

<b>Item No.</b> 3.1	<b>Classification:</b> Open	<b>Date:</b> 25 March 2020	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Constitutional Changes 2019/20: Contract Standing Orders, Financial Standing Orders, Member and Officer Protocol	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Proper Constitutional Officer	

## RECOMMENDATIONS

1. That council assembly agree the proposed changes to the constitution as outlined in Appendices 1 to 3 of the report.

## BACKGROUND INFORMATION

2. This report outlines some constitutional changes. The constitutional steering panel has considered the suggested changes to the constitution and recommends them to council assembly. The audit, governance and standards committee has considered the suggested changes to the member and officer protocol and recommends them to council assembly.

### Financial Standing Orders

#### Proposed substantive amendments

3. There are a number of proposed substantive changes which would require approval by council assembly. The changes are shown in the usual way in appendix 1 and further information is set out below.
4. Financial Standing Order (FSO) 1.1 (Chief finance officer) has been updated to make reference to the forthcoming CIPFA Financial Management Code.
5. FSO 10 (Partnerships) has been expanded to include shared service arrangements, whether statutory or non-statutory and to make explicit the need to meet relevant governance requirements.
6. FSO 12 (Companies) has also been extended to cover other types of service delivery models and to make explicit the types of proposals on which the CFO and monitoring officer should be consulted and the need for approval in writing of any proposal to enter into a shareholding agreement.
7. FSO 15.1 (Preparation of the revenue budget – chief finance officer's responsibilities) has been updated to make reference to the council's long term financial sustainability and resilience.
8. FSO 18.3 (Budget adjustments/virements within a directorate) and 18.4 (Budget adjustments/virements between directorates) has been amended to increase the threshold from £250,000 to £275,000. As this threshold has not been reviewed since 2005-06, it is considered that the proposed increase would help to ensure that governance arrangements remain appropriate.

9. FSO 19.3 (Variations to the capital programme) and 19.4 (Major overspends and underspends) has also been amended to increase the threshold from £250,000 to £275,000. This threshold has not been reviewed since 2009-10 and, as with the proposed change to FSO 18, it is considered that a review is timely.

#### **Other areas for consideration**

10. A review of FSO 21 (Leases) will be undertaken later in the year to consider whether any changes are needed to address the impact of revised accounting requirements in respect of leases which will follow the implementation of IFRS16 Leases from 1 April 2020.

#### **Contract Standing Orders**

##### **Proposed substantive amendments**

11. There is one proposed substantive change which would require approval by council assembly. This relates to the submission of monitoring reports to departmental contract review boards (DCRBs) and aims to put in place more proportionate governance arrangements in respect of contract monitoring.
12. Contract Standing Order (CSO) 9 sets out the minimum requirements in respect of contract management and monitoring. These include the submission of six-monthly monitoring reports by lead contract officers to the relevant DCRB for contracts with an estimated value over the relevant EU threshold. It is proposed to replace this with a requirement to submit an annual report to the relevant DCRB, in line with the monitoring reports for contracts of higher values to the corporate contract review board. It is considered that this will enable a greater focus on ongoing contract management and monitoring as set out in CSO 9.1. The change has been tracked in the usual way in appendix 2.

#### **Member and Officer Protocol**

##### **Proposed substantive amendments**

13. The updates to the Member and Officer Protocol (MOP) gives clarification on the requirements of the Freedom of Information Act 2000 on councillors' emails and other information contained in text messages or online communication fora. The additions have been tracked in the usual way in appendix 3.
14. These updates have been agreed by the audit, governance and standards committee on 10 February 2020 for recommendation to council assembly.

#### **KEY ISSUES FOR CONSIDERATION**

15. The context for this report is the on-going review of efficient democracy and the current financial climate requiring savings to be identified.

#### **Community impact statement**

16. The proposal in this report provides additional benefits to the public and the local community and enhances the council's commitment to diversity and fairness.

## Resource implications

17. The constitution is published on the council's website and is available for viewing online. Limited numbers of the constitution are produced in binder form with loose leaf pages and dividers. This means that any additional costs arising from the reproduction of small sections of the constitution are reduced compared to the reprinting of the whole constitution. It is anticipated that the cost can be contained within existing budgets.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Constitution	160 Tooley Street London SE1 5LX	Constitutional Team 020 7525 7228

## APPENDICES

No.	Title
Appendix 1	Financial Standing Orders with tracked changes
Appendix 2	Contract Standing Orders with tracked changes
Appendix 3	Member and Officer Protocol with tracked changes

## AUDIT TRAIL

<b>Lead Officers</b>	Chidilim Agada, Head of Constitutional Services		
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<b>Report Author</b>	Virginia Wynn-Jones, Principal Constitutional Officer		
<b>Version</b>	Final		
<b>Dated</b>	12 February 2020		
<b>Key Decision?</b>	No		
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>	
Director of Law and Democracy	Yes	Yes (Included in the body of the report)	
Strategic Director of Finance and Governance	No	Not applicable	
<b>Date final report sent to Constitutional Team</b>			12 February 2020