



## RECRUITMENT OF INDEPENDENT PERSONS

### 1 PURPOSE OF REPORT

- 1.1 This report seeks authorisation to recruit Independent Persons (IP) to the Audit and Governance Committee, Overview and Scrutiny Committee, Standards Committee and to the Independent Remuneration Panel.

### 2 LINKS TO COUNCIL'S PRIORITIES AND OBJECTIVES

- 2.1 This links to all of the Council's priorities and objectives.

### 3 RECOMMENDATION

- 3.1 It is proposed that Council **RESOLVES**

- (1) That the Monitoring Officer undertakes the recruitment of two Independent Persons for the Standards Committee and Overview and Scrutiny Committee.
- (2) To appoint an Independent Person to the Audit and Governance Committee jointly with Southend City Council.
- (3) To authorise the Monitoring Officer to convene an Independent Remuneration Panel to review Councillor allowances, as per the terms of reference set out in Appendix 1 with a report back to Full Council later in the year.
- (4) To agree the following remuneration for the Independent Persons:
  - Standards Committee: Each IP will receive an annual remuneration of £582.
  - Overview and Scrutiny Committee: Each IP will receive an annual remuneration of £582.
  - Audit & Governance Committee: The IP will receive an annual remuneration of £582.
  - Independent Remuneration Panel: Each IP will receive an annual remuneration of £582.

### 4 INTRODUCTION

- 4.1 All Members of this Council have a responsibility to ensure that there are effective and proper measures in place to ensure good governance.

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Members need to ensure lawfulness, transparency and accountability in their decision making and Officers need to ensure they comply with good governance when delivering services. In recent years there have been a few councils that have failed to follow proper processes and good practice resulting in section 114 notices being issued.

- 4.2 Independent Persons can play a key role in supporting and overseeing good governance for the Council. Section 28 (7) of the Localism Act 2011 requires at least one Independent Person to be appointed to support the Standards Committee and Monitoring Officer in promoting and maintaining high standards.
- 4.3 The Local Authorities (Members' Allowances) (England) Regulations 2003 require an Authority to establish and implement a scheme which provides for the payment of allowances in accordance with the Regulations. To do this the Council has to establish and maintain an Independent Remuneration Panel (IRP).
- 4.4 Although Independent Persons are not required under statute for Audit and Overview and Scrutiny Committees, it is good practice for the Council to recruit to the roles to promote and maintain good governance and oversight.
- 4.5 Independent Persons can help Members and support Officers in decision making by providing support and an independent view of any issues or matters being considered. They act as a 'critical friend' for Members and provide support and guidance when needed. Whilst there are no formal qualifications required, there are some set criteria set down in the Localism Act when recruiting an Independent Person and for Audit Committees it is advisable for that person to have some technical knowledge of how audit operates.

## **5 STANDARDS COMMITTEE**

- 5.1 The Council currently has two longstanding Independent Persons and therefore it is necessary to recruit two new persons to the roles. The Committee on Standards in Public Life has recommended that Independent Persons are appointed for a fixed term of two years, renewable once; this is not a legislative requirement but a matter of good practice.
- 5.2 By law a person may not be appointed as an Independent Person if that person:
  - (a) is a member or co-opted member or officer of the Council or the Town Council; or
  - (b) is a relative, or close friend of such a person; or
  - (c) has been a member or co-opted member or officer of the Council or Town Council in the previous 5 years.

5.3 It is proposed that interviews for the candidates are conducted by the Monitoring Officer and the Chair of the Standards Committee. A further report will be presented to Council to formally designate the Independent Persons.

5.4 Each IP will receive an annual remuneration of £582.

## 6 OVERVIEW AND SCRUTINY COMMITTEE

6.1 There is no legal requirement to appoint an Independent Person onto the Committee. The repealed section 115 of the Local Government Act 2003 had provided the opportunity for the Council to co-opt people from outside of the organisation to sit on the scrutiny committee. Whilst the section is no longer in force, the Centre for Governance and Scrutiny in its 'Good Scrutiny Guidance' recognised one benefit of external co-opted persons being:

*“Personal characteristics. A co-optee may, by virtue of their background, have perspectives or insights that others on the committee may lack. Using co-optees to provide more diverse representation on a committee should be encouraged and welcomed.”*

6.2 Appointing an IP to sit on the Overview and Scrutiny Committee will provide an external point of view, challenge and representation on matters being discussed, ensuring proper processes are in place and followed.

6.3 The IP will receive an annual remuneration of £582.

## 7 AUDIT AND GOVERNANCE COMMITTEE

7.1 The publication “Audit Committees: Practical Guidance for Local Authorities and Police 2022 Edition” issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) sets out best practice for Audit Committees.

7.2 CIPFA’s view is the addition of an external perspective to the Audit Committee membership can often bring a new approach to Audit Committee discussions.

7.3 Local government Audit Committees should include Independent Persons for several important reasons:

- **Enhancing Expertise:** Independent Persons can bring specialised knowledge and experience to the committee. Their expertise complements that of elected representatives, ensuring a well rounded perspective on financial oversight, risk management and governance.
- **Audit and Governance Committee independence:** Having Independent Persons helps maintain auditor independence. These members are not involved in the political dynamics of the council chamber, allowing them to focus solely on their oversight role and to reinforce the political neutrality and independence of the committee.

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- **Continuity and stability:** Independent Persons provide continuity beyond the political cycle. As committee membership changes due to elections or other factors, their presence ensures stability and consistent oversight.
  - **Delivery of core committee functions:** Audit Committees play a crucial role in monitoring financial reporting, internal audit, external audit and risk management. Independent Persons contribute to fulfilling these core functions effectively.
- 7.4 In summary, Independent Persons strengthen local government audit committees by offering expertise, maintaining independence and ensuring continuity. Their presence contributes to effective governance and accountability.
- 7.5 The CIPFA guidance states, *“Where there is no established definition, authorities are recommended to establish their own policy before commencing recruitment. This will provide clarity to potential candidates and support the independence of the committee. CIPFA recommends alignment to the combined authority requirements as the basis for a suitable policy.”*
- 7.6 The definition of an Independent Person is contained in the Combined Authorities (Overview and Scrutiny Committees Access to information and Audit Committees) Order 2017 and is very similar to that of the criteria set out for IP for Standards Committees, and it is recommended that this definition is adopted.
- 7.7 A person is independent if the person:
- (a) is not a member, co-opted member or officer of the authority;
  - (b) is not a member, co-opted member or officer of the council
  - (c) is not a relative, or close friend, of such person and
  - (d) was not at any time during the 5 years ending with an appointment under a member, co-opted member or officer of the authority or a member, co-opted member or officer of the Council.
- 7.8 Southend City Council will soon be recruiting a new Independent Person for their Audit Committee, and it is therefore proposed that the Council partners with them and that a shared Audit and Governance Committee Independent Person is recruited by and appointed to each Council.
- 7.9 It is proposed that the interview of candidates is conducted by the Section 151 Officers from Southend City Council and Castle Point Borough Council, along with the shared Head of Internal Audit, and that the appointed Independent Person will receive an annual remuneration from this Council of £582 and a further £1,300 from Southend, meaning a total remuneration of £1,882.

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## 8 INDEPENDENT REMUNERATION PANEL

- 8.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the 2003 Regulations"), the Council is required to have in place and maintain an Independent Remuneration Panel (IRP). Since the last formal review of Members' allowances took place in 2015, a recruitment process needs to be undertaken for the members of the IRP. A report will be presented to Full Council with the panel's findings and recommendations. The Council must "have regard" to the Panel's recommendations in setting the scheme and does not have to implement any new scheme of allowances. Regulation 13 of the 2003 Regulations stipulates that a councillor may forgo all or part of any allowance by giving notice in writing to the proper officer.
- 8.2 Appendix 1 sets out the terms of reference for the IRP but in summary there should be at least three independent persons with no affiliation to any political group or associated with any Members of the Council.
- 8.3 Rochford District Council recently concluded its IRP report in February of this year. One option is to approach those members of the IRP to carry out the same task for Castle Point Borough Council. An initial discussion has been had with those IRP members and they have agreed to assist, if needed. If Council is agreeable, this would enable work to be started almost immediately and a decision could be made in time for the 2025/26 budget setting.
- 8.4 The alternative would be to seek Independent Persons through the usual process of recruitment being advertisement and interview conducted by the Monitoring Officer and the Leader.
- 8.5 The level of remuneration set for the IRP is £582 per member.

## 9 OPTIONS

- 9.1 Option 1: Do nothing. The Council is required to comply with the 2003 Regulations to maintain an Independent Remuneration Panel and review Member allowances. Rather than opt to do nothing, it is within the gift of the Council to not accept the recommendations of the panel.
- 9.2 Option 2: Recruit to the roles. For Standards Committee and IRP, failure to do so is a breach of legislation. Overall, Independent Persons will bring in a layer of external views and challenge to the Committees, furthering the Council's commitment to accountability and transparency and ensuring robust decision making and proper processes are followed.
- 9.3 Preferred Option: Option 2. The Council must comply with statutory requirements under the Localism Act 2011 and the Local Authorities (Members' Allowances) (England) Regulations 2003. It follows good practice and promotes good governance for Members to also recruit IP to the Audit and Governance Committee and the Overview and Scrutiny Committee.

**10 FINANCIAL IMPLICATIONS**

- 10.1 The costs of the Independent Persons can be met from within the existing allowances budget.
- 10.2 The detailed budget implications arising from a review of Members' allowances by the IRP will be reported as part of the report back to Council on the matter, although some budget provision has been made in the Medium-Term Financial Strategy on the assumption of an increase to allowances.

**11 LEGAL IMPLICATIONS**

- 11.1 As contained in the body of the report.

**12 HUMAN RESOURCES IMPLICATIONS**

- 12.1 The usual Council recruitment processes will be followed.

**13 EQUALITY AND DIVERSITY IMPLICATIONS**

- 13.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.



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**Background Papers:-**

None.

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**Independent Remuneration Panel**

**Terms of Reference**

**Local Authorities (Members' Allowances) (England) Regulations 2003.**

The purpose of the Independent Remuneration Panel is as follows:

- To make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members
- To make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance
- To make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance
- To make recommendations as to the amount of co-optees' allowance
- To make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined
- To make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended
- To make recommendations as to whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run.

The IRP will make its recommendations in the form of a report to Full Council.