

NORTH HERTFORDSHIRE DISTRICT COUNCIL

PERFORMANCE, AUDIT AND REVIEW COMMITTEE

**Meeting held at Council Offices, Gernon Road, Letchworth Garden City
On Thursday 19 May 2005**

PRESENT: *Councillors: Mrs Sarah Wren (Chairman), Simon Bloxham, A. Hartley, A.F. Hunter, Mrs Fiona Hill, R. Inwood, Lawrence McNamara, Ian Mantle, Lawrence Oliver, Derek Sheard, and Mrs C.P.A. Strong,*

IN ATTENDANCE: *Chief Executive, Strategic Director of Customer Services, Head of Financial Services, Acting Head – Policy, Partnerships and Performance, Strategy and Community Services Manager, Risk Manager, Audit Manager and Member and Committee Services Officer.*

1. CHAIRMAN'S ANNOUNCEMENTS

a) The Chairman welcomed everyone to the meeting, and confirmed that she would be acting as Chairman for this meeting as Councillor Cunningham had tendered his apologies.

b) The Chairman welcomed the Relationships Manager from the Audit Commission to the meeting.

c) The Chairman confirmed that there would be a special meeting of PARC on Wednesday 8 June in the Council Chamber commencing at 6.30 p.m. to receive a presentation from the preferred SSSC contractor and all Members of this Committee were invited to attend.

2. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors: D. Barnard, J. Cunningham, P. Mardell and D. Miller.

3. SUBSTITUTION OF COMMITTEE MEMBERS

The Chairman announced that there would be one substitute at this meeting who had been appointed according to the Council's agreed procedures and that Councillor Fiona Hill would be a substitute for Councillor J. Cunningham.

4. OUTGOING CHAIRMAN – VOTE OF THANKS

RESOLVED: Councillor Sarah Wren proposed and the Committee unanimously agreed that a Vote of thanks be recorded in respect of the excellent Chairmanship by Councillor Mrs C.A.P. Strong of the Examination, Review and Improvement Committee from 1999 to 2002 and the Performance, Audit and Review Committee from 2002 to 2005, and secondly offer congratulations on her appointment as Vice – Chairman of the Council.

5. MINUTES – 7 APRIL 2005

RESOLVED: That the Minutes of the meeting held on 7 April 2005 be approved as a true record of the proceedings and be signed by the Chairman.

At the request of the outgoing Chairman, Councillor Mrs C.P.A. Strong the following additional resolution was made:

112. VOTE OF THANKS

RESOLVED: That a vote of thanks proposed by Councillor Mrs C.P.A. Strong in respect of the excellent support provided by all Members of the Examination, Review and Improvement Committee, the Performance, Audit and Review Committee, all officers and in particular the support from John Robinson the Strategic Director of Customer Services as Lead Officer and Nigel Schofield as the Committee and Member Services Administrator during her tenure as Chairman be agreed.

6. DECLARATIONS OF INTEREST AND PARTY WHIP DIRECTIONS

No Declarations of Interest had been made.

No Party Whip directions had been made.

7. QUALITY AWARDS

The Strategic Director for Customer Services provided a brief outline of the quality initiatives and awards which emphasised the maintenance of excellent standards of Customer Service at NHDC and that this would maintain a competitive advantage and appropriate technical standards.

The Chairman on behalf of the Committee thanked all the members of staff involved with the reaccreditation process and wished them every success for the future.

RESOLVED: That congratulations be offered to all staff who had been involved in the successful reaccreditation of this authority and individual departments concerning 3Cs, Revenues and Benefits, Building Control, Careline, Investors in People and Quest Leisure Management.

8. AUDIT COMMISSION – AUDIT AND INSPECTION PLAN

The Relationship Manager for the Audit Commission thanked the Chairman for the opportunity to address the Committee. He advised that although the report was self explanatory he wished to clarify four specific actions of the work programme for 2005/2006 which was different to the past year: He gave further information on: The opinion on financial statements; The conclusion on the use of resources; A scored judgement on the use of resources and the provision of a report on the NHDC best value performance plan.

In response to an enquiry on the 'use of resources' the Committee noted that this particular topic had much to do with Comprehensive Performance Assessment. The Relationships Manager advised that there would be reference to Gershon but not scored in the 1 – 4 although due consideration would be given to securing value for money and any findings made by the Audit Commission to feed into a CPA model for other authorities. The Relationships Manager confirmed that he would be able to provide further information on this subject at a future meeting of PARC.

The Committee noted that there would be a new Code of Practice and a new system of International Audit which would provide a more detailed test on this authority's finance systems which would be using the internal audit procedures and programme of this authority.

In conclusion the Relationships Manager drew the Committee's attention to the planned output and reports as presented at Appendix 3 to the report and in particular the advance by one month of the presentation of accounts.

RESOLVED:

- (1) That the information provided in the Audit and Inspection Plan be noted;
- (2) That the Audit Commission Relationship Manager and Appointed Auditor be thanked for his presentation;

- (3) That the Audit Commission Relationship Manager and Appointed Auditor be requested to present to a future meeting of PARC additional information on the Use of Resources in the context of Comprehensive Performance Assessment.

9. AUDIT AND CONSULTANCY SERVICES – FINAL POSITION AGAINST THE 2004/2005 ANNUAL AUDIT PLAN

The Audit Manager advised the Committee that there were three areas for consideration by PARC: The overall adequacy and effectiveness of this authority's internal control environment; the year end position against the 2004/2005 annual audit plan and the year end performance against the 2004/2005 Hertfordshire Audit Partnership Performance Indicators.

The Audit Manager proceeded to describe to the Committee progress against the three areas mentioned above and it was noted that a medium level of assurance could be gained from the policies, procedures and operations that comprised the internal control environment at NHDC. The Committee noted that in the main the systems are adequately controlled and the Audit Manager confirmed that adequate meant good and that the aspirations of internal audit was to achieve a high level assurance statement. However, of particular concern was the low level assurance assigned to Full Compliance with Health and Safety legislation at NHDC and the audit had highlighted a low corporate awareness of legislation, a need for officer training and the development of systems and procedures to meet current legislation. The Audit Manager advised the Committee that this lack of full compliance was the reason for 'qualification' and that the outcome of this audit supported the inclusion of 'Full Compliance with Health and Safety Legislation' as a Top risk for NHDC.

The Committee discussed next the fall to red status of the performance indicator which measured the number of projects completed by internal audit or in progress at year end against the total number of projects planned, which was 71.5 per cent against a target of 90 per cent. The Audit Manager confirmed that this indicator was important as the External Auditors use it as one of the measures against which they assess the effectiveness of the internal audit function. In response to an enquiry about the fall off in performance from the previous year the Audit Manager advised that there had been various reasons for this and that with her return to work she would constantly review progress and present PARC with an update on progress against the plan at six months. The Audit Manager also confirmed that close attention would be paid to the Hertfordshire Audit Partnership Performance Indicators as presented at Appendix E to the report.

RESOLVED:

- (1) That the opinion of Audit and Consultancy Services on the overall adequacy and effectiveness of the internal control environment at North Hertfordshire District Council be noted;
- (2) That the qualification concerning full compliance with Health and Safety Legislation to that opinion be noted;
- (3) That the issues judged to be relevant for inclusion in the Statement on Internal Control be noted;
- (4) That the Audit and Consultancy Services' year end position against the 2004/2005 internal audit plan be noted;
- (5) That the Audit and Consultancy Services' year end performance against the 2004/2005 Hertfordshire Audit Partnership Indicators be noted;
- (6) That PARC should be advised as soon as possible of any instances where the percentage of audit projects planned for 2005/2006 had not met the set targets;

- (7) That officers be requested to include the dates of attainment of levels of assurance with Audit and Consultancy Assignments in future presentations to PARC.

10. AUDIT – STATEMENT OF INTERNAL CONTROL

The Head of Financial Services advised the Committee that the presentation of this Statement on Internal Control (SIC) was a requirement of the Accounts and Audit Regulations 2003 and was an ongoing process throughout each financial year.

The Committee noted that the SIC was not confined to financial matters, but, also focussed on all corporate controls and required an input from officers charged with delivery of governance. In addition the SIC required the approval of both the responsible finance officer and the Monitoring Officer to ensure that their individual statutory responsibilities had been met. The Committee agreed that the Chief Executive and Leader of the Council should sign the Statement.

The Head of Service advised the Committee that in the future Chief Officers would be required to present to him assurance statements for each of their service areas. He referred the Committee to Appendix B which included an Action Plan that had been prepared following preparation of the 2004/2005 Statement (Appendix A). The Committee noted that the Council's control environment would be continuously reviewed by a co-ordinating group and that risk management would feature strongly in this process with inputs on Directorate and Department risks and how the risks would be managed.

In response to an enquiry the Head of Service confirmed that where necessary officers would receive training regarding 'money laundering'.

RESOLVED:

- (1) That the implications of the Accounts and Audit Regulations 2003 regarding the Statement on Internal Control be noted;
- (2) That the proposal to include the Statement on Internal Control 2004/2005 in the Statement of accounts for 2004/2005 be agreed;
- (3) That the continuing review role of PARC in the compilation process for future Statements on Internal Control be agreed;
- (4) That the Action Plan emanating from the 2004/2005 Statement as presented at Appendix B be agreed;
- (5) That the proposal to monitor progress towards the achievement of the Action Plan on a quarterly basis as presented at Appendix C be agreed;

11. RISK MANAGEMENT UPDATE

The Risk Manager provided a comprehensive update on risk Management and advised the Committee that in the past 5 months the major activity had been on the development of the Business Continuity Plans for this authority. Unfortunately due to this work only the Top Risks had been monitored closely and consequently information on the Risk Register would not be reported at this meeting

The Committee noted that the CPA Improvement Plan had been reduced to an impact score of '2', that Medium and Long Term Planning had been reduced to an impact score of '1', that the Top CMT risk of the introduction of new licensing legislation had fallen to an impact score of '2' and that the main worry was the vast number of applications that could be received just before the current deadline of 6 August 2005.

The Risk Manager advised the Committee that the following risks had been deleted as Top Risks: Performance Management Best Value and Performance Indicators; Implementation of Freedom of Information Act; Decriminalisation of car parking enforcement and IT Systems and support, these deleted risks remain as service specific risks and are included on the risk register. Following completion of the

Senior Management restructure Risk 2 had been retitled Organisational Development.

During a review of the Cabinet and Corporate Risk Matrices as presented at Appendix A the Committee expressed concern about Health and Safety and Equality and Diversity and the Risk Manager confirmed that compliance to Health and Safety Legislation had been listed as Risk 1 and that it would be appropriate to present a report to PARC at its meeting to be held on 28 July 2005 on Equality and Diversity.

In response to a question concerning the level of risk at the new Royston Leisure Centre the Strategic Director of Customer Services confirmed that all risks relating to revenue income would be the responsibility of the appointed management contractor.

RESOLVED: That the proposed changes to the Top risks be endorsed;

RECOMMENDED TO CABINET

- (1) That the proposal to delete the Top Risks of Performance Management, Best Value and Performance Indicators be endorsed;
- (2) That the proposed amendment to the assessment of the risk of medium to long term financial planning be endorsed;
- (3) That the work undertaken by officers for the delivery of a business continuity plan be noted;
- (4) That the Risk Manager be requested to present to the meeting of PARC on 28 July 2005 a report on the top risk of: ' The promotion of Equality and Diversity'.

12. PARC CHAIRMAN'S ANNUAL REPORT FOR 2004/2005

RESOLVED: That this item be withdrawn and presented at the next meeting of PARC to be held on 23 June in conjunction with the report to be presented on the PARC work programme for 2005/2006.

13. PERFORMANCE INFORMATION MANAGEMENT REPORT APRIL 2004 – MARCH 2005

The Acting Head, Policy, Partnerships and Performance advised the Committee that the performance results as presented at Appendix A contained information on all indicators for the period April 2004 to March 2005 and that no separate report would be presented on the March Indicators.

The Committee was very pleased to note the excellent achievements against performance indicators as presented at Paragraph 5.2 where targets had been met or exceeded. The Acting Head referred the Committee to Paragraph 5.3, which included one performance indicator (BV78a) which was at red status.

Of particular interest to the Committee was the proposal to adjust the Target for the number of hot meals served (LC7a). The Acting Head confirmed that the target for hot meals was set to decline in line with national trends and revised targets had been proposed at Paragraph 6.2. Upon closer examination it was apparent that there was a discrepancy in the presented data and following a short debate it was agreed that it would be appropriate to have a separate report on these revised targets.

During a review of the performance indicators as presented at Appendix A it was agreed that further clarification was required on certain targets i.e. L60, BV166, BV204 and H1a, and the Acting Head agreed to write to Members with further details and clarification.

RESOLVED:

- (1) That the performance information for April 2004 to March 2005 be noted;
- (2) That the areas of under – achievement and good performance be noted;
- (3) That the Acting Head, Policy, Partnerships and Performance be requested to present to the next meeting of PARC to be held on 23 June with a revised presentation of the targets set for LC7 – Total number of frozen meals served in 2005/2006, 2006/2007 and 2007/2008;
- (4) That the Acting Head, Policy, Partnerships and Performance Manager be requested to provide in writing to Members further clarification on the data and targets set for the following Performance Indicators:
 - (a) L60 – Percentage of new staff that have attended the organisation induction day within 3 months of joining NHDC;
 - (b) BV166 – Score against a checklist of enforcement best practice for environmental health trading standards;
 - (c) BV204 – Percentage of appeals allowed against the authority's decision to refuse planning applications;
 - (d) H1a – Number of placements made into i) bed and breakfast and ii) other accommodation.

14. STREET SCENE FUNDAMENTAL SERVICE REVIEW – SCOPING ISSUES

The Strategic Director of Customer Services advised the Committee that this particular Fundamental Service Review had been planned for the year 2004/2005 and had a very broad remit associated with 'Street Scene' i.e. Street cleaning; Street Trees; Street Furniture; Grounds Maintenance; Litter; Dog fouling; Street Lighting; Town Centre Management; Tourism and CCTV. The Committee noted that the Audit Commission had defined 'Street Scene' services as follows: Waste Management; Cleansing Services; Highways Services; Car Parking Services; Grounds Maintenance and Integrated Services.

In light of the above and the large amount of information at hand the Director referred the Committee to Paragraph 4.7 of his report which listed the various listings from different bodies and he identified the items that would be included in the review with Tourism and Waste removed from the review. The Committee noted the items that would be inside and outside the scope as presented at Appendix A to the report.

The Committee accepted that whilst 'streets' account for some 80 per cent of public space in an urban area, such 'streets' attracted a number of competing interests and agenda. With this in mind the Director referred the Committee to Appendix B which identified the public perception and priorities from the Citizens' Panel and that these had been incorporated where possible into the Scoping Document. The Committee requested that highway surfaces should be examined as part of the review as many constituents had spoken with Ward Councillors on this very topic.

In response to an enquiry the Director confirmed that Clean Green Space would be examined under the CPA process and that the review would look at Parking not only car parking.

RESOLVED:

- (1) That the information provided in the initial scope of the Street Scene Fundamental Service Review as presented at Appendix C be noted;
- (2) That the membership of the Street Scene Fundamental Service Review be agreed in the proportionality of Conservative = 4, Labour = 2 and Liberal Democrat = 1;

- (3) That the proposal for Councillor Mrs C.P.A. Strong to be the lead Member Street Scene Fundamental Service Review be agreed;
- (4) That the Strategic Director of Customer Services be requested to present to the FSR team a revised scoping document for consideration and agreement before presentation to a future meeting of PARC for endorsement.

15. BEST VALUE PERFORMANCE INDICATORS 126, 127, 128 – CRIME DATA

The Acting Head of Policy, Partnerships and Performance provided information on the methodology and targets set for Police Authorities and Police Forces against these three Performance Indicators. The Committee noted that the manner in which incidents were recorded could have a significant effect on the figures reported on a monthly or annual basis, and that the number of incidents reported in a given period could often exceed the number of detections made.

It was understood that iQuanta data used by Police authorities had to remain confidential but that Hertfordshire Constabulary would attend the September meeting of PARC with iQuanta data that could be shared for the reporting of relevant data.

The Acting Head reported on current Crime and Disorder Reduction Partnership Initiatives and the Committee noted the Partnership Structure for 2005 as presented at Appendix A.

RESOLVED:

- (1) That the methodology used to monitor performance through the Crime and Disorder Reduction Partnership using existing indicators for BV126, BV127 and BV128 be noted;
- (2) That the initiatives taken to reduce levels of both burglary and vehicle theft in North Herts be noted;
- (3) That the removal of detection rates for indicators BV126, BV127 and BV128 in 2005/2006 be noted.

The meeting closed at 9.19 p.m.

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Chairman