



**REPORT TO:** Council 5 October 2023

**LEAD MEMBERS:** Cllr Peter Fane (Chair of Civic Affairs Committee)  
Cllr Michael Atkins (Chair of Audit & Corporate Governance Committee)

**LEAD OFFICERS:** Head of Internal Audit  
Head of Finance  
Deputy Head of Legal practice / Monitoring Officer

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## Independent Members

### Executive summary

1. This report has been produced to propose that the membership of the Audit and Corporate Governance Committee should include an independent member, who are neither a Council elected member or an officer.
2. Recent guidance from professional bodies have reinforced the benefits associated with independent members and recommended that Councils appoint them.
3. The Audit and Corporate Governance Committee considered this at the [meeting on 26 July 2023](#). It was agreed to proceed and recommend this is reviewed at Civic Affairs Committee as it is a constitutional change.
4. The Civic Affairs Committee considered this at the [meeting on 12 September 2023](#). It was agreed to proceed and recommend this is approved by Full Council so the Constitution can be updated.
5. The proposed changes to the Constitution are included in Appendix C for ease of reference.

### Key Decision

6. This is not a key decision because this it does not fall within the Constitutional definition of a Key Decision.

### Recommendations

7. Council changes the Constitution to allow the appointment of an Independent Member to the Audit and Corporate Governance Committee, noting that they should:
  - (a) not have voting rights;
  - (b) be on the electoral roll; within the Cambridgeshire area; and
  - (c) the recruitment process to be delegated to the Audit & Corporate Governance Committee
8. The Audit & Corporate Governance Committee be authorised to make the necessary arrangements to recruit and select the Independent Member as per the suggested constitutional additions in Appendix C.

## Reasons for Recommendations

9. Appointing an Independent Member would help the Committee follow best practice set out by the Chartered Institute of Public Finance and Accountancy (CIPFA). This has been recommended by both Audit & Corporate Governance and the Civic Affairs Committee.

## Details

10. The Audit and Corporate Governance Committee is a key component of the Council's corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
11. The purpose of the committee is to provide independent assurance, to the members, of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks; and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
12. It is best practice that the Audit and Corporate Governance Committee periodically reviews if it would be beneficial to appoint co-opted independent members to the Committee (also known as lay members). Appendix A includes Independent Member Guidance.

## Feedback and recommendations from the Audit & Corporate Governance Committee and the Civic Affairs Committee

13. Both the Audit & Corporate Governance Committee and Civic Affairs Committee reviewed the options and recommend appointment of a single Independent Member.
14. Factors that were discussed and informed the decision included:

<p>Adopting best practice, and the role of the non-elected member</p>	<p>The professional body Chartered Institute of Public Finance and Accountancy (CIPFA) sets out guidance on effective audit committees.</p> <p>Recommended best practice from CIPFA, is to appoint a co-opted Independent Member (lay member) in English authorities.</p> <p>A co-opted or lay member is a committee member who is not an elected representative but recruited to join the committee.</p> <p>Inclusion of Independent Members is already a legislative requirement for authorities in Wales, and combined authorities in England.</p> <p>Both committees discussed the benefits and risks of Independent Members. The objective of including such members is to increase the knowledge and experience base of the committee, reinforcing its independence.</p> <p>The current Audit Committee membership comprises a good mix of members with relevant knowledge and skills. This might not always be the case, and an Independent Member can help to provide continuity.</p>
<p>Availability</p>	<p>Best practice recommends the committee includes two co-opted independent members.</p> <p>It may be a challenge to recruit people with the skills and resources required. Both Committees agreed that recruiting a single person is more achievable. This could be reviewed again in future.</p>

Voting rights	<p>The CIPFA guidance sets out that the role description of a co-opted member of the committee will be the same as for an elected representative who is a committee member. There are two exceptions:</p> <ul style="list-style-type: none"> <li>• where the committee has been delegated decision making responsibilities. The Committee currently has no delegated decision-making responsibilities set out in the Constitution.</li> <li>• The Committee is required to approve the Statement of Accounts and the Annual Governance Statement in accordance with the Accounts and Audit Regulations. In England and Wales, co-opted independent members cannot vote to approve the accounts under section 13 of the Local Government and Housing Act 1989. They can advise and comment.</li> </ul> <p>While including co-opted members can bring real value to the committee, care is needed to ensure the arrangement works well, both for the co-opted member and for the other committee members.</p> <p>A co-opted Independent Member without voting rights can contribute to the discussions prior to a formal decision being made.</p> <p>The Civic Affairs Committee debated this and concluded that the role should not have voting rights at this time, but this could be considered again in future once the role has developed.</p>
Relevant skills and local connection	<p>An important focus will be to recruit someone with the relevant skills and knowledge, and to make sure that they actively participate and attend all meetings.</p> <p>It was suggested that the Independent Member should be a resident of the district, and on the electoral roll. Local knowledge could be an asset in helping them contribute effectively to meetings. While preferred, this could restrict the pool of available candidates. The Civic Affairs Committee agreed that the Independent Member should be on the electoral roll and be local to the Cambridgeshire area.</p>
Appointment	<p>If the Council approves the constitutional change, the Chief Finance Officer, after consultation with the Chairman of the Audit &amp; Corporate Governance Committee, should be authorised to make the necessary arrangements to recruit and select the Independent Member.</p>

## Options

15. The options are to:

- (a) Do nothing and maintain the current arrangements; or
- (b) Adopt a change in the Constitution, as per the recommendation in paragraph 7. This will enable officers to commence the process for appointing an Independent Member with powers as set out in the appendices which are based on best practice guidance.

## Implications

16. In the writing of this report, the following implications have been considered:

### Policy

17. The Council's Audit and Corporate Governance Committee, or Civic Affairs Committee, does not currently have arrangements to appoint independent members. If an independent appointment was recommended, then changes to the constitution would be necessary following approval by Council.

### Legal

18. The Council's Audit and Corporate Governance Committee is defined by the Local Government Act 2000 and its purpose is to give assurance to elected members and the public about the governance, financial reporting and performance of the Council. The appointment of independent members on the committee will assist and promote good governance and scrutiny of the committee. If committee decides to recommend the appointment an independent member, then this would require a constitutional change and the matter will need to go to full Council for approval.

### Financial

19. It is usual practice to provide some form of payment to the lay committee members and to pay expenses for attending meetings for 2022/23 the allowance was £1,163. The allowance recognises the value and time contributed by the member. If an independent member is appointed as the committee chair, an additional sum would be appropriate. There will also be recruitment costs.

### Risk

20. There is a risk that it will prove difficult to make an appointment and to ensure that any appointment made is a suitable member. There will need to be a clear person specification that draws out the attributes that the Council would be looking for the person to possess and to guide the recruitment panel in the selection process.

## Background Papers

21. Background papers used in the preparation of this report:

- Audit & Corporate Governance Committee Terms of Reference

## Appendices

22. Appendices to this report include:

- Appendix A - Independent Member Guidance
- Appendix B – Role Description
- Appendix C – Proposed changes to the Constitution

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