

Audit Committee

27 March 2024

Recruitment of an Independent Member

Report from: Bhupinder Gill, Assistant Director, Legal and Governance
Phil Watts, Chief Operating Officer
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Summary

This report seeks approval of the proposed job description for an Independent Member and the associated recruitment process.

1. Recommendations

- 1.1. The Committee is asked to comment on the draft job description for the Independent Member, as set out in Appendix 1 to the report.
- 1.2. The Committee is asked to agree that an Interview Panel be established for (a) the purpose of shortlisting and interviewing applicants for the role of Independent Member and (b) to make a recommendation to the Audit Committee for approval of the proposed candidate, as set out in paragraph 5.2 of the report.
- 1.3. The Committee is asked to agree to delegate authority to the Chief Operating Officer, in consultation with the Chairperson and Assistant Director Legal and Governance, to finalise the job description taking into account comments from the Committee and to arrange for the recruitment process to be undertaken, as set out in sections 4 and 5 of the report.

2. Budget and policy framework

- 2.1. On 24 January 2024, Council approved the provision for an Independent Member to be appointed by the Audit Committee on a fully non-voting basis and on a term not exceeding 4 years (renewable once) (minute no. 570/2023-24 refers).
- 2.2. Following the recruitment process, the appointment of an Independent Member to the Committee would therefore be a decision for Audit Committee.

3. Background

- 3.1. The Audit Committee received a report regarding the appointment of an Independent Member on 29 November 2023 and recommended to Council an Independent Member be appointed to serve on the Committee on a fully non-voting basis (minute no. 398/2003-24 refers).
- 3.2. On 24 January 2024, Full Council approved the the provision for an Independent Member to be appointed by the Audit Committee on a fully non-voting basis and for a term not exceeding 4 years (renewable once) (minute no. 570/2023-24 refers).
- 3.3. Council also approved the recommendation of the Independent Remuneration Panel to set the payment of an allowance to an Independent Member at a benchmark of 10% of Members' basic allowance, (this being £1148 in 2023-24) (minute no. 568/2023-24).

4. Guidance on Audit Committees and Independent Members

- 4.1. To inform the role description it may be helpful to note the skills and knowledge an Independent Member would bring to the Audit Committee. The following benefits had been highlighted by the Committee and by other local authorities when appointing an Independent Member:
 - To bring additional knowledge, experience and expertise to the committee, particularly in areas such as governance, finance, risk management and/or audit;
 - To reinforce the political neutrality and independence of the committee; and
 - To maintain continuity of committee membership where membership is affected by the electoral cycle.
- 4.2. Recruitment Process
- 4.3. To undertake the recruitment process a job specification is required before advertisement. A draft job description has been provided at Appendix 1 following review of the Audit Committee Terms of Reference and practice by some other comparator authorities where an independent member has been appointed.
- 4.4. The Committee are asked to review the draft job description subject to it being finalised by officers leading the recruitment in consultation with the Chairperson.
- 4.5. In other authorities where an Independent Member has been appointed the interview panel has been Member led or has been made up of members and senior officers. It is for the Committee to consider the composition of the Interview Panel.
- 4.6. Following a recruitment campaign, shortlisting and interviews, the Audit Committee will be asked to agree the appointment of the successful

candidate and this is anticipated to be either the July committee meeting or the September committee meeting.

5. Options

- 5.1. The Committee is asked to consider the membership of the interview panel. This could be either;
- 5.1.1. Members only (supported by officers) or;
- 5.1.2. Members and officers.
- 5.2. If it is Members only, there is no requirement for political balance but it would be recommended to be so balanced.
- 5.3. However, it is recommended that the membership of the interview panel comprise of the Chairperson, Vice-Chairperson, Opposition Spokesperson, Assistant Director Legal and Governance and Chief Operating Officer. This will provide a collaborative approach by enabling both Members and officers to have a role in the recruitment of the Independent Member although the appointment of the proposed candidate would remain a decision for the Audit Committee itself.
- 5.4. The panel will shortlist applicants for the role, undertake interviews and make a recommendation to the Audit Committee on the proposed candidate for the role of Independent Member.

6. Risk management

- 6.1. Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Unable to appoint an Independent Member	Lack of good quality applicants	Ensure specification for the role is fit for purpose and attractive and recruitment process is robust.	DIV
Likelihood		Impact:	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

7. Financial implications

- 7.1. The Audit Committee has oversight of the council's governance and internal control arrangements, as well as the arrangements for financial reporting and statutory statement of accounts.
- 7.2. The costs involved in recruiting an Independent Member would be minimal. The annual allowance payable to an Independent Member is 10% of the basic allowance. On the current rate (2023/2024) that would be £1148 per annum. This will uplift each time the basic allowance is uplifted. All changes to Members' Allowances, including the introduction of the allowance for the Independent Member, are included in the agreed budget for 2024/25.
- 7.3. Recruitment activity for the Independent Member can be met from within existing budgets.

8. Legal implications

- 8.1. The Council's ability to co-opt members onto an Audit Committee derives from the Local Government Act 1972, as amended by the Local Government and Housing Act 1989. The latter Act establishes that members of committees appointed under the 1972 Act and who are not elected members of the Council do not generally have voting rights, with some exceptions such as Advisory Committees or Church and parent governor members of overview and scrutiny in respect of education matters.
- 8.2. The Local Government Act 1972 allows Councils to set up Committees which may either discharge the functions of the Council or advise the Council on the discharge of its functions.
- 8.3. Section 13 (1) of the Local Government and Housing Act 1989 says that a co-opted member of a committee established under Section 102 of the Local Government Act 1972 (i.e. a committee discharging the functions of the Council) must be a non-voting member. It is, however, possible to appoint a co-opted member with voting rights to certain other committees, including an advisory committee appointed under Section 102(4) of the Local Government Act 1972. It is then for the Council to decide on the term of office of any such co-opted member.
- 8.4. Section 102 (3) of the 1972 Act stipulates that a committee which discharges a function of the Council can include co-opted Members, except where it is a committee set up to regulate and control the finance of the local authority.
- 8.5. A person who is disqualified under the Local Government Act 1972 for being elected or being a member of a local authority is also disqualified for being a member of a committee of that authority.
- 8.6. The Local Authorities (Members' Allowances) (England) Regulations 2003 permit the Council to pay an allowance to a co-opted Member of a Committee. This would require the Members' Allowances Scheme to be amended to provide for this. The Scheme can only be amended by Full

Council, which must first take into account a report from the Independent Remuneration panel on such a proposal. Council in January 2024 considered a report from the Independent Remuneration Panel and approved their recommendation that an annual Special Responsibility Allowance be paid to an Independent Member, if appointed to the Audit Committee, at a benchmark of 10% of the Members' basic allowance.

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Appendices

Appendix 1: Job Description – Independent Member

Background papers

[National Audit Office – Local Authority Governance](#)

[Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#)