

**MINUTES OF THE CORPORATE COMMITTEE
THURSDAY, 14 MARCH 2013**

Councillors Adje, Amin, Egan, Griffith, Jenks, Khan, Meehan, Whyte, Williams and Wilson

Apologies Councillor Diakides

MINUTE NO.	SUBJECT/DECISION	ACTION BY
CC216.	APOLOGIES (IF ANY) Apologies for absence were received from Cllr Diakides, for whom Cllr Egan was substituting, and from Keith Brown.	
CC217.	URGENT BUSINESS There were no items of urgent business.	
CC218.	DECLARATIONS OF INTEREST There were no declarations of interest.	
CC219.	DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS There were no such items.	
CC220.	MINUTES RESOLVED That the minutes of the meeting held on 22 January 2013 be approved and signed by the Chair.	
CC221.	PENSIONS FUND QUARTERLY UPDATE The Committee received the Pension Fund quarterly update. It was noted that the asset allocation changes agreed by the Committee in January had been implemented on 1 February. Further to discussion with BlackRock, it was confirmed that as a result of a change in policy, information on the names of companies they had engaged with would now be provided to the Committee in future reports. In response to a question from the Committee regarding performance, particularly with regard to the property portfolio, it was confirmed that officers were liaising with the property manager regarding performance, but it was noted that the relative illiquidity of this asset class meant that time was needed in order to implement changes. RESOLVED That the information provided in respect of the activity in the three	

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	months to 31 st December 2012 be noted.	
CC222.	<p>PENSION FUND: ASSET ALLOCATION</p> <p>The Committee received the report on the Pension Fund's current asset allocation and the recommended movements towards the agreed strategic benchmark. It was noted that these movements would be implemented at the end of the month if agreed by the Committee.</p> <p>RESOLVED</p> <p>That the asset allocation moves set out in the Advice Table on page 5 of Appendix 1 of the report be implemented.</p>	
CC223.	<p>PENSION FUND: TRAINING PROGRAMME</p> <p>The Committee received the report on Pension Fund training and development, incorporating the review by the Independent Advisor on pensions knowledge and skills and the actions required in order for compliance with CIPFA guidance.</p> <p>It was noted that any training would need to be arranged after Annual Council, and would need to take into consideration the Council's calendar of meetings, in order to ensure that Members were able to attend sessions. It was agreed that Members would be consulted on a draft schedule for training, and that the training should be opened up to all Members.</p> <p>RESOLVED</p> <p>i) That the paper by the Independent Pensions Fund Advisor entitled "Pensions Knowledge and Skills" be noted.</p> <p>ii) That the key recommendations (principles) of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills be adopted, specifically the following statements contained within the Code:</p> <ul style="list-style-type: none">• This organisation adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.• This organisation recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.• Accordingly the organisation will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.	

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	<ul style="list-style-type: none"> • These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Framework. • This organisation will report on an annual basis how these policies have been put into practice throughout the financial year. • This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Director of Corporate Resources (Section 151 Officer) who will act in accordance with the organisation's policy statement and, when he/she is a CIPFA member, with CIPFA Standards of Professional Practice (where relevant). 	
<p>CC224.</p>	<p>TREASURY MANAGEMENT 2012/13 QUARTER 4 ACTIVITY AND PERFORMANCE UPDATE</p> <p>The Committee received the update on Treasury Management 2012/13 Quarter 4 activity and performance. In respect of the downgrade of the UK's sovereign rating by the credit rating agency Moody's, it was noted that this had been widely anticipated by the markets, and there had therefore been no significant impact on markets as a result.</p> <p>In response to a question from the Committee regarding the anticipated saving on the treasury management budget, and whether longer-term debts could be rescheduled in order to take advantage of lower interest rates, it was advised that the premiums payable for the rescheduling of debts was prohibitive at the present time. It was confirmed that officers were liaising with the treasury management advisor on a regular basis, and that a note on the treasury management advisor's advice could be provided to the Committee.</p> <p>RESOLVED</p> <p>That the Treasury Management activity undertaken during the fourth quarter of 2012/13 and the performance achieved be noted.</p>	<p>HoT&P</p>
<p>CC225.</p>	<p>PAY POLICY STATEMENT 2013/14</p> <p>The Committee was asked to consider and approve the Pay Policy Statement, which it was required to produce in order to comply with the requirements of the Localism Act 2011. The Statement would then be submitted to Full Council for endorsement on 18 March 2013.</p> <p>The Committee queried the final paragraph under the Pay on Appointment heading, as this matter had been discussed in the previous year, and it was understood to have been agreed that this wording would be revised. The Head of HR agreed to look into this matter, and amend the wording of the statement accordingly, in line with the previous agreement.</p> <p>It was clarified that the Chief Executive pay scale referred to in the</p>	

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second bullet point under 'Council Pay Rates / Scales' had last been reviewed in October 2009, and was the same pay scale used for subsequent Chief Executive appointments.

The Committee asked about the arrangements for public health staff transferring over to the Council in April. It was confirmed that under the terms between the Department of Health and Local Government Association, the benefits of transferring staff would be protected for a period of two years, with any issues such as restructures affecting those staff requiring the approval of the General Medical Council during this time.

In response to a question, it was advised that approval for any future discretionary award such as the previous agreement to award £250 to the lowest-paid Council staff, would be agreed through the Committee.

In response to a request from the Committee, it was agreed that a bench-marking exercise with other local authorities around the pay multiple would be undertaken, and the information around this shared with the Committee by the Head of HR.

HoHR

The Committee asked about the pay progression and performance related pay for senior managers and chief officers, as set out in the report, in particular the fact that it was indicated that there was discretion for 2 increments with regard to performance awards. Concern was raised regarding this discretion being in place in the current economic circumstances and it was suggested that this should be amended. The Head of HR confirmed that the performance award structure was currently drafted as set out in the report, but that in practice this had not yet been implemented and no such awards had been made.

It was noted that a review of senior manager pay and performance was being undertaken with Member involvement and that this was taking place alongside the review of the senior management structure. The comments made by the Committee with regard to the pay structure, and particularly the concerns regarding the inclusion of discretionary performance awards of 2 increments, would be fed into this work. It was anticipated that the initial report on this review would be presented to the Committee in September.

The Committee asked whether, in light of the requirement for the Statement to include a definition of the 'lowest-paid employees', the draft currently complied with the Act. The Head of HR advised that the lowest paid employees of the Council were paid in line with the London Living Wage; it was noted by the Chief Executive that the Statement would be re-drafted to incorporate this definition, in order to ensure compliance with the requirements of the Act.

The Committee asked about the section on Re-employment of Employees. The Head of HR advised that re-employment was in line with the Local Government and Housing Act 1989. It was felt that this section should be made more explicit with regards to the requirements of

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	<p>the legislation, and it was suggested that it could be amended to reflect there may be circumstances where re-employment would be subject to the specific terms of a redundancy package.</p> <p>RESOLVED</p> <p>That the Committee approve the Pay Policy Statement 2013/14, subject to the amendments agreed above, and remit it as amended for endorsement by Council on 18 March 2013.</p>	
<p>CC226.</p>	<p>ANNUAL INTERNAL AUDIT PLAN AND STRATEGY 2013/14 AND INTERNAL AUDIT CHARTER</p> <p>The Committee received the report on the annual internal audit plan and strategy 2013/14, and internal audit charter.</p> <p>In response to questions regarding the possibility of conducting an urgent review into the processes within CYPS, in light of the recent judicial review in respect of the use of section 47 powers, and on when an audit of Legal Services had last been undertaken, it was reported that while internal audit could provide assurance around the systems and processes in place, this was a technical area which would require a more specific technical review. The Chief Executive advised that he was commissioning a practice review, and that the existing quality assurance and case-file audit work would be intensified. It was further confirmed that the Head of Legal Services was committed to a thorough review in respect of the legal aspects of this issue, and would note the concerns of the Committee. The most recent audit of legal service had been undertaken two years ago, but it was emphasised that this covered systems and processes, rather than the content of decisions. It was confirmed that under statutory guidance, responsibility for section 47 belonged to the Cabinet Member for Children's Services and Director of Children's Services; while this did not limit the ability of Members to raise any questions and concerns, it was important to note that this was an area tightly governed by regulation.</p> <p>In response to concerns raised by Cllr Whyte with regard to a specific issue relating to legal advice associated with a disciplinary hearing, it was agreed that Cllr Whyte would supply details of this issue to the Chief Executive outside the meeting.</p> <p>In response to a question about the auditing of the coroners' service, it was noted that a review had been undertaken of the coroners' service and the mortuary in the previous year and the findings reported to the Committee. It was confirmed that for other areas of joint responsibility between local authorities, one authority would be the lead auditor, and the other authorities would support them in this role.</p> <p>The Committee asked about discretionary funds in respect of welfare, in response to which it was confirmed that each discretionary funding area was included in the audit plan. The new arrangements under the Welfare Reform Act were included in the audit plan, as these were issues where significant changes were taking place, and involved substantial amounts</p>	

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of money and high levels of accountability. Areas where the local authority was taking on greater responsibility, for example around Council Tax Benefit, were also covered by the audit plan.

The Head of Audit and Risk Management advised that the Public Sector Internal Audit Standards did not differ significantly from the previous standards and 2006 CIPFA Code of Practice, except in that there was the requirement to have a charter and arrangements for avoiding conflicts of interest arising from the Head of Audit and Risk Management having responsibility for any non-audit activities.

The Committee asked about the auditing of Alexandra Palace and Homes for Haringey. It was confirmed that Alexandra Palace had its own internal and external auditors and that the Section 151 Officer, who had overall responsibility and accountability in respect of the Palace, had the ability to ask the Council's internal audit service to look into any aspects relating to the Palace, were they to have any concerns with regard to the audit arrangements in place. The Section 151 Officer confirmed that she monitored the internal and external audit work for Alexandra Palace, along with progress regarding the implementation of any recommendations, and advised that she would not hesitate to seek further assurance from the Council's internal audit service in the event of any concerns. The Section 151 Officer assured the Committee that she was satisfied with the audit arrangements in respect of Alexandra Palace.

It was noted that Homes for Haringey engaged the same internal audit service as the Council, and that their audit arrangements were overseen by the Homes for Haringey Finance and Audit Committee, reporting into the Homes for Haringey Board. The Head of Audit and Risk Management confirmed that the auditing of Homes for Haringey was managed by means of a formal contractual arrangement between Homes for Haringey and Deloitte and Touche, but it was noted that as an ALMO, they had the option to use a different auditor to the Council.

It was noted that separation of audit responsibility between the local authority and ALMO was required in accordance with legislation, but that Members could take some assurance from the fact the same internal audit service was currently engaged by both organisations. Members were further advised that audit information relating to Homes for Haringey would still be available to the Council, in the event that Homes for Haringey were to decide to use a different internal auditor from the Council. Grant Thornton advised that any significant issues relating to Homes for Haringey would also be picked up by the Council's external auditors as part of their audit work in relation to the Group Accounts.

In response to a question regarding the auditing of the North London Waste Authority, particularly with regards to value for money, it was confirmed by the Section 151 Officer that as a best-value authority, the NLWA was subject to external audit, including value for money, in the same way as other organisations. Reports of the auditor were monitored by the NLWA Board.

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	<p>RESOLVED</p> <ul style="list-style-type: none">i) That the Internal Audit Strategy be approved.ii) That the Annual Internal Audit Plan for 2013/14 be approved.iii) That the Internal Audit Charter be approved.	
CC227.	<p>EXTERNAL AUDIT PROGRESS REPORT</p> <p>Paul Dossett, Grant Thornton, introduced the external audit update. In response to a request from the Committee, it was agreed that written responses to the 'challenge questions' set out in the report would be provided to the Committee, and that the benchmarking pack, as mentioned at the bottom of page 11 of the report, would also be provided to the council.</p> <p>In response to a question regarding the transfer of assets to academy schools, it was confirmed that, while there was a potential risk relating to PFI arrangements leading to a shortfall in funding, this had not been identified as an issue affecting Haringey. The Committee asked about the cost to the Council arising from the establishment of 'forced academies', with regard to revenue deficits; it was reported that this depended on whether the academy was sponsored or not, but it was confirmed that this would be a DSG cost.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	
CC228.	<p>AUDIT PLAN</p> <p>Hanisha Solanki, Grant Thornton, presented the report on the Audit Plan. In response to a question from the Committee, it was confirmed that 'Property, Plant and Equipment is not complete', as set out on page 9 of the report, was identified as a significant risk from an audit perspective, and testing would be undertaken to ensure that this risk was not in fact the case. Officers confirmed that the Council was doing everything possible to ensure that this was not a risk and that assets were properly stated. In response to a question regarding the group audit scope and risk assessment, it was confirmed that the NLWA was a stand-alone authority and would therefore not form part of the Council's Group Accounts.</p> <p>In response to a request from the Committee, the Section 151 Officer advised that the Audit Plan covered all key areas and met the Council's audit requirements.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p>	

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CC229.	REVIEW OF CLOSURE OF ACCOUNTS PROCESS 2011/12 The Chief Executive introduced the report on the findings and recommendations of the external review of the 2011/12 accounts closure process. In response to a question from the Committee regarding whether the Cabinet Member for Resources should be in attendance, the Chief Executive confirmed that the Cabinet Member had seen the report but that, as made clear in the report, responsibility for the issues set out in the report belonged to the Head of Paid Service. The Committee asked why the action plan did not include an explicit commitment to completing the accounts earlier, and it was confirmed that, while this was an aspiration, it was not felt to be deliverable until improvements had been made to the overall system. RESOLVED That the findings of the report be noted, and the proposed recommendations be endorsed.	
CC230.	EXCLUSION OF PRESS AND PUBLIC RESOLVED That the press and public be excluded from the meeting for the following items, as they contained information defined as exempt in Section 100a of the Local Government Act 1972, paragraphs 1, 2 and 3, information relating to any individual, information which is likely to reveal the identity of an individual and information relating to the financial or business affairs of any particular person (including the authority holding that information).	
CC231.	REVIEW OF CLOSURE OF ACCOUNTS PROCESS 2011/12 The Committee considered the exempt information relating to the external review of the 2011/12 accounts closure process. RESOLVED That the recommendations of the report be approved.	
CC232.	EXEMPT MINUTES RESOLVED That the exempt minutes of the meeting held on 22 January 2013 be approved and signed by the Chair.	
CC233.	ANY OTHER BUSINESS OF AN URGENT NATURE	

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	<p>There were no new items of urgent business.</p> <p>The meeting closed at 21:10hrs.</p>	
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COUNCILLOR GEORGE MEEHAN

CHAIR