

Audit and Governance Committee

27 February 2023

Appointment of Co-opted Independent Committee Members

For Decision

Portfolio Holder: Cllr S Flower, Leader of the Council

Executive Director: J Mair, Director of Legal & Democratic

Report Author: Marc Eyre
Title: Service Manager for Assurance
Tel: 01305 224358
Email: marc.eyre@dorsetcouncil.gov.uk

Report Status: Public

Brief Summary: CIPFA good practice suggests that local authority Audit Committees should include at least two co-opted independent committee members to supplement the expertise of existing membership. Currently the Council's Audit and Governance Committee's constitution is purely made up of elected councillors, based on the political balance.

The Committee briefly discussed the option of including co-opted members into the committee's membership at the [16 January 2023 meeting](#). Those councillors in attendance that had experience of working alongside co-optees confirmed that the independent representatives enriched the scrutiny and decision-making processes. There was broad support to incorporate independent membership at the earliest opportunity (option two below) but it was agreed to discuss options more fully at the February meeting.

This report provides some background on what could be perceived as benefits of co-opted independent members to support a recommendation from this committee to full council on 11 May 2023, and a resultant change to the constitution.

Recommendation: To consider the following three options:

Option one – Do nothing;

Option two – Incorporate co-opted independent membership at the earliest opportunity;

Option three – Incorporate co-opted independent membership following local elections in May 2024.

Reason for Recommendation: To ensure that the Committee has the appropriate level of technical expertise to perform its role as set out in its terms of reference.

1. Background

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a revised [position statement](#) for Audit Committees in Local Authorities and Police during 2022. This proposes that it is good practice for Audit Committees for local authorities to include at least two co-opted independent members within its membership. There is no legislative direction to enforce this, but CIPFA recognise this practice to supplement and fill any gaps in a committee's technical expertise. Within Dorset Council, the role of the committee goes beyond that of an Audit Committee, to include a remit for governance and standards.
- 1.2 A number of other Dorset Council Committees and panels benefit from the external expertise provided by co-opted independent members. This includes the Harbours Committee and the Dorset Police and Crime Panel.
- 1.3 Currently the Audit and Governance Committee is made up of ten elected councillors, based on political balance. If two co-optees were added to the existing ten elected councillors the Conservative Group would be entitled to a majority, however as with the existing committee the Leader has agreed not to take up the full entitlement.
- 1.4 Co-opted independent members would be full voting members of the Committee (other than for Code of Conduct matters) and would be treated equally to elected members in terms of access to support and information. Good practice suggests that the term of co-opted members should be for four years, and should generally not exceed two-terms, to ensure that fresh ideas, perspectives and experience are injected into the committee on a semi-regular basis.

- 1.5 The skills that candidates should be able to demonstrate would include analytical skills, effective communication, scrutiny and challenge, open minded-ness and capable of developing good teamwork and effective relationships with other members of the committee.
- 1.6 It is critical for the success of appointment to ensure that a diverse range of candidates apply for the role, ensuring that exemplary members are recruited providing a diversity of skills and experience. Recruitment could therefore use a combination of online advertising, social media, local press and promotion via existing networks.
- 1.7 The following provides a guide timeline for recruitment, should co-opted members be supported:

Timeline	By When
Draft person specification and advertisements	31 Mar 23
Sign-off by Audit & Governance Committee	17 Apr 23
Consideration by Remuneration Panel	Tbc Apr/May
Proposal to Full Council	11 May 23
Publication of advertisements	31 May 23
Shortlisting and selection	31 July 23
Induction	Aug / Sep 23
First meeting with independent member attendance	25 September 23

2. Options

- 2.1 There are three main options for consideration by the Committee:
- 2.2 Option One – Do nothing. Whilst CIPFA guidance recognises that it is good practice for Audit Committees to include co-opted members, it is not dictated by legislation. The Committee may feel that it already has the skills and technical expertise to fully fulfil its terms of reference.
- 2.3 Option Two – Agree to include co-opted independent membership to the committee at the earliest opportunity, to supplement the experience of the current ten elected members. In addition to providing additional expertise,

this may also provide some stability of membership following elections in May 2024.

- 2.4 Option Three – Agree to include co-opted independent membership to the committee post May 2024 elections.
- 2.5 Should the committee resolve to incorporate co-opted independent membership, this will be subject to ratification by Full Council and a change made to the constitution. If this decision was to be made by Full Council at its meeting on 11 May 2023, it would enable recruitment to commence in the first quarter of the financial year.
- 2.6 The membership of the interview panel would need to be agreed, but good practice would suggest that this should be made up of a minimum of three councillors, one of which should be the Chair of the Audit and Governance Committee. Officers would provide human resource and administrative support to the process. Recommendations for appointment should be made on merit and ability judged against a competency based framework of criteria.

3. **Financial Implications**

An allowance is payable to co-opted members, but varies (from £500 annually per member to £2,000) depending on the role description and anticipated time commitment. The allowance payable to the co-opted member for the Audit and Governance Committee would be subject to review and assessment by the remuneration panel.

4. **Environmental Implications**

None

5. **Well-being and Health Implications**

None

6. **Other Implications**

None

7. **Risk Assessment**

- 7.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: Low

Residual Risk: Low

8. **Equalities Impact Assessment**

No issues identified

9. **Appendices**

None

10. **Background Papers**

[CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022](#)

[Minutes of Audit and Governance Committee 16 January 2023](#)