



Report To: Audit and Corporate Governance 24th September 2019

Lead Officer: Peter Maddock, Head of Finance

SUBJECT: POSSIBLE APPOINTMENT OF INDEPENDENT MEMBER(S)

PURPOSE

1. To consider whether the membership of this Committee should include an independent member or members who are neither a Council member or officer.

RECOMMENDATION

2. Members instructions are sought on whether to recommend to Civic Affairs Committee and thereafter Council the appointment of an Independent Person to Audit and Corporate Governance Committee. If the Committee want to proceed with the proposal and it is approved by Council, that the Chief Finance Officer, after consultation with the Chairman of the Committee, be authorised to make the necessary arrangements to recruit and select the independent person.

REASON FOR RECOMMENDATION

3. The Committee have asked for a report on the implications of appointing an independent member or members to assist with the work of the committee. The report seeks to explore the benefits that such an appointment could bring.

BACKGROUND INFORMATION

Introduction

4. The Committee, at its last meeting, received a verbal update on the possibility of the appointment of an independent member or members to assist with the committees work. This was following a brief discussion at the meeting of 30th April when this issue was first raised.
5. The issue had been investigated jointly by the Chief Finance Officer and Deputy Monitoring Officer and it was reported that such an appointment could be made and indeed other authorities had gone down this route already.
6. It was agreed that a report be made to this committee detailing the benefits of such an appointment but also highlighting what would need to be done if the Committee were minded to proceed with such an appointment.

Benefits

7. A key consideration in any audit appointment is independence. The final accounts audit for example is a review of the accounts by someone completely independent of the completion of the accounts and they need to satisfy themselves that the accounts are true and fair. Independence means they can be impartial and should be free from any possible interference or influence from the body being audited. It also gives the reader of the accounts a degree of assurance that the financial information has not been subject to any form of manipulation.
8. As far as the Audit and Governance Committee is concerned an independent member brings a similar sort of challenge to the work of the committee in that they would have had no involvement in the setting up of the Governance arrangements of the Authority which members of the Council do have albeit collectively.
9. An independent member can also bring a different perspective to the committee which at times can be helpful when considering changes to governance arrangements and can bring their experience from another sector recognising though that as a public authority and custodians of public money the Council has very different Governance arrangements to other organisations as result.

Considerations

10. 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. Members would also need to determine the duration of any appointment and officers would recommend a 2 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 A.
11. It is not currently known whether there would either be any interest in this or indeed anyone suitable to carry out the role. The person 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.
12. Another consideration would be whether the person would have voting rights in the same way that other members would have. Members instructions are sought on whether the independent member should be in the same position as any other committee member including the ability to vote on issues as and when required. 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.

Summary Position

13. The report looks at the possibility of introducing an independent member or members of the committee and outlines some of the considerations and benefits of such a move.

OPTIONS

14. The options are to either look to appoint one or possibly two independent members and either give them the same rights as other committee members or possibly not allow them to vote though this could in theory reduce their effectiveness. Officers are of the opinion that one independent member would be sufficient.

IMPLICATIONS

15. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Policy

16. The Council's Audit and Corporate Governance Committee does not currently have arrangements to appoint independent members. If an independent appointment was recommended then changes to the constitution would be necessary

Legal

17. 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 before civic affairs committee and then full council for approval.

Financial

18. There will be a financial implication in that an Independent Person will be paid an allowance and costs associated (travel and subsistence expenses) with attending meetings. There will also be recruitment costs. Currently the Council has fixed an allowance of £1,030 for the Lead Independent Person and £515 for the Deputy appointed under the Localism Act 2011.

Risk

19. There is a risk that it will prove difficult to make an appointment and to ensure that any appointment made is a suitable person. 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. .

Environmental

20. There are no environmental implications arising directly from the report.

Equality Analysis

21. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. It is considered that the report has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

BACKGROUND PAPERS

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information)

England) Regulations 2012 require documents to be open to inspection by members of the

Public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) In the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

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