

**MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 28 JUNE 2012**

Councillors Adje, Amin, Diakides, Griffith, Jenks, Khan, Meehan (Chair), Whyte and Wilson

Apologies Councillor Williams

Also Present: Councillor Strang, Stuart Young, Kevin Bartle, Anne Woods, Roger Melling, Michael Jones, Keith Brown, John Raisin, Nicola Webb, Raymond Prince, Paul Dossett, Hanisha Solanki

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC1	<p>APOLOGIES (IF ANY)</p> <p>Apologies for absence were received from Cllr Williams.</p> <p>Cllr Strang substituted, in accordance with committee standing order 52 and 53.</p>	
CC2	<p>URGENT BUSINESS</p> <p>No items of urgent business were submitted.</p>	
CC3	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Wilson declared a personal interest as an employee of the National Association of Pension Funds.</p> <p>Cllr Jenks declared a personal interest as a member of the Haringey pension Scheme and also as a volunteer with the Citizens Advice Bureau and as a friend of Cooperscroft owned by TLC, which were both admitted bodies of the Pension Fund. There were further personal declarations of interests from Councillor Whyte, Adje, Amin, Khan and Griffith as members of the Council's Pension Scheme.</p>	
CC4	<p>DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS</p> <p>No deputations, petitions or questions had been put forward to the meeting.</p>	
CC5	<p>MINUTES</p> <p>RESOLVED</p> <p>The minutes of the 15th May 2012 were agreed as an accurate record of the meeting.</p>	

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<p>CC6</p>	<p>PROTOCOLS COVERING THE CORPORATE COMMITTEE</p> <p>Following ratification of the Governance Review Delivery Group’s report at full Council on May 21st 2012, the committee considered revised protocols for the Corporate Committee.</p> <p>A concern was that the committee’s comments to the Governance Delivery Review Group about how the Corporate Committee should operate were not fully reflected in the revised protocols. In particular there was an objection to selecting a lead Member for each of the committee’s key responsibilities.</p> <p>Reference was made to paragraph 4.6 which suggested a focus on a particular key responsibility, at each committee meeting, but this was felt not to be practical.</p> <p>It was agreed that paragraph 4.9 which allows the chair to make decisions between meetings should be further clarified. The Chair reminded the committee of his commitment to hold special meetings to make any necessary decisions in between set meetings. He gave assurance that he would not seek to take decisions in between meetings unless they were urgent. A previous decision taken in relation to the Pension Fund investment was pointed to as an example.</p> <p>There was discussion about the pension responsibilities of the committee and it was felt that better understanding was needed of the matters to be considered under the Committee’s responsibility as an “employing authority” .It was agreed that the agenda pack should detail under which pension responsibility future pension reports were being considered.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the above comments should be provided to the Head of Local Democracy and Member services and the protocols are amended as indicated above. ii. That the future Corporate Committee agenda packs advice, under each pension item, the pension authority which the committee will be operating under. 	<p>HLDMS</p> <p>Clerk</p> <p>HLDMS</p> <p>Clerk</p>
<p>CC7</p>	<p>PENSION FUND:TRANSITION COST SUMMARY</p> <p>The committee received a further update on the costs of moving from active to passive Pension Fund management. It was noted that the expected cost of the transition had risen from £700k (the sum reported at the meeting in May) to £842k as the value of the holdings had increased during this period. Members were asked to keep in mind the overall</p>	

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	<p>savings the Pension Fund would make from this change in pension fund management which was £1m each year.</p> <p>The Pensions Working Group had met prior to the meeting and had considered this cost. They recommended that the report be accepted.</p> <p>RESOLVED</p> <p>That the report be noted.</p>	
<p>CC8</p>	<p>PENSION FUND:ASSET ALLOCATION ADVICE</p> <p>Members of the committee were asked to consider the Pension Fund's current asset allocation. The council were holding £30m in cash pending the transition to the new investment strategy and the committee were advised that allocating £25m of the cash to overseas equities would bring the Pension Fund closer to the agreed strategic benchmark. The remaining balance of cash would be used to manage benefit payments. It was clarified that the investment in overseas equities would encompass investment in the emerging markets and not the euro zone. It was suggested that further information on the investment in equities could be given at a future pensions training session.</p> <p>The Pensions Working Group had met and considered the report and were recommending to the committee that the rebalancing of the Pension Fund be agreed.</p> <p>RESOLVED</p> <p>That £25m of the Pension Fund cash currently managed in house be allocated as part of the passively managed portfolio to overseas equities with the decision on the precise regional allocation to be taken by the interim Chief Financial Officer in consultation with the Chair, having taken into account the views of the Pensions Working group.</p>	<p>HTM&P</p> <p>HTM&P</p>
<p>CC9</p>	<p>TREASURY MANAGEMENT 2011/12 OUTTURN & QUARTER 1 2012/13 UPDATE</p> <p>The committee considered a report on the treasury management activity and performance during 2011/12 in accordance with the CIPFA Treasury Management Code of Practice.</p> <p>Following the abolition of the Housing Revenue Account subsidy system and the re-adjustment of each authority's housing related debt; £233.85m of the Council's outstanding PWLB loans was repaid by the DCLG. This major change to the Council's debt portfolio was reflected in the year end prudential indicators being reported.</p> <p>The committee noted that the early repayment of long term debt was not currently cost effective due to market conditions. However, the Treasury</p>	

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	<p>Management service were continually monitoring the position to utilise any available opportunities to save money on the interest rates of loans</p> <p>The committee were informed that, since the attached report had been written, Moody's rating agency had down graded most UK banks. Consequently, Nat West and the Royal Bank of Scotland had been withdrawn from the council's lending list as they fell below the minimum criteria of Prime-1 short term credit rating, required under the Treasury Management Strategy. Members noted that investments with Nat West had been withdrawn in response, but day to day banking was continuing.</p> <p>The Committee were assured that the treasury management limits were closely adhered to and monitored on a daily basis. We noted that a monthly performance report was also provided to the Chief Financial Officer in respect of this.</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the Treasury Management Activity and Performance during 2011/12 and the first quarter of 2012/13 be noted. ii. That the Treasury Management Activity and Performance report progress to full Council on the 16th July 2012. 	Clerk
<p>CC10</p>	<p>EXTERNAL AUDIT PROGRESS UPDATE</p> <p>The committee received the progress report from the external auditor Grant Thornton, on their work for the Council. The 2011/12 grants certification plan had been agreed with officers of the council and was available, on request, from Local Democracy and Member Services.</p> <p>RESOLVED</p> <p>That the update be noted.</p>	
<p>CC11</p>	<p>FINANCIAL RESILIENCE</p> <p>A key part of the external auditors' work with the council comprised of a review of the council's arrangements for ensuring financial resilience.</p> <p>The four key themes explored to provide the council with an overall rating of financial resilience were: indicators of financial performance, strategic financial planning, approach to financial governance and approach to financial control. All 4 areas were assessed as meeting or exceeding adequate standards, (a green 'RAG' rating). Each theme had sub categories which were also assessed under the RAG rating. The committee were pleased to note that, following last year's report, four sub categories had improved from amber status to green status and there were no areas showing a red status. There were seven areas of</p>	

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	<p>focus with an amber rating.</p> <p>Grant Thornton had made recommendations for improvement in these amber assessed areas which had been acknowledged by officers. When considering the areas for improvement the committee observed that:-</p> <ul style="list-style-type: none"> • The need for maintaining financial and business skills in departments, in particular ensuring that, in the Children and Young People’s Service, there was an additional focus to monitoring costs. • In a minority of business cases reviewed, the supporting documents outlining how savings would be achieved needed to be more robust. • Where an original saving had not been made but the directorate still delivered a saving in a connected area, then this should be reported. • The closure of accounts process currently underway would give an indication of whether the reduction in the number of finance staff employed by the Council would put its financial resilience at risk. • The implementation of the Haringey Manager scheme was to enable the cultural and behavioural changes required in management, following the increased responsibility for finance placed on managers. There was positive feedback on how the scheme assisted managers with their changing role .The scheme would take time to embed and committee members remarked on the need to make the finance training mandatory. <p>The external auditors had spoken with the Children’s and Young People’s Service director and were convinced that the areas listed for improvement in budget management were recognised and were being taken forward in the strategic improvement plan of the service. It was agreed that the Cabinet Member for Children and Young People be briefed on the findings related to Children and Young People’s Service. It was further agreed that there be a report back to the Corporate Committee, in September, from the Director of the Children and Young People’s Service on how the recommendations of the external auditor were being taken forward by the service.</p> <p>Agreed that a briefing would be supplied to Cllr Wilson on the management of employment cases.</p> <p>RESOLVED</p>	<p>Interim CFO</p> <p>DC&YP</p> <p>ACE</p>
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	<p>i. Where officer action had been agreed and listed within the attached report, these be completed within the timescale set.</p> <p>ii. The report be noted.</p>	All to note
<p>CC12</p>	<p>ANNUAL INTERNAL AUDIT REPORT AND ASSURANCE STATEMENT 2011/12</p> <p>As part of the Committee’s terms of reference, they were responsible for considering the annual internal audit report. This report informed members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2011/12 in the Council. The report contained a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies. The Head of Audit provided an opinion that the system of internal control for 2011/12 accorded with proper practice and was fundamentally sound.</p> <p>The committee noted that each council department held a risk register, and that responsibility for risks associated with Alexandra Palace were listed prominently in the departmental risk register for Corporate Resources.</p> <p>Comment was further made on the target of audits achieved by Deloitte and Touche and clarification given on the nature of the audits undertaken in schools.</p> <p>RESOLVED</p> <p>That the content of the Head of Audit’s annual audit report and assurance statement for 2011/12 be noted.</p>	
<p>CC13</p>	<p>ANNUAL GOVERNANCE STATEMENT 2011/12</p> <p>The committee were asked to approve the draft Annual Governance Statement as part of their responsibilities. The committee had, over the course of the year, received regular reports on the sources of assurance to enable this. Members were asked to consider the statement and action plan and were provided with the following assurances:</p> <ul style="list-style-type: none"> • There were no significant governance issues to report in the 2011/12 governance statement, but a number of key actions had been identified for work to be continued into 2012/13. • There was a much improved governance regime in place at Alexandra Palace. • There were no high priority audit recommendations or actions from previous years’ governance statements outstanding. 	

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	<ul style="list-style-type: none"> • That for 2012/13, the team responsible for compiling the governance statement would be seeking to achieve the same level of assurances for the council’s governance arrangements. These were statutory expectations to be achieved with or without a Chief Executive in place. <p>The interim Chief Financial Officer gave his further assurance to the committee that he was confident of the effectiveness of the systems in place for: internal control, financial planning, and probity.</p> <p>The report contained a table setting out the areas where governance arrangements would need to be in place and be effective during 2012/13, following on from work started in 2011/12. The committee agreed that there should be a report back to the September meeting on the progress of establishing governance structures to deliver the agreed outcomes and objectives of the regeneration programme following the riots.</p> <p>RESOLVED</p> <p>That the draft Annual Governance Statement be approved.</p>	<p>HA&RM /DP&S</p>
<p>CC14</p>	<p>CORPORATE RISK REGISTER</p> <p>The committee was responsible for the corporate register which contained the first tier of risks deemed significant for monitoring by the Council’s Corporate Board and Corporate Committee. The Chair and Vice Chair had also reviewed this list before the meeting to aid their understanding of how the risks were chosen for the corporate risk register and to be further aware of the nature of risks contained in directorate registers.</p> <p>The committee noted that the responsibility for compiling the corporate risk register and policy lay with the Head of Audit and Risk Management. However, the management of the risks identified and added to the corporate risk register and directorate risk registers lay with individual directors of the council who were fully aware of their responsibility for monitoring and tackling these risks.</p> <p>On first observations some risks appeared to warrant a higher rating than others. Also there was a comment about the objectives in mind when compiling the risks as they seemed mixed. It was explained that, although a degree of calculation was required in the assessment of risk, this was also mainly a judgement call. In particular the residual risk score would be considered by the council’s Corporate Board and adjustments made when considering the likely impact of the risk. It was agreed that the Head of Audit and Risk Management check when CEMB RO14 had transferred from the directorate risk register to the corporate risk register.</p> <p>RESOLVED</p>	

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	<ul style="list-style-type: none"> i. That the Corporate Risk Register be received and the committee's comments be taken forward. ii. That the current position regarding the Corporate Risk Management Policy and Strategy be noted. 	
CC15	<p>DECISIONS TAKEN UNDER DELEGATED AUTHORITY, SIGNIFICANT ACTIONS AND UNDER URGENCY RESOLVED</p> <p>That the delegated decisions and significant actions taken by directors since April 2012 be noted.</p>	
CC16	<p>ANY OTHER BUSINESS OF AN URGENT NATURE</p> <p>There was no business of an urgent nature to be considered.</p>	
CC17	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>The following part of the minutes were exempt as they contained information as defined in Section 100a of the Local Government Act 1972; para 1, 2 and 5 – information relating to an individual , information likely to reveal an individual and information in respect of a claim to legal professional privilege to be maintained in legal proceedings.</p>	
CC18	<p>EXEMPT MINUTES</p> <p>The exempt minutes of the meeting held on the 15th May were agreed as a correct record.</p>	
CC19	<p>EARLY RETIREMENT OF THE CHIEF EXECUTIVE</p> <p>The committee were asked to consider confidential information pertaining to the early retirement of the Chief Executive and consensual termination of his contract with the council. Essentially under pensions regulations there were only two grounds to release pension funds to Chief Officers, this was through business efficiency or through redundancy. Further, those funds can be released immediately and without reduction if the Chief Officer has attained the age of 55. The case put forward to the Corporate Committee, for agreeing the early release of pension benefits to the Chief Executive, was based on business efficiency.</p> <p>Following consideration of the report and information provided by officers to questions, some members of the committee remained unconvinced of the business efficiency case put forward on evidential grounds, but the majority of the committee agreed to recommend to full Council :(subject to the outcome of the Special Committee's decision on the employment of the Chief Executive)</p>	

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	<ul style="list-style-type: none"> i. That in accordance with 19(1) (b) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as an employing authority and on the grounds of business efficiency having been made out for the reasons set out in the report, it was in the interests of the authority that the Chief Executive should leave its employment. The committee authorised the immediate payment of retirement pension to the Chief Executive without reduction on condition that full Council (acting on the recommendation of the Special Committee) confirms that it is in the interests of the authority that the Chief Executive should leave its employment. ii. The committee noted the financial implications of the release of benefits as detailed at paragraph 4 together with the Chief Financial Officer's comments. iii. The committee noted that subject to approval of recommendation 2.1, the capital costs arising from the pension fund for the early release of benefits would be fully met from the Council's general fund. iv. Councillor Wilson, Councillor Whyte, Councillor Jenks and Councillor Strang requested that their dissent to the above resolutions be noted. 	Interim CFO
CC20	<p>NEW ITEMS OF EXEMPT BUSINESS</p> <p>No new items of exempt urgent business.</p>	

Cllr Meehan

Chair