

COMMITTEE: COUNCIL REF NO: C/19/09
DATE: 24 JULY 2019
SUBJECT: REPORT OF THE CONSTITUTION
WORKING GROUP ON PROPOSED
CHANGES TO THE CONSTITUTION
REPORT OF: THE MONITORING OFFICER

Short description of report content and the decision requested:

This report proposes that changes be made to the Council's Constitution to ensure that it reflects the Governance arrangements for wholly owned companies. Executive considered these changes at its meeting on 19 March 2019, following consideration by the Constitution Working Group (CWG) in February and March 2019.

Ward(s) affected:

All

List of Appendices included in this report:

Appendix 1 – Draft Appendix to Constitution – Governance arrangements for wholly owned companies

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This report was prepared after consultation with:

Internal consultees

Constitution Working Group

The following policies form a context to this report:

(all relevant policies must also be referred to in the body of the report)

Building a Better Ipswich 2017

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(papers relied on to write the report but which are not published and do not contain exempt information)

1. None

OTHER HELPFUL PAPERS

(papers which the report author considers might be helpful – this might include published material)

1. None

1. Introduction

- 1.1 The Executive and Constitution Working Group (CWG) have considered the suggestion by the Council's External Auditors that the Constitution should include details of how it exercises control over its wholly owned companies.
- 1.2 The CWG proposed, and Executive accepted, that that this be done by bringing together all the arrangements that Executive, as the shareholder for the companies, has put in place within one document that can be appended to the Council's constitution. This document is attached as Appendix 1.
- 1.3 The Monitoring Officer is required to keep the Council's Constitution under review. A full review of the Constitution is underway and will be submitted to Council later in the 2019/20 municipal year. However, there is a need to address the External Auditors request before the full review of the Constitution is complete.

2. Relevant Policies

- 2.1 The Council's wholly owned companies support the delivery of its Corporate Plan, Building a Better Ipswich and the delivery of its Medium Term Financial Plan.

3. Options Considered / Under Consideration

- 3.1 Option 1 - Not to include an appendix within the Council's Constitution setting out the Executive's governance arrangements for its wholly owned companies.
- 3.2 Option 2 – To include an appendix within the Council's Constitution setting out the Executive's governance arrangements for its wholly owned companies.
- 3.3 Option 2 is recommended as it meets the request from the External Auditors that this information is added to the constitution and provides an easy place of reference for such information.

4. Consultations

- 4.1 Consultation has taken place with the Constitution Working Group and Executive.

5. Risk Management

| Risk Description | Consequence of risk | Risk Controls | Probability of risk occurring taking account of controls (Scale 1-6) 1 – almost impossible 6 – very high | Impact of risk, if it occurred taking account of actions (Scale 1 – negligible 4 - catastrophic) | Actions to mitigate risk |
|--|--|---|---|---|---------------------------------|
| Failure to keep the constitution under review. | Governance arrangements are less robust. | The Monitoring Officer will keep the Constitution under review and required amendments to the Constitution will be proposed as necessary. | 2 | 2 | Review. |

6. Environmental Impact Assessment

6.1 There is no requirement for an Environmental Impact.

7. Equalities and Diversity Implications

7.1 Ipswich Borough Council is committed to taking effective action to eliminate discrimination and to promote equality of opportunity and diversity in all that it does as an employer, a service provider and as a community leader.

7.2 A full equalities impact assessment is not required.

8. Financial Considerations

8.1 No direct financial implications.

9. Legal Considerations

9.1 S151 of the Local Government Act 1972 requires that “every local authority shall make arrangements for the proper administration of their

financial affairs and shall secure that one of their officer has responsibility for the administration of those affairs.”

9.2 The Companies are governed by the Companies Act 2006.

10. Performance Monitoring

10.1 It is one of the statutory duties of the Monitoring Officer to keep under review and maintain the Council’s Constitution.

11. Conclusions

11.1 The addition of an appendix setting out how Executive controls its wholly owned companies will provide clarity and a single point of reference as well as satisfying the Council’s External Auditors.

12. Recommendations

12.1 That Council adopt a revised Constitution with the appendix to this report entitled Governance arrangements for wholly owned companies included as an appendix to Part 3, Section 3 (Executive Functions).

Reason: To ensure that the Constitution includes the governance arrangements for the Council’s wholly owned companies.