

SUBJECT: INDEPENDENT MEMBER

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: AMANDA STANISLAWSKI, AUDIT MANAGER

1. Purpose of Report

- 1.1 To consider the arrangements for the appointment of Independent Members to the Audit Committee.

2. Background

- 2.1 An Independent Member is a Committee Member who is not an elected representative but recruited to join the Committee. These members are appointed to increase the knowledge and experience of the committee reinforcing its independence. The role of the independent member is set out within their job specification and whilst it primarily follows that of the elected members the main difference within the Council is that they do not have any voting rights and cannot chair the meetings.
- 2.2 Following the issue of CIPFA Best Practice a decision was taken to appoint an Independent Audit Committee Member in October 2012. There has now been an Independent Member on the Committee since July 2013.
- 2.3 The current Independent Member has been in post since April 2016 and under the terms of the appointment, extensions can be given every two years up to a maximum term of eight years. This will therefore expire in April 2024.
- 2.4 Since the appointment was made CIPFA revised their guidance in 2022 setting out that it is now good practice to have two Independent Audit Committee Members.
- 2.5 Following a review of the Committee Terms of Reference in March 2015 a recommendation was made to Council for remuneration to be awarded for the Independent Member and this was set at £500 per year. This has not been increased and remains at £500.
- 2.6 A recent review of the Audit Committee Terms and Reference and review of the Effectiveness of the Audit Committee have considered the number of Independent Audit Committee Members. As the current Independent Member is reaching the end of her term it is an opportune time to consider the options for the future.

3. Appointment of Independent Members

- 3.1 The CIPFA guidance on Audit Committees issued in 2022 recommends that Councils appoint two Independent Members to the Audit Committee. They set out the following reasons for this:-

- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
- To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
- To help achieve a non-political focus on governance, risk and control matters.
- Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
- Having two co-opted members shows a commitment to supporting and investing in the committee.

3.2 Information was obtained of the number of Independent Audit Committee members on other local Councils (See 4.3 below) and there were three which had two, two with one and two Councils which currently had no Independent members.

3.3 Whilst there is no legislative requirement to have any Independent Audit Committee members it is good practice and legislation is currently proposed which would require Councils to have at least one Independent Audit Committee member.

3.4 During the Audit Committee in December 2023 it was agreed that the Council look into appointing a further Independent Audit Committee member. This report looks to re-affirm this and agree that this is incorporated into the revised Terms of Reference for the Committee and recommended to Council for approval. This would be on the basis of the Terms of Reference setting out a minimum of one independent and a maximum of two. This will allow flexibility if there is difficulty in recruiting two independent members.

4. Remuneration of the Independent Members

4.1 Within the Terms of Reference the Committee is responsible for determining and authorising the allowances for the Independent Member.

4.2 The current level of remuneration is £500 and has been at this level since 2016.

4.3 Information was obtained on the levels of remuneration paid to Independent Members of other local Councils and these are shown below:-

Council	Remuneration	Number of Independent Members
West Lindsey	£60 per meeting plus expenses (7 meetings a year)	2
East Lindsey	Mileage	2 (1 vacant)
South Holland	N/A	None - reviewing
Boston	£426.36	1
North Kesteven District Council	£745	2 (1 vacant, 2 vacancies advertised Jan 2024)
Newark and Sherwood District Council	£500	1

South Kesteven District Council	N/A	None
---------------------------------	-----	------

- 4.4 The review shows that the current remuneration paid is comparable to those paid at other local Councils, with only one paying more.

5. Organisational Impacts

5.1 Finance (including whole life costs where applicable)

There will be financial implications of increasing the number of Independent Audit Committee members and increasing the remuneration. These are likely to be a minimum of £500 per year and will be accommodated within existing cash limit budgets.

5.2 Legal Implications including Procurement Rules

Although not a legislative requirement, best practice and the revised CIPFA 2022 position statement, endorsed by the Department for Levelling Up, Housing and Communities recommend that audit committees in local government should include at least two co-opted independent members.

5.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

The appointment process will be undertaken in accordance with the Public Sector Equality Duty.

6. Recommendations

- 6.1 Committee formally considers the appointment of an additional Independent Audit Committee member and requests that this is incorporated into the revised Terms of Reference to be submitted to Full Council for approval.
- 6.2 Committee review the remuneration of the Independent Audit Committee members and consider whether an increase is required for 2024/25.
- 6.3 Subject to 6.1, Committee approve the re-advertising of the position of Independent Audit Committee member to be appointed for the June Committee.

Is this a key decision?

~~Yes~~/No

Do the exempt information categories apply?

~~Yes~~/No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

~~Yes~~/No

How many appendices does the report contain?

None

List of Background Papers:

None

Lead Officer:

Amanda Stanislawski, Audit Manager
Email: amanda.stanislawski@lincoln.gov.uk