

TITLE OF REPORT: PERFORMANCE, AUDIT & REVIEW COMMITTEE ANNUAL REPORT 2009/10**REPORT OF THE CHAIRMAN OF THE PERFORMANCE, AUDIT & REVIEW COMMITTEE****1. INTRODUCTION**

Welcome to the Chairman's annual report on the operation of the Performance, Audit and Review Committee for the year 2009/10. The Committee has a standing sub-group, the Audit and Risk Sub-Committee, which I also chair and therefore I take this opportunity to comment on this also.

I would, of course, like to thank Councillor Tom Brindley who, until his appointment as Portfolio Holder for Planning & Transport was Chairman of this Committee until June 2009. In addition to also thanking the Members of the Committee I would in particular like to pay tribute to Councillor John Booth, my Vice Chairman, who filled my previous role following the departure of Councillor Brindley. I am particularly grateful for the hard work of the various officers who have played a central part in supporting both PARC and the Audit & Risk Sub-Committee, in particular John Robinson Strategic Director Customer Services as lead officer and Nigel Schofield, Member Services Officer for his excellent support, timely advice and unflappability at all times.

2. MEMBERS OF THE COMMITTEE

The members of the Committee during the year were:

Michael Weeks *	(5)	Substitutes:	
Alan Bardett	(2)	Clare Body	
John Booth *	(6)	Lee Downie	
Tom Brindley *	(1)	Joan Kirby	
P.C.W. Burt	(0)	Alan Millard	(1)
Paul Clark *	(4)	Elliot Needham	(1)
Julian Cunningham *	(4)	R.L. Shakespeare – Smith	(2)
Gary Grindal	(3)		
R. E. Inwood	(4)		
Sal Jarvis	(4)		
David Levett	(4)		
Paul Marment	(6)		
David Miller	(1)		
Deepak Sangha*	(6)		
Martin Stears-Handscomb	(6)		

* Members of the Audit and Risk Sub-Committee.

Figures in brackets show the number of meetings attended.

3. ACTIVITY DURING THE YEAR

PARC is one of the two Overview and Scrutiny committees of the Council. The other is the Scrutiny Committee. In general terms PARC tends to take a broad view of the main streams of activity operating within the Council whilst Scrutiny tends to review specific subjects of particular concern in greater depth. The Chairs and Vice Chairs of both committees together with Councillor Stears-Handscomb meet regularly with officers to ensure that there is coverage of all the main activities of the Council without significant overlap.

PARC considers an annual report setting out its proposed work programme at the start of each municipal year. This ensures that the Committee fulfils the obligations set out under its Terms of Reference and is able to manage its work in a pro-active manner. The work programme sets out the main activities of the Committee and I have provided a commentary on each in turn below:

3.1 Performance

PARC has received regular performance reports during the course of the year – a vital role in supporting the Council's efforts to maintain a focus on improvement and a tangible demonstration to external inspectorates of our commitment to this work.

The recently implemented changes in the national indicator reporting set necessitated the adoption of a number of alternative local performance indicators and these have proved to be successful in providing a balanced measure of the performance across a broad range of Council activities. Over the years, Members of the Committee have developed an expertise in understanding the nature of these indicators, the performance characteristics and the process of both learning from good practice and addressing poor performance.

However, there does need to be a recognition that excellent performance sometimes comes at a high price and as the national economic situation continues to present challenges for all parts of the public sector a clear understanding of the relationship between price and performance will be important if the Council is to maintain services at a level demanded by residents and at a price that is affordable to them.

Performance management has been greatly assisted by the roll out of the 'Covalent' Performance Management System. This has allowed for the much more timely production of data and live access to it via NHDC's intranet. Its introduction also completes the recommendation made by the Audit Commission to the Council to significantly improve the quality of data available. PARC has also continued to receive regular reports from the Council's Complaints, Compliments and Comments system and on Customer Service performance more generally. I believe that this scrutiny and political support for a customer focussed ethos has played a part in the successful delivery during the course of the year of standards of customer service very closely aligned to the demanding standards we set. It is notable that the surge in complaints experienced following the introduction of alternative weekly refuse collection system has now been positively addressed and it is very pleasing to note that as a result of these changes North Hertfordshire now recycles over 50% of its waste making it the top performing Council in Hertfordshire and the 23rd most successful in England and Wales, this is something to be proud of.

Whilst PARC's responsibility involves providing oversight of performance issues, this is a Scrutiny function which assists cabinet in discharging its primary responsibility for performance. It may, therefore, wish to consider arrangements in view of potential changes to the Overview & Scrutiny Committee structure which envisage a smaller number of Members carrying out this work. It is apparent that the complexity and range of performance indicators

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requires a sometimes technical and historical perspective which can only come with time and so the creation of a new smaller Sub-Committee to oversee both Performance and Finance should assist greatly in this.

3.2 Best Value/CPA/ Improvement Planning

PARC has traditionally made significant contributions to organisational improvement via the fundamental service review (FSR) programme. However, 2009/10 it has been apparent that officer resources to support this work have been limited and as a result only 1 officer led review (Partnerships FSR) concluded during the course of this year. However, I am pleased to note that proposals elsewhere on the agenda for this evening's meeting do recognise the requirement to maintain focus on improvement through the creation of time limited specialist working groups and it is my hope that these, like Fundamental Service Reviews, are focussed on organisational priorities, accepting that the nature of our priorities may increasingly involve delivery in collaboration with external partners.

3.3 Policy & Review

Probably the single most important task of the committee has been assisting in the development and monitoring of the Council's Corporate Plan. It is pleasing to note that the corporate planning processing has developed in to a very collaborative effort and I am grateful for the time and effort Members from all parties have played in getting this right. It is evident to me that the Council now has a Corporate Plan which accurately describes its objectives and provides a robust way of ensuring delivery against these. The Corporate Plan should also provide a very clear focus for the work of the Council's Overview & Scrutiny Committees and should provide a framework for developing their respective work plans in the new municipal year.

In addition to this PARC has considered a number of significant Policies and Strategies and has provided Members of all parties with the opportunity to critically examine and contribute towards the development of the Council's approach. During the course of 2009/10 a number of other Polices/Strategies were considered in detail:

- Organisational Development Strategy Implementation Plan
- NHDC Strategy & Priorities 2009-10
- Corporate Equality Strategy
- Customer Care Strategy
- Consultation Strategy
- The Place Survey
- Local Strategic Partnership
- Local Area Agreements
- Comprehensive Performance Assessment
- Citizens Panel
- The Budget Setting Process
- CAA – Organisational Assessment

Some Members may recall observations made by the previous Chairman of PARC Councillor Julian Cunningham in respect of the governance of partnerships. I am pleased to say that the frequency of reporting on the work of partnerships generally has improved and, again, the proposals for new Overview & Scrutiny arrangements recognise the importance of the partnership arena in delivering increasingly complex national and local government policy objectives in collaboration with others.

3.4 Audit & Risk

The Audit and Risk Sub-Committee (ARSC) has received regular reports from Grant Thornton, the Council's external auditors, and from officers from the Council's Risk and Performance, Internal Audit and Accountancy functions. With regard to reports presented by the Risk Manager, recommendations are made to PARC as this committee remains the body charged with formal responsibility for Risk Management.

During the course of the year, Members were offered the opportunity to attend a formal training session on risk management and internal audit. The risk management session also covered the Council's risk and performance system, Covalent, thus enabling Members to gain an overview of how the Council records and manages its risks. These sessions provided a clearer picture of the nature of risks associated with the Council's operations and how robust internal control is a key component of effective risk management. Finally, Members were also provided with a handbook which includes an outline of the key functions of an audit committee and is a useful reference document.

The Sub-Committee meets on a quarterly basis. With a more informal method of operation, it has been able to enter into extremely constructive discussions with those charged with governance and have been able to critically examine information presented in reports. Members ability to do this has been enhanced as a result of the training provided.

It is pleasing to note that Grant Thornton believe that the Sub-Committee is operating effectively and that in overall terms NHDC's governance arrangements are good as evidenced by the Annual Audit letter. In response to the recommendation that the Sub-Committee becomes more proactive in its approach, it undertook a review of the effectiveness of the Sub-Committee and developed an action plan which I believe will further enhance the contribution that the Sub-Committee makes to the governance arrangements of the Council.

I believe that we have developed effective working relationships with both officers and the external auditors who regularly attend this Sub-Committee. It has been particularly useful on occasion to have be able to obtain the views of the external auditor on a particular matter. The inclusion of update information from the Accountancy Manager with regard to our response to the requirement of the International Financial Reporting Standards (IFRS) has been a useful addition to the role of the Sub-Committee.

Finally, I would thank Andy Cavanagh, (Head of Finance Performance and Asset Management) who replaced Barrie Jones, Margaret Mulkerrin (Audit Manager), (Fiona Timms (Risk Manager) and members of the Grant Thornton team for the advice and continued support they have provided during this civic year, they have continued to provide well-reasoned responses to even our most basic of questions.

Councillor Michael Weeks

Chairman of the Performance, Audit and Review Committee 2009/10 & Chairman of Audit & Risk Sub-Committee 2009/10

