

# **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON THURSDAY, 21ST SEPTEMBER, 2017, 7.00 - 10.00 pm**

## **PRESENT:**

**Councillors: Barbara Blake (Chair), Eddie Griffith (Vice-Chair), Gina Adamou, Charles Adje, Patrick Berryman, Isidoros Diakides, Reg Rice, Viv Ross and Clive Carter**

### **161. 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.

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

Apologies for absence had been received from Cllr Engert for whom Cllr Carter was substituting and Cllr Jogee.

### **163. URGENT BUSINESS**

There were no items of urgent business.

### **164. DECLARATIONS OF INTEREST**

There were no declarations of interest.

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

There were no such items.

### **166. MINUTES**

#### **RESOLVED**

That the minutes of the Corporate Committee held on 25<sup>th</sup> July 2017 and special meeting held on 13<sup>th</sup> July 2017 be approved as a correct record and signed by the chair.

### **167. HARINGEY COUNCIL SMOKING POLICY**

The Committee considered the report on the Haringey Council Smoking Policy, as presented by Susan Oti, Assistant Director of Public Health. Committee Chair, Councillor Blake, explained the misunderstanding that had occurred previously when

this report was last presented to the Committee highlighting that the policy had already been approved by the Staffing & Remuneration Committee in relation to all staff members. The reason for it coming to this Committee was for approval for it to be implemented for non-council employees who use Council premises as a place of work as specified in the addendum provided to members.

In response to a question from the Committee it was confirmed that Public Health were working with the Communications team and the Workforce Health and Wellbeing Board to develop the implementation plan and ensure that communication on the policy is very clear to all who have dealings with the Council's premises.

The Committee raised the fact that at the last Committee meeting a request had been made for a copy of the trade unions responses to this policy which had not yet been received. It was agreed that these responses would be circulated to the Members within 24 hours.

**Action: Assistant Director of Public Health**

Councillor Adje made a declaration that he was a trade union secretary and requested that this be minuted.

As there was an equality of votes, the Chair exercised her right to have a casting vote.

## **RESOLVED**

The Corporate Committee agreed to the proposed changes to Haringey Councils Smoking Policy in relation to people who are not Council employees who use Council premises as a place of work. The proposed revised Smoking Policy is at Appendix A. All agency workers, consultants, individual contractors and the employees/workers of contractors, while on Council business will be required to comply with the Smoking Policy.

The proposed changes relevant to this Committee include:

- Under the existing policy Smoking is not permitted inside the buildings or within the grounds of all Council premises; this includes outdoor areas such as car parks and surrounding entrances/ exits to buildings (for at least 20 metres). The changes to the Smoking Policy instruct employees and contractors who smoke during unpaid breaks to do so away from residential properties and not congregate outside other commercial properties to smoke.
- Permitting the use of e-cigarettes (vaping) in outdoor Council premises

## **168. SCHOOLS' AUDIT PERFORMANCE - ACTION PLAN**

*Item 13 on the agenda was brought forward.*

The Committee considered the feedback report on the Schools Audit Performance-Action Plan, as presented by Eveleen Riordan, Joint Assistant Director Schools & Learning.

It was highlighted that historic training for schools and governors was being carried out around identifying key risk areas and controlling processes. Workshops were also being offered to all schools being audited during 2017/18 and the majority of schools have agreed to attend these sessions. A Schools Forum and Finance Board were implemented to financially support, challenge and assess financial decisions made within schools.

In response to questions raised by the Committee it was confirmed that the proposed timescale for reviews of schools that received nil assurance would be approximately once a year.

## **RESOLVED**

The Committee noted the contents of this report.

### **169. TREASURY MANAGEMENT UPDATE**

The Committee received a presentation on the Treasury Management update for the three months to 30<sup>th</sup> June 2017 from Thomas Skeen, Head of Pensions, which set out the general background and an update on the Council's borrowing and investment positions. The Committee noted that all treasury management activity during the quarter had been in line with the approved Treasury Management Strategy Statement.

It was noted that at the time of writing the report, market expectations were that bank rates may fall further but that market sentiment was changing and that a rate rise now appeared to be a more likely outcome.

In response to a question raised by the Committee it was confirmed that interest and gilt rates would be monitored carefully in relation to the Council's plan to take out additional long term borrowing in 2017/18. It was noted that the long term loans held by the Council had decreased by £2.6m.

## **RESOLVED**

The Committee noted the Treasury Management activity undertaken during the three months to 30<sup>th</sup> June 2017 and the performance achieved.

### **170. IMPLEMENTATION OF THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE**

The Committee received a presentation on the Implementation of the Markets in Financial Instruments Directive (MiFID II) from Thomas Skeen, Head of Pensions, which outlined the potential impact that the adoption within the UK of this legislation would have on the local authority treasury management investment strategies and the recommended actions needed to continue to act as a Professional Investor.

The Committee were notified that if no action was taken then the Council would be downgraded to a 'retail client status' which would mean being placed in the same category as non-professional individuals and small businesses. It was advised that

choosing to 'opt up' to a 'professional client status' was essential to allow the Council to continue to effectively implement its treasury investment strategy.

In response to a questions from the Committee it was confirmed that this change would not incur additional costs other than internal officer time.

## **RESOLVED**

The Committee:

- Noted the potential impact on the treasury management investment strategy of becoming a retail client with effect from 3 January 2018.
- Agreed to the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective treasury strategy.
- In electing for professional client status acknowledged and agreed to forgo the protections available to retail clients attached as Appendix 1.
- Agreed to approve delegated responsibility to the Chief Finance Officer (S151 Officer) for the purposes of completing the applications and determining the basis of the application as either full or single service

## **171. STATEMENT OF ACCOUNTS**

The Committee considered the report on the Statement of Accounts for 2016/17 following the completion of the external audit. Rob Woollatt, Interim Chief Accountant, gave an introductory presentation on understanding the statement of accounts, covering the purpose of the statement of accounts, how they were presented and what they meant. It was noted that from next year the deadline for the completion of the audit would be brought forward to 31<sup>st</sup> July 2018.

The Committee were advised that all the recommendations from the auditors on the draft accounts had been implemented in the final accounts. However there were further amendments, as specified in the addendum presented at the meeting. These amendments were outlined by the Interim Chief Accountant and it was highlighted that these did not alter the reserves, balances or net expenditure of the Council.

Leigh Lloyd-Thomas, Engagement Lead for the Council's External Auditors, BDO LLP, presented the findings as set out in their Audit Completion Statement.

Mr Lloyd-Thomas explained that BDO had a responsibility to report errors in aggregate of over £16m according to the concept of materiality in order to give a true and fair opinion but noted that any errors over £0.5m had actually been reported.

BDO gave an overview of all the outstanding matters and the Committee discussed the audit areas of significant risk. One area of particular interest to the Committee was that of land, buildings, dwellings and investment property valuations. There were two material misstatements, one in the current year and one in the prior year, that were identified.

Another audit risk area discussed by the Committee was that of Housing Revenue Account asset componentisation. The question was raised as to why the Council had decided to increase the percentage allocation of the overall value as land and reduce the allocated value to the buildings. The Interim Chief Accountant advised that as the goal was to get the asset values materially correct the judgement of how to split the land and buildings was taken upon advice from the valuers. It was agreed that a copy of the engagement letter from the Council to the valuers would be distributed to the Committee.

**Action: Interim Chief Accountant**

BDO highlighted the number of errors contained within the valuation reports received by the Council and advised that this should be addressed. The Interim Chief Finance Officer advised that the contract was due to be re-let during 2017/18.

While discussing the Notes to the Statements the question was raised as to why payments had been made back to the Government Housing Capital Receipts Pool in 2015/16 when they could have been used for Council investment. BDO advised that they were not aware of any other Local Authorities that had done this and the Interim Chief Finance Officer reassured the Committee that he was looking into this to ensure that in future, the use of such receipts by the Council was maximised.

The question was also raised as to why Services were allowed to carry over and retain budget under and over spends. The Interim Chief Finance Officer reassured the Committee that he was reviewing this as well.

## **RESOLVED**

- The Committee considered the contents of the report and any further oral updates given at the meeting by BDO LLP
- The Committee approved the Statement of Accounts 2016/17, subject to any final changes required by the conclusion of the audit, being delegated to the Chief Financial Officer in consultation with the Chair.
- The Committee gave the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor as set out in paragraph 6.12 of the report
- The committee noted the Audit Findings Report of the auditors, BDO LLP, and approved the management responses in the BDO LLP action plan contained within that report.

## **172. INTERNAL AUDIT PROGRESS REPORT QUARTER 1**

The Committee considered the report on the internal audit report 2017/18 quarter 1 as presented by Anne Woods, Head of Audit and Risk Management. The report detailed the work undertaken by Internal Audit in the quarter ending 30 June 2017 and focussed on the progress of audit coverage work relative to the approved plan.

Two audits, Osborne Grove and Appointeeships received a 'nil' assurance rating, which was a significant concern for the Committee.

In response to numerous questions raised by the Committee on the audit work undertaken on Osborne Grove it was confirmed that the Director of Adult Social Services was working to implement all of the recommendations by the end of October. It was noted that a formal follow up report by Internal Audit detailing the outcome would be presented to the Corporate Committee at the next meeting in November. The Committee were notified that out of the 11 priority 1 recommendations highlighted from the audit that 10 had been completed according to the service.

**RESOLVED**

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

**173. COUNTER-FRAUD UPDATE QUARTER 1**

The Committee considered the Counter Fraud Update report 2017/18, quarter 1, as presented by Anne Woods, Head of Audit & Risk Management. The report detailed the pro-active and reactive investigative work undertaken by the in-house counter fraud team. These investigations included work in such areas as tenancy fraud, gas safety-execution of warrant visits, tenancy block visits and Right to Buy. The Committee noted the outcome of these investigations.

**RESOLVED**

The Corporate Committee noted the counter-fraud work completed in the quarter to 30 June 2017.

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

There were no items of urgent business.

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

Thursday 30<sup>th</sup> November 2017

CHAIR: Councillor Barbara Blake

Signed by Chair .....

Date .....