

## Council Assembly Ordinary Meeting

Wednesday 14 July 2010  
7.00 pm  
Town Hall, Peckham Road, London SE5 8UB

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Councillors are summoned to attend a meeting of the Council to consider the business contained herein



Annie Shepperd  
Chief Executive

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### INFORMATION FOR MEMBERS OF THE PUBLIC

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#### Access to information

You have the right to request to inspect copies of minutes and reports on this agenda as well as the background documents used in the preparation of these reports.

#### Babysitting/Carers allowances

If you are a resident of the borough and have paid someone to look after your children, an elderly dependant or a dependant with disabilities so that you could attend this meeting, you may claim an allowance from the council. Please collect a claim form at the meeting.

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Date: 2 July 2010



# Council Assembly

Wednesday July 14 2010  
7.00 pm  
Town Hall, Peckham Road, London SE5 8UB

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
<b>1.</b>	<b>PRELIMINARY BUSINESS</b>	
	<b>1.1. ANNOUNCEMENTS FROM THE MAYOR, MEMBERS OF THE CABINET OR CHIEF EXECUTIVE</b>	
	<b>1.2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE MAYOR DEEMS URGENT</b>	
	<b>1.3. DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	<b>1.4. APOLOGIES FOR ABSENCE</b>	
<b>2.</b>	<b>MINUTES</b>	
	To approve as a correct record the open minutes of the council assembly meeting held on 19 May 2010 (to be circulated separately).	
<b>3.</b>	<b>MEMBERS' QUESTION TIME</b>	1 - 6
<b>4.</b>	<b>REPORTS FROM CABINET FOR INFORMATION</b>	
	<b>4.1. DEMOCRACY COMMISSION PROGRESS REPORT</b>	7 - 8
<b>5.</b>	<b>OTHER REPORTS</b>	
	<b>5.1. TREASURY MANAGEMENT PERFORMANCE - 2009/10 ANNUAL REPORT AND PRUDENTIAL INDICATORS FOR CAPITAL FINANCE AND TREASURY MANAGEMENT</b>	

To follow.

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
	<b>5.2. CONSTITUTIONAL CHANGES</b>	9 - 17
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	<b>5.4. ANNUAL REPORT ON THE WORK AND PERFORMANCE OF THE AUDIT AND GOVERNANCE COMMITTEE IN 2009/10</b>	20 - 29
<b>6.</b>	<b>MOTIONS</b>	30 - 33
<b>7.</b>	<b>AMENDMENTS</b>	

To be circulated prior to the meeting.

**ANY OPEN ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING**

**EXCLUSION MOTION (IF NECESSARY)**

The following motion should be moved, seconded and approved if the council wishes to exclude the press and public to deal with reports revealing exempt information:

“That under the access to information procedure rules of the Southwark constitution, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in section(s) 1 – 7 of paragraph 10.4 of the procedure rules.”

**PART B - CLOSED BUSINESS**

**ANY CLOSED ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING**

Date: 2 July 2010

# Agenda Item 3

<b>Item No.</b> 3.	<b>Classification:</b> Open	<b>Date:</b> 14 July 2010	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Members' Question Time	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

## BACKGROUND INFORMATION

In accordance with council assembly procedure rule 2.8 members' question time shall not exceed 30 minutes. During this time, members may not question any one cabinet member or committee chair for longer than fifteen minutes.

Members are limited to one question at each meeting.

Questions to the leader will be taken first, followed by questions to other cabinet members. The order in which the different political groups ask questions of the leader will be rotated. Questions to cabinet members will be taken in the order of receipt and portfolio. The order of portfolios will be rotated at each meeting such that the cabinet member answering questions immediately after the leader will be the last cabinet member to answer any questions at the next meeting of council assembly.

Cabinet members and committee chairs have discretion to refer a question to another cabinet member if this is appropriate.

Responses to member's questions will be circulated on yellow paper around the council chamber on the evening of the meeting.

The Mayor will ask the member asking the question if they wish to ask one supplemental question to the member to whom the question was asked. The supplemental question must arise directly out of the original question or the reply. Therefore, supplemental questions to the leader or other cabinet members are not free ranging.

No question shall be asked on a matter concerning a planning or licensing application.

**Note:** In accordance with council assembly procedure rule 2.8 (12) & (13) (prioritisation and rotation by the political groups) the order in which questions to the leader appear in this report may not necessarily be the order in which they are considered at the meeting.

**1. QUESTION TO THE LEADER FROM COUNCILLOR HELEN MORRISSEY**

Is the budget likely to have a disproportionate effect on Southwark residents compared to other parts of London and the country?

**2. QUESTION TO THE LEADER FROM COUNCILLOR ANOOD AL-SAMERAI**

What was the combined basic allowance and special responsibility allowance of the council leader on:

- a) January 2010
- b) July 2010.

**3. QUESTION TO THE LEADER FROM COUNCILLOR NICK DOLEZAL**

Could the leader provide details of how the council intends to carry on delivering for Southwark residents following the cuts announced by the Chancellor in his budget?

**4. QUESTION TO THE LEADER FROM COUNCILLOR LINDA MANCHESTER**

In 'a fairer future for all' – the new administration's mission for Southwark – he says every council home will be made warm, dry and safe. Can he confirm this means he is committed to the previous government's decent homes standard rather than the previous administration's higher standard? Could he outline what discussions he has had with the tenant council who in 2008 agreed this higher standard? And when does he expect all council homes to meet this standard?

**5. QUESTION TO THE LEADER FROM COUNCILLOR ANDY SIMMONS**

Could the leader provide an update on the status of plans for joint working with other boroughs?

**6. QUESTION TO THE LEADER FROM COUNCILLOR PODDY CLARK**

Will he list, from the recently completed stock condition survey, the addresses of the council homes that currently are not 'warm, dry and/or safe'?

**7. QUESTION TO THE LEADER FROM COUNCILLOR GEOFFREY THORNTON**

Will meetings between Lewisham, Lambeth and Southwark lead councillors over sharing services between the authorities be open to the press and public?

**8. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR TIM MCNALLY**

Labour claimed in their election manifesto that £8 million of council tax per year went uncollected. On 10 June he told Southwark News that the real figure for uncollected council tax was £4 million over the last four years. Can he confirm what figure for non-collection of council tax the new administration will finally set as its benchmark?

**9. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR JEFF HOOK**

What actions are the new administration taking to clamp down on council tax and housing benefit fraud?

**10. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR DENISE CAPSTICK**

What measure of inflation (and for which month) will the council use in calculating future council tax rises?

**11. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR COLUMBA BLANGO**

Could he confirm the cost of setting up the new strategic housing directorate and the total salary package for the new director?

**12. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR MARK GLOVER**

Could the cabinet member provide estimates of the extra costs likely to be incurred by Southwark Council as a result of the VAT increase?

**13. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR GAVIN EDWARDS**

Please provide an update on action taken so far to cut council expenditure on consultants.

**14. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR STEPHEN GOVIER**

Southwark employees will be concerned that the impact of the emergency budget will mean job losses at the council. What is the cabinet's position on redundancies?

**15. QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES FROM COUNCILLOR SUNIL CHOPRA**

What effect will the coalition government's budget have on Southwark's funding settlement?

**16. QUESTION TO THE CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE FROM COUNCILLOR JONATHAN MITCHELL**

What meetings has she had with NHS Southwark, the Department of Health, local MPs and government ministers to make progress on the redevelopment of Dulwich Hospital?

**17. QUESTION TO THE CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE FROM COUNCILLOR DAVID NOAKES**

When will charges for meals on wheels be halved, will this include both fresh and frozen meals and what is the cost to the authority?

**18. QUESTION TO THE CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE FROM COUNCILLOR MARK GETTLESON**

What negotiations have taken place between the council and NHS Southwark over funding for healthy free school meals?

**19. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM COUNCILLOR ELIZA MANN**

What proposals does she have to use section 106 money in respect of development permissions in the north of the borough on projects in Camberwell and Peckham?

**20. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM COUNCILLOR LISA RAJAN**

In 'a fairer future for all' – the new administration's mission for Southwark – there is no reference to regeneration in Rotherhithe. What is your commitment to completing, stocking and opening Canada Water Library and refurbishing or replacing Seven Islands leisure centre?

**21. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM COUNCILLOR CATHERINE BOWMAN**

Will the administration give a commitment that there will be no building on any part of Salisbury Row Park or adjacent green spaces?

**22. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM COUNCILLOR PAUL NOBLET**

Can she confirm that she will safeguard the future of the Canada Water Forum, including stepping in to deal with any funding issues? Will she also pledge to set up a similar forum at the Elephant and Castle?

**23. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM COUNCILLOR ALTHEA SMITH**

Please could the cabinet member provide an update on the effect of recently announced central government budget cuts on the planning fund?

**24. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM COUNCILLOR LORRAINE LAUDER**

Could the cabinet member please update council assembly on the status of financing for the Aylesbury regeneration?

**25. QUESTION TO THE CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY FROM DARREN MERRILL**

Please provide an update on the regeneration of Elephant and Castle.

**26. QUESTION TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR NICK STANTON**

Given their manifesto was 'the product of three years policy work with the involvement (*sic*) Labour members and people from our community' what was the response from heads, governors and parents to the plan for Lambeth council to take over school support services in Southwark?

**27. QUESTION TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR ADELE MORRIS**

What steps are the council taking to explain to local voluntary organisations about the scaling back of the previous Labour government's ludicrously bureaucratic and counterproductive vetting and barring scheme?

**28. QUESTION TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR ROSIE SHIMELL**

Given the controversy over the council's planning application at Spa School, will she encourage officers to look again at some of the aspects of the design such as building materials?

**29. QUESTION TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR DAVID HUBBER**

Does the cabinet member agree that many problems of anti-social behaviour, truancy and youth crime are directly related to the fact that some families struggle with parenting skills in challenging circumstances and has she any proposals for tackling this issue?

**30. QUESTION TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR RENATA HAMVAS**

Can the cabinet member please provide an update on Southwark's Building Schools for the Future programme?

**31. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR JAMES BARBER**

What was the council's recycling rate on 6 May 2010?

**32. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR WILMA NELSON**

What plans does the current administration have to increase communal open space, such as communal greens and growing space? And what funding will they make available to community councils and tenants & residents associations for this purpose?

**33. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR PAUL KYRIACOU**

When will the council introduce tetrapak and food recycling?

**34. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR ROBIN CROOKSHANK HILTON**

When will two air quality monitoring stations be opened? And what will be their locations?

**35. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR LEWIS ROBINSON**

Following the botched "emergency repairs" to the road surface of Church Approach, can the cabinet member give me a date when the council will complete a full resurfacing of this road?



**36. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR TOBY ECKERSLEY**

With regard to Network Rail's proposal to terminate the Wimbledon loop service at Blackfriars, would the cabinet member for environment, transport and recycling please state whether he agrees with the decision of the executive on 23 March 2010 instructing officers "to liaise with other affected London boroughs to explore alternative options for the continuation of the current service" to Farringdon, Kings Cross and points north, and, if so, what steps have been taken, or are proposed pursuant to that decision and in support of rail users in the Herne Hill and Elephant and Castle areas?

**37. QUESTION TO THE CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING FROM COUNCILLOR MARTIN SEATON**

Could the cabinet member please provide an update on progress towards his commitment to safeguard green spaces?

**38. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR NORMA GIBBES**

Please provide an update on the Lakanal House fire investigation.

**39. QUESTION TO THE CABINET MEMBER FOR EQUALITIES AND COMMUNITY ENGAGEMENT FROM COUNCILLOR GRAHAM NEALE**

What progress has been made in agreeing the service funding agreement for the successor to Southwark Human Rights, Race and Equality Board?

**40. QUESTION TO THE CHAIR OF THE PLANNING COMMITTEE FROM COUNCILLOR MICHAEL BUKOLA**

Does she think that asking security to remove elderly objectors from the 1 June 2010 planning committee meeting was proportionate, if not will she publicly apologise to them and does she believe the resignation of the vice chair is connected to her conduct at this meeting?

# Agenda Item 4.1

<b>Item No.</b> 4.1	<b>Classification:</b> Open	<b>Date:</b> 14 July 2010	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Democracy Commission progress report	
<b>Ward(s) or groups affected:</b>		Boroughwide	
<b>From:</b>		Cabinet	

## RECOMMENDATION(S)

1. That council assembly notes this report on progress with the Democracy Commission.

## BACKGROUND INFORMATION

2. On Wednesday 19 May 2010 council assembly agreed that the cabinet be tasked with considering the following and bringing recommendations back to council assembly:
  - That a Democracy Commission be established to consider the avenues of democratic engagement with the council for local residents.
  - That the Democracy Commission be specifically tasked with fully reviewing how council assembly can be changed to increase democratic engagement with local people.
3. The cabinet agreed to establish the Democracy Commission on 15 June 2010 that would consider changes to the council's constitution to make the council's democratic functions more open and more engaging.
4. The commission is task-based and will focus in a first instance on possible reforms to the Council Assembly. It will deliver a report on the first phase of work to Cabinet at its meeting of 19 October 2010 and then to council assembly on 20 October 2010.
5. Its report will consist of recommendations for changes to the council assembly. This first phase will be subject to a review that will include recommendations on the membership, focus, procedures and budget for the subsequent phases of work.

## KEY ISSUES FOR CONSIDERATION

6. In this initial phase the commission will be a proportional body with proportionality and composition as follows:

4 Labour councillors:                      Councillor Mark Glover  
    Councillor Abdul Mohamed  
    Councillor Helen Morrissey  
    Councillor Cleo Soanes

2 Liberal Democrat councillors: Councillor Columba Blango  
Councillor Anood Al-Samerai

1 Conservative councillor: Councillor Michael Mitchell

7. Councillor Abdul Mohamed has been appointed to Chair the Commission.
8. The commission will agree its terms of reference in line with recommendations made by the cabinet in its report of 15 June 2010. That is, it will take into account the local and national context in which its work is set, the particular opportunities and constraints presented by the council assembly and good practice both in terms of models of enquiry into governance structures and community engagement.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Assembly Annual Meeting 19 May 2010 – Agenda.	Southwark Council, 160 Tooley Street, London SE1 2TZ	Lesley John 020 7525 7228
Cabinet Meeting 15 June 2010 – Agenda.	Southwark Council, 160 Tooley Street, London SE1 2TZ	Everton Roberts 020 7525 7222

## AUDIT TRAIL

<b>Lead Officer</b>	Deborah Collins, Strategic Director of Communities, Law & Governance	
<b>Report Author</b>	Stephen Douglass, Head of Community Engagement	
<b>Version</b>	Final	
<b>Dated</b>	28 June 2010	
<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>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	No	No
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	30 June 2010	

<b>Item No.</b> 5.2	<b>Classification:</b> Open	<b>Date:</b> 14 July 2010	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Constitutional changes	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance Finance Director	

## RECOMMENDATIONS

That the following constitutional changes be recommended to council assembly:

### Budget and policy framework

1. That council assembly note the current position as set out in points 1 to 6, 8 and 10 of the table in paragraph 15 relating to the budget and policy framework.
2. That in relation to points 7 and 9 of the table in paragraph 15, council assembly considers the constitutional and procedural changes drafted in consultation with the cabinet member for finance and resources set out in paragraphs 20 to 24.

### Article 7 – Regulatory and other committees - Clarification of the constitution

3. That Article 7 – Regulatory and other committees – be amended to provide clarification of the role of the annual meeting in establishing committees. The amendment is shown as a strikethrough below:

#### **Article 7 – Regulatory and other committees**

##### **7.1 Regulatory and other committees**

The council will appoint committees to undertake non-executive functions. Council assembly will delegate powers to these committees to discharge their relevant functions.

~~The council assembly shall establish the following committees:~~

- ~~a) Appointments committee~~
- ~~b) Audit and governance committee~~
- ~~c) Corporate parenting committee~~
- ~~d) Disciplinary appeals committee~~
- ~~e) Licensing committee~~
- ~~f) Overview and scrutiny committee~~
- ~~g) Planning committee~~
- ~~h) Standards committee.~~

##### **7.2 Key tasks of chairs of regulatory and other committees**

Chairs of the authority's committees will take specific responsibility for the development of that committee's work plan and represent the service or

function of the committee within and outside the authority as necessary to enable it to deliver its objectives consistently to corporate standards.

### **Reclassifying sections of the constitution as schemes**

4. That the councillor call for action and the community council protocols be reclassified as schemes.
5. That the schemes in recommendation 4 together with others schemes including the publications schemes be held on the Library pages on the council's website as part of the constitutional framework. The petitions scheme is already held here.

### **Consequential changes**

6. That officers be authorised to undertake any consequential and cross referencing changes arising from changes to the constitution.

### **BACKGROUND INFORMATION**

7. The council assembly on 19 May 2010 agreed a number of constitutional changes. This report covers constitutional areas that form part of the annual review of the constitution.
8. The objective for making changes to the constitution is to ensure that it is easily understood and user friendly. In order to achieve this, council assembly should take into account that the constitution should be:
  - **Accessible** to all those who need to use it to understand their rights and obligations under it.
  - **Efficient:** supporting effective decision-making so that the business of the council can be delivered in line with best practice on corporate governance.
  - **Inclusive:** so that decision-making is open and transparent and involves local communities.
9. All constitutional changes are considered by constitutional steering panel, which then recommends any changes to council assembly. Changes to the constitution are generally agreed by council assembly, unless another body or individual is authorised to do so – see Article 1.15.
10. All the issues in this report were considered by the constitutional steering panel, which met on 21 June 2010.

### **KEY ISSUES FOR CONSIDERATION**

#### **Budget and policy framework**

11. Scrutiny sub-committee C undertook a review in 2009-10 of the format and detail of revenue budgets, scrutiny of budget proposals and improved consideration by council assembly, approval of the capital programme and use of reserves. Its report was considered by overview & scrutiny committee at its meeting in November 2009.
12. Of the ten recommendations made by the sub-committee, overview & scrutiny committee accepted recommendation (4) concerning a budgetary scene setting meeting but considered that recommendation (5) concerning a further informal meeting at a later stage of the budget setting process had insufficient merit.

13. The remaining recommendations were considered in December 2009 by the executive which resolved that those recommendations relating to constitutional issues including monitoring financial performance, approval of the capital programme and the use of reserves should be addressed as part of the annual constitutional review (recommendations (3), (6), (7), (8), (9) and (10) and that recommendations 1 and 2 concerning the level of detail and portfolio-specific information to be presented within the budget should be considered by the then executive member for resources and the finance director.
14. At its constitutional review meeting in May, council assembly noted that a further report on the recommendations of scrutiny sub-committee C on the budget and policy framework was scheduled to be submitted to its next meeting.
15. The table below covers the recommendations referred to in paragraphs 12 and 13 above.

Recommendation	Officer response
1. That the budget presentation to council assembly should include a high level analysis by service area for each directorate.	Some improvements relating to the format of the revenue budget report were included in February 2010 and further changes are planned for February 2011, though their achievement is subject to the timing of decisions on the budget by cabinet prior to council assembly and the extent of any significant changes to the budget plan.
2. In light of the complexity and resources required at present to provide the same budget analysis for each executive portfolio, the executive invite the finance director to review options to provide this information as part of the budget report to council assembly in future years.	There are significant technological issues which need to be addressed to enable reporting for both departmental and portfolio holder analysis. The current structure is departmentally based.  The remit of some portfolio holders currently spans activities in up to five departments and this can change from year to year.
3. The executive is invited to clarify the responsibility for monitoring financial performance under each executive portfolio.	The responsibilities of individual cabinet members are ultimately determined by the leader of the council. Officers will do whatever is necessary to support them.
4. We invite overview & scrutiny committee to arrange a budgetary scene setting meeting shortly after the November Executive meeting, providing an opportunity for the executive member and director of finance to involve back bench members so that at that stage there is wide understanding of the budgetary process and financial situation facing the council.	As noted above, overview & scrutiny committee accepted this recommendation and officers will continue to provide support as appropriate.

Recommendation	Officer response
5. We invite overview & scrutiny committee to consider the merits of an informal overview & scrutiny committee at a later stage of the budget setting process.	As noted above, overview & scrutiny committee considered that a further informal meeting at a later stage of the budget setting process had insufficient merit and the executive noted that this recommendation had been withdrawn.
6. We invite the executive to take further advice on the construction of the following wording in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, regarding the provision that full council carries out the “adoption or approval of the budget <i>and any plans or strategy for the control of the local authority’s borrowing or capital expenditure (The Capital Plan)</i> .”	<p>The wording of the Regulations has some ambiguity and may be construed to mean either that full council should approve any plan or strategy for capital expenditure or that full council should approve any plan or strategy for the control of the local authority’s capital expenditure.</p> <p>The council’s constitution is based on the second interpretation, i.e. that control of capital expenditure refers to the impact on the capital financing requirement and its consequent revenue budget implications – hence the plan or strategy for the control of the authority’s borrowing or capital expenditure being the treasury management strategy. It is accepted however that particularly in light of the current economic climate, it may be appropriate to revisit this.</p> <p>In the light of recommendation (7) below, the finance director has no further comment to make.</p>
7. We invite the executive to submit to council assembly for their approval at least once every four years, and as necessary in the event of a significant change in circumstances, a programme for capital expenditure.	This recommendation is welcomed; however, it would need to be accompanied by a review of arrangements for approving amendments and additions during a four-year period and a restatement of responsibilities in the constitution. It is suggested that the cabinet should have responsibility for agreeing amendments and additions below a financial threshold.
8. We invite the executive to address issues around definition, build up, and in particular draw down from the council’s various reserves, and an improved system for the monitoring of such matters	<p>Improvements in transparency are welcomed, but any proposals need to be considered whilst bearing in mind that the finance director, as section 151 officer, retains personal responsibility for the financial administration of the council.</p> <p>In order to be able to carry out his responsibilities, an element of flexibility must be retained to ensure that decisions can be taken in the best interests of the council (for example to protect its financial position).</p>

Recommendation	Officer response
	<p>For this reason, it is suggested that the creation and definition of reserves continue to be a matter for the finance director, but that when any new reserves are created, this should be reported at the first available opportunity to the cabinet as part of enhance monitoring and reporting.</p> <p>The use of reserves is considered in (9) below.</p>
<p>9. We invite the executive to consider whether an upper limit should be put on the sole authority of the finance director to authorise draw downs from reserves.</p>	<p>In relation to the use of reserves, it is suggested that consideration be given to the introduction of processes for joint sign-off for drawing down from earmarked reserves. This is already in place for the capital contingency reserve, the use of which has to be approved by the finance director and the cabinet member for finance and resources. Members may wish to consider whether it would be appropriate to introduce a threshold, below which cabinet member approval need not be sought.</p> <p>Allocations of earmarked reserves will continue to be reported to the cabinet as part of existing monitoring arrangements.</p>
<p>10. We invite the executive to consider the merits of referring any of these matters relating to reserves to the audit and governance committee for its consideration and advice.</p>	<p>The audit and governance committee's role includes the independent assurance of the council's governance arrangements, including their effective development and operation. Matters relating to reserves already form part of the committee's review of the annual accounts and the committee may also request further information at any time.</p>

16. The table in paragraph 15 above sets out the current position for recommendations 1 – 6, 8 and 10 and identifies that possible amendments to the constitution or to procedures need to be considered in relation to recommendations 7 and 9. The constitutional steering panel on 21 June 2010 considered the recommendations and officer responses. The panel agreed that the necessary constitutional amendments be prepared by officers, in consultation with the cabinet member for finance and resources, for submission to the next council assembly meeting.

#### **Recommendation 7 – approval of capital programme**

17. Recommendation 7 concerns approval of the capital programme and proposes its submission by cabinet to council assembly for approval at least once every four years. It is suggested that this should be timed to coincide with council assembly's consideration of the council tax setting report in February 2011, and thereafter, every four years or



sooner in the event of a significant change in circumstances. This proposal would necessitate amendments to the constitution.

18. Amendments and additions to the capital programme are currently provided for within section 8 (c) of the Financial Standing Orders. These require virements between capital projects or programme headings as set out in the overall programme to be approved by the finance director, the relevant cabinet member and cabinet member for finance and resources or cabinet, according to financial value. It is recommended that, in order to maintain the ability to respond in a timely manner, that these approval arrangements be retained.
19. However, it is proposed that the opportunity be taken to include the cabinet's responsibility to approve capital virements over £1,000,000 and to replace references to dual decision makers with single decision makers (acting after consultation with others) in relation to virements over £100,000 and up to £1,000,000 and changes to profiles of expenditure and resources over £250,000.
20. The recommended changes to the constitution to give effect to the proposals in paragraphs 17 and 19 above are set out below. The additional wording is underlined and deletions are shown with a strikethrough.

### **Part 3A Council Assembly**

In 'Matters reserved for decision', insert a new clause 8 to read as follows "Agree the capital strategy and programme at least once every four years and as necessary in the event of a significant change in circumstances".

Re-number subsequent clauses.

### **Part 3B Cabinet role and functions**

In the list of plans and strategies to be approved by the cabinet, delete "Capital strategy and programme".

### **Part 3C Full Cabinet – matters reserved for collective decision making**

Insert a new clause 9 to read as follows:

"Approval of virements over £1,000,000 between capital projects or programme headings as set out in the overall programme approved by council assembly".

Re-number subsequent clauses.

### **Financial Standing Orders**

Delete existing section 7 (a) entitled "Capital Programme".

Insert revised section 7(a) with title "Preparation of the capital programme – Capital strategy and programme" to read as follows:

~~The cabinet~~ Council assembly will, on consideration of ~~annual and ad-hoc~~ reports at least every four years and as necessary in the event of a significant change in circumstances from the finance director, agree the capital strategy and programme. The reports from the finance director will consider the compliance of proposed schemes in the programme with the medium term resources strategy,

the capital resources available to the council, the revenue implications of the proposed capital expenditure, and any other relevant information.

Delete existing section 8 (c) entitled "Capital Programme".

Insert revised section 8(c) entitled "Monitoring and control of the capital programme – Variations to the capital programme" to read as follows:

i) Virements

Virements between capital projects or programme headings as set out in the overall programme approved by ~~the cabinet~~ council assembly must be notified by the relevant strategic director to the finance director and cannot be actioned until they have been approved as follows:

- a. up to £100,000 – finance director
- b. over £100,000 and up to £1,000,000 – the cabinet member for finance and resources, after consultation with the relevant cabinet member(s) ~~and the cabinet member for finance and resources~~
- c. over £1,000,000 – the cabinet

ii) Changes to profiles of expenditure and resources

Changes to profiles for capital projects or programme headings as set out in the overall programme approved by ~~the cabinet~~ council assembly must be notified by the strategic director to the finance director and cannot be actioned until they have been approved as follows:

- up to £250,000 – strategic director
- over £250,000 – the cabinet member for finance and resources, after consultation with the relevant cabinet member ~~and cabinet member for finance and resources.~~

**Recommendation 9 – use of reserves**

21. Recommendation 9 concerns the use of reserves and recommends that consideration be given to the introduction of process for joint sign-off for drawing down from earmarked reserves.
22. Draw downs will not normally be made from the general fund balance unless the circumstances are exceptional. The medium term resources strategy is updated annually to reflect targets for increasing this balance, required to mitigate a range of risks from the respect of financial operations to technical accounting issues. Therefore no changes are proposed. The same principles are applied in this context to the earmarked reserve for financial risk
23. Use of the capital contingency reserve is already subject to approval from both the finance director and the cabinet member for finance and resources and it is recommended that these arrangements be extended to the earmarked reserves for modernisation, service and operational improvement and for regeneration and development. It is further recommended that thresholds be introduced for all three reserves consistent with those in place for changes to profiles for capital projects and programme headings of expenditure and resources so that draw downs up to £250,000 would require approval from the finance director, but those over £250,000 would require

the approval of both the finance director and the cabinet member for finance and resources.

24. It is recommended that the changes set out in paragraph 23 above be reflected in appropriate internal protocols and in a note to the accounts (as is already the case for use of the capital contingency reserve).

#### **Article 7 – Regulatory and other committees - Clarification of the constitution**

25. As currently drafted any change to the establishment of a committee would have to go via the constitutional steering panel. This duplicates the role of the annual meeting which is responsible for the establishment of committees. In this respect the second paragraph in 7.1 is unnecessary as the details about committees are set out in Part 3 of the constitution.
26. As a consequential change in Article 1.5 (b) on changes to committees, the role of the annual meeting in establishing or disestablishing committees should be recognised. This also applies to panels.

#### **Reclassifying sections of the constitution as schemes**

27. With the inclusion of councillor call for action and the community council protocols in 2009 this has significantly increased the size of the constitution. It has also increased printing costs. The approval of a petitions scheme in May 2010 was an opportunity to review the structure of the constitution to provide greater consistency in the way that the schemes are dealt with. Consequently some of the documents in the constitution which describe for public purposes detailed operation of processes are recommended to be reclassified as schemes and included in a separate section on the website for such schemes. This section already exists on the council's website.
28. It is suggested that to ensure the schemes are publicly available that a common section on the website be used for all schemes falling within the general constitutional framework. The petition scheme is already held in the m.gov library pages on the council's website. It is proposed that others such as those listed in recommendation 5, the publications schemes together with any other documents identified, should be held here.
29. The table below sets out the documents to be reclassified:

Part	Title	Changes by:	Recommendation
<b>5.</b>	<b>Codes</b>		
	Code of conduct	Agreed by council assembly.	Remains in constitution
<b>6.</b>	<b>Protocols</b>		
	Member and officer	Agreed by council assembly.	Remains in constitution
	Communication	Agreed by council assembly.	Remains in constitution
	Members' allowances scheme	Agreed by council assembly.	Retain in constitution – see paragraphs 30 to 31 below
	Councillor call for action	Agreed by council assembly.	Reclassify as scheme. Include in schemes section of website
	Community councils	Changes agreed by the monitoring officer, after consultation with the chairs and vice chairs of community	Reclassify as scheme. Include in schemes section of website

Part	Title	Changes by:	Recommendation
		councils.	

### Members' allowance

30. The constitution requires council assembly to approve the members allowance scheme [part 3A paragraph 18]. This is in accordance with the Local Authorities (functions and Responsibilities) (England) Regulations 2000 which says this cannot be a cabinet function.
31. The Local Government Act 2000 (Constitutions) (England) Direction 2000 states the constitution prepared and kept up to date in accordance with section 37(1) of the Act by a local authority which is operating executive arrangements or, as the case may be, alternative arrangements must include the scheme of allowances for members of the authority drawn up in accordance with regulations made under section 18 of the Local Government and Housing Act 1989 (c.42).

### Councillor call for action

32. There is no requirement for this to be in the constitution.

### Community impact statement

33. There are no specific community impact implications.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Constitution	Constitutional Team, Tooley Street, Second Floor, SE1	Lesley John 020 7525 7228

### AUDIT TRAIL

<b>Lead Officers</b>	Deborah Collins, Strategic Director of Communities, Law & Governance Duncan Whitfield, Finance Director	
<b>Report Authors</b>	Ian Millichap, Constitutional Manager Jo Anson, Head of Financial Governance Lesley John, Constitutional Team	
<b>Version</b>	Final	
<b>Dated</b>	1 July 2010	
<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>
Strategic Director of Communities, Law & Governance	Yes	Incorporated
Finance Director	Yes	Incorporated
<b>Cabinet Member</b>	Yes	N/a
<b>Date final report sent to Constitutional Team</b>	1 July 2010	

<b>Item No.</b> 5.3	<b>Classification:</b> Open	<b>Date:</b> 14 July 2010	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Appointment of Vice Chairs of Disciplinary Appeals, Licensing and Planning Committees	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

### RECOMMENDATION

1. That council assembly appoints a vice chair to the:
  - Disciplinary appeals committee
  - Licensing committee
  - Planning committee.

### BACKGROUND INFORMATION

2. Annual council on 19 May 2010 established and appointed to all the committees of the council for the 2010/11 municipal year, however the vice chairs of the disciplinary appeals and licensing committees were not appointed. Also in the interim period the vice chair of the planning committee has become vacant.

### KEY ISSUES FOR CONSIDERATION

3. Council assembly procedure rule 4.2(1)(g) states that annual meeting of the council assembly shall appoint the chairs of committees.
4. Where a position becomes vacant during the course of the municipal year, the practice in such situations is that any re-appointments are considered by the next scheduled meeting of the council assembly. In the interim the meeting would be invited to fill the vacant position of chair or vice-chair on an acting basis to allow the work of the meeting to continue.
5. Nominations for the position may either be received in writing prior to council assembly, or be moved from the floor during the meeting. In accordance with council assembly procedure rule 1.13(6), if more than two people are nominated for a position to be filled, the names will be put to the vote in alphabetical order and the name of the person with the least number of votes will be taken off the list and a new vote taken. This process will continue until there is a majority of votes for one person.

### BACKGROUND DOCUMENTS

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Annual council agenda 19 May 2010	160 Tooley Street London SE1 5LX	Constitutional Team 020 7525 7228

**AUDIT TRAIL**

<b>Lead Officer</b>	Ian Millichap, Constitutional Manager	
<b>Report Author</b>	Lesley John, Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	30 June 2010	
<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>
Strategic Director of Communities, Law & Governance	No	No
Finance Director	No	No
<b>Date final report sent to Constitutional Team</b>		30 June 2010

<b>Item No.</b> 5.4	<b>Classification:</b> Open	<b>Date:</b> 14 July 2010	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Annual report on the work and performance of the Audit and Governance Committee in 2009/10	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Audit and Governance Committee	

### RECOMMENDATION(S)

1. That council assembly notes the work and performance of the audit and governance committee in 2009/10.

### BACKGROUND INFORMATION

2. The purpose of this report is to review this committee's work and performance in 2009/10. The audit and governance committee considered the annual report on 30 June 2010 and agreed to refer it to council assembly.
3. The audit and governance committee's terms of reference include a requirement to report annually to council assembly on its work and performance during the year.
4. The aims of the report are to make council aware of the audit and governance committee's work in relation to its audit, regulatory and financial reporting responsibilities and to provide assurance on areas covered or to identify any concerns.
5. This report also considers the effectiveness of the audit and governance committee which forms a part of the review of the system of internal audit required under the Accounts and Audit Regulations.

### KEY ISSUES FOR CONSIDERATION

#### Role of the committee

6. The purpose of the audit committee is to provide
  - Independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment
  - Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
  - Oversight of the financial reporting process.
7. In line with the above, the committee's terms of reference are structured by reference to its three key functions in terms of audit activity, the regulatory framework and the accounts.

## **Work programme since April 2009**

8. The following paragraphs summarise the matters considered by the committee at its meetings since April 2009.

### Meeting on 2 April 2009

9. The committee received the following reports:
- annual audit and inspection letter and use of resources judgement 2007/08 from the Audit Commission
  - follow up audit report on internal audit recommendations
  - the draft internal audit, fraud and risk management strategy for 2009/10 to 2011/12.
  - report on the proposed work programme for 2009/10 was considered and agreed by the committee
  - report on compliance with international auditing standards
  - progress report on preparation for closing the 2008/09 accounts and audit
  - verbal update on the De Menezes inquest.
10. In relation to internal audit reports, members noted that they wished to support officers in ensuring compliance with key timescales and asked to be notified of all draft reports not signed off within three weeks. The committee asked officers to make a number of changes and also requested additional details to be included in future monitoring reports to the committee which would further improve the quality of information provided.

### Meeting on 25 June 2009

11. The committee received the following reports:
- audit opinion plans for the council and the Southwark pension fund audits 2008/09 from the Audit Commission
  - audit progress report from the Audit Commission
  - annual report to council assembly on work and performance in 2008/09
  - 2008/09 review of the effectiveness of the system of internal audit
  - annual audit, fraud and risk report 2008/09
  - statement of accounts and annual governance statement.
12. In considering the statement of accounts, members asked a number of questions and also expressed concern about a section on performance highlights which formed part of the explanatory foreword to the statement of accounts. After some discussion, it was agreed that this section was not appropriate for the statement and the committee requested its removal before approving the accounts.
13. The committee reviewed the annual governance statement for 2008/09 and requested several changes relating to the section setting out the council's governance framework before approving the statement.
14. The committee also received the Audit Commission's 2008/09 audit and inspection plan and requested that an informal audit briefing with the Audit Commission be organised for August. Members also considered the annual audit, fraud and risk report 2007/08. Following a number of questions, members requested future reports on the housing rents and repairs data review and on key themes and an action plan. The committee also received a report on the review of the effectiveness of the system of internal audit and the update on two internal audit recommendations as requested at their June



meeting.

#### Meeting on 27 October 2009

15. Members were kept informed of progress on the audit of accounts by means of two progress reports in August and September and as work on the audit had not been completed in time for the meeting scheduled for September, it was agreed that it would be helpful to postpone this until October.
16. At this meeting, members received the Audit Commission's annual governance reports for both the council's main accounts and for the pension fund and asked questions of the District Auditor and of officers about the adjustments to the financial statements and letter of representation and about the use of resources scores. After considering and agreeing the proposed action plan, members proposed that this should be monitored through the year by them and it was agreed that an initial report would be brought back to them in February 2010. The letter of representation relating to the pension fund was signed by the chair on behalf of the committee, but it was agreed that the committee would note the letter relating to the council's accounts, with signing being deferred pending an updated annual governance report.
17. Following discussion about the score for the 'good governance' KLOE, members agreed that it would be appropriate for them to consider the governance of partnership arrangements in the future and it was agreed that their work plan would be amended to reflect this. The committee also requested that a report be brought to the next meeting on costs incurred following the Lakanal fire, particularly with reference to the urgent nature of some of the payments and the governance processes associated with these.

#### Meeting on 26 November 2009

18. The committee received the following reports:
  - audit progress report from the Audit Commission
  - follow up audit report on internal audit recommendations
  - report on retrospective contract-related decisions
  - report on expenditure and controls applied arising from the fire at Lakanal house.
19. The audit progress report included an addendum to the annual governance report for the council's accounts which addressed the accounting issues relating to Canada Water. After raising a number of issues with officers and the district auditor concerning these and associated matters, the committee agreed that the revised letter of representation should be signed by the chair.
20. In relation to the follow up report on internal audit recommendations, the committee agreed that officers who had not completed their agreed actions by the due date should be invited to attend the committee's meeting in February 2010.
21. As requested at its previous meeting, the committee received a report on the Lakanal fire. It requested further reports at future meetings and suggested that it would be helpful to include the loss of rent as part of the analysis.

#### Meeting on 4 February 2010

22. The committee received the following reports:
  - annual audit letter and use of resources judgement report from the Audit Commission

- follow up on annual governance reports 2007/08 and 2008/09
  - report on retrospective contract-related decisions
  - report on expenditure arising from the fire at Lakanal house
  - verbal update on the CIPFA workshop on advance audit committees attended by the chair of the committee.
23. Members of the committee thanked the District Auditor and the Audit Commission for their work.
24. In considering the report on retrospective approvals to contract decisions, members discussed whether it would be appropriate to set a threshold below which retrospective contract decisions need not be reported to them. Having considered the financial value of decisions in reports presented to them since December 2008, they agreed to recommend to the constitutional steering panel that contract standing orders be amended to require retrospective decisions over £100,000 to be reported to the committee. This amendment was considered on 19 May as part of the constitutional review and approved by council assembly.
25. Members received a further report on expenditure arising from the Lakanal House fire and agreed to maintain this as a standing item until further notice.

#### Meeting on 31 March 2010

26. The meeting scheduled for this date was cancelled due to the forthcoming elections. Items which would have been considered were moved onto the agenda for the meeting held on 30 June 2010.

#### **Effectiveness of the audit and governance committee**

27. The Accounts and Audit Regulations require a review of the system of internal audit to be carried out, including consideration of the effectiveness of this committee, and a peer review has been carried out by the City of London.
28. It is proposed to complement the review, that the committee assesses itself using a checklist produced by CIPFA. A completed checklist has therefore been prepared and this is attached at appendix A. This was considered by the committee on 30 June 2010. The committee was advised that the checklist should be considered alongside the review of the system of internal audit and the annual governance statement.
29. The completed checklist confirms that there are no significant areas of concern in relation to the committee's effectiveness. However, it highlights some areas which committee may wish to consider for improvement:
- use of feedback from managers in response to internal audit work undertaken;
  - training needs assessment of members.
30. It is suggested that more use is made of feedback from service managers as a way of helping to improve the service provided. As part of this, the committee was informed that summaries of information, including relevant key performance indicators, about quality and performance of the service provided will be reported to the committee. The committee noted that the internal audit contract was re-let last year and that the new contract has been in place since December.
31. In relation to training, it is suggested that a training needs assessment be undertaken in order to establish if there are any gaps in skills or experiences and to set out a plan for

dealing with these.

## **Training**

32. Training has been provided at meetings based on the agenda for the meeting. In addition to the briefing sessions referred to in the above paragraphs, a half day training session for members was held in July 2009 on risk, internal audit and fraud. Those attending included the chair of this committee, the executive member for resources and others. This provided members with an overview of the risk management process, internal audit and anti-fraud activity and clarified key responsibilities of the committee and others. It also highlighted the integration of the risk, internal audit and fraud functions and the benefits that this brings. The previous chair of the committee attended a one-day workshop on Advanced Audit Committees presented by CIPFA's Better Governance Forum in January 2010 which covered key aspects of the role of audit committees including corporate governance, risk management, treasury management, anti-fraud and value for money. Future opportunities will be made available to committee members as they become available.
33. The self-assessment checklist (see above) identified that training needs assessments should be undertaken and as the role of the committee continues to be developed, other areas may also become relevant.

## **Conclusion**

34. The committee's work programme aims to ensure that the committee is able to carry out its functions effectively. To this end, the programme is structured so as to cover the key areas of audit activity, the regulatory framework and financial reporting, and following a decision by council assembly in May 2010, scrutiny of the treasury management strategy and policies. The programme for 2010/11 was considered by the committee on 30 June 2010.
35. During the committee's third year of operation, it continued to ask questions on matters before it in a challenging yet constructive way. In some cases, this has resulted in improvements to statements to be approved (e.g. the statement of accounts and annual governance statement); in others, it has resulted in increased focus on the implementation of action plans (e.g. the follow up of annual governance report recommendations).
36. The committee has kept its work programme under review and made changes when appropriate. An example of this was the request for further follow-up reports on action taken to implement recommendations in the annual governance reports.
37. The committee has sought to exercise its influence to try and ensure that the difficulties experienced in previous years with the audit of the accounts are not repeated. This has been very helpful to officers, although care will be needed to maintain a balance between oversight and management of key processes.
38. Through its work, the committee is able to confirm that
  - the council's system of risk management is adequate to identify risk and to allow the authority to understand the appropriate management of those risks;
  - there are no areas of significant duplication or omission in the systems of governance in the authority that have come to the committee's attention and not been adequately resolved.

39. The work programme for the committee for 2010/11 is included elsewhere on this agenda for consideration and agreement, and this will be reviewed and amended on an ongoing basis if necessary to help to ensure that the committee can continue to provide assurance of the adequacy of the council's governance arrangements.

### **Policy implications**

40. At its meeting on 19 May 2010, council assembly considered amendments to the constitution. In relation to this committee, the changes agreed were to extend the committee's role to include scrutiny of the treasury management strategy and policies. There are no policy implications in the proposals in this report.

### **Community Impact Statement**

41. This report is not considered to contain any proposals which would have a significant impact on any particular community or group.

### **Resource implications**

42. There are no direct resource implications in this report.

### **Consultation**

43. There has been no consultation on this report.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Finance Director**

44. The audit and governance committee has been in place for three years and is now integrated within the council's governance arrangements. The challenge going forward continues to be management of the committee's agenda, to ensure that it can devote its resources in appropriate areas. Encouragingly, the enthusiasm of members of the committee is not in question and will help it to optimise its activities.
45. The year saw the following achievements:
- a. strengthening of the external audit relationship with the chair and committee members
  - b. increased interaction between committee members and officers and third parties (e.g. the District Auditor) and an improved understanding of the issues
  - c. ongoing constructive challenge from members in respect of reports received by them
  - d. growing confidence of committee members to request specific information, e.g. Lakanal
  - e. closer involvement with governance arrangements related to contracts, particularly through scrutiny of retrospective decision reports.
46. For this coming year, the following are areas where the committee has the opportunity to effect further improvement:
- a. engagement with new internal audit service providers
  - b. further development of the relationship with the district auditor
  - c. planning and monitoring of the implementation of International Financial Reporting Standards (IFRS)

- d. development of the new committee in the context of some complex issues (e.g. statement of accounts)
- e. development of arrangements for scrutiny of treasury management arrangements.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial Governance files	Finance and Resources, Second Floor, Tooley Street	Jo Anson 020 7525 4308

## APPENDICES

No.	Title
A	Measuring the Effectiveness of the Audit Committee – Self-assessment Checklist

## AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Finance Director	
<b>Report Author</b>	Jo Anson, Head of Financial Governance	
<b>Version</b>	Final	
<b>Dated</b>	01/07/2010	
<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>
Strategic Director for Communities, Law & Governance	No	
Finance Director	Yes	Yes
List other officers here		
<b>Cabinet Member</b>	<b>No</b>	<b>No</b>
<b>Date final report sent to Constitutional Team</b>	01/07/2010	

## Appendix A

Measuring the Effectiveness of the Audit and Governance Committee -  
Self-assessment Checklist

Issue	Yes	No	In Part	N/A	Comment
<b>Terms of Reference</b>					
Have the committee's terms of reference been approved by full council?	Y				
Do the terms of reference follow the CIPFA model?	Y				
<b>Audit and Regulatory Activity</b>					
Does the committee approve the strategic audit approach and the annual programme?	Y				
Is the work of internal audit reviewed regularly?	Y				The information provided has been reviewed by the committee throughout 2009/10 and amendments requested to provide a more complete picture
Are summaries of quality questionnaires from managers reviewed?			Y		Customer questionnaires are sent to audit owners and comments received are followed up with the internal audit contractor; these have been supplemented by meetings with senior finance managers at which quality issues have been discussed. At present, the committee does not receive reports on this. As part of the new internal audit contract, however, the results of the questionnaires are recorded as part of the KPIs. In future, this will be reported to the committee as part of the annual report.
Is the annual report, from the head of audit, presented to the committee?	Y				

Issue	Yes	No	In Part	N/A	Comment
Are reports on the work of external audit and other inspection agencies presented to the committee?			Y		Regular progress reports from the Audit Commission are made to the committee; where reports of other inspection agencies are presented to other committees, they would not necessarily be reported to this committee
Does the committee input into the external audit programme?	Y				
Does the committee ensure that officers are acting on and monitoring action taken to implement recommendations?	Y				The committee has stressed its willingness to question officers who have not taken action in line with agreed timescales and officers have been made aware of this
Does the committee take a role in overseeing: - risk management strategies - internal control statements - anti-fraud arrangements - whistle-blowing strategies?	Y				
<b>Membership</b>					
Has the membership of the committee been formally agreed and a quorum set?	Y				
Is the chair free of executive or scrutiny functions?	Y				
Are members sufficiently independent of the other key committees of the council?	Y				
Have all members' skills and experiences been assessed and training given for identified gaps?			Y		The needs of new members, in particular, need to be assessed
Can the committee access other committees as necessary?	Y				
<b>Meetings</b>					
Does the committee meet regularly?	Y				
Are separate, private meetings held with the external auditor and the internal auditor?				N/A	Not required to date

Issue	Yes	No	In Part	N/A	Comment
Are meetings free and open without political influences being displayed?	Y				
Are decisions reached promptly?	Y				
Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	Y				
Does the committee have the benefit of attendance of appropriate officers at its meetings?	Y				
<b>Training</b>					
Is induction training provided to members?	Y				
Is more advanced training available as required?	Y				Training has been provided in key areas during the year and training needs are kept under review
<b>Administration</b>					
Does the authority's s151 officer or deputy attend all meetings?	Y				
Are the key officers available to support the committee?	Y				



<b>Item No.</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 14 July 2010	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Motions	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

### **BACKGROUND INFORMATION**

In accordance with council assembly procedure rule 1.12 (9), the member moving the motion may make a speech directed to the matter under discussion. This may not exceed five minutes without the consent of the Mayor.

The seconder will then be asked by the Mayor to second the motion. This may not exceed three minutes without the consent of the Mayor.

The meeting will then open up to debate on the issue and any amendments on the motion will be dealt with.

At the end of the debate the mover of the motion may exercise a right of reply. If an amendment is carried, the mover of the amendment shall hold the right of reply to any subsequent amendments and, if no further amendments are carried, at the conclusion of the debate on the substantive motion.

The Mayor will then ask members to vote on the motion (and any amendments).

### **IMPLICATIONS OF THE CONSTITUTION**

The constitution allocates responsibility for particular functions to council assembly, including approving the budget and policy framework, and allocates to the cabinet responsibility for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis. Therefore any matters that are reserved to the cabinet (i.e. housing, social services, regeneration, environment, education etc) cannot be decided upon by council assembly without prior reference to the cabinet. While it would be in order for council assembly to discuss an issue, consideration of any of the following should be referred to the cabinet:

- to change or develop a new or existing policy
- to instruct officers to implement new procedures
- to allocate resources.

Note: In accordance with council assembly procedure rule 2.9 (7) & (8) (prioritisation and rotation by the political groups) the order in which motions appear in the agenda may not necessarily be the order in which they are considered at the meeting.

**1. MOTION FROM COUNCILLOR PETER JOHN** (Seconded by Councillor Victoria Mills)

Please note that, in accordance with council assembly procedure rule 2.9 (6), council assembly shall consider this motion.

**Southwark's response to the emergency budget**

1. Council assembly notes the unprecedented, game-changing cuts that government is making to public sector spending. It notes that local government will not be protected from those cuts and that, while we will know more after the comprehensive spending review in October, the council will face upwards of a 25% reduction in funding over the next five years.
2. Council assembly notes that the poorest Southwark residents and families will be hit hardest personally by the budget, with significant changes to:
  - Housing benefits
  - Tax credits
  - Child benefits
  - Disability Living Allowance
3. It further notes the 2.5% increase in VAT, which as a deeply regressive tax will hit the poorest hardest, and will more than swallow up any savings Southwark residents make through changes to the income tax personal allowance and council tax freeze.
4. Council assembly notes that these changes will take place at a time of rising unemployment and that the Office of Budget Responsibility's figures show that the actions in the budget itself will lead to weaker employment growth and more serious unemployment levels.
5. Council assembly notes that the cabinet has already committed to cutting waste and making efficiency savings, but that they will not be enough to prevent loss of services. It believes that the council will have to change the way it works by being innovative if we are to both continue delivering for Southwark residents and also try to meet the greater needs that the welfare reforms, VAT changes and persistent unemployment will cause in the community.
6. Council assembly further believes that meeting this challenge will require greater cooperation between the council, its neighbours, residents, businesses, local trade unions and stakeholders. It believes that the council's response will be stronger if local consensus can be achieved between the local parties wherever possible and resolves to go forward on that basis.
7. Council assembly therefore resolves to call on cabinet to open up the council's budget making process by finding innovative ways of involving residents in the tough choices that lie ahead and being honest with them about the scale of the challenge.

**Note:** If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

**2. MOTION FROM COUNCILLOR LEWIS ROBINSON** (Seconded by Councillor Toby Eckersley)

Please note that, in accordance with council assembly procedure rule 2.9 (6), council assembly shall consider this motion.

**Publication of spending on goods and services over £500**

1. Council assembly notes the cabinet resolution of 15 June 2010 in which it states it will "Open up the budget making process for public scrutiny so we make better decisions."
2. In light of this commitment to the residents of Southwark, council assembly requests the cabinet to bring forward proposals, as requested by the secretary of state for communities and local government to make details of spending on all goods and services over £500 for the public to see and scrutinise.
3. Council assembly believes that local people should be able to hold politicians and public bodies to account over how their hard earned cash is being spent, and welcomes these proposals, following the coalition government's own commitment demonstrated by the online publication of the COINS database, and urges the cabinet to follow this example.
4. Council assembly notes that by September, councils will be expected to make these details available and should be doing this as a matter of course by the start of next year and request the cabinet to take the appropriate steps to meet this deadline.

**Note:** If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

**3. MOTION FROM COUNCILLOR COLUMBO BLANGO** (Seconded by Councillor Jeff Hook)

Please note that, in accordance with council assembly procedure rule 2.9 (6), council assembly shall consider this motion.

**Southwark Park and the Olympics**

1. Council assembly notes the likely quashing of the council's planning permission for the refurbishment of the sports and athletics facilities at Southwark Park.
2. Council assembly shares the leader's "disappointment" at this setback, but is determined to complete this project in time for the Olympics in London in 2012 and so secure an Olympic legacy for Southwark.
3. Council assembly calls on the cabinet member for culture, leisure, sport and the Olympics to make all efforts to expedite the project, including an early redetermination of the planning application in order to meet the Olympic deadline.

**Note:** If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

**4. MOTION FROM COUNCILLOR ANOOD AL-SAMERAI** (Seconded by Councillor Paul Noblet)

Please note that, in accordance with council assembly procedure rule 2.9 (6), council assembly shall consider this motion.

**Southwark's capital programme**

1. Council assembly notes that in the budget on Tuesday 22 June, the Chancellor of the Exchequer specifically excluded capital spending from budget reductions and said he wished to focus on capital "projects with a significant economic return to the country".
2. Council assembly believes that this announcement allows Southwark to make progress on delivering a variety of capital projects that will bring significant economic benefits to the borough and more widely across London. By continuing to invest in major capital schemes the council will ensure the borough's residents have access to affordable housing, libraries, leisure centres, schools and sporting and youth facilities fit for the 21st century.
3. Council assembly therefore calls on the cabinet to deliver the existing capital commitments of the council, such as a full refurbishment of Seven Islands Leisure Centre including the reopening of the children's pool and the completion on time of Canada Water Library.

**Note:** If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

**BACKGROUND PAPERS**

Background Papers	Held At	Contact
Member Motions	Town Hall Peckham Road London SE5 8UB	Constitutional Team 020 7525 7228

<b>Lead Officer</b>	Ian Millichap, Constitutional Team Manager
<b>Report Author</b>	Sean Usher, Constitutional Officer
<b>Version</b>	Final
<b>Dated</b>	25 June 2010

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**NOTE:** Original held by Constitutional Team; all amendments/queries to  
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