



North Devon Council

Report Date: Wednesday, 21 February 2024

Topic: Appointment of Co-opted Independent Member to Governance Committee

Report by: Jon Triggs, Director of Resources and Deputy Chief Executive

1. INTRODUCTION

- 1.1. An independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities was published in September 2020. The full report can be found at [Redmond_Review.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/Redmond_Review.pdf)
- 1.2. One of the recommendations from the report was consideration to be given to the appointment of at least one Independent Member, suitably qualified, to the Audit Committee.
- 1.3. Members of Governance Committee on 9 January 2024 considered the context around Independent Members for Audit and Governance Committees and a proposition through the Devon Audit Partnership, who provide Internal Audit for a number of Councils in Devon, to recruit and provide suitable qualified Independent Members for a number of Devon authorities.
- 1.4. The resolution from Members at the above meeting was;
 - The appointment of a Co-opted Independent Member to the Governance Committee be recommended to Full Council;
 - A separate report setting out the required changes to Part 3 Annexe 1 paragraph 5 of the Constitution be considered at the next full Council, and
 - Full Council be recommended to amend the scheme of Members Allowances for 2023/24, 2024/25 and 2025/26 to include a special responsibility allowance of £200 per annum for the Co-opted Independent Member of the Governance Committee

2. RECOMMENDATIONS

- 2.1. That Members approve the appointment of a Co-opted Independent Member to the Governance Committee.
- 2.2. Subject to 2.1 being approved, that Naomi Whitmore be appointed as the Co-opted Independent Member to the Governance Committee.
- 2.3. That Members approve the required changes to Part 3 Annexe 1 paragraph 5 of the Constitution as set out in the body of the report and in Appendix A.
- 2.4. That the Scheme of Members Allowances for 2023/24, 2024/25 and 2025/26 be amended to include a special responsibility allowance of £200 per annum for the Co-opted Independent Member of the Governance Committee.

3. REASONS FOR RECOMMENDATIONS

- 3.1. The review into effectiveness of local audit and the transparency of local authority financial reporting recommended Councils have at least one Independent Member on Audit and Governance Committees, this report sets out a proposal for this Council to approve that appointment.
- 3.2. The Constitution outlines the composition of the Governance Committee together with the requirements and quorum of membership. If an additional Co-opted Independent Member is approved then the Constitution is required to be amended accordingly.
- 3.3. The Scheme of Members Allowances is required to be updated to include reference to a special responsibility allowance for the Co-opted Independent Member of the Governance Committee.

4. REPORT

- 4.1. In June 2019, Sir Tony Redmond was asked to undertake an independent review of the effectiveness of local audit and the transparency of local authority financial reporting. The full report finding and recommendations can be found at [Redmond Review.pdf \(publishing.service.gov.uk\)](#)
- 4.2. The Redmond Review proposed legislation requiring Audit Committees to have at least one Co-opted Independent Member. The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance advising that “The Audit Committees of Local Authorities should include co-opted independent members in accordance with the appropriate legislation.”
- 4.3. Devon Audit Partnership has been working with a number of Devon Councils to recruit new Independent Committee Members. A co-opted Independent Member is a Committee member who is not an elected representative.
- 4.4. The report that was presented to Governance Committee in January 2024 outlined proposals for North Devon Council to determine if it would like to appoint 1 (one) Independent Member to its Governance Committee. It is not a statutory requirement to have Independent Members appointed.
- 4.5. The Redmond Review report in 2020, outlined that whilst the vast majority of local authorities interviewed were supportive of the principle of appointing independent members, only about 40% of Audit Committees currently had done so. It stated 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.
- 4.6. The Redmond Review report was clear that a particular challenge for local authorities is attracting independent members with the relevant technical experience. This challenge can sometimes be greater depending on an

authority's geographical location and there was still not an abundance of suitable applicants for vacant positions.

- 4.7. This has been a challenge across this region and Devon Audit Partnership have been collaboratively working with Devon Councils to look into the potential recruitment of new Independent Member(s) that could provide this important role across the region, rather than each Council independently trying to recruit its own, with the challenge of finding that suitably qualified person.
- 4.8. Devon Audit Partnership advertised for such a role, seeking people with no direct connection to the Councils' political groups to join their Audit and Governance Committees. Co-Opted Members will sit with elected Councillors bringing an informed and independent perspective. The objective of including such members is to increase the knowledge and experience base of the Committee, reinforcing its independence. This is a role that carries public responsibility and the person will have the chance to make a meaningful and positive contribution to the residents of the region.
- 4.9. Audit and Governance Committees are a key component of an authority's governance framework, and they strive to support good governance and strong public financial management. They provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both Internal and External Audit the Committee makes an important contribution to ensuring that effective assurance arrangements are in place.
- 4.10. The role for Independent Members was advertised by Devon Audit Partnership at the end of 2023 and had been seeking candidates that should;
- Have a professional audit/accountancy/finance/business management background
 - Be able to interpret and analyse numerical data with a view to asking probing questions to reach rational conclusions
 - Be a critical thinker and seek to uphold accountability
 - Be confident in fully and proactively participating in the consideration of matters before the Committee at its public meetings
 - Be a good listener; fair, unbiased and objective in their approach.
- 4.11. In order to be eligible to apply for the position, applicants must not;
- be a Councillor or Officer of any of the Councils or have been so in the preceding 12 months prior to appointment
 - be related to, or a close friend of, a Councillor or Senior Officer of the Local Authority
 - have been convicted of any offence

- be an undischarged bankrupt
- have significant business /contractual dealings with the Council/s
- have a proven history of vexatious and/or frivolous complaints at any of the Councils
- be in arrears with Council Tax, Business Rates or have other outstanding debts owing to the Councils.

- 4.12. Devon Audit Partnership advertised the posts and set out that a proportion of the members annual allowance or fixed annual fee (dependant on the Council) will be paid to the successful post holders.
- 4.13. If Members are minded to approve the appointment of an independent members to North Devon Council, it is recommended that the allowance be set at £200 per annum, which follows guidance sought from the Independent Remuneration Panel.
- 4.14. The outcome from the Devon Audit Partnership recruitment process has concluded and a suitable candidate, who is based in North Devon has been identified. Their CV and experience has been shared with the Director of Resources (Chief Financial Officer) of this Council who concurs with the opinion provided by the Devon Audit Partnership of their suitability for such a role.
- 4.15. To conclude this process, it is now for this Council to determine if it would like to appoint such an independent member to its Governance Committee in line with the recommendations following the Redmond Review.
- 4.16. The Council's ability to co-opt members onto a committee like Governance Committee derives from the Local Government Act 1972, as amended by the Local Government and Housing Act 1989. Section 13(1) of the 1989 Act 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 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.
- 4.17. 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. This is a function the Governance Committee carries out, among others as noted in paragraph 5 of Annex 1 to Part 3 of the Constitution. While, as CIPFA acknowledge, it may conceivably be possible for a co-opted councillor to have voting rights where the Governance Committee operates as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, and to not have such rights when the Governance Committee is not acting in its capacity as an advisory committee

it is not recommended that the Council provide the Independent Member with voting rights. Apart from the potential for confusion as to which capacity the Governance Committee is acting in at any one time in the decisions it makes, the point is that the Independent Member is appointed as an expert. Their voice is equal, but as they are not elected and cannot be held accountable for it in the same way as other committee members (i.e. via elections), then from a voting perspective it is considered that they should not hold a vote.

4.18. The proposal is to amend paragraph 5 of Annex 1 to Part 3 of the Constitution to allow for the inclusion of an Independent Member, the purpose of their role and any restrictions on their involvement. A copy of the revised paragraph 5 of Annex 1 to Part 3 of the Constitution is included as Appendix A to this report for Council approval. The changes made are as follows:

4.18.1. The number of Members appointed to the Committee will be 9 with 1 additional Independent Member.

4.18.2. The Special Requirements for the Committee will detail the following (with an ambition for consistency as to the nature of the appointment of Independent Members with those already provided for Harbour Board): The Independent Member (who shall not be a Member of the Council) is appointed to provide experience and expertise in audit, accountancy, finance and risk management to advise the Committee in these areas and shall have no voting rights. Appointments of an Independent Member shall be for a four year period to ensure continuity of experience and expertise available to the Committee. Appointments may be renewed at the discretion of the Council for a maximum of two four year terms after which any further service on the Committee can only be achieved following a competitive appointments process.

4.18.3. The Quorum for the meeting will remain at 3 and the Independent Member will not count towards this number and the Committee will be quorate without the Independent Member present.

5. RESOURCE IMPLICATIONS

5.1. There will be a financial impact of the need to remunerate an Independent Member for their time carrying out the role for Governance Committee and it is recommended that the level of remuneration be set at £200 per annum following advice from the Independent Remuneration Panel. This cost will be met from within the existing revenue budget framework.

6. EQUALITIES ASSESSMENT

6.1. There are no equalities implications anticipated as a result of this report.

7. ENVIRONMENTAL ASSESSMENT

7.1. There are no environmental implications arising from the potential appointment of a Co-opted Independent Member to the Governance Committee.

8. CORPORATE PRIORITIES

8.1. What impact, positive or negative, does the subject of this report have on:

8.1.1. The commercialisation agenda: None

8.1.2. Improving customer focus: None

8.1.3. Regeneration or economic development: None

9. CONSTITUTIONAL CONTEXT

9.1. The decision in respect of the recommendations in this report can be made pursuant to Article 4.5.1 and 4.5.6 of the Constitution.

10. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

11. BACKGROUND PAPERS

The following background papers were used in the preparation of this report: (The background papers are available for inspection and kept by the author of the report).

12. STATEMENT OF INTERNAL ADVICE

The author (below) confirms that advice has been taken from all appropriate Councillors and Officers: Jon Triggs, Director of Resources and Deputy Chief Executive.