

Horsham Independent Remuneration Panel

**Report to Horsham District Council on Allowance for the Co-opted
Independent Member of the Audit Committee**

Background

Co-opted members are not elected to nor employed by the Council, are non-voting members of the Committee and their appointment is not currently a statutory requirement, therefore only a small allowance and reasonable expenses are considered for the role in recognition of their technical expertise.

In 2019, the Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities recommended that local authorities appoint at least one independent member to audit committees to demonstrate to elected members and to the public good governance principles and independence from the executive and other political allegiances. The co-option of independent members is already a requirement for police audit committees, English combined authorities and for local authorities in Wales.

In response to the Redmond Review, the government launched a local audit framework technical consultation, and in their response, they recommended that Councils were required to have an audit committee with at least 1 independent member.

Horsham District Council has advertised for a Co-opted Independent Member for its Audit Committee and now needs to consider any allowances to be paid once in place. The advert suggests a remuneration of £800, subject to ratification.

Currently Horsham has four Co-opted Independent Members on the Standards Committee, two parish councillors and two external members. Although the IRP report of the last full review in 2021 made reference to the allowance then paid to co-optees and found the amount paid to be appropriate, it recognised that the role only applied to members of the Council's Standards Committee. This is enshrined in the authority's Constitution at paragraph 4 of Appendix 1 to Part Six which limits co-optees to that Committee. The current Scheme of Allowances sets the remuneration paid at £1,504.35 per annum.

Comparison with other authorities

The panel has undertaken a comparison with other authorities in an attempt to ascertain a realistic allowance for this role. Amongst those authorities that have appointed a Co-opted Independent Member, the remuneration varies considerably. For some, it is considered a voluntary position and therefore no remuneration is offered for the role, whereas others offer between £320 and £2,000, although the higher amounts are usually linked to the attendance of 6 meetings per annum. There are also cases where the remuneration has been calculated as 10% of the basic allowance or as 35% of the allowance recommended for the Chair of the Standards

and Audit Committee. Co-opted members then also receive travel, subsistence, and other expenses in accordance with the scheme applicable to councillors.

From the data provided in the South East Employers 2023 matrix, of the 12 authorities in East and West Sussex, only three pay an allowance for this role. Crawley pays £750, Eastbourne £1,000 and Rother £954.

For West Sussex County Council, the role is a voluntary position. Looking further afield, a number of other authorities in the South East pay an allowance of £800. Therefore, the remuneration advertised by Horsham District Council seems fair.

It is worthy of note that the majority of authorities that pay an allowance for Co-opted Independent Members on their committees pay the same rate regardless of the role.

We have reviewed the role profile for both the Standards Committee taken from the recruitment in 2014 and the current advert for the Audit Committee. The main difference is that whilst the Standards Committee used to meet 4 times a year with a plan moving forward for an annual meeting with regular consultations between the Independent Members and officers throughout the year, the Audit Committee meets four times a year.

The IRP plans to commence a full four-year review into the Members' Allowance Scheme later this year with a view to producing a full report in early 2025. Therefore, we believe it will be appropriate to consider the comparison and differences between the two roles at that time and once the role is up and running. This may allow closer alignment of the two allowances as well as a review of the allowance proposed.

Recommendations

We make the following recommendations:

1. The remuneration for the position of Co-opted Independent Member on the Audit Committee be set at £800 per annum.
2. The post holder is authorised to claim any travelling and subsistence expenses in accordance with the rules set in the Scheme of Allowances.
3. The Council agrees to amend the size and composition of the Audit Committee to include the co-opted member, and to make appropriate changes to the Members' Allowance Scheme and the Constitution.
4. If agreed, the proposed remuneration together with an allowance for reasonable expenses should then be added to the Council's base budget commencing from the 2024 / 2025 year.

Alan Ladley

Cinzia D'Amico

Annette Capper

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