



LONDON FIRE BRIGADE

LFC-23-099

Completed by Governance Team

Audit Committee Member Terms of Office

Report to:**Date:**

Investment & Finance Board.....	28 September 2023
Commissioner's Board	18 October 2023
London Fire Commissioner	

Report by:

Andrew Beesley, Head of Governance

Report classification:

For decision

For publication

I agree the recommended decision below.

Andy Roe

London Fire Commissioner

Date This decision was remotely signed on 31 October 2023

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

The LFC's Audit Committee was established in 2020 to provide more robust scrutiny and assurance of LFB's financial, risk and governance and other internal control arrangements. Its independent members were initially appointed to serve a two-year term that was subsequently extended by a further 12 months to November 2023.

This report proposes a further extension of the appointment of existing members to 2026, following which there will be a partial turnover of the current membership and the introduction of new Audit Committee members which will ensure a level of independence and innovation whilst providing continuity and experience. From November 2026, member terms will be limited to three years, with a maximum of two terms.

It is also proposed to increase annual remuneration levels for Chair and committee members to £16,000 (from £15,000) and £13,000 (from £12,000) respectively.

Recommended decisions

That the London Fire Commissioner agrees:

1. To extend the terms of membership for the existing cohort of independent Audit Committee members to November 2026, following which there will be a turnover of two of the members with the remaining two members completing their tenures in November 2027, with two new members joining.
2. That annual remuneration levels for Chair and members are increased to £16,000 and £13,000 respectively, with effect from 1 April 2024;
3. That from November 2026, independent members appointed to the Audit Committee will serve terms of three years, with a maximum of two terms;
4. To delegate authority to the Director for Corporate Services to amend the contracts for services for the existing members of the Audit Committee

1 Introduction and background

1.1 Following the release in 2019 of the Grenfell Tower Phase 1 report and in response to an inspection report by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) of the same year the London Fire Commissioner introduced a Transformation Delivery Plan (January 2020) which included action points to review the governance and decision-making arrangements. This included the appointment of an independent Audit

Committee to provide more robust scrutiny and assurance of LFB's financial, risk and governance and other internal control arrangements. The Audit Committee was subsequently established in 2020.

- 1.2 The committee is comprised of four independent members who were appointed by the LFC for an initial two-year period (November 2020 - November 2022) with scope to extend. The initial two-year period enabled the independent members to familiarise and broaden their understanding and awareness of the LFB and the environment in which a fire and rescue service operates. Similarly, that period also enabled the LFB to adapt to the needs of an independent committee.
- 1.3 In November 2022, the LFC further extended the appointment of the committee members for a further 12 months following which there would be a further decision focusing on a rolling programme of recruitment, allowing for the introduction of new Audit Committee members to ensure a level of independence and innovation whilst providing continuity and experience by retaining some of the current cohort.
- 1.4 This report seeks to extend the appointment term of the existing cohort to 2026, following which there will be a 50% turnover of members, including a rotation of Chair, with the successor appointed from one of the two remaining members and taking the Chair for 1 year.
- 1.5 From 2026, member terms will be limited to three years, with a maximum of two terms. It is recognised that two of the members from the initial cohort will serve a maximum of 7 years; that will however be by exception. Section 2 of this report sets out alternative option terms which could be adopted in the event that the preferred option is rejected.
- 1.6 Recruitment of future committee members will be via executive recruitment and a selection process involving long listing, short listing and an interview process with senior internal and external stakeholders. The appointment decisions will be for the Commissioner, in consultation with the Deputy Mayor, Fire and Resilience.
- 1.7 In recognition that remuneration has not changed since the committee's formation in 2020, a small increase in levels is proposed such that the Chair would receive annual remuneration of £16,000 (from £15,000) and other members £13,000 (from £12,000). The increase would take effect from 1 April 2024.

2. Alternative Appointment Terms

- 2.1 For an Audit Committee to be effective it must have members who are both independent and objective. It is therefore common practice for appointment terms to be 3 years, with the option of reappointment for a second term of the same length.
- 2.2 This report proposes that, by exception, two of the four current members would serve a total of 7 years, following which member terms would revert to a maximum of 6 years. There is therefore an element of risk in the proposed recommendation by appointing two of the four current members to serve a maximum of 7 years (there is mitigation in that the final 1 year term for those two members will be served with two new independent members).
- 2.3 In view of the risk outlined in the preceding paragraph the following alternative options for appointment terms are listed:
 - a. **Extend the terms of membership for the existing cohort of independent Audit Committee members to November 2026, following which four new members will be**

appointed. Whilst this option restricts member terms to a maximum of 6 years it does not provide continuity and experience by retaining some of the current cohort.

- b. Extend the terms of membership for the existing cohort of independent Audit Committee members to November 2026, following which two members will stand down and two new members appointed. The two remaining members will continue for a further three year period to November 2029 following which two new members will be appointed.** This option provides greater continuity and experience of membership from the initial cohort however a 9 year term is greater than best practice and diminishes the emphasis of approach on independence and objectivity.
- c. Extend the terms of membership for two of the current cohort to November 2025 following which two new members will be appointed. The remaining two members will have their appointments extended to November 2026 following which two new members will be appointed.** This option keeps member terms for the first cohort to a maximum of 6 years (5 years for two of the cohort) and maintains the balance of continuity and experience as the membership changes.

3. Equality comments

- 3.1** The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2** It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3** The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have no due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4** The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
 - eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5** Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6** The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of

disabled persons' disabilities.

3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice
- promote understanding.

3.8 An equality impact assessment (EIA) has not been undertaken. Equal opportunities monitoring was undertaken previously when the current cohort of members were recruited and appointed in 2020.

Workforce comments

4.1 There is no direct impact of these proposals on staff. There will in due course be a requirement to recruit new Audit Committee members as terms of office conclude.

Sustainability comments

4.2 None

Procurement comments

4.3 None

Communications comments

4.4 None

5. Financial comments

5.1 This report is requesting that the annual remuneration levels for the Audit Committee Chair and Members are increased to £16,000 and £13,000 respectively, with effect from 1 April 2024. The current budget is based on the current remuneration. This report proposes an increase in budget by £4,000 from £51,000 to £55,000 per annum ongoing from April 2024.

5.2 This increase will be reflected in LFC's November 2023 budget submission to the Mayor.

6. Legal comments

6.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

6.2 Section 1 of the Fire and Rescue Services Act 2004 states that the Commissioner is the fire and rescue authority for Greater London. The Commissioner is also a 'best value' authority under the Local Government Act 1999 and must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

6.3 The LFC's Scheme of Governance states at paragraph 7, inter alia, that: "The Commissioner has adopted the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which sets out the core principles on which effective governance should be built. These are:

- Managing risks and performance through robust internal control and strong public financial management

- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

6.4 The LFC's Scheme of Governance states at paragraph 11, inter alia, that the Commissioner:

- demonstrates best practice in their financial management and procurement through compliance with and regular reviews of their Standing Orders, financial regulations and procurement policies
- through the activities of the Section 127 Officer, ensures the financial scrutiny of proposed actions and the management of an annual programme of audits.

6.5 This proposal falls within scope of both the Commissioner's statutory duties and his own governance principles.

List of appendices

Appendix	Title	Open or confidential*
1	None	

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: No

Originating officer declaration

Reporting officer to confirm the following by using 'x' in the box:

Reporting officer

Andrew Beesley, Head of Governance, has drafted this report and confirms the following:

1. Assistant Director/Head of Service

Kathryn Robinson, General Counsel, has reviewed the documentation and is satisfied for it to be referred to Board for consideration

x

2. Advice

The Finance and Legal teams have commented on this proposal:

Thomas Davies, Legal Advisor, on behalf of General Counsel (Head of Law and Monitoring Officer).

x

Kat Kosa, Financial Advisor, on behalf of the Chief Finance Officer.

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