

**NORTH HERTFORDSHIRE DISTRICT COUNCIL**  
**PERFORMANCE, AUDIT AND REVIEW COMMITTEE**

**Meeting held at the Council Offices,  
Gernon Road, Letchworth Garden City, on Thursday 31 May 2007 at 7.30 p.m.**

**PRESENT:** *Councillors: David Miller (Chairman), Allison Ashley, John Booth, Tom Brindley, Allison Dear, Arthur Jarman, Marilyn Kirkland, David Levett, Ian Mantle and L. Oliver.*

**IN ATTENDANCE:** *Strategic Director of Customer Services,  
Head of Financial Services,  
Head of Policy, Partnerships and Performance,  
Audit Manager, Performance Manager  
and Member and Committee Services Officer.*

**1. CHAIRMAN'S ANNOUNCEMENTS**

Councillor David Miller advised the Committee that the Chairman, Councillor Julian Cunningham had tendered his apologies and that he would be Chairman for this meeting. Councillor Miller welcomed everyone to the first meeting of the Performance, Audit and Review Committee in 2007-2008, congratulated the Members on their success at the District Elections held on 3 May 2007, welcomed Councillors: Allison Ashley, John Booth, Tom Brindley, Allison Dear and Arthur Jarman to their first meeting of PARC and welcomed back Councillor Ian Mantle.

**2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Clare Body, Julian Cunningham and Deepak Sangha, from the Chief Executive and the Head of Strategy and Support Services.

**3. MINUTES – 19 APRIL 2007**

**RESOLVED:** That the Minutes of the meeting held on 19 April 2007 be approved as a true record of the proceedings and be signed by the Chairman.

**4. SUBSTITUTION OF COMMITTEE MEMBERS**

The Chairman confirmed that there were no substitutions.

**5. DECLARATIONS OF INTEREST AND PARTY WHIP DIRECTIONS**

No declarations of interest were made.

No Party Whip directions were made.

**6. BEST VALUE FUNDAMENTAL SERVICE REVIEWS – UPDATE ON SERVICE IMPROVEMENT PLANS**

The Head of Policy, Partnerships and Performance (HPPP) reminded the Committee that at the last meeting of PARC held on 19 April 2007 (Minute 114 refers) officers had been requested to present all Service Improvement Plans (SIPs) to this meeting. The HPPP referred the Committee to Paragraph 4.4 which gave a summary of the 20 SIPs, the number of Improvement Actions and ongoing actions, and to Appendix A which gave expanded details on each SIP and that there were many cross cutting examples in the SIPs

The HPPP was pleased to advise the Committee that there had been several significant pieces of work completed within the context of the actions required within each SIP action plan: New Royston Leisure Centre, North Herts Leisure Centre (refurbishment), new Letchworth Cemetery, Local Performance Management Group for community safety and crime analysis, new Customer Service Centre and the ongoing development of Business Continuity planning.

The Committee acknowledged the excellent achievement made on the projects listed above and observed that ongoing actions were still required on:  
SIP 11 Housing Strategy – 1 Action  
SP 14 Leisure, Swimming and Sports Centre – 18 Actions (some are Capital projects)  
SIP 16 Planning and Regulatory Services – 1 Action  
SIP 17 Street Scene – 11 Actions  
SIP 20 Young People's Services – 7 Actions

Although the Committee were able to accept that considerable progress had been made in the actions within each SIP as identified from the appropriate FSR there was a reluctance to sign off completed the SIPs due to uncertainty in activities and non completed actions from each SIP and were targets set within the FSRs achieved. Comment was made on the viability of the Meals on Wheels service, officer's text comments on The Street Scene SIP required amplification vis. What was actually taking place on the highway and footway, removal of Commercial trade waste, effective enforcement on the street was necessary due to the 24 hour economy in the four towns and was there value for money?

The HPPP advised the Committee that there would be six monthly updates on outstanding actions and that the next report would be at the meeting of PARC to be held on 22 November 2007.

The Strategic Director of Customer Services (SDCS) advised the Committee that many of the actions emanating from FSRs were aspirational in outlook and there were often practical and resource difficulties in completing all actions set out in FSRs. The SDCS confirmed that the collection of trade waste was not a local authority function but acknowledged that enforcement officers could take more assertive action.

Following the debate the Committee expressed satisfaction with the process of completing actions within the SIPs but were not minded to sign off any SIPs that were not completed in all aspects.

**RESOLVED:**

- (1) That the completed service improvement plans (1-10, 12,13, 15, 18 and 19) as detailed at Paragraph 4.4 and presented at Appendix A be approved and signed off subject to actions and improvements being consolidated where necessary into the Corporate Plan and Service Plans;
- (2) That the ongoing actions applicable to service improvement plans (11, 14, 16, 17 and 20 as detailed at Appendix A be monitored on a regular basis;
- (3) That the Head of Policy, Partnerships and Performance be requested to present an updating/monitoring report on outstanding actions to the five service improvement plans (11, 14, 16, 17 and 20) at the meeting of PARC to be held on 22 November 2007;
- (4) That the Head of Policy, Partnerships and Performance be requested to present an updating/monitoring report on service improvement plans twice per annum.

**REASON FOR DECISIONS:**

The recommendations made at Paragraph 4.4 to the report were made in accordance with the declared policy of North Hertfordshire District Council.

## 7. **BEST VALUE PERFORMANCE INDICATORS – REVISED TOLERANCES**

The Performance Manager (PM) reminded the Committee that at its last meeting held on 19 April 2007 (Minute 106 refers) Members requested an update on BV78a – processing time taken for all new Housing and Council Tax Benefit claims and that a response from the Head of Revenues and Benefits was presented at Appendix C. The Committee were prepared to accept the reasoning made by the Head of Service but considered that the target could be made tighter, and that the Head of Service be requested to report back to the meeting of PARC to be held on 22 November 2007.

The PM provided an explanation as to the revised 15 per cent rule for tolerances in assessing the movement within the traffic light system for performance indicator targets and the Committee agreed that the revised tolerance limits and the 'trigger' for the request of a rescue recovery report were acceptable.

The Committee reviewed the 11 performance indicators presented at Appendix A which were currently under review and which were more ambitious and/or stretching targets and in several cases were more onerous than government set targets.

During the discussion on revised tolerances it was suggested that the targets set for waste collection and recycling of materials could be affected by the introduction of a fortnightly waste and recyclable materials collection. In order for the Committee to be fully apprised of the reasoning and economics behind this decision (to move to a fortnightly collection) made by Cabinet at its meeting held on 16 January 2007 (Minute 146 refers) that the Portfolio Holder for Waste and Recycling be invited to address the Committee at the next meeting to be held on 21 June 2007.

### **RESOLVED:**

- (1) That the proposal to keep the 'traffic light' status as the methodology for monitoring performance be agreed;
- (2) That the 15 per cent rule for the determination of a green, amber or red traffic light status be amended as follows:
  - GREEN** On target or exceeding target – this would be an acceptable performance with no action required;
  - AMBER** Within agreed 'tolerance' – not achieving target, but only to a level that would not jeopardise the achievement of the year-end target;
  - RED** Performance outside the 'tolerance' range set by the 'responsible officer' – not achieving target and to a level that would jeopardise the achievement of the year-end target.
- (3) That the proposal for the Performance Team to request a rescue recovery report from the 'responsible officers' following a fixed criteria be agreed:
  - Any performance indicator at 'red';
  - Any performance indicator at 'amber' for two consecutive quarterly performance reports.
- (4) That the rescue recovery reports ((3) above) should be presented to the Corporate Management Team (CMT) for information and to PARC for consideration and if appropriate for approval and that progress against the rescue recovery should be presented to CMT as part of the quarterly performance reports;
- (5) That the proposed target for BV78a in 2007-2008 as detailed at Appendix C be agreed and that the Head of Revenues and Benefits be requested to present an updating report on this performance indicator to the meeting of PARC to be held on 22 November 2007;

- (6) That the Portfolio Holder for Waste and Recycling be requested to attend the next meeting of PARC to be held on 21 June 2007 in order to make a presentation on all aspects of waste collection and recycling relative to Performance Indicators BV82ai, BV82aii, BV82bi, BV82bii, BV84a, BV84b, BV91a and BV91b following the decision made by Cabinet at the meeting held on 30 January 2007 (Minute 160 refers) to introduce a fortnightly collection of household waste and recyclable materials;
- (7) That the Portfolio Holder for Waste and Recycling be requested to attend the meeting of PARC to be held on 31 January 2008 in order to make a presentation on the results of the fortnightly collection of household waste and recyclable materials in meeting the targets for the Performance Indicators as indicated at (6) above.

**REASONS FOR DECISIONS:**

- (1) The recommendations made at Paragraph 9 to the report were made in accordance with the declared policy of North Hertfordshire District Council;
- (2) The agreed change to performance reporting will assist both officers and Members to challenge under performance and if necessary allocate resources in order to achieve greater performance more effectively.

**8. TERMS OF REFERENCE FOR AN AUDIT PANEL**

The Head of Financial Services reminded the Committee that PARC at the meeting held on 7 December 2006 had at Minute 75 deferred a decision to establish an Audit and Risk Panel/Committee. Following the presentation by the Audit Commission at the meeting of PARC held on 31 May 2007 (Minute 109 refers) it had been accepted that in order to discharge corporate governance and audit issues the establishment of an Audit and Risk Panel reporting to PARC would best meet the requirements of the Audit Commission.

It was noted that the Audit and Risk Panel would not be a formal committee as defined in the NHDC Constitution and the Committee agreed to the establishment of an Audit and Risk Panel comprising the Chairman, Vice-Chairman, and one member from each of the Labour and Liberal Democrat political groups, meeting on a quarterly basis.

The Committee reviewed the Terms of Reference for the Audit and Risk function of PARC as detailed at Paragraph 4.1 and then agreed the proposed Terms of Reference for the Audit and Risk Panel as presented at Paragraph 4.4. It was noted that PARC would receive and consider reports from the Audit and Risk Panel and as appropriate would make recommendations to Cabinet and/or Council, consider the progress against the Annual Audit Plan targets, review the Annual Management letter from the Audit Commission, and to monitor the NHDC Risk Management Arrangements as per the proposed Audit and Risk Panel Work Programme presented at Appendix A.

**RESOLVED:**

- (1) That the proposal for the establishment of an Audit and Risk Panel working to the Terms of Reference as set out at Paragraph 4.4 to the report be agreed;
- (2) That the membership of the Audit and Risk Panel be confirmed as follows:  
Conservative = 2: Chairman and Vice- Chairman,  
Labour = 1,  
Liberal Democrat = 1;
- (3) That should any member of PARC wish to be nominated to the Audit and Risk Panel would they please indicate such to their Group Leader and that the Labour and Liberal Democratic Group Leaders be requested to provide their nominated Member to the Head of Financial Services as soon as possible;

- (4) That the revised Terms of Reference for PARC as presented at Paragraph 4.5 to the report be agreed;
- (4) That officers be requested to provide a training programme on audit and risk for all members of PARC with particular emphasis on those Members appointed to the Audit and Risk Panel.

**REASON FOR DECISION:**

To ensure the effective discharge of the Council's Corporate Governance and Audit.

**9. AUDIT AND CONSULTANCY SERVICES – FINAL POSITION AGAINST THE 2006-2007 ANNUAL AUDIT PLAN**

The Audit Manager (AM) presented her report to the Committee and invited PARC to consider the outcomes of the 2006-2007 Annual Audit Plan:

- Audit and Consultancy Services' opinion on the effectiveness of North Hertfordshire District Council's internal control environment;
- Audit and Consultancy Services' year end position against the 2006-2007 Annual Audit Plan;
- Summaries of internal audit work undertaken during the period 2nd January to 31 March 2007; and
- Audit and Consultancy Services' year end performance against the 2006-2007 Hertfordshire Audit Partnership Performance Indicators.

The Committee were pleased to note the excellent progress made by Audit and Consultancy Services against the Annual audit Plan with in excess of 90 per cent of the plan of work completed and accepted by the Audit Commission. However, the Committee expressed concern at the limited progress in Business Continuity Planning and the Head of Financial Services (HFS) confirmed that this would be discussed by Heads of Service through to the Corporate Management Team. The HFS advised the Committee that NHDC had made much better preparation than other authorities should there be an 'emergency' and that the standard was higher than other authorities as well.

In conclusion the AM referred the Committee to Appendices A to F which provided details of all work undertaken by Audit and Consultancy Services. The AM was pleased to report the appointment of a Partnership Principal Auditor which had proved to be very beneficial to NHDC and its audit partners at Hertsmere Borough Council and Welwyn and Hatfield Borough Council.

**RESOLVED:**

- (1) That the opinion of Audit and Consultancy Services as to a substantial to full level of assurance on the overall adequacy and effectiveness of the internal control environment at North Hertfordshire District Council based on the work undertaken by Audit and Consultancy Services during 2006 – 2007 be confirmed;
- (2) That the issues judged to be relevant for inclusion in the Statement on Internal Control be noted;
- (3) That the achievement of 91.1 per cent of the 2006-2007 annual audit plan be noted;
- (4) That the year end performance of Audit and Consultancy Services against the 2006-2007 annual audit plan be noted;
- (5) That the year end performance of Audit and Consultancy Services against the 2006-2007 Hertfordshire Audit Partnership Performance Indicators be noted;
- (6) That the appointment of a Partnership Principal Auditor be noted;

**REASON FOR DECISIONS:**

To ensure that North Hertfordshire District Council complies with the requirements of the Code of Practice for Internal Audit in Local Government 2006.

**10. STATEMENT ON INTERNAL CONTROL**

The Head of Financial Services (HFS) reminded the Committee that the Statement on Internal Control (SIC) under The Accounts and Audit Regulations 2003 had to be signed by the Chief Executive and Leader of the Council of each local authority and included in the Annual Statement of Accounts.

The HFS advised the Committee that the SIC for 2006-2007 had been compiled in a robust and rigorous manner and as a result recognised the Council's current internal control strengths and weaknesses and referred the Committee to Appendix B which presented the 2006-2007 SIC which detailed how weaknesses identified would be effectively managed and addressed in 2007-2008. The Committee noted that with the agreement to set up an Audit and Risk Panel (Minute 8 above refers) the progress on the SIC would be reported quarterly to the Panel.

The Committee reviewed the SIC as presented at Appendix A with specific reference to Paragraph 4 Review of Effectiveness and to the 2007 Annual Audit and Inspection Letter stated at Paragraph 5.

In response to an enquiry concerning value for money the HFS confirmed that action was underway to address this point raised by the Audit Commission and that more staff would be released to service delivery and that the savings to the Costs of Democracy plus further cost reductions would redress this matter. The Strategic Director of Customer Services added that costs would be varied by a greater delegation to officers.

**RESOLVED:**

- (1) That the Statement on Internal Control as presented at Appendix A be agreed for inclusion in the Annual Statement of Accounts 2006-2007 and be signed by the Chief Executive and Leader of the Council;
- (2) That the Action Plan arising from the 2006-2007 Statement on Internal Control – incorporating outstanding actions from 2005-2006 as presented at Appendix B be agreed;
- (3) That the progress made against the Action Plan should be reported to the newly established Audit Panel at the quarterly updates on Risk Management.

**REASON FOR DECISION:**

To allow PARC confirm their approval of the Statement on Internal Control and the Action Plan arising from the 2006-2007 SIC.

The meeting closed at 9.17 p.m.

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Chairman