

Test Valley Borough Council

**INDEPENDENT REMUNERATION PANEL REPORT: PROPOSED AUDIT COMMITTEE**

12 March 2022

1. The Panel has been informed of the Council's intention to set up an Audit Committee from May 2022, and of its wish to pay Special Responsibility Allowances to the Chair and Vice Chair of that Committee.
2. The establishment of this Committee is a direct response to an external audit recommendation (made as part of the 2020/21 audit of the Council's accounts), to provide clarity in the responsibility for the audit function.
3. We were given the proposed duties of the Committee, which are substantial, so that its Chair will carry the kinds of responsibilities which have led us to recommend SRAs for other roles.
4. We accepted the view that it would not be fair to defer considering SRAs for the Audit Committee roles until the next full review of member allowances in 2024, as this would lead to a two year period where the roles were not being remunerated, when other comparable roles were in receipt of SRAs.
5. We were reminded that our 2010 report had recommended the payment of an SRA of 0.33% of the Basic Allowance for the Chair of the (then existing) Audit Committee, with an SRA of 20% of that amount payable to the Vice Chair.
6. It was confirmed to us that the establishment of the Audit Committee would not substantially affect the responsibilities of other roles currently in receipt of SRAs, so that it would not be reasonable to seek to withdraw any other SRAs at this point in time.
7. This left a position where the payment of two SRAs to the Chair and Vice-Chair of the Audit Committee would lead to a total of 23 SRAs being paid. This is marginally in excess of the guidance that no more than 50% of the 43 Council members should be in receipt of an SRA. But, in our view, this is not enough to warrant a full review of all SRAs being undertaken now, rather than in 2024 (as already scheduled).

8. On this basis, the Panel concluded that it was not unreasonable for the Council to pay SRAs to the Chair and Vice-Chair of the Audit Committee from May 2022, with the SRA for the Chair set at 0.33% of the Basic Allowance and that for the Vice Chair at 20% of the Chair's SRA, subject to:
  - a. this being seen as a temporary solution until the next full IRP review of member allowances in 2024; and
  - b. at the 2024 review, the Council being required to provide an update on the Audit Committee's workload. If that report justifies the continued payment of SRAs to the Audit Committee roles, the Council would (with recommendations from the IRP) need to address the issue of what other changes can be made to bring the total number of SRAs to within the 50% guidance.