

Report of: The Meeting of the Independent Remuneration Panel of Blackpool Council

To: Blackpool Council

**Level of remuneration to be paid to co-opted Independent Member of the Audit Committee**

**1.0 Introduction and background**

- 1.1 At the Annual Council meeting on 15 May 2017, consideration had been given to the appointment of an appropriately qualified independent co-opted member, who would serve on the Audit Committee with non-voting rights. This was considered by Council in line with the recommendation of the Audit Committee as part of the review of the action plan from the current Annual Governance Statement. It was believed that this would help strengthen the assurance and challenge role for that committee.
- 1.2 The Council subsequently agreed to appoint an independent co-opted member. In line with this recommendation, the Independent Remuneration Panel was asked to meet to consider a suitable allowance for an Independent member of the Committee and report back accordingly.
- 1.3 The meeting took place on 31 May 2017 and comprised:  
Mr Tony Mozley (Chairman for the meeting)  
Mrs Helen Hockenhull  
Mr Greg Molyneux
- Apologies were received on behalf of Mr Peter Whitehead.
- 1.4 Also in attendance were:  
Mr Mark Towers, Monitoring Officer  
Ms Catherine Jones, Member Services Officer

**2.0 Considerations**

- 2.1 As laid down in the Council Constitution, the Audit Committee was made up of nine elected members (six Labour members and three conservative members) and chaired by a member of the Opposition Group, to help highlight the challenge role. The Committee had responsibilities relating to governance, risk and control, internal and external audit, financial reporting and accountability arrangements within the Council.
- 2.2 The role of a co-opted member to the committee would undertake an independent, non-voting role on the Audit Committee, providing external challenge, support and advice, promote good governance and to bring additional knowledge and expertise to the Committee and reinforce its political neutrality and independence.

- 2.3 The Panel was advised that Blackpool Council's Audit Committee currently met six times per year. Due to the scope of the Committee and the required skill-set / expertise required of an Independent Member, it was considered appropriate to consider the offer an allowance for the position, to provide some recompense for attending evening meetings, reading reports and undertaking research.
- 2.4 The Panel considered the remuneration to be paid to a co-opted Independent Member on the Audit Committee. Not all Councils had such a position but it was one which was becoming increasingly more common as the focus on good governance increases in Councils. The Council's external auditors, KPMG, had also endorsed the role.

### **3.0 Benchmarking information**

- 3.1 The Panel was provided with information on comparative data from a range of authorities around the country, including number of meetings an Independent person would be required to attend each year and the amount of remuneration that they received. The Panel was also advised that the Independent Person working with the Monitoring Officer and Blackpool Council's Standards Committee currently received an allowance of £700 per annum.
- 3.2 The Panel considered the difference between a Standards Independent Person and an Audit Independent Member and whether this would impact on the amount of remuneration to be paid. For the role of the Independent Standards Person, the number of meetings each year was not fixed, as they varied depending on what issues were arising. In terms of the Audit Independent Member role, meeting dates were fixed and knowledge and experience in the financial sector was required. Whilst the Audit Independent Member would not need to be a qualified accountant, it could suit someone with an audit and / or financial background and it was important to have the skills to be able to challenge within the Committee.
- 3.3 It was noted that the Audit Committee had a training programme that ran prior to committee meetings throughout the year, which would assist in the building of knowledge and experience of the Audit Independent Member.

### **4.0 Treatment of allowances**

- 4.1 The term of office for the Independent Member of Audit Committee was considered. At other authorities, the term tended to be for a three-year period with a maximum overall period, for example three, six or nine years. It was considered that the term at Blackpool should be comparable with the Standards Independent Person. Therefore, there would be no maximum term, but there would be a requirement to reapply for the position every three years.
- 4.2 The Panel considered that once Council had made its final decision, a review of the role should be undertaken in the lead up to the next Local Elections in 2019 (as would be the case for all Member Allowances), with the review to commence

towards the end of 2018.

- 4.3 Once Full Council had received a report back on an allowance for this position, it was proposed that a recruitment process be initiated, to take place towards the end of the summer recess.

## **5.0 Conclusions**

- 5.1 In making recommendations the Panel took into account the following factors:

- comparative information from other authorities.
- the remuneration paid to Blackpool Council's Standards Independent Person and the skills required for the Audit Independent Member.
- the opportunity to review the allowance, along with the full Members' Allowances Scheme in late 2018/ early 2019.

## **6.0 Recommendations to Blackpool Council**

- 6.1 That the remuneration for the co-opted Independent Member of Audit Committee be set at £700 per annum and the term of office be for a three year period, in line with the Standard's Independent Person.
- 6.2 That the allowance be reviewed in the full review of the Members' Allowance Scheme in late 2018/ early 2019.

Mr Tony Mozley, Chairman for the meeting  
Mrs Helen Hockenhull  
Mr Greg Molyneux