

Governance Committee

18 January 2021

Appointment of Co-opted Independent Member for the Regulation, Audit and Accounts Committee

Report by Director of Law and Assurance

Electoral division: Not applicable

Summary

It is proposed that the constitution of the Regulation, Audit and Accounts Committee be amended to include the appointment of a non-voting, co-opted independent member, with an audit or financial background, to assist the Committee.

Recommendation

- 1) That the Council be recommended to approve the change to the constitution of the Regulation, Audit and Accounts Committee, as set out in appendix 1.
 - 2) That the Council be invited to give the Director of Law and Assurance and Director of Finance and Support Services delegated authority to make arrangements to finalise the job description, advertise and take all other steps necessary to recruit to the role.
 - 3) That the West Sussex Independent Remuneration Panel be asked to consider an appropriate level of remuneration should the Committee consider that the role should be remunerated.
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Proposal

1 Background and context

- 1.1 The Regulation, Audit and Accounts Committee's (RAAC's) constitution currently provides for a committee of seven members, including a minority group chairman. The political makeup of the committee reflects the proportionality on the County Council, in line with the Local Government and Housing Act 1989.
- 1.2 A review of local authority audit arrangements was carried out in 2020 by Sir Tony Redmond, entitled 'Local Authority Financial Reporting and External Audit, an independent review'. The outcome of the review was reported to RAAC in September 2020, including the recommendation that independent members should be appointed to local authority audit committees. The Review reported on current arrangements:

'Whilst the vast majority of local authorities interviewed were supportive of the principle of appointing independent members, only about 40% of Audit

Committees currently have done so. The reported experience of having independent members on Audit Committees was mixed. In some cases, they provided useful challenge, but some authorities reported that the effectiveness of independent members was hampered by their lack of sector specific knowledge. A particular challenge for authorities is attracting independent members with the relevant technical experience. This challenge can sometimes be greater depending on an authority's geographical location. Some PCCs have found that the introduction of Joint Audit Committees, which are seen as more prestigious, has made Audit Committee membership more attractive to appropriately qualified independent members, but there is still not an abundance of suitable applicants for vacant positions.

- 1.3 RAAC was enthusiastic about appointing a non-voting co-opted independent member with audit skills to assist the committee in its approach to audit and other areas of its responsibility.

2 Proposal details

- 2.1 It is recommended that RAAC be enabled to appoint its own non-voting, co-opted independent member, in line with the general provision for committees in Standing Order 2.19 and the Local Government Act 1972 section 102. The proposed change to the Committee's constitution is set out in appendix 1.
- 2.2 The expectation is that the position would be non-voting in line with the Local Government and Housing Act 1989 and that the appointee should be non-political (i.e. not a member of a political party) to reinforces the independent nature of the audit function.
- 2.3 The proposed appointment and terms of office set out in appendix 1 are based on similar arrangements for independent members of the Independent Remuneration Panel and for the Pensions Advisory Board.
- 2.4 The Committee is asked to consider whether remuneration should be offered given the need for quite specialised experience in audit, otherwise the position would be advertised as a voluntary position. It is noted in the Redmond Review that Joint Audit Committees of the Office of Police and Crime Commissioners provide remuneration for independent co-opted members. If the Committee agrees this to be appropriate, it would need to ask the Independent Remuneration Panel to consider an appropriate level of allowances, to be recommended back to this Committee in March 2021 if possible.
- 2.5 It should be noted that other independent non-elected committee members are generally seen to be working voluntarily in public service, with only travel expenses being reimbursed. This applies to the members of the Independent Remuneration Panel, the Independent Persons on Standards Committee, the parent governor representatives on the Children and Young People's Scrutiny Committee and the representative members of the Pensions Committee. The particular level of specialist knowledge and the limited pool of possible appointees may however suggest a need for a small allowance.
- 2.6 The job description set out in appendix 2 is based on that of similar positions in other councils. It is proposed that the arrangements for recruitment and advertising be delegated to the Director of Law and Assurance and Director of Finance and Support Services, ending with a member appointment with the following steps:

- A. February 2021 – Finalise job description and settle remuneration.
- B. March 2021 – Advertise the post.
- C. April 2021 – Shortlisting by Directors and interview by the Chairman and Vice-Chairman of RAAC.

3 Other options considered (and reasons for not proposing)

- 3.1 The other option would be to await the Government’s reaction to the Redmond Review to see if the appointment of an independent member becomes a requirement. As RAAC is keen on the idea in principle and the power already exists to appoint, it is not necessary to await the Government’s reaction.

4 Consultation, engagement and advice

- 4.1 RAAC considered this matter on 25 September 2020 and supported the proposal that a position for a co-opted independent member should be established on the Committee.

5 Finance

- 5.1 Travel expenses will be payable in line with the Member Allowance Scheme. If the Committee wishes to approve an allowance for this post, this would be a cost for the Democratic Services budget that would need to be funded from savings in other member expenses.

6 Risk implications and mitigations

Risk	Mitigating Action
Failure to recruit.	A review will be undertaken during the recruitment process to identify any impediments. In the event of no appointment the Committee will be invited to consider other option.

7 Policy alignment and compliance

- 7.1 Not applicable.

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Background papers None