

Lancashire Combined Fire Authority

Meeting to be held on Monday 15 June 2026

Appointment of Co-opted Independent Person (Audit, Risk and Governance Committee)

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Executive Summary

Chartered Institute of Public Finance and Accountancy (CIPFA) guidance recommends the appointment of an Independent Person (IP) to Audit Committees to increase its level of expertise. This paper seeks permission to recruit such an IP.

Recommendation(s)

To authority is asked to;

1. Approve the appointment of an IP to the Audit, Risk and Governance Committee.
2. Delegate responsibility for organising the recruitment process including selecting the interviewing panel to the Monitoring Officer.
3. Delegate power of appointment of the most suitable candidate to the interviewing panel.
4. Authorise amendment of the Members' Allowance Scheme to create a new allowance for the Audit IP at an annual rate of £1,500 (subject to increases on the same basis as other similar allowances).

Information

The Audit Committee meets four times per year and has seven politically balanced members drawn from the Combined Fire Authority (CFA). The Audit Committee's purpose is to provide those responsible for governance with independent assurance on the adequacy of the risk management framework, internal and external governance processes and the internal control environment.

The documents that the committee considers are frequently complicated and technical in nature referring to accounting practices. In order to perform their role providing oversight and assurance, it is essential for the Audit Committee members to have sufficient knowledge and understanding of the material so that they can challenge it where necessary. CIPFA stresses that Audit Committees need members who can:

- understand complex financial reporting
- scrutinise risk, control, and assurance frameworks
- challenge internal and external audit effectively
- appreciate accounting judgments and governance implications

Lancashire CFA already has two Independent Persons formally engaged to support it. These are contracted pursuant to section 28 of the Localism Act 2011 which requires the views of an Independent Person to be taken in relation to allegation against

members in relation to their code of conduct. (the role has been expanded to encompass involvement in the disciplinary procedure against statutory officers as agreed at the February 2026 CFA meeting (resolution 68-25/26 refers)).

This paper seeks approval for a further Independent Person, not under the Localism Act, but specifically to sit on the Audit Committee as a specialist advisor (although they would also chair any hearings under the members complaints procedure under draft new terms of reference for that committee). The members' constitution working group has approved new Audit Committee terms of reference that allow for the appointment of this IP as an advisor and as chair of any member complaints hearings. The committee will also be renamed the Audit, Risk and Governance Committee.

What is sought is technical expertise and independence, not political independence. Most Fire Authority members do not have a background in audit, risk, finance, or governance. An IP brings:

- professional-level scrutiny of accounts, governance structures and control frameworks
- continuity of knowledge despite political membership turnover
- confidence for external auditors and the public that scrutiny includes specialist input

CIPFA issued a position statement on Audit Committees in Local Authorities in 2022. This statement set out the purpose, model, core functions and membership of audit committees. In the section on membership, it contains the following sections:-

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

And

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion

- managing meetings to cover all business and encouraging a candid approach from all participants - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Other than the Localism Act referred to above, there is no legislative requirement on Fire Authorities to appoint an Independent Person. The CIPFA position statement describes its status as:-

“The statement represents CIPFA’s view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.”

So the statement is not binding but represents best practice. This strengthens the Committee’s ability to meet CIPFA expectations around assurance and challenge.

So far as can be ascertained from public sources, a number of other authorities do have an Audit Committee IP. Lancashire County Council; Cheshire Fire Authority and West Yorkshire Fire Authority all have one IP (rather than the two suggested by CIPFA, although that is not to say that some of the larger authorities may not have two).

In terms of remuneration, the paper proposing the recent LCC recruitment for the position (2024) referred to research they had carried out:-

The allowance paid to independent co-opted members of other local authority audit committees varies. Some authorities do not pay an allowance and only cover travel expenses; others pay an annual allowance of between £1,000 and £2,500. The council's Independent Remuneration Panel will be asked to consider an appropriate allowance for the independent co-opted member, to recognise the time commitment and other incidental costs associated with this role.

The LCC role was advertised at £1,500 per annum

The Cheshire Fire Authority paper contained the following on remuneration:-

It has proved to be difficult to find a ‘rate’ that is being paid to independent audit members that are already active for other public bodies. The sums that were found vary considerably from organisation to organisation. Some organisations were paying a sum per meeting (one as low as £50 per meeting) and some organisations were paying an

annual sum (a few as high as £2,500, for four or five meetings). In view of this, officers felt that there was sense in considering the sums paid within the Members' Allowances Scheme.

The logical comparisons might be the independent (non-elected) member. He attends up to 18 meetings per year and receives an annual allowance of just over £1,250. The independent audit member is only likely to attend four or five meetings per year, but it might be argued that expectations being placed on him/her are higher. For example, the individual will almost certainly need to be from a professional background and will also need to take part in training. With this in mind, an annual figure of £1,250 is suggested.

We pay our current Independent Persons £1,143.24 per annum which is index linked on an annual basis in line with the annual local government pay percentage increase at new spinal column point 43. In terms of workload, the current IPs in reality are not utilised often, whereas the Audit Committee IP would as a minimum prepare for and attend the 4 Audit Committee meetings every year. They would also be required to chair any member complaint procedure hearings (although it is accepted these may be few and far between). So the Audit Committee IP role is likely to require more time and will require more specialist knowledge than the current IP roles.

Recruitment process

A job description is being drafted and it is recommended that shortlisting and interviewing of candidates is delegated to an interview panel. It is also recommended that the actual appointment of the IP is delegated to the interview panel. The make-up of the interview panel is likely to be the Monitoring Officer; the Treasurer and the Chair of the Audit Committee. If this needs to change at short notice due to unavoidable lack of availability, either the vice-chair of the Audit Committee, Chair or vice-Chair of the full Authority or a member of the LFRS Executive Board will be substituted.

It is recommended that the appointment would be for a period of two years with the option to extend for a further two years before a new recruitment exercise is undertaken. Any such proposal for an extension of the original two years would be brought to the full Authority for approval.

Once the interview panel has made an appointment, a report for information would be brought to the next meeting of the full Authority.

Recommendations

In order to facilitate the above, LCFA is asked to:-

1. approve the appointment of an IP to the Audit, Risk and Governance Committee.
2. delegate responsibility for organising the recruitment process including selecting the interviewing panel to the Monitoring Officer.
3. delegate power of appointment of the most suitable candidate to the interviewing panel.
4. authorise amendment of the Members' Allowance Scheme to create a new allowance for the Audit IP at an annual rate of £1,500 (subject to increases on the same basis as other similar allowances).

Business risk

CIPFA guidance recommends the appointment of an IP for Audit Committees. This will strengthen the governance of Lancashire CFA, in particular the Audit function which we know will be a focus of the His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICRFS) inspection.

Sustainability or Environmental Impact

NA

Equality and Diversity Implications

NA – recruitment will be far and open

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

If the answer is yes, please contact a member of the Democratic Services Team to assist with the appropriate exemption clause for confidential consideration under part 2 of the agenda.

HR implications

Minor assistance needed from HR in relation to the recruitment process and on-boarding.

Financial implications

£1,500 per annum

Legal implications

NA

Local Government (Access to Information) Act 1985**List of background papers**

Paper:

Date:

Contact: