

**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE EXTRAORDINARY GENERAL PURPOSES COMMITTEE**

**HELD AT 6.30 P.M. ON WEDNESDAY, 10 APRIL 2013**

**MP702, 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,  
LONDON, E14 2BG**

**Members Present:**

Councillor Shiria Khatun (Chair)

Councillor David Edgar (Vice-Chair)

Councillor Peter Golds

Councillor Ahmed Adam Omer

Councillor John Pierce

**Officers Present:**

Jill Bell – (Head of Legal Services (Environment), Legal Services, Chief Executive's)

Chris Holme – (Acting Corporate Director - Resources)

John Williams – (Service Head, Democratic Services, Chief Executive's)

Louise Fleming – (Senior Committee Officer, Democratic Services)

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**

There were no declarations of Disclosable Pecuniary Interests.

**3. REPORTS FOR CONSIDERATION**

**3.1 Review of Virement Rules- Follow-up Report**

The Committee adjourned for 15 minutes to allow Members to read the report which had been tabled.

Upon reconvening, the Chair **agreed** the Special Reasons for Urgency, as set out in the report, as follows:

The report was not circulated with the Committee agenda nor available for inspection within the timescales set out in the Authority's Constitution because

of the short period available to compile the report following the meeting of the General Purposes Committee on 27<sup>th</sup> March 2013. The report is nevertheless recommended for consideration at this meeting in order to ensure that there is no delay to the review of Virement Rules agreed by Members in accordance with the decision of the Council.

The Committee considered the report which had been requested at its previous meeting on 27<sup>th</sup> March 2013. At that meeting, the Committee agreed a number of proposals to recommend that full Council amend the Authority's Constitution and requested that officers draft proposed changes.

Mr Chris Holme, Acting Director of Resources, in introducing the report before the Committee, summarised the key points contained therein, outlining the recommendations and the proposed changes to the Constitution set out in Appendix C to the report and commenting as follows:-

- Following the decision of the full Council in January, the Head of Paid Service had set up a working group to undertake a review and consultation had taken place with other London Boroughs with no permanent Chief Executive on their arrangements. The Head of Paid Service would write to all Members when the results of that review were known.
- The timescale implications of commissioning a review of virements independently of the wider review were set out to the Committee.

Ms Jill Bell, Head of Legal Services (Environment) summarised the advice in the report relating to the Committee's original proposal that the Overview and Scrutiny Committee be delegated powers to approve virements.

- The Local Government Act 2000, section 21 (4) states that an Overview and Scrutiny Committee may not discharge any functions of the authority other than the overview and scrutiny functions listed in that section. Therefore it would be inappropriate for the Overview and Scrutiny Committee to be involved in taking Executive decisions other than in a scrutiny and advisory context as this would compromise the Committee's independence in regard to scrutiny matters. For example the Overview and Scrutiny Committee would not be in a position to consider a call in of its own decision in relation to a virement. Therefore it was proposed that the appropriate body to delegate such a power to was the General Purposes Committee.

A short discussion followed which focused on the following points:-

- The Committee accepted that the role of the Overview and Scrutiny Committee was to scrutinise decisions and that it was appropriate for decisions on virements to be delegated to a decision making committee.
- Clarification was sought on the approximate number of virements which were currently reported to the Cabinet. Officers advised that an audit of such decisions would need to take place to give an exact figure; and that some virements were contained in individual reports relating to a specific policy, in Capital Programme reports and some in the Record of Corporate Director Actions noting report. However, it

was thought to be approximately 50-60. This would not, however, represent 50-60 individual meetings as it would be possible to take a number of decisions together.

- Members were concerned that they did not want to become an obstacle to decision making and it was accepted that the General Purposes Committee would need to meet more often to make decisions.
- Members noted the advice of officers that reasons would need to be given for changing the limit as there were concerns about the impact on the business of the Council and the decision of the General Purposes Committee could be open to potential challenge by the Executive if reasons were not given.
- Members noted the advice of officers that a procedure be put in place to write to the Committee informing them of virement proposals and that a meeting would only be called in Members objected. Any objections would need to be received in writing by the Service Head, Democratic Services, and a record of objections lodged would be maintained. The details of the proposals would be incorporated into the report to Council on 17<sup>th</sup> April.

The Committee, having considered the contents of the report before it, the advice of officers and the recommended decisions set out therein adjourned for 5 minutes to consider an amended recommendation proposed by the Chair, and upon reconvening consequently unanimously **agreed** the following:

**Resolved** to adopt the following resolution in order to provide greater confidence in the Budget Procedure and the integrity of the Council's oversight of the budget including virements:

1. To recommend to Council that it amend the Constitution to change the level at which virements need to be agreed by Council from £1m to £250,000, the level at which virements are currently agreed by Cabinet.
2. To recommend that Council delegates its power to approve or disapprove virements to the General Purposes Committee to discharge on Council's behalf.
3. To recommend to Council that any virement below the £250,000 limit to a budget to which virements totalling £250,000 have previously been made for the same purpose, should also be agreed by the General Purposes Committee.
4. That the Constitutional change would include a point in the Terms of Reference for the General Purposes Committee granting them the power to refer a decision of the approval or disapproval of a virement to full Council should they deem it necessary.

5. To request officers identify and draft the necessary changes to the Constitution in order to facilitate the above and that this report be brought to the next Council meeting on 17<sup>th</sup> April 2013 for Council to consider and make a final decision.
6. That the Local Government Association (LGA) be asked to consider the issue of the level of Council approval for virements as part of their governance review.
7. To recommend that the new Constitutional arrangements would stand until such time as Council amends this section of the Constitution to change the limit.
8. That the independent review previously proposed by the Council be postponed, awaiting the outcome of the LGA governance review.
9. To recommend that the Head of Paid Service be delegated the necessary emergency powers as referred to by officers in their report for use in extraordinary situations
10. That a procedure be adopted for officers to write to the members of the General Purposes Committee regarding any proposed virement that is subject to the Committee's agreement and only call a meeting if receipted objections are received to the virement.

The meeting ended at 7.32 p.m.

Chair, Councillor Shiria Khatun  
General Purposes Committee