



Council

Thursday, 6 March 2025

**Appointment of Independent Person to Governance
Scrutiny Group**

Report of the Director – Finance and Corporate Services

**Cabinet Portfolio Holder for Finance, Governance and Transformation,
Councillor D Viridi**

1. Purpose of report

To seek approval to appoint an independent person to the Governance Scrutiny Group.

2. Recommendation

It is RECOMMENDED that Council:

- a) approves the appointment of an Independent Person to Governance Scrutiny Group;
- b) approves the role description, skills and competencies and person specification at Appendix A;
- c) authorises the Section 151 Officer, in consultation with the Chair of the Governance Scrutiny Group, to undertake the recruitment process and appoint to the position of Independent Person on the basis of a two-year appointment;
- d) approves an allowance of £800 per annum for this appointment; and
- e) delegates authority to the Monitoring Officer to amend the Terms of Reference of the Governance Scrutiny Group and the Councillor's Allowance Scheme accordingly..

3. Reasons for Recommendation

- 3.1. Governance Scrutiny Group (GSG) is a key component of Rushcliffe Borough Council's corporate governance. They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
- 3.2. Independent members with appropriate skills and experience supplement those of elected members and improve the effectiveness of GSG.

- 3.3. The Ministry of Housing, Communities and Local Government (MHCLG) has issued a Statement of Intent regarding Local Audit Reform and has committed to mandate Audit Committees to have at least one independent member.

4. Supporting Information

- 4.1 In 2019, Sir Tony Redmond undertook a review of the effectiveness of local audit and the transparency of local authority financial reporting (The Redmond Review). One of the proposals from the Redmond Review was the appointment of independent members on Audit Committees with the purpose of enhancing the functioning of local audit, and the governance for responding to its findings.

- 4.2 Governance Scrutiny Group considered the Update on the Redmond Review of Public Sector Audit report at their meeting on 28 November 2024, which included a recommendation to appoint an Independent Person (IP). The Group unanimously agreed to recommend to Council to approve the appointment of an IP to the Group. The IP would be a non-councillor with some experience in the area of finance and/or audit or assurance. The IP would not have a vote in the same way as Councillors do at scrutiny and will be there in an advisory consultative manner.

- 4.3 The Council's Annual Audit Report 2023/24 refers to the recommendation for an IP *"Proposals from the Redmond Review recommended independent members on Audit Committees to ensure membership included an adequate level of skill and experience to be able to challenge the complexities of local government finance and governance. This is something the Council may wish to consider for 2025"*

- 4.4 On 18 December 2024, the Government published the Local Audit Reform Strategy. This is available on GOV.UK: <https://www.gov.uk/government/consultations/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england>. The following is an extract from the Strategy:

"106 Most local bodies now have an audit committee. However, the government is minded to standardise scrutiny to increase public confidence and consistency with other bodies such as strategic authorities.

107 The government proposes to mandate audit committees, including the provision for one independent member, and for local authorities, audit reports to be considered by full council"

- 4.5 A suitably qualified independent member of the group should enhance the levels of skill and experience for the Group to enable further challenge given the complexities of local government finance and governance. This is also recommended by internal and external auditors. When partnered with elected members' knowledge of working practices and procedures, ensure:

- An effective independent assurance of the adequacy of the risk management framework.

- Independent review of the Authority's financial and non-financial performance.
- Independent challenge to and assurance over the Authority's internal control framework and wider governance processes.
- Oversight of the financial reporting process.

4.6 It is recommended that recruitment be on a competitive basis following the Council's rules, including an open advertisement and interviews, as currently undertaken for independent members of other committees. Reasonable travel and other expenses will be paid to the person concerned. A draft person specification for the role is attached as **Appendix A**.

4.7 Locally, Councils who already have an IP on their Audit Committee are typically offering remuneration of around £800 per annum. By way of information, in neighbouring authorities Gedling Borough and Newark and Sherwood District Councils pay £500 each and Mansfield £530; and North West Leicestershire more recently £800. We consider the proposed rate to be reasonable to compensate for the duties that would be undertaken by the postholder and in line with that paid by neighbouring authorities. Consideration has been given as to whether the allowance should be increased for all co-opted members; however, it is not considered necessary at this time given the fluctuating nature of the work undertaken by other co-optees and the complexity of this role as well as experience required of the postholder. The Council is required to consult and have regard to any advice from the Independent Remuneration Panel when setting member allowance. The Panel have been consulted and agree with the proposed increase for the reasons set out.

5. Alternative options considered and reasons for rejection

The Council could choose not to appoint an IP; however, if following the Government consultation (closing 29 January) the requirement to have an IP may be mandated and a statutory requirement.

6. Risks and Uncertainties

By not having an IP, the Council would not be meeting the standards expected by Government and may be subject to criticism by audit and potentially breaching future legislation. By not appointing an IP, the Council risks losing the opportunity to receive additional independent expertise and advice.

7. Implications

7.1 Financial Implications

Any costs associated with the recruitment, selection, appointment and subsequent disbursements to any independent panel members would be found from existing revenue budgets.

7.2 Legal Implications

The appointment of independent members on the committee will assist and promote good governance and the scrutiny role of the committee. If approved the Council's Constitution will need amending to ensure the Terms of Reference for the Governance Scrutiny Group includes membership of one co-opted Independent Person with no voting rights.

7.3 Equalities Implications

Applications for the position of Independent Person to the Governance Scrutiny Group will be open to individuals over the age of 18 and recruitment will be undertaken in accordance with the Council's Equalities and Inclusion Policy.

7.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no implications related to this report.

7.5 Biodiversity Net Gain Implications

There are no implications related to this report.

8. Link to Corporate Priorities

The Environment	Governance affects all the Council's Priorities
Quality of Life	
Efficient Services	
Sustainable Growth	

9. Recommendation

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For more information contact:	Peter Linfield Director _ Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Update on the Redmond Review of Public Sector Audit – GSG 28 November 2024
List of appendices:	Appendix A - Appointment of an Independent Governance Scrutiny Group Member (Independent Person)