani)**.
- i. The Head of Audit and Risk Management agreed to provide a briefing to the Committee on the audit process around HfH. **(Minesh Jani)**.

The following additional areas were put forward by the Committee for suggested inclusion on the 2018/19 audit plan.

- a. Customer Services - The Head of Audit and Risk Management agreed to look in to this **(Action: Minesh Jani)**.
- b. Asset Disposal - The Head of Audit and Risk Management agreed to scope this. The Committee suggested that it should cover the last 2-3 years. **(Action: Minesh Jani)**.
- c. How much of the Council's money was spent locally in Haringey to support the local economy. Cllr Hakata agreed to email the Chair with further details on the scope and specific areas involved. **(Action: Cllr Hakata)**.

## RESOLVED

- I. That Corporate Committee noted the changes made to the plan since the start of the financial year.
- II. That Corporate Committee approved the updated Annual Internal Audit Plan for 2018/19.

## 9. END OF YEAR ACCOUNTS

The Head of Pensions gave a short verbal update to the Committee on the end of year accounts.

The Committee was advised the Council met the 31<sup>st</sup> May deadline for submission of its draft annual accounts for the year 2017/18. The accounts were being reviewed by the auditor and a draft auditors report would be presented to the Committee at its meeting on 24<sup>th</sup> July. Officers advised that the statement of accounts was also published on the Council's website.

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

None.

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

24<sup>th</sup> July 2018.

CHAIR: Councillor Isidoros Diakides

Signed by Chair .....

Date .....