

MINUTES OF THE MEETING OF THE CORPORATE Committee HELD ON MONDAY, 9TH SEPTEMBER, 2019, 7.00 - 8.50 pm

PRESENT:

Councillors: Isidoros Diakides (Chair), Mike Hakata (Vice-Chair), Peray Ahmet, Dawn Barnes, Patrick Berryman, Barbara Blake, Mahir Demir, Noah Tucker and Nick da Costa

101. 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.

102. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

Apologies for absence were received from Cllr Morris, Cllr Rossetti and Cllr Stone.

Cllr Nick Da Costa was in attendance as a substitute.

103. URGENT BUSINESS

There were no items of Urgent Business.

104. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

105. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

None.

106. MINUTES

The Committee sought assurances around the comment that Haringey was in-line with other authorities when it came to parking ticket income and questioned whether this was good enough. In response, officers advised that the comment specifically related to the Council's debt position in relation to parking ticket income and that, in the audit report, BDO had categorised Haringey as being within the medium range. The Committee requested officers provide a short one page briefing on this. **(Action: Thomas Skeen).**

The Chair advised that he would pick up the previous action around speaking to the Chair of Pensions and OSC.

RESOLVED

That the minutes of the meeting held on 25th July be agreed as a correct record.

107. TREASURY MANAGEMENT UPDATE

The Committee received a Treasury Management update report which provided an update to the Committee on the Council's treasury management activities and performance in the three months to 30th June 2019. The report was introduced by Thomas Skeen, Head of Pensions, Treasury and Chief Accountant as set out in the agenda pack at pages 19-32. The following was noted in discussion of the report:

- a. The Committee noted that over the period, long term borrowing had increased by £40m and short term borrowing had reduced by £23m.
- b. In relation to questions around the Council's borrowing headroom and capital financing requirement, officers acknowledged that there was still significant existing borrowing head room available but cautioned that any additional borrowing needed to be within the budget framework. Officers set out that the capital financing requirement was £634.8m and the total of external loan amounts used was £388m. The difference in the two was explained by the Council using cash to finance capital programmes.
- c. In response to a question around the nature of internal borrowing, officers advised that this was the done through the use of reserves, flexible capital receipts, debtors or payments in advance. These cash balances were used to finance programmes rather than raising a loan through an external organisation.
- d. The Committee enquired why, in light of circa £300m leeway in borrowing headroom, the Cabinet was not utilising this to offset some of the demand-led pressures in adult social care, for example. In response, the Chair suggested that there were plans in place to increase spending on housing investment and homelessness etcetera, but cautioned that this was ultimately Cabinet's decision. A member of the Committee suggested that the Council could borrow money to make an investment as long as the repayments and costs of servicing that debt could be met from revenue budgets. This would require a business case to be developed.
- e. The Committee asked the Chair to speak to the Cabinet Member for Finance to get an explanation as to why the Council were not utilising more of its borrowing headroom through the capital programme to plug the gaps in services. In this context, should the Cabinet re-examine the capital strategy, particularly in light of record low borrowing costs? **(Action: Chair).**
- f. In response to a question, officers confirmed that the figures did include HRA borrowing but only reflected current in-year levels not all of the scheduled increases to come.
- g. The Committee requested information around PFI. In response, officers advised that the Council held some PFI contracts in relation to schools and that there was around seven to ten years left on these contracts which were part of the Council's balance sheet. The Committee noted that the Council did not hold any service PFI contracts and that a fixed amount was paid each month. The Council also received a government grant to help pay the PFI

costs. The Committee requested a written update on PFI from officers. **(Action: Thomas Skeen).**

- h. In response to a question around bail-in risk, officers advised that this related to the percentage of investment that was invested through counter parties who would be exposed to bail-in risk (i.e. money market funds). The 22% of Haringey investments open to bail-in risk was around half the rate of the average for local authorities.
- i. The Committee noted with concern that there was significant underspend in the capital programme. In response officers advised that the delivery percentage had improved over the last two years and that the reasons for slippage were usually specific to that individual programme. Officers advised that there was an all-Member briefing session taking place next week on the capital programme.
- j. In response to further discussion of the capital programme, a Committee member suggested that it was more important to ensure that money was being spent well rather than it just being spent. The Committee noted that for some of the areas identified in the capital programme, the Council was just an intermediary and had very little influence over the process. This was the case for compulsory purchase orders, for example. The Committee queried whether future briefings on the capital programme could make the distinction between slippage to programmes that were the responsibility of the Council and then those that were reliant on others. Officers advised that Cabinet received a scheme by scheme breakdown, which it was due to consider at its next meeting.
- k. In response to a question around implications from the recent government spending review on the budget, officers advised that it was not yet clear how this additional funding would be allocated and whether, for instance, it was just existing funding repackaged. The Council was awaiting clarification on the funding source and had not yet seen a detailed breakdown.
- l. The Chair reiterated that he would request clarification from the Cabinet Member about the capital programme and request assurance that the Council was actively reviewing its capital programme to make sure that any opportunities that existed within the capital budget, that would help with the revenue pressures that the Council was facing, were being utilised. **(Action: Chair/Clerk).**

RESOLVED

- I. That Members note the Treasury Management activity undertaken during the three months to 30th June 2019 and the performance achieved.
- II. That Members note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

108. ANNUAL SCHOOLS REPORT - 2018/19

The Committee received a report which advised on the outcome of the Schools Audit Programme and the follow up audits carried out by the Council's internal auditors,

Mazars. The report was introduced by Minesh Jani, Head of Audit and Risk Management. The following was noted in response to the discussion of the report:

- a. The Chair raised concerns about some of the issues identified in the report around school audits and reiterated a request for the Committee to receive a 6 monthly update on this issue. **(Action: Minesh).**
- b. The Committee raised concerns with the level of engagement from schools around training and requested further information on training. In response, officers advised that turnout for training from governors and other school reps was usually reasonable, with around 40 people attending each training session and a total of 12 schools audited this year. In response to an assertion that the quality of engagement was as important as the number of people attending, officers acknowledged this and suggested that attendees tended to ask good questions and be fairly well engaged with the sessions. Officers suggested that schools tended to get involved in the training process when they encountered problems with auditing. Minesh agreed to provide some further analysis around training i.e. the number of people invited, number who attended and outcomes. **(Action: Minesh Jani).**
- c. The Committee sought assurances around the implications of the report highlighting the effectiveness of controls as red or amber for a number of the school audits undertaken this year. In response, officers advised that this reflected the fact that schools were correctly identifying actions to mitigate risks identified in the audit, but were failing to implement them effectively.
- d. In response to a question, officers acknowledged that part of the reason for a decrease in audit scores was down to a reduction of funding for schools. Officers suggested that there was also a clear link between the size of the school and the number of staff available to engage with the audit process and to implement corrective actions.
- e. In response to a question, officers confirmed that a schools finance officer was being recruited (subject to final funding confirmation from schools forum) to provide strategic finance support to schools' strategic leadership teams.
- f. The Committee requested that the Cabinet Member for Schools and Families as well as the relevant AD attend a future meeting to discuss the schools audits further. It was suggested that this could be the February meeting. **(Action: Minesh/Clerk).**

RESOLVED

That Corporate Committee noted the report.

109. INTERNAL AUDIT PROGRESS REPORT 2019/20 - QUARTER 1

The Committee received a report which set out the work undertaken by Internal Audit in the quarter ending 30 June 2019, which focused on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars). The report was introduced by Minesh Jani, Head of Audit and Risk Management as set out in the agenda pack. The following was noted in discussion on the report:

- a. The Committee noted that the Audit Plan had 733 days in it and 15% was completed by the end of June . This was slightly behind schedule, with 40% due to be completed by the end of September.

- b. In response to a question, the Committee was advised that the SAP contract received limited assurance due to problems with identifying systems of control. The Committee also noted that a decision to renew the contract was due to be taken by Cabinet in October and in response queried whether lessons had been learned and requested further information around the process that had been followed. Officers advised that the Cabinet paper was an options appraisal setting out the pros and cons of each option being considered.
- c. In response to a question about the internal audit of the SAP system, officers advised that this had already been completed and a more detailed report was provide to Committee members in July.
- d. The Committee reiterated the need to ensure that clear lines of communication existed between audit and other council departments and to ensure that audit reports were being fed to Cabinet Members and relevant Committee chairs as appropriate. **(Action: Minesh Jani).**
- e. The Chair requested that the Head of Audit and Risk Management give some further thought into having a broader discussion at a future meeting around IT systems and ensuring procurement processes were effective. **(Action: Minesh Jani).**

RESOLVED

That Corporate Committee noted the audit coverage and follow up work completed.

110. COUNTER FRAUD UPDATE REPORT 2019/20 QUARTER 1

The Committee received a report which detailed the work undertaken by the Counter Fraud Team for the quarter ending 30 June 2019 and focused on details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities undertaken by the in-house Fraud Team. The report was introduced by Minesh Jani, Head of Audit and Risk Management as set out in the agenda pack. The following was noted in discussion of the report:

- a. The Committee noted that instances of Right to Buy Fraud significantly increased after 2012, as the level of discount available rose to £75k and then £100k.
- b. In response to a question around Right to Buy fraud and whether the Council had the power to retrieve properties after they had been sold, officers advised that there was well established case law on this issue and that it was possible. The Committee was advised that no such cases had occurred during the period in which the Head of Audit and Risk Management had worked in Haringey.
- c. In response to a question around the fraud case statistics and whether a score of 50% meant that one in two applications was fraudulent, officers advised that this was not necessarily the case. It was noted that fraud officers were concerned with outcomes; i.e. ensuring that the Council's under-pressure housing stock was not further undermined by fraudulent applications, rather than a target based approach.
- d. In response to a question around monitoring fraud cases in relation to the single person discount, officers advised that technology played a big role in this and the National Fraud Initiative had provided a lot of data matches for officers to cross reference.

- e. In response to cases of NRPF fraud, the Head of Audit and Risk Management advised that his officers became involved if there were inconsistencies in the information provided in the application form and then they would undertake some data matching exercises, for instance. The Committee cautioned that the Council need to ensure that it did not discriminate or penalise those who had insecure or fluctuating incomes. Officers acknowledged these concerns and assured the Committee that this was the case and that their primary concern was to ensure that the money was acquired legitimately.

RESOLVED

The Corporate Committee noted the counter-fraud work completed in the quarter up to 30 June 2019.

111. NEW ITEMS OF URGENT BUSINESS

N/A

112. UPDATE ON THE ESTABLISHMENT OF A SUB-GROUP ON THE FUTURE OF HOUSING MANAGEMENT

This report was withdrawn.

The Chair advised that the support of Cabinet colleagues for establishing the sub-group appeared to have waned and that he had been advised that the staffing resources required to support this were not available. The Chair advised that he would speak to the Leader and provide a further update to Members. **(Action: Chair).**

113. ANY OTHER BUSINESS

None.

114. DATE AND TIME OF NEXT MEETING

The date of the next meeting was noted as 2nd December

CHAIR: Councillor Isidoros Diakides

Signed by Chair

Date