

REPORT REFERENCE NO.	DSFRA/22/20
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	26 SEPTEMBER 2022
SUBJECT OF REPORT	APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT & GOVERNANCE COMMITTEE
LEAD OFFICER	Director of Governance & Digital Services
RECOMMENDATIONS	<p><i>That the Authority:</i></p> <p><i>(a). authorises the Clerk to:</i></p> <p><i>(i). undertake a process to identify suitable candidates for appointment as co-opted independent members of the Audit & Governance Committee;</i></p> <p><i>(ii). amend the Authority's current approved Scheme of Members' Allowances to reflect any remuneration as may be agreed by the Authority in relation to these positions; and</i></p> <p><i>(b). delegates final appointment of the co-opted independent members to the Appointments & Disciplinary Committee.</i></p>
EXECUTIVE SUMMARY	<p>This paper identifies:</p> <ul style="list-style-type: none"> the recommendation in the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 for the audit committees of all relevant authorities (including combined fire and rescue authorities) to have, as part of their membership, at least two co-opted independent members to provide appropriate technical expertise; and The paper also identifies issues relevant considerations for the Authority in relation to this recommendation.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISKS AND BENEFITS ANALYSIS	Not applicable.
APPENDICES	Nil.
BACKGROUND PAPERS	CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022

1. INTRODUCTION

- 1.1. In July of this year, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised position statement (the Statement) on audit committees for local authorities and the police.
- 1.2. The scope of the position statement includes the audit committees of fire and rescue authorities in England and Wales. The statement sets out the purpose, model, core functions and membership of audit committees.

2. APPLICATION TO THIS AUTHORITY

- 2.1. The Terms of Reference of the Authority's Audit & Governance Committee are compliant with the core functions and specific responsibilities of an audit committee as set out in the Statement.
- 2.2. In terms of membership, however, the Statement comments:

“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 the appropriate technical expertise.”

3. APPOINTMENT OF INDEPENDENT MEMBERS – CONSIDERATIONS

Legal issues

- 3.1. There is no legislative direction on the Authority to appoint independent members to its Audit & Governance Committee. The Authority does, however, have the power, under Section 102(3) of the Local Government Act 1972 (the Act), to appoint co-opted members to any of its committees. By virtue of Sections 80 and 104 of the Act, co-opted members must not:
 - (a). be subject to a bankruptcy order, an interim bankruptcy order, a debt relief restriction or an interim debt relief restriction; or
 - (b). have been convicted of an offence carrying a sentence of imprisonment (whether suspended or not) of a minimum of three months without the option of a fine.
- 3.2. Additionally, by virtue of Section 13(1) of the Local Government and Housing Act 1989, co-opted members may not exercise a vote. This may work to the advantage of the Authority in that attendance at meetings need not be physical. This in turn means that any associated recruitment process may be national, rather than restricted to the immediate locality.

- 3.3. The Statement is silent as to the definition of “independent member”. A pragmatic approach would be to treat this as having its normal, everyday meaning – which, in this context, would indicate someone who is not either appointed to or employed by the Authority. The definition of “independent person”, as required for standards issues under the Localism Act 2011, is also helpful. Section 28(8) of this Act provides that an independent person must not be, or have been at any time within five years prior to appointment, a member, co-opted member or officer of the authority. This same criteria could apply to the appointment of independent members of the Audit & Governance Committee, together with a requirement that such appointees should be able to evidence experience in audit work, including governance and risk management.
- 3.4. It should also be pointed out that, leaving aside issues of relevant expertise, by virtue of restrictions in the Localism Act 2011, it is not permissible for the Authority’s current independent persons (as required for standards issues) to be appointed as co-opted members.

Financial Issues

- 3.5. The Statement is also silent as to the issue of remuneration for any co-opted independent members appointed. Paragraphs 8 and 9 of the Local Authorities (Members’ Allowances) (England) Regulations 2003 do allow, however, for the reimbursement of travel and subsistence expenses and the payment of an allowance to co-opted members for attendance at meetings.
- 3.6. Given the number of meetings in a municipal year (four) and the level of technical expertise envisaged of any co-opted independent member appointed to the Audit & Governance Committee, it is suggested that an appropriate remuneration would be 0.5 x basic allowance, based on the rationale that most other Authority Members would normally be expected to attend a minimum of 8 meetings per year (four full Authority and four Committee meetings). Based on the current approved Scheme of Allowances, this would equate to an annual allowance of £1,418.
- 3.7. While no budgetary provision has been made for this in the current financial year, if the Authority is minded to appoint two co-opted independent members to the Audit & Governance Committee, as recommended in the Statement, then any costs associated with this for the current financial year could be met from within existing resources. Relevant costs would need to be factored in when setting the budget for 2023-24 and onwards.

4. CONCLUSION

- 4.1. This paper identifies the recommendation in the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 for the audit committees of all relevant authorities (including combined fire and rescue authorities) to have, as part of their membership, at least two co-opted independent members to provide appropriate technical expertise.
- 4.2. The paper also identifies relevant considerations for the Authority in relation to this recommendation.

- 4.3. The Authority is asked to consider this report with a view to:
- (a). authorising the Clerk to:
 - (i). undertake a process to identify suitable candidates for appointment as co-opted independent members of the Audit & Governance Committee;
 - (ii). amend the Authority's current approved Scheme of Members' Allowances to reflect any remuneration as may be agreed by the Authority in relation to these positions; and
 - (b). delegating final appointment of the co-opted independent members to the Appointments & Disciplinary Committee.

MIKE PEARSON
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