

Appendix A – Independent Member Guidance

Background

1. Audit committees in local authorities are necessary to satisfy the wider requirements for sound financial management and internal control.
2. The Accounts and Audit (England) Regulations 2015 state that a local authority is responsible “for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk”. In addition, section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs”.
3. A co-opted independent or lay member is a committee member who is not an elected representative but recruited to join the committee. The objective of including such members is to increase the knowledge and experience base of the committee, reinforcing its independence.
4. Inclusion of lay members is a legislative requirement for authorities in Wales and for combined authorities in England. Where there is no requirement, CIPFA recommends the committee includes two co-opted independent members.

Benefits of Independent Members

5. The reasons for CIPFA’s recommendation are as follows:
 - 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.

While including co-opted members can bring real value to the committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.

Historical evaluation

6. The Audit & Corporate Governance Committee has previously considered the benefits of appointing an Independent Member.
7. In [April 2019](#) the Audit and Corporate Governance Committee reviewed its Terms of Reference using the guidance published by CIPFA. The [Terms of Reference](#) form part of the Council’s Constitution.
8. At the April 2019 meeting Members considered the appointing an Independent Member, and this is recorded in the minutes:

“It was suggested that the Committee should include a non-councillor in its membership. It was noted that this could ensure experienced knowledge in the Committee’s membership but the Council might find it difficult to recruit a suitable candidate.

It was agreed that a small Special Responsibility Allowance should be paid to an independent member and full Council would be responsible for appointing them.

The Committee agreed that it should have the option of appointing an independent person to its membership and asked the Deputy Head of Legal Practice to investigate whether this was possible.”

9. At the [September 2019](#) meeting Members considered a report from the Head of Finance and the Monitoring Officer. The Committee made the following points:
 - It was unclear what additional benefit an independent members could bring to the Committee.
 - The Council would find it difficult to attract a person of suitable calibre for this position.
 - It was unlikely that the allowance that would be offered for the position would prove much of an incentive.
10. The Committee resolved not to recommend the appointment of an independent member at this time, but to review this issue periodically.
11. In March 2023 the Audit and Corporate Governance Committee completed a self-assessment to the latest guidance published by CIPFA. At this workshop the Committee agreed to review the appointment of an Independent Member at a future meeting.
12. In July 2023 the [Audit and Corporate Governance Committee](#) considered a report on appointment of an independent member. It was agreed that this should be progressed as best practice and agreed it should be proposed to Civic Affairs as it was a constitutional change.

Current professional guidance and best practice

Redmond Review

13. Sir Tony Redmond completed an Independent Review into the oversight of local audit and the transparency of local authority financial reporting in 2019. In 2021 the Department for Levelling up, Housing & Communities published their [final response to the technical consultation](#) on the local audit framework. The response said:

“Fundamentally, it is important that councils, as with other public bodies, have appropriate measures in place: the government considers it proportionate to establish a simple principle that local authorities should have an audit committee, with at least one independent member. Mandating for audit committees would ensure widespread take-up, along with improved public accountability.

Consequently, based on the consultation feedback, 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.

CIPFA Position Statement

14. CIPFA published, in 2022, a revised Position Statement: Audit Committees in Local Authorities and Police. The statement represents CIPFA’s view on the audit committee practice and principles that local government bodies in the UK should adopt.
15. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.
16. The Position Statement includes the potential role of Independent Members:

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

CIPFA Guidance

17. CIPFA issued updated guidance on audit Committees in 2023. This provided guidance on the role of the co-opted independent member:

The role description for a co-opted member of the committee will be the same as for an elected representative who is a committee member. The only substantial difference will be where the committee has been delegated decision-making responsibilities – although such delegations are not advised by CIPFA – a co-opted member cannot vote on council policy, so will not be able to take part in the decision, though they can, of course, contribute to the discussions prior to the formal decision.

The minutes of the meeting should distinguish between a delegated committee decision and a recommendation from the committee to another council body. The latter is part of the role of an advisory committee and the co-opted member should be able to take part fully.

Process for adopting the change

18. If the Audit and Corporate Governance Committee wish to proceed with the proposal, they should recommend this to Civic Affairs Committee and thereafter Council as it will be a Constitutional change. Both the Audit and Corporate Governance Committee and Civic Affairs Committee agreed to proceed, and this is now being presented to the Council:



19. In preparing for the appointment of an independent member a recruitment process would need to be carried out which would involve officer and member time, there would be a small cost attached to the process.

Anticipated challenges and considerations

20. It is not currently known whether there would either be any interest in this or indeed anyone suitable to carry out the role.
21. The member would need to have some understanding of how a local authority works and would also need to have a finance background. The risk of appointing someone with a finance background but no knowledge of local authority finance is that it could generate additional work and questions that add little to the process, and it is important that the independent member adds value to the Audit and Governance process.
22. Another consideration would be whether the member would have voting rights in the same way that other members would have. Independent members should be able to fully participate, but there are exclusions to their voting rights, they cannot vote on the Statement of Accounts, Council Policy or delegated decisions.
23. It would also seem appropriate to pay an allowance to the independent member in recognition of their duties which would be an additional cost in the budget.
24. Members would also need to determine the duration of any appointment and officers would recommend a 4-year initial term with re-appointment for a further term or terms. It would also be necessary to make amendments to the Council's constitution to reflect any changes this would bring. A draft role description is attached at appendix B.