

MINUTES OF A MEETING OF
 PERFORMANCE SCRUTINY
 COMMITTEE HELD IN THE
 WAYTEMORE ROOM, BISHOP'S
 STORTFORD ON WEDNESDAY
19 OCTOBER, 2005 AT 7.30 PM

PRESENT: Councillor Mrs. D L E Hollebon (Chairman).
 Councillors P R Ballam, H G S Banks, S A Bull,
 A D Dodd, R Gilbert, D Richards, J D Thornton,
 J P Warren.

ALSO IN ATTENDANCE:

PKF – External Auditors

Rosemary Clarke and Andrew Barnes.

East Herts Councillors

Councillors D Clark, D A A Peek, P A Ruffles and
 G D Scrivener.

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Committee Secretary
Phillipa Brent-Isherwood	- Community Projects Team Leader
Alaine Clarke	- Research and Information Officer
Dave Cooper	- Performance Officer
Simon Drinkwater	- Director of Corporate Governance
Martyn Dutfield	- Head of Leisure
Chris Gibson	- Principal Internal Auditor
Bob Hoskins	- Internal Auditor
Mary Orton	- Director of Policy and Performance
Ceridwen Pettit	- Head of Performance
Jackie Sayers	- Scrutiny Officer
Peter Searle	- Head of Internal Audit

Dave Tweedie

- Director of
Resources

382 APOLOGIES

Apologies for absence were submitted from Councillors A M Graham, H Penson and L R Pinnell.

383 CHAIRMAN'S ACCOUNCEMENTS

The Chairman welcomed External Auditors, Rosemary Clarke and Andrew Barnes to the meeting. It was noted that the Council's new External Auditors were Robson Rhodes. It was also noted that the Relationship Manager would be attending a meeting of Performance Scrutiny Committee to present the Management Letter in March 2006.

The Chairman commented that the order of the agenda had been changed, to facilitate the presentation of the audit reports.

The Chairman commented that in order to accommodate new business, it had been necessary to convene two extra meetings of the Performance Scrutiny Committee. These had been programmed for 15 December 2005 and 1 February 2006.

384 DECLARATIONS OF INTEREST

Councillor A D Dodd declared a personal interest in Minute 389 (Progress on the Community Strategy Action Plan) in that he was a Member of the Hertford Police Authority

Councillor S A Bull declared a personal interest in Minute 389 (Progress on the Community Strategy Action Plan) in that he was a Board Member of Stort Valley Housing Association and Chairman of the PCT.

RECOMMENDED ITEM**ACTION****385 INTERIM ANNUAL AUDIT AND INSPECTION LETTER**

The Director of Resources introduced a report from the External Auditors PKF. It was noted that following a change to the timetable for reporting Key Lines of Enquiry Judgements for district councils, this would be addressed in March 2006, in the Management Letter.

External Auditor, Ms Clarke explained the background to the three reports entitled:

- The Interim Report (October 2005);
- The Statement of Auditing Standard 610 Report – 2004/05; and
- The Interim Annual Audit and Inspection Letter.

Interim Report (October 2005)

Ms Clarke explained the focus of the Interim Report (October 2005) which was detailed in the report. This included:-

- The audit opinion on the Council's Statement of Accounts, considering the robustness of core financial systems as a base source of financial information for the preparation of accounts;
- Financial aspects of corporate governance;
- Systems of Internal Financial Control;
- Financial Conduct, Fraud and Corruption; and
- Legality.

The External Auditor had:-

ACTION

- Reviewed Internal Audit's working papers and reports;
- Considered the robustness of the core financial systems on the evidence of this work; and
- Re-performed a sample of Internal Audit's testing of key controls, to establish that Internal Audit's conclusions were soundly based.

PKF's findings and key recommendations were set out in the report now submitted. Overall, it had concluded that the core financial systems were adequate as a basis for preparing the financial statements. Some weaknesses had been identified and these would require additional external audit at the final review. These related to:

- A limitation on the value of credit notes;
- The inclusion on debtor invoices, of the date goods/services were supplied;
- The collect ability of debtors / provision for bad debt;
- The need to review the completed year end Council Tax system of reconciliation;
- Authorisation of "write offs" in relation to the NNDR;
- The need to review the completed year end NNDR system of reconciliation.

An Action Plan prepared by the External Auditor was attached to the report, now submitted, which addressed areas of concern. The report also followed up on previous recommendations.

ACTION**Statement of Auditing Standard (SAS) 610 Report – 2004/05**

The requirement for the provision of the SAS610 report and its focus was explained. Key findings were detailed in the report which had been discussed with Officers and responses included in the plan.

Interim Annual Audit and Inspection Letter

It was noted that this document provided a summary of the External Auditor's findings. It was noted that the key lines of enquiry judgements would be reported in the statutory Annual Audit Inspection Letter in March 2006.

The results of the Audit Work were detailed in the report now submitted, together with an Action Plan drawing Members' attention to areas of weakness. Specifically, that Members should:-

- Continue to monitor progress with the Implementation of the Improvement Plan, ensuring that action results improved outcomes for service users;
- Clarify what Members wished to achieve through leisure and recreation provision and then monitor the impact which leisure provision had on the Council's ambitions;
- Continue to monitor the progress made with implementing the recommendations arising from the investigations into the Hartham Fraud;
- Consider the effectiveness of the scrutiny arrangements in place over the internal control arrangements and consider the extent to which the information provided was sufficient for this purpose. Further, that consideration be given to the setting up of a formal Audit Panel to enhance

ACTION

the scrutiny arrangements. It was noted that PKF had recommended the establishment of an Audit Committee.

Ms Clarke commented that the Council's systems were robust and that PKF would be issuing an "unqualified" opinion of the Council. She commented that arrangements for supporting accounts had been good in the past and better this year and the positive effect this would have under the CPA scores.

Following a critical reference by PKF to internal audit, assurances were sought that there was no deterioration in relation to the service provided by internal audit.

Ms Clarke confirmed that there was no deterioration in the provision of service and commented that the some specific issues, eg timing and Hartham Pool had impacted on the service. This was being addressed. It was noted that a report would be brought back to Members in relation to outstanding "loop holes"

DCG/
ED(HOPS)

Clarification was sought on the issue of secondary employment and whether procedures were in place. This was confirmed.

A Member questioned the issue of undated debtor invoices. Ms Clarke confirmed that the dates services/goods were supplied must be shown on an invoice, as the absence of dates caused confusion.

Members debated the need for an Audit Committee and supported the suggestion that an Audit Panel be established aided by Members with the relevant expertise, possibly meeting quarterly and linking in with the Audit Plan and Statement of Control. Assurances were sought that the Panel would not conflict with the terms of reference or duplicate the work of other Panels.

ACTION

It was requested that a report be prepared setting out the terms of reference of an Audit Panel and its representation.

DCG

RECOMMENDED – that (A) the report be noted;

(B) progress be maintained with the implementation of the Improvement Plan ensuring that action resulted in improved outcomes for service users;

(C) progress be monitored in relation to implementing the recommendations arising from the investigations into the Hartham Fraud; and

(D) the Executive be requested to review the effectiveness of the Scrutiny arrangements in place over the internal control arrangements and the extent to which the information provided was sufficient for this purpose; and that consideration be given to the setting up of a formal Audit Panel to enhance the Scrutiny arrangements.

RESOLVED ITEMS386 INTERNAL AUDIT SERVICE

The Director of Corporate Governance submitted a report which outlined Internal Audit activity from October 2004 to August 2005.

It was noted that the Council was undertaking considerable work in relation to resource planning and risk management aided by the new monitoring system Covalent.

The report and supporting appendices now submitted reviewed:

ACTION

- Resources and planning
- Risk Management
- Audit Options
- Monitoring of Internal and External Audit recommendations
- Opinion on Internal Control and Corporate Governance Arrangements
- Fraud Awareness
- Customer Satisfaction Surveys, and
- Planning Improvements within Internal Audit

The Director of Corporate Governance commented that in relation to the appendices in the report now submitted, areas of concern were highlighted with a hand-bell.

Clarification was sought in relation to a Travel Claim overpayment. The Director of Corporate Governance confirmed that new procedures were in place to prevent any re-occurrence.

Clarification was sought and assurances given, in relation to Leisure Facilities Managers and spot checks at Hartham Pool in relation to till receipts and bank statements.

Members were provided with an update in relation to The Kemp Trust and the complexities encountered with the Charity Commission. The Director of Corporate Governance was asked to provide a report back on how things were progressing with the Charity Commission.

DCG

ACTION

The issue of building control was discussed in relation to the break-even position. Members sought clarification as to why the service could not benefit as a profit making service. The Director of Policy and Performance referred to controls in relation to capital and revenue. She undertook to investigate the matter and reply to the Members.

DPP

RESOLVED – that (A) the report be noted;

(B) the Director of Policy and Performance investigate the Building Control “break-even” position and write to all Members; and

DPP

(C) the Director of Corporate Governance update Members of the Committee in relation to the Kemp Trust.

DCG

387 PERFORMANCE MONITORING CONTRACT

The Head of Leisure submitted a report in relation to the initial monitoring methodology to be adopted for the operation of the Leisure Management Contract which would be delivered by Aspire Leisure Trust. The background to the management of the contract was provided and further updates would be provided in December 2005.

It was noted that some minor issues needed resolution and as such, the contract remained unsigned.

The Head of Leisure explained the client monitoring process in terms of the personnel and criteria. Example appendices to monitor specific performance were attached to the report, now submitted. Monitoring systems would also be installed to measure swimmer throughput and direct debit income.

It was noted that Client Monitoring would be delivered in

ACTION

the following areas:

- Service delivery
- Marketing
- Health and Safety
- Water Quality Indicators
- Throughputs (Casual swimming); and
- Direct Debit Income

A scoring system monitoring contract compliance would also be introduced.

Members noted that new gym equipment would be installed at four of the five centres currently operating gyms in December 2005/January 2006 (including a young persons gym) at Hartham Pool. However, new equipment would not be installed at the Grange Paddocks site.

It was noted that checks of the pools were being undertaken regularly by the Client and Environmental Health.

The Head of Leisure reported that there was no budget provision set aside in respect of additional contract expenditure which could arise from:

(A) loss of earnings experienced by the Contractor because of Client initiated works which could impinge on the Contractor's ability to provide all or part of their services; or

(B) variation claims by the Contract, as a result of possible requests by the Client, to undertake additional services not covered by the contract.

ACTION

It was noted that consideration was being given to replacing the boilers at Leventhorpe Pool during the next few months. This would mean that the pool would have to close for approximately three weeks. Members queried how the replacement boilers would be financed and were advised of a joint agreement with the County Council on a 60/40 split.

Clarification was sought on the income in relation Ward Freman. It was noted that this information would be reported in December 2005.

DPP

Concern was expressed in relation to the fact that the contract still remained unsigned. The Head of Leisure explained that there were a number of small outstanding issues. He was happy that the Contractor was moving ahead with a number of innovations.

The Director of Corporate Governance assured Members that a binding contract was in place and that there were ongoing discussions. Members urged the need to keep this issue under review and to press the Contractor for a date to sign the contract.

DCG

RESOLVED – that (A) the report be noted; and

(B) the Contractor be pressed in relation to the contract being signed.

DCG

388 PERFORMANCE INDICATORS – QUARTERLY MONITORING

The Director of Policy and Performance submitted a report in relation to performance statistics for April, May and June 2005 for the Council's national and local performance indicators. It was noted that both sets of indicators were subject to an annual audit by the External Auditor (Robson Rhodes).

It was noted that of the 26 indicators (and sub parts)

ACTION

- 58% were on or above target
- 12% were between 1-5% off target
- 31% were 6% or more off target

An explanation of the 8 targets which were 6% or more off target was provided in the report. These were:

LPI 2.2 – missed household waste collections

LPI 2.9 – building regulations turnaround time checks

LPI 2.10 – building sites re-inspected within 3 months

LPI 2.14 – food premises inspections

LPI 2.15 – premises inspections where H&S had responsibility

BV 78b – processing time/change of circumstances

LPI 3.4 – decisions on homelessness applications

LPI 82a - % targets of recycled household waste

Members were reminded of the ability of Covalent to provide an up to the minute measure of performance monitoring. Members were encouraged to contact the Research and Information Officer in the Performance Team for specific training.

Concern was expressed by Members in relation to the use of agency staff. The Director of Policy and Performance undertook to provide Members with a written response.

DPP

RESOLVED – that the report be noted.

ACTION389 COMMUNITY STRATEGY ACTION PLAN

The Community Projects Team Leader submitted a report in relation to the progress made by the Local Strategic Partnership (LSP) against the East Herts Together Community Strategy Action Plan. The background, composition and function of the LSP was explained.

It was noted that within the 10 specific priorities, 57 specific actions had been identified for completion between 2004 – 2007 and this was being monitored by Covalent.

Progress against the Action Plan was considered to be generally on target, with some projects completed ahead of schedule. Of the 57 projects, 14% had been completed; 79% were ongoing and 7% had no progress to report. An explanation was provided in the report where no progress had been made; generally this had resulted because of changing Partnership priorities, or for reasons beyond the Partnership's control.

Of particular note, was the success of the impact the schemes were having on the local community. In relation to an extensive summer holiday programme of activities, Bishop's Stortford Police had reported a reduction in reported crimes of 77%. Additionally following a recent crime audit, 95% of local residents had reported feeling safe in their neighbourhood.

Members were pleased to note the progress being made and felt that this project was something backbench Members could become involved with. It was felt that the LSP membership should be expanded to include representation from the rural areas given the essential rural makeup of the District.

Some Members however, expressed concern that feedback from the LSP and the LSP Board was not being fed down to Members. Further, that residents were unaware of what was happening in the District.

ACTION

The Director of Policy and Performance commented that the Membership of the Partnership would be undergoing a review.

DPP

Information and clarification was sought on a number of projects:-

Priority 2, 2.3 – Planning Consultation. Information was awaited and no progress had been made.

Priority 3, 3.2 – Products for Key Workers. Clarification was sought and provided in relation to the location.

Priority 3, 3.3 – Section 106 agreements to provide affordable housing. A Member queried the location. The Director of Policy and Performance undertook to supply a list of sites.

DPP

Priority 4, 4.5 – Community Safety Strategy. A Member raised the issue of environmental crimes such as litter and graffiti. The Director of Policy and Performance undertook to write to the Member.

DPP

Priority 7, 7.7 – Fruit Scheme initiative in Schools. A Member requested further information on the scheme and suggested that Hertford Orchard be invited to participate in the initiative.

Priority 8, 8.8 – Implement lifelong learning. A Member raised the issue of making computer schemes available for people with Down's Syndrome.

RESOLVED – that (A) the report be noted;

(B) Officers examine how Members can become involved and better informed about LSP work; and

ED(HPS)/
DPP

ACTION

(C) the Executive be requested to consider reviewing the Membership of the LSP with a view to including representation from the rural environment and the Hertfordshire Orchards Initiative.

390 STRATEGIC RISK MONITORING

The Director of Corporate Governance submitted a report concerning the risk register which detailed action plans to mitigate and control those risks.

It was noted that in relation to level 3 of the Comprehensive Performance Assessment (CPA) – Use of Resources Key Lines of Enquiry 4.1, required that Councils receive reports quarterly and annually.

Strategic risks and their potential impact and likelihood were detailed in the report together with an explanation of the system of scoring.

Members expressed concern in relation to the processes used in deciding the risk rating and sought further information on this. It was noted that the scoring system was evaluated and determined by the officer responsible for a particular section.

DCG

Members sought further information and assurance about the methodology adopted in relation to the risk management process. Further information was sought before the methodology could be adopted.

DCG

The Director of Corporate Governance undertook to provide the information requested.

RESOLVED – that the document be deferred pending further information in relation to processes and methodology used in establishing the Risk Register.

ACTION

391 WORK PROGRAMME

The Director of Policy and Performance submitted a report detailing the future business to be determined by Performance Scrutiny Committee.

The Head of Performance reminded Members of the advice given earlier that evening, to include two additional meetings in order to accommodate additional business. These would take place on 15 December 2005 and 1 February 2006.

RESOLVED – that the report be noted.

The meeting closed at 9.50 pm.

Chairman

Date