

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – THURSDAY, 19 FEBRUARY 2026



Title of Report	INDEPENDENT CHAIR OF THE AUDIT & GOVERNANCE COMMITTEE	
Presented by	Councillor K Merrie MBE Finance and Corporate Portfolio Holder	
Background Papers	None	Public Report: Yes
Financial Implications	The Independent Remuneration Panel met on the 27 January and was asked to consider whether remuneration should be offered and what level, given the need for specialised experience in audit and finance. The Panel have proposed an annual allowance of £3,250 which can be met from existing budgets.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The Local Government Act 1972 and subsequent case law confirm that only elected members may exercise voting rights at formal committees unless the committee is purely advisory. The independent chair will therefore act in a non voting capacity, providing leadership, expert scrutiny and assurance.	
	Signed off by the Deputy Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no implications arising from this report	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To seek agreement from Council to appoint an independent chair of the Audit and Governance Committee and agree the required changes to the constitution and the annual allowance for the chair, as recommended by the Independent Remuneration Panel.	
Recommendations	<p>THAT COUNCIL</p> <ol style="list-style-type: none"> 1) AGREES TO APPOINT AN INDEPENDENT CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE; 2) DELEGATES AUTHORITY TO THE MONITORING OFFICER TO MAKE ANY CONSEQUENTIAL CHANGES TO THE CONSTITUTION; AND 	

	3) IN LINE WITH THE RECOMMENDATION OF THE INDEPENDENT RENUMERATION PANEL, AGREES THAT AN ANNUAL ALLOWANCE OF £3,250 IS TO BE PAID TO THE CO-OPTED INDEPENDENT CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE.
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1.0 BACKGROUND

- 1.1 The Audit and Governance Committee comprises 10 members in political balance. The Committee is made up of the following councillors:

Councillor Ray Sutton (Chair)
 Councillor Peter Moulton (Deputy Chair)
 Councillor Russell Boam
 Councillor Doug Cooper
 Councillor David Everitt
 Councillor Russell Johnson
 Councillor Guy Rogers
 Councillor Jenny Simmons
 Councillor Nigel Smith
 Councillor Avril Wilson

There are also two independent members (non-councillors) that sit on the Committee to provide technical insight but do not have voting rights - Emma Hutchinson and Paul Montgomery.

- 1.2 Under the Constitution, the scope of the Audit and Governance Committee is to:

1.2.1 provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment;

1.2.2 provide independent review of the Council's governance, risk management and control frameworks and oversee the financial reporting and annual governance process;

1.2.3 oversee internal audit and external audit arrangements, helping to ensure efficient and effective assurance mechanisms are in place.

The Constitution is also clear that:

The success of the Audit and Governance Committee in exercising its audit functions depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on Councillors not to make inappropriate use of information provided to the Committee for other purposes.

- 1.3 The Committee generally meets six times per civic year and covers matters in relation to finance, audit and councillor conduct.
- 1.4 Particularly this civic year, and to some extent the previous civic year, the Committee has had some challenging areas to focus on. The delays with the publication of the Council's Statement of Accounts and the progress of the work surrounding that in order to meet the Government backstop dates has meant that the Committee has had to get to grips with quite detailed legal requirements, as this sits outside of the normal process.

1.5 The Committee requires a considerable time commitment from its members, as they are presented with agendas containing substantial amounts of technical information. The volume and complexity of the data provided, particularly regarding the accounts and their impact on the external auditors' opinion, means that members often face difficulties in determining which areas warrant the Committee's focus.

2.0 ROLE OF THE INDEPENDENT CHAIR

2.1 The majority of the matters that the Audit and Governance Committee deal with are for noting and comment and therefore the independent chair could play an active role in that, providing relevant expertise. The only matters that require a decision are as follows:

- Approving the Annual Governance Statement
- Approving the internal charter, internal audit plan and any changes to those
- Approving the annual statement of accounts
- Appointing the two independent members that currently sit on the Committee.

2.2 As with the current independent members, the independent chair would not have a vote on any matters that require a decision. By law, only councillors can make decisions at committees unless the committees are purely advisory. Therefore, the independent chair would guide and advise the committee.

2.3 An independent chair of an audit committee can make a significant contribution to the effectiveness, credibility and impact of the committee. By being external to the authority and outside the political structure, an independent chair brings a level of objectivity and challenge that strengthens governance and public assurance.

2.4 First and foremost, an independent chair enhances the independence of the audit committee. Audit committees are intended to provide independent assurance to the organisation on the adequacy of governance, risk management, internal control and financial reporting arrangements. Where the chair is not an elected member and has no political affiliation or executive role within the authority, there is a clearer separation from decision-making and party politics. This helps ensure that discussions are focused on evidence, risk and assurance rather than policy preference, and supports a genuinely non-political approach to scrutiny.

2.5 An independent chair also brings specialist knowledge and experience that can improve the quality of challenge. Independent chairs are typically appointed because they have strong backgrounds in areas such as audit, finance, risk management, governance or regulation. This enables them to ask more probing and technically informed questions of officers, internal audit and external audit. Over time, this improves the standard of reporting brought to the committee and encourages a stronger culture of accountability and transparency across the organisation.

2.6 In addition, an independent chair can provide continuity and stability. Elected membership of committees can change frequently due to elections, reshuffles or changes in political control. An independent chair is not subject to the electoral cycle and can therefore offer longer-term perspective, helping the committee maintain focus on recurring and systemic issues such as financial resilience, governance maturity and the delivery of improvement plans. This continuity can be particularly valuable during periods of organisational stress, financial pressure or external scrutiny.

- 2.7 The presence of an independent chair can also strengthen relationships with auditors and regulators. External auditors, internal auditors and inspection bodies often place greater confidence in audit committees that are demonstrably independent and well led. An independent chair can act as an effective conduit between auditors and members, ensuring that issues are properly understood, that recommendations are tracked through to implementation, and that difficult messages are neither diluted nor delayed.
- 2.8 From a public accountability perspective, an independent chair can improve confidence and credibility. For stakeholders, residents and partners, knowing that the audit committee is chaired independently can provide reassurance that governance arrangements are robust and that concerns will be considered fairly and impartially. This can be particularly important where an authority is dealing with financial challenges, governance weaknesses or heightened public interest.
- 2.9 Finally, an independent chair can play a key role in developing the committee itself. This includes setting a clear tone for meetings, supporting member development, ensuring agendas focus on the right risks, and leading regular reviews of the committee's effectiveness. By modelling constructive challenge and respectful engagement, an independent chair helps create an environment where assurance is meaningful and adds real value.

3.0 CONSTITUTIONAL CHANGES

- 3.1 A decision to introduce an independent chair will require amendments to the Council's Constitution. Members are aware that an earlier item considered the outcome of the latest review for 2025/26, however, the view of officers is that the amendments relating to the independent chair would be more appropriately dealt with outside of that process. This is a separate decision about appointments, which the Audit and Governance Committee would not normally deal with, and the changes to the Constitution are consequential.
- 3.2 Council is being asked to agree to the appointment of an independent chair and to delegate the consequential changes to the Constitution to facilitate this to the Monitoring Officer. Any amendments to the Constitution are ultimately a Council decision and therefore it has the power to make the changes without going through the constitution review first.
- 3.3 Reducing membership from ten to nine councillors ensures an odd number of voting members, preventing tied votes and removing the need for a casting vote, given that the Chair would not be able to vote.

4.0 ANNUAL ALLOWANCE FOR CO-OPTED INDEPENDENT CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE

- 4.1 An independent chair would require an allowance and it would need to be set at the right level to attract an appropriate chair.
- 4.2 The Independent Remuneration Panel met on the 27 January and was asked to consider whether remuneration should be offered and what level, given the need for specialised experience in audit and finance.
- 4.3 The Panel was provided with information relating to the role of the committee and the independent chair, along with benchmarking data from other Councils that co-opted to a similar role.

- 4.4 After considering the information provided, the Panel felt that due to the technical knowledge required for the role, an annual allowance should be paid. In relation to the amount for the annual allowance, the Panel discussed the benchmarking information provided and felt that £3,250 was appropriate for the role. They were confident that this would attract the right candidate required and would be a good starting point. The Panel was advised that they could look at the amount again should the recruitment process not be successful.
- 4.5 It was recommended that the Council introduces an annual allowance of £3,250 to the position of Co-opted Independent Chair of the Audit and Governance Committee.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council
Policy Considerations:	The Council Constitution will require updates to reflect voting rights.
Safeguarding:	None.
Equalities/Diversity:	The authority should ensure that the recruitment process for an independent chair is open, transparent and inclusive, drawing from the widest possible pool of candidates. Public appointments guidance emphasises that appointment processes should be designed to attract high-quality candidates from diverse backgrounds and experiences, while remaining focused on merit and skills.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and zero carbon:	None.
Consultation/Community Engagement:	None.
Risks:	If responsibilities are not clearly defined, there is a risk of confusion between assurance, scrutiny and executive decision-making, or of perceived dilution of democratic accountability given the chair is not an elected member. There may also be cultural or relationship risks as existing members and officers adjust to a different leadership model, particularly in the early stages of implementation.
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