

# Co-opting non-elected independent members

<b>Report number:</b>	<b>PAS/WS/24/004</b>	
<b>Report to and date(s):</b>	<b>Performance and Audit Scrutiny Committee</b>	25 January 2024
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**Decisions Plan:** This item is not required to be included in the Decisions Plan.

**Wards impacted:** All wards

**Recommendation:** It is recommended that the Committee:

1. Agrees to the principle of co-opting two non-elected independent members to the Performance and Audit Scrutiny Committee, as part of the current 12 membership of the committee.
2. Approves the approach to co-opting independent members as set out at section 2 and the next steps at 2.8 of report number: PAS/WS/24/004.

## **1. Context to this report**

- 1.1 As set out in report number PAS/WS/24/003 at agenda item eight, a Position Statement has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The position statement contains several recommendations including that local authorities include at least two co-opted independent members on their audit committees.
- 1.2 Whilst the co-option of independent members is not presently a statutory requirement, it is anticipated that it will be in the future. A statement from DLUHC confirmed this: "We will be making Audit Committees, with at least one independent member, a mandatory requirement once Parliamentary time allows. We will continue to consult with partners on how this should be implemented. In the intervening period, the government would encourage local bodies to establish their arrangements in line with CIPFA's guidance, including appointing independent members."
- 1.3 Approximately a third of Councils now have independent members on their audit committees. The advantages of having independent members on the Committee are:
- To bring additional knowledge and expertise.
  - to reinforce political neutrality and independence.
  - To maintain continuity of committee membership
- 1.4 The co-opted independent member(s) would be expected to attend the meetings of the Performance and Audit Scrutiny Committee to provide an independent perspective and to give advice to the Committee based on their knowledge and experience. The co-opted members would not be able to vote on any items considered by the Committee.

## **2. Proposals within this report**

- 2.1 The Performance and Audit Scrutiny Committee is asked to consider and discuss the proposal of the co-option of two independent members to the Committee as recommended by CIPFA. The approach to implementing this change is set out below.
- 2.2 The co-opted members will be politically independent and will be bound by the Code of Conduct in the constitution. They will be required to make a written declaration to be bound by the Code and to complete their entry in the Register of Interests within 28 days of taking office. Any alleged breaches of the Code by non-voting co-opted members will be investigated by the Monitoring Officer. This will need to be included in the constitution.

- 2.3 The constitution does not currently permit for independent members on the Committee and would need to be updated to allow for their inclusion. The constitution should also be very clear that whilst the views of the co-opted members must be considered by the Committee the co-opted members may not vote on any items. The changes to the constitution would need to be considered by the Constitution Review Group and then by Full Council.
- 2.4 It is suggested that co-opted members would be appointed for a four-year term, and they may serve for a maximum of two terms of four years. This approach is consistent with Suffolk County Council and would provide some continuity for the committee between elected administrations.
- 2.5 Remuneration and expenses for the independent co-opted members would also need to be addressed. The Local Authorities (Members' Allowances) (England) Regulations 2003 permit the Council to pay an allowance to a co-opted Member of a Committee. The Council's Independent Remuneration Panel could be requested to consider this. The fee should also be claimable where the co-opted member is required to attend training, conferences, seminars or other events as part of their role on the Committee.
- 2.6 The Committee should consider the skills and experience required for the position and will be asked to consider and approve a role profile to be used as part of the recruitment process. An example role description is included at **Appendix A** to this report.
- 2.7 The co-opted persons would be appointed by the Committee and a recruitment process would be required for a recommendation to be made to the Committee. It is suggested that an interview panel would undertake the interviews and be made up of the Chair and Vice-Chair of the Committee, supported by the Chief Executive, the Section 151 Officer and the Monitoring Officer.
- 2.8 In summary, should Members of the Performance and Audit Scrutiny Committee be supportive of seeking an Independent Member for the Committee, it is proposed that this be progressed as follows:
- The Constitution Review Group be requested to advise the Council on the necessary amendments to the constitution to provide for two non-voting Independent Members to be appointed on a term not exceeding four years.
  - The Independent Remuneration Panel be invited to advise the Council of an appropriate rate of remuneration for the role.
  - The Performance and Audit Scrutiny Committee considers the recruitment process, recruitment pack and appointment of an interview panel at a future meeting (anticipated May 2024).

- The Performance and Audit Scrutiny Committee to co-opt the independent members at their meeting in September 2024 following a successful recruitment process.

### **3. Alternative options that have been considered**

- 3.1 Whilst there is no legislative direction to include co-opted independent Members, CIPFA's Position Statement 2022 recommends that each local authority audit committee should include at least two Co-opted Independent Members to provide appropriate technical expertise. The Position Statement is supported by The Department for Levelling Up, Housing and Communities and the Home Office.

### **4. Consultation and engagement undertaken**

- 4.1 None required.

### **5. Risks associated with the proposals**

- 5.1 There is a risk that the Committee will be unable to appoint an independent member with a sufficient level of knowledge and expertise to support the committee. This risk can be mitigated with a robust recruitment process with detailed documentation regarding the role.

### **6. Implications arising from the proposals**

- 6.1 Financial - An allowance and expenses will be payable to the co-opted Independent Members on the Committee and this would need to be included in future budget setting processes.

### **7. Appendices referenced in this report**

- 7.1 Appendix A – Example role description

### **8. Background documents associated with this report**

- 8.1 [Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)
- 8.2 National Audit office AO report 2019 [Local Authority governance \(nao.org.uk\)](https://www.nao.org.uk/publications/2019/07/local-authority-governance/)