

Independent Member to Corporate Governance and Audit Committee: Approval of a second and final 4-year term.

Date: 15th January 2025

Report of: Corporate Governance and Audit Committee

Report to: Full Council

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

At the September 2024 meeting of the Corporate Governance and Audit Committee (CGAC), Members of the Committee provided their endorsement for the independent member to the Committee to be appointed for a second and final 4-year term of the post. This report seeks to inform Full Council of the recommendation from CGAC Members and their endorsement of the continued appointment of the independent member for a further 4-year term effective from 23rd February 2025.

Recommendations

- a) To inform Full Council of the endorsement agreed by Members of the Corporate Governance and Audit Committee and continued support of the independent member to the Committee for a second and final 4-year term from 23rd February 2025 to 22nd February 2029.

What is this report about?

- 1 The Chartered Institute of Public Finance and Accountancy (CIPFA)'s guidance "Audit Committees: Practical Guidance for Local Authorities and the Police" (the Guidance) encourages the appointment of independent members to local authority audit committees.
- 2 In the 2018 iteration of the Guidance, CIPFA recognised that although combined authorities are required by statute to include at least one independent member in the composition of their audit committees, there is no such statutory requirements for other parts of the local authority sector. However, CIPFA used the Guidance to endorse the approach of mandating the inclusion of an independent member, and recommended that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the Committee.

- 3 Following consideration of the Guidance, a recommendation was made and approved by Full Council, amending Article 9¹ of the Constitution to permit the appointment of one non-voting independent member for a term not exceeding 4 years (renewable once).
- 4 In response to this amendment, in February 2021, Linda Wild was appointed to the Corporate Governance and Audit Committee (CGAC) as an independent member. The initial term of the tenure as independent member to the Committee is expected to come to an end on 22nd February 2025. In preparation for this, a discussion has been held between the Chair of the Committee and Linda regarding the continuation of her tenure on the Committee for a second and final 4-year term. Both the Chair and Linda have expressed their agreement to the appointment of a second and final term.
- 5 At the September 2024 meeting of CGAC, Members were asked their views to endorse a second and final tenure of Linda's position on the Committee for the period 23rd February 2025 to 22nd February 2029. All Members of the Committee were in full agreement of this proposal.
- 6 This report seeks to inform Full Council of the Members of CGAC's endorsement to appoint Linda Wild as independent member to the CGAC for a 4-year second and final term.

What impact will this proposal have?

- 7 Linda Wild is the Head of Internal Audit for Kelda Group Ltd and throughout her time on the Committee she has been able to bring her extensive knowledge and wealth of experience to the meetings. Linda is a respected and supportive critical friend to senior managers in attendance and is a valued Member of the Committee.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 8 The work of the Committee provides check and challenge to the Council's governance arrangements. This provides a source of assurance that best value is sought throughout the use of resources to support the delivery of the Council's strategic ambitions.

What consultation and engagement has taken place?

Wards affected: N/A

Have ward members been consulted? Yes No

- 9 The Chair of the Committee has been consulted and is of the view that it would be appropriate to reappoint the existing independent member to a second 4-year term of office.
- 10 Linda Wild, as the current independent member, has been invited to indicate whether she would be open to reappointment for a second 4-year term of office as an independent member and she is content to continue in this role.

What are the resource implications?

- 11 In line with the CIPFA Guidance, a remuneration should be considered to reflect the value and time that the independent member contributes to the Committee. As part of the original recruitment process for the first independent person, the Independent Remuneration Panel (IRP) advised that a special responsibility allowance be paid to the Committee's independent member. For the 2024-25 municipal year, the annual allowance was £890.80. This allowance will be required to be provided to the independent member for the next 4-year tenure.

¹ [Article 9: Governance Committees \(leeds.gov.uk\)](https://leeds.gov.uk/article/9-governance-committees)

12 In order to ensure that the Committee's skills and knowledge remain relevant and up to date, the Committee has a members development plan which is reviewed each municipal year. Linda will continue to be included in these sessions and receive this information as a valued member of the Committee.

What are the key risks and how are they being managed?

13 There are many benefits to having an independent member on the Committee, including bringing additional knowledge and expertise to the Committee and reinforcing the political neutrality and independence of the Committee. If the Committee decided not to agree to a second term of the independent member, the Committee and wider Council would not benefit from these advantages.

14 As per the Constitution the appointment of an independent member to the Committee is for a maximum of two 4-year terms, therefore succession planning will commence in 2028 to start a recruitment process for a successor to the role.

15 The Committee remains open to discussion regarding a second independent member as recommended by the 2022 iteration of the Guidance. However, there are considerable sources of independence and knowledge as part of the Committee's current arrangements, and the Committee is mindful of the Council's current financial challenge and has no desire to add additional pressure to the budget from the choice to pursue the recruitment of a second independent member.

What are the legal implications?

16 As reflected by the Guidance, there is no current statutory requirement for the co-opting of independent members to the Corporate Governance and Audit Committee. However, CIPFA set best practice for corporate governance in local authorities and the Guidance should therefore be given a good deal of weight, and only be departed from with good reason.

Options, timescales and measuring success.

What other options were considered?

17 There are a number of options that were considered as part of this process, those being:

Not to extend the independent member's tenure and not appoint a replacement.

18 The Council could decide not to extend the appointment of the existing independent member for a further four-year tenure, however doing so would leave the Committee with no independent member and would be against the best practice advice of the CIPFA Guidance and leave the Corporate Governance and Audit Committee without the valuable source of additional independent knowledge.

Not to extend the independent member's tenure but appoint a replacement.

19 If the Council had decided not to proceed with a second 4-year term and wanted to pursue an alternative appointment, this decision would involve a recruitment process including the advertising and interviewing of potential candidates, the convening of an independent appointments panel as well as the induction and training required for any successful new candidate. This full recruitment process would have both cost and resource implications which would not be advisable in the current financial challenge of the Council.

Endorse / agree to extend the second 4-year tenure of the existing independent member.

20 This is the preferred option. The continuation of the appointment of Linda Wild to the Committee as independent member will ensure that the exceptional standard of skill and independent knowledge Linda brings to Committee will remain.

How will success be measured?

21 The performance of the Committee will continue to be measured against the CIPFA's 2022 Position Statement on an annual basis as part of the preparation of the annual report of the Committee.

What is the timetable and who will be responsible for implementation?

22 As above, the effectiveness of the independent member will be reviewed on an annual basis.

Appendices

- N/A

Background papers

- N/A