

# MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON THURSDAY, 20TH SEPTEMBER, 2018, 19:00.

## PRESENT:

**Councillors: Isidoros Diakides (Chair), Dana Carlin (Vice-Chair), Dawn Barnes, Barbara Blake, Eldridge Culverwell, Makbule Gunes, Mike Hakata, Liz Morris, Ishmael Osamor, Alessandra Rossetti, Yvonne Say and Daniel Stone**

### 25. **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.

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

None.

### 27. **URGENT BUSINESS**

There were no items of urgent business.

### 28. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

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

None.

### 30. **MINUTES**

The Committee received the minutes of the previous meeting on 24<sup>th</sup> July 2018.

The Committee considered that there was a discussion at the previous meeting, which was omitted from the minutes, around concerns about the use of an exemption process rather than going out the market, and whether that had resulted in properties being disposed of below their value. The Chair acknowledged the omission and requested that a briefing paper be brought to the next Committee meeting around these concerns (**Action: Clerk/Minesh Jani**).

## RESOLVED

- I. That the minutes of the meeting on 24<sup>th</sup> July be agreed as a correct record, subject to the change outlined above.

## 31. ANNUAL SCHOOLS REPORT

*\*Clerks note- The Committee agreed to take the item on the annual schools report first, as the Cabinet Member for Children and Families had another meeting to attend. The minutes of the meeting reflect the order in which items were discussed rather than the order that they were listed on the published agenda.\**

The Committee received a report which advised on the outcome of the 2017/18 schools audit programme and of the follow up audits carried out in 2017/18 by Mazars. The report was introduced by Minesh Jani, Head of Audit and Risk Management and was included in the agenda pack at pages 121-130. The Cabinet Member for Children and Families advised that the report represented an improving picture against a very challenging set of circumstances.

The following arose from discussion of the report:

- a. In response to a question on academies, officers confirmed that they were outside of the Council's school audit process. In response to a follow up question around how Councillors could monitor the assurance level of academies, officers advised that the ESFA were responsible for funding and regulation of funding to non-maintained schools. The AD for Schools and Learning agreed to find out what the processes for academy schools were and whether these replicated the audit processes undertaken by the local authority. This would be fed back to the Committee via email. **(Action: Eveleen Riordan).**
- b. The Committee raised concerns in relation to the two schools which had received nil-assurance and questioned what could be done to improve their performance. In response, officers advised that the nil-assurance received by Stamford Hill and Chestnuts was fairly historic and that since the audit was undertaken significant improvements had been made, including changes to the senior leadership team in both schools. The Committee was advised that a new audit would be undertaken in the current financial year, in response to the nil-assurance score, and that officers would update the Committee on the outcome of those audits. **(Action: Minesh Jani).**
- c. The Cabinet Member emphasised that the schools' governance arrangements had not stayed static over the last 12 months and that the assurance score was a snap shot of performance at the time the audit was carried out.
- d. The Committee sought assurance that the Haringey schools were not out of kilter with neighbouring boroughs and suggested that the report did not provide any evidence of this. In response, the Head of Audit and Risk Management advised that Haringey's audit profile was broadly in line with statistical neighbours. The Head of Audit and Risk Management agreed to speak to Mazars to confirm this and would also ask them to produce some benchmarking. **(Action: Minesh Jani).**
- e. The Committee sought assurances about the role school budgets played in poorly performing schools and questioned whether greater emphasis should be placed on the poor governance arrangements of the individual schools involved. In response, the Cabinet Member acknowledged that governance and the efficacy of financial procedures played a key role, but reiterated that she felt

- that the challenges schools faced in relation to changing budgets meant that school governors were being asked to take decisions that they were perhaps unaccustomed to. The Cabinet Member suggested that the two factors were not necessarily dissociated, particularly in terms of the pressures being placed on schools around staffing and resources.
- f. Further concerns were raised by the Committee in relation to poor attendance by school governors to the governance training sessions that were provided. The Cabinet Member acknowledged these concerns and undertook to work with the Head of Audit to set up another session for schools and to also write to school governors to remind them to attend. **(Action: Cllr Weston/Minesh Jani)**.
  - g. The AD for Schools and Learning undertook to do an analysis of which schools did not attend the training and whether there was any correlation to those schools which received poor audit scores. **(Action: Eveleen Riordan)**.
  - h. The Committee noted that only 58% of audit recommendations were implemented this year and 57% last year, and sought clarification on why this was not 100%. In response the Head of Audit and Risk Management acknowledged these concerns and advised that he would like to see 100% of recommendations implemented in future.
  - i. The Committee considered that it was important that schools felt like they could approach the Council for advice and guidance rather than be concerned about being marked down or reprimanded for poor governance.
  - j. The Head of Audit and Risk Management agreed to come back to the Committee with an update of what actions were being taken in conjunction with the service to improve on the 58% response rate to school audit recommendations. **(Action: Minesh Jani)**.
  - k. In response to a query around the timing of training offered to school governors, officers acknowledged that there were training sessions carried out in the evening and that, in general, the Council would look to offer as much support as possible.

## **RESOLVED**

The Committee noted the report.

### **32. 2017/18 STATEMENT OF ACCOUNTS UPDATE**

The Committee received an update on the external audit of the 2017/18 Statement of Accounts, which was completed on 31<sup>st</sup> July 2018, and the agreed management actions being taken forward. The report was introduced by Frances Palopoli, Head of Finance Operations. The following arose from discussion of the report:

- a. The recommendations from the report considered on 24<sup>th</sup> July were unchanged.
- b. Officers advised that an objection to the accounts had been received following the meeting in July. BDO advised that members of the public could raise objections to the auditor and these came under two categories; transactions that the authority had no power to enter in to or an alleged waste of resources. The objection received was in two parts. The first part alleged that the authority set an unlawful budget due to a failure to consider the impact of health inequalities. This was not accepted, due to the broad scope of the objection.

- The second part alleged that the authority was failing in its duty as a landlord due to negligent levels of under-investment in repairs and maintenance of its residential properties. The Auditor was continuing to investigate this part of the objection. The Committee was advised that this did not hold up the wider process of agreeing the statement of accounts.
- c. In response to a query around the transfer of assets from HRA to General Fund, officers acknowledged that this related to retail outlets on estates. The Committee was advised that the asset was the value of the retail premises and that by moving this to the General Fund, it facilitated increased headroom in the HRA as the value of assets' debt was also moved over.
  - d. The Chair expressed his wish to put on record his thanks to officers for all of the hard work done to get the statement of accounts submitted on time.
  - e. In response to a question, the Committee was advised that the most appropriate time to receive an update on the recommendations was around January when the valuers would be reviewing the asset register. The Committee requested that an update be provide on agreed actions at its meeting on 5<sup>th</sup> February 2019. **(Action: Clerk/Frances Palopoli).**

## **RESOLVED**

That the Committee:

- I. Noted that the final 2017/18 general fund outturn, post completion of the external audit, was an overspend of £0.404m compared to the £0.019m reported in the outturn which has been offset against the GF reserve. The 2018/19 brought forward GF reserve balance was £15.5m still in line with the level proposed in the budget paper approved by Full Council in February 2018.
- II. Noted the contents of the external auditor's final audit completion report at Appendix A of the report & annual audit letter at Appendix B of the report, including the agreed management responses to the recommended actions contained in Appendix II of Appendix A.
- III. Confirmed when to receive an update on progress against agreed actions.

### **33. RENAMING OF TOWN HALL APPROACH ROAD TO NEW WIND RUSH GARDENS**

The Committee received a report which sought agreement in principle to change the name of an existing road known as 'Town Hall Approach Road' to New Windrush Gardens. The report was introduced by Emma Williamson, AD for Planning. The Committee was advised that a 30 day consultation on the proposed change began on 30<sup>th</sup> August. The following arose from discussion of the report:

- a. In response to a question, the AD Planning advised that 6 objections had been received so far and 2 notes of support. In response to a further question, the Committee noted that the objections were related to the additional costs associated with businesses having to redirect mail and change office stationary etcetera.

- b. In relation to a question around the costs involved, the AD Planning suggested that the costs were relatively low. It was anticipated that it would cost around £3k to change the road signs and then some additional funding was being mooted to help reimburse some business costs. The Committee commented that ascertaining the cost was crucial in determining whether the proposal should be taken forward.
- c. The Committee enquired whether the signs would have the old name underneath the new street name. In response the AD Planning advised that she would check and come back to the Committee. **(Action: Emma Williamson).**
- d. In response to a query about what would happen if there were more objections received that expressions of support, the Committee was advised that officers would need to take a view on this in conjunction with discussions with the Leader and the Chair of Corporate Committee.
- e. Officers confirmed that the name of the Town Hall would not be effected.
- f. The Committee agreed in principle to changing the name of Town Hall Approach, subject to further understanding of what the final costs would be.

## **RESOLVED**

- i) To note that a 30 day consultation commenced on 30 August 2018 on the proposal to rename 'Town Hall Approach Road' to 'New Windrush Gardens';
- ii) to agree in principle to the name change from 'Town Hall Approach Road' to 'New Windrush Gardens', subject to the outcome of the consultation, for the reasons set out in paragraph 4 of this report; and
- iii) to delegate the final decision to rename 'Town Hall Approach Road' to 'New Windrush Gardens' to the Assistant Director- Planning, in consultation with the Chair of the Corporate Committee, having regard to the outcome of the consultation and any objections received in accordance with the provisions of Part II of the London Building Acts (Amendment) Act 1939.

## **34. Q1 TREASURY MANAGEMENT UPDATE**

The Committee received a report which provided an update on the Council's treasury management activities and performance in the three months to 30<sup>th</sup> June. The report was introduced by Thomas Skeen, Head of Pensions. The following was noted in discussion of the report.

- a. In response to a question, officers acknowledged that there was significant volatility in terms of long term borrowing costs. It was suggested that the impact of a no-deal Brexit could have a significant impact on the UK's credit rating as a sovereign fund and that this could have a significant impact on the Council's borrowing costs. The Section 151 Officer would continue to monitor the situation closely. The Committee was advised that borrowing was essential to fund the Council's capital programme.
- b. In response to a further question about the potential impact of Brexit, the Committee was advised that there was a number of work streams being undertaken by the Cabinet Support Team around Brexit.

- c. In response to a question around mitigating risks to the Capital programme in the event of unforeseen financial pressures, officers advised that financial instability and the impact on borrowing costs was factored into the Council's financial monitoring processes and the MTFs.
- d. The Committee questioned what was happening with changes to Business Rates. In response officers advised that there was a devolution pilot scheme underway involving a pooling system and that Haringey would get to keep a proportion of any additional business rates that it generated. The Head of Pensions agreed to feed back further details on this to the Committee. **(Action: Thomas Skeen).**
- e. Members of the Committee queried whether the climate was right for disengagement on the Council's LOBO loans, following reports in the media that some other authorities were looking to do so. Officers acknowledged that a number of local authorities were looking to repay LOBO loans but cautioned that it would have to be in the Council's financial interests to do so.
- f. The Committee was advised that ultimately it would be the responsibility of the Section 151 Officer, in conjunction with the Cabinet Member, to decide whether to disengage from the LOBO loans. The Chair questioned whether this should be a matter that was determined by Corporate Committee. In response, officers suggested that the Corporate Committee was responsible for setting the overall Treasury Management Strategy, but disengagement would be an officer function delegated to the Section 151 Officer.

## RESOLVED

- I. That members note the Treasury Management activity undertaken during the three months to 30<sup>th</sup> June 2018 and the performance achieved.
- II. That members note 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.

## 35. QUARTER 1 INTERNAL AUDIT UPDATE

The Committee received a report set out the work done by Internal Audit in Quarter 1, as well as the work carried out by the Council's external auditors Mazars. The report was introduced by Minesh Jani, Head of Audit and Risk Management. The following arose from the discussion of the report:

- a. The Committee was advised that 17% of the audit plan was completed in Quarter 1. Officers acknowledged that this was lower than anticipated but that work was profiled so that audit would catch up by the end of Quarter 3.
- b. In response to a question about when the last time the community alarm organisation was last audited, the Head of Audit and Risk Management agreed to come back to the Committee with details of when the last audit was undertaken. **(Action: Minesh Jani).**
- c. The Head of Audit and Risk Management agreed to come back to the Committee with further details of audit findings in relation to post-19 education providers referring service users, without adequate consideration of their specific needs. **(Action: Minesh Jani).**

- d. In response to a question about the auditing of HfH, officers advised that HfH had their own audit committee. Officers acknowledged that there was some doubling up in terms of audit functions with the Council and HfH, but broadly there were clear lines of accountability between the two.
- e. In response to a query about whether a feasibility study would be undertaken about the possibility of insourcing the Highways contract, the Head of Audit and Risk Management advised that he had not been asked to look at something like this from an audit perspective before, and that this would likely be a decision for the Executive.
- f. The Committee requested that an audit of the procurement process be undertaken as part of the audit programme for 2019/2020. **(Action: Minesh Jani)**.
- g. Head of Audit and Risk Management agreed to look into whether there was a piece of work around investment in Finsbury Park and whether the additional income from events was being used properly to improve the park. **(Action: Minesh Jani)**.

## RESOLVED

- i. The Committee noted the audit coverage and follow up work completed to date.

## 36. Q1 ANTI FRAUD UPDATE

The Committee received a report from the Head of Audit and Risk Management which detailed the work undertaken by the Counter-Fraud Team for Quarter 1, ending 30<sup>th</sup> June 2018. The following arose from the discussion of the report:

- a. The Committee raised concerns around the counter-fraud team's involvement in NRPF investigations. In response, officers advised that historically the counter-fraud team have had different levels of involvement with NRPF. At present the team only get involved in exceptional circumstances, rather than as a matter of course. Representatives from the Home Office also used to attend the interviews but this was no longer the case.
- b. The Committee urged that the whole process of determining who had NRPF needed to be done carefully, particularly in terms of those who had accessed welfare benefits in the past and those that could theoretically be in receipt of tax credits, which were calculated annually. The Committee raised concerns about the ensuring that the process was lawful and the potential for a Judicial Review to be held.
- c. The Committee sought assurances around what the referral process was for suspected instances of fraud and what mechanisms were in place to prevent vexatious claims. Officers advised that referrals could be made via a dedicated telephone line, letter or email and could be done on an anonymous basis. A number of referrals were officer-led. The fraud team had a two-stage process, which included an initial assessment of the veracity of claims first of all.
- d. In response to a question around how the fraud team prioritised its resources, officers acknowledged that resources were limited and advised that a risk-based approach was adopted. There were particular areas identified as high risk nationally, through the National Fraud Initiative and this was combined with an assessment of the local risk profile to target work in specific areas. The

Committee was advised that pensions had recently been identified as a high-risk area by the NFI.

- e. The Committee sought assurance around why fraud investigations around lock changes were concentrated in the west of the Borough, in spite of there being more instances in the east. In response, officers advised that this was largely in response to previous concerns raised around an overall concentration of resources in the east. It was acknowledged that this decision could be reviewed going forward.
- f. In relation to a query around the performance targets for counter-fraud activity, officers acknowledged that the targets would be reviewed at year-end if it was felt that the target was too low.
- g. In relation to a query around employee malfeasance, the Committee was advised that this was very difficult to monitor through a planned audit programme. Instead, the best way to detect such instances of fraud was through the whistle blowing process.
- h. The Committee enquired about whether fraud investigations were targeted at particular demographics, for example particular ethnic groups. The Head of Audit and Risk Management advised that monitoring statics for different demographic groups were not kept and reiterated that fraud investigations were determined by a risk-based approach. Any consideration of other factors would undermine that risk based approach.
- i. The Chair acknowledged the above point but suggested that keeping a record of the ethnicity of cases would be useful in determining whether vexatious claims were made based on race/ethnicity.
- j. The Chair commented that a reminder to all staff about the Council's whistle blowing policy was overdue. The Head of Risk and Audit acknowledged that a reminder was due. **(Action: Minesh Jani).**

## **RESOLVED**

That the Corporate Committee noted the counter-fraud work completed in the quarter (1) to 30 June 2018.

### **37. ANY OTHER BUSINESS OF AN URGENT NATURE**

None.

### **38. DATE AND TIME OF NEXT MEETING**

3<sup>rd</sup> December, 19:00.

CHAIR: Councillor Isidoros Diakides

Signed by Chair .....

Date .....