

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 23
APRIL 2025**



Title of Report	APPOINTMENT OF INDEPENDENT PERSONS OF AUDIT AND GOVERNANCE COMMITTEE	
Presented by	Paul Stone Director of Resources	
Background Papers	<u>Recommendations of the Independent Remuneration Panel - Council 5 November 2024</u>	Public Report: Yes
Financial Implications	Independent Persons are paid an allowance of £800 which was recommended by the Independent Remuneration Panel and approved by Council on 5 November 2024. The additional costs for both appointments can be met from budget approved by in the General Fund Budget Report 2025/26 approved by Council at its meeting on 20 February 2025.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	A council's audit committee is established further to the Local Government Acts 1972 and 2000 and its purpose is to give assurance to members and the public about the governance, financial reporting and performance of the council. The appointment of a non-voting Independent Person on the committee will assist and promote good governance and scrutiny of the committee. Section 102(3) of the Local Government Act 1972 allows a council to include persons who are not members of the authority on a committee. Section 104 of the Act sets out disqualifications from membership, which is the same as those for being elected or being a member of a local authority.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no staffing and corporate implications.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	Paragraph 1.7 of Section D7 of Part 2 of the Constitution provides that it is a function of the Audit and Governance Committee to appoint any Independent Person to provide technical expertise to the Committee. This report is seeking the Committee's approval to appoint two such Independent Persons.	

Recommendations	THAT AUDIT AND GOVERNANCE COMMITTEE APPROVES THE APPOINTMENT OF PAUL MONTGOMERY AND EMMA HUTCHINSON AS INDEPENDENT PERSONS ON THE AUDIT AND GOVERNANCE COMMITTEE.
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1.0 BACKGROUND

- 1.1 Local government bodies are expected to meet high standards of governance and accountability. An audit committee provides a specialist forum to support and monitor the authority in the areas of governance, risk management, external audit, internal audit, financial reporting, and other related areas. There are a number of statutory duties, regulations, and standards relating to financial reporting, governance, and audit that the authority must comply with, and an audit committee is best placed to oversee these.
- 1.2 The role of the Council's Audit and Governance Committee is set out in the Council's Constitution, specifically in Section D7. It describes the Committee's scope which includes providing independent assurance of the adequacy of the risk management framework and the internal control environment, overseeing the financial reporting and annual governance process, as well as overseeing the internal audit and external audit arrangements.

2.0 INDEPENDENT PERSON APPOINTMENT

- 2.1 A number of local authorities include independent persons on their audit committees as this is seen as strengthening the internal control and governance of the council.
- 2.2 Independent persons bring an unbiased perspective to audit committees. Their lack of direct involvement in the day-to-day operations of the organisation ensures that they can provide objective oversight and challenge management decisions without any conflicts of interest.
- 2.3 The presence of independent P strengthens the governance framework by ensuring that the Audit and Governance Committee operates transparently and holds management accountable. This is particularly important for maintaining public trust and confidence in the Council's financial and governance practices.
- 2.4 Independent members often possess a wide range of skills and expertise that may not be available within the organisation. This diversity of knowledge enhances the Committee's ability to effectively oversee complex financial and governance issues, contributing to more robust decision-making.
- 2.5 According to the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement, having independent members on the audit committee aligns with best practices in governance. CIPFA emphasises that audit committees should be independent of executive decision-making to provide effective oversight and assurance over governance, risk, and control arrangements.
- 2.6 The Council's Constitution states that two independent persons may be co-opted to the Audit and Governance Committee to provide appropriate technical expertise but will not be entitled to vote at meetings.

- 2.7 Due to previous unsuccessful attempts to recruit independent persons, the Council proposed that these appointments should be appropriately remunerated. On 5 September 2024, the Remuneration Panel recommended that an annual allowance of £800 be paid to independent persons sitting on the Committee for this purpose. The decision to implement this was subsequently made by the full Council on 5 November 2024.
- 2.8 Following that decision, a recruitment campaign was launched. A total of three applications were received, with candidates asked to complete an application outlining their relevant experience for the role in line with the person specification. All three applicants were interviewed by a panel consisting of Councillors Moulton and Sutton, the Strategic Director of Resources and the Head of Internal Audit. The interview consisted of a series of questions relevant to the role.
- 2.9 The Council is seeking to appoint Paul Montgomery and Emma Hutchinson. Paul has 30 years' experience of audit and advisory services in the public sector including the civil service and NHS. Emma is a lawyer who brings experience of working in contentious criminal and civil litigation and regulatory matters, having worked for the Crown Prosecution Service for a number of years, as well as working in the private sector. Both Paul and Emma reside in the district.
- 2.10 If the Committee is minded to approve the appointments then both Paul and Emma would be appointed with immediate effect and will be invited to attend the next meeting of the Audit and Governance Committee in June 2025.

Policies and other considerations, as appropriate	
Council Priorities:	- A Well-Run Council
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant Engagement:	None.
Risks:	<p>Without an independent person providing the necessary technical expertise, the Committee may lack an unbiased perspective, potentially leading to decisions that are influenced by internal politics or conflicts of interest.</p> <p>The absence of independent oversight could undermine the credibility of the Committee's work, as stakeholders may perceive the Committee as less transparent and accountable.</p>

	<p>Independent persons often bring specialised skills and experience in areas such as financial management, risk assessment and governance. Without this expertise, the Committee could struggle to effectively oversee complex issues.</p> <p>The presence of independent persons can enhance stakeholder confidence in the Council's governance processes. Their absence may lead to reduced trust and confidence among the public and other stakeholders</p>
Officer Contact	<p>Paul Stone Director of Resources paul.stone@nwleicestershire.gov.uk</p>