

FINAL RESPONSE TO AUDIT COMMISSION ANNUAL AUDIT LETTER 2005/06

Report of Finance Director

Author: Chris Sweeney

Tel: 01992 555303

This is the final response to the Audit Commission Audit & Inspection Letter for the financial year 2005/06 which covers:

- Council performance
- Service inspections
- Financial management and value for money

This final response will be sent to the Audit Commission and published on the Council web site. Also attached for information is the Chief Executive's report to Performance Cabinet Panel of 20th March 2007 on the Council's Improvement Plan.

1. Summary

The Audit letter summarises the conclusions and issues arising from the audit and inspection and suggests certain actions.

The key issues addressed in the report relate to (Audit Commission comments in italics and responses in bold):

(a) Council performance

1. *It has worked successfully with police and fire to reduce the number of road and fire deaths. However, the level of improvement has not been consistent across all areas. Children's social care services have been rated as only adequate whilst crime performance data, although improving, remains bottom quartile. Customer satisfaction remains relatively high. (Paragraph 5)*

Audit Commission figures compare crime levels in Hertfordshire with other County Council areas. Police statistics held on the Home Office system for performance measurement and comparison compare crime between police force areas. This means that, in Audit Commission figures, crime levels in unitary authorities within a county police force area are excluded e.g. Essex will exclude Thurrock and Southend, and Bedfordshire will exclude Luton. In many counties, this means the exclusion of urban areas, where crime is often higher. In the Hertfordshire Constabulary area, there are no unitary authorities, and urban areas with relatively higher crime levels are included in Audit Commission statistics. This shows Hertfordshire as performing less well relative to other counties, in contrast to police force comparisons which show a much better level of performance.

An example of this can be seen in the comparison of Police and Audit Commission figures which shows that Hertfordshire moved from the top quartile in the former into the third quartile in the latter for violent crimes.

Further detailed explanation of this difference in crime statistics was included in the information pack "Corporate assessment analysis week - supplementary information" (page 41), provided recently to all members.

A substantial programme of improvement has been put in place for children's social care, and is beginning to have an effect. The time taken for initial and core assessments, in particular, has reduced substantially. Progress is reported to members regularly"

- 2. The Council provides good value for money and has improved this through more efficient management processes as part of the 'way we work' project. However, the overall cost of a number of services remains high, and performance in some areas such as roads maintenance and planning applications continues to be mixed. (Paragraph 6)*

Roads maintenance has been targeted for action and investment. This is a key focus in the Improvement Plan.

Planning Applications - An action plan has been implemented to address this area. Results are dependent on a very small number of applicants for top tier authorities

- 3. Corporate and improvement planning is improving and community consultation is a strength. Performance management is embedded but needs to be further developed and smarter targets set to support the corporate challenges. It works closely with others to deliver results and has the capacity to improve further. (Paragraph 7)*

Challenges and targets - This is a priority to be addressed. Members of the Performance Cabinet Panel will ensure are ensure that targets are smarter and also more regularly reported – some PIs are currently reported on an annual basis.

- 4. Ensure a consistent level of performance and improvement in key Services (Paragraph 17)*

Further develop performance management by setting smarter targets to support delivery against the corporate challenges (Paragraph 17)

Continue to improve processes to review value for money in order to move towards lowered cost and high performance for all services (Paragraph 17)

These issues of performance concern are being addressed through the Improvement Plan. (attached)

- 5. Develop an action plan to address the area for attention identified in supporting People inspection and monitor the implementation of the*

plan. (Paragraph 17) (Addressed in response in Paragraph 64 below)

Develop an action plan to address the areas for improvement in our use of recourses assessment, particularly in relation to the arrangements for the production of the working papers to support the financial statement. (Paragraph 17)

Adequacy of working papers has been considered and improvements have been identified to ensure compliance with these requirements for the 2006/07 accounts

- 6. General improvement is offset by areas where performance remains in the bottom quartile. For example, agreeing statements of special educational needs, adoptions of 'looked after' children, domestic burglaries, robberies and vehicle theft, and the processing of major planning applications. (Paragraph 22)*

The Council has now produced a revised more strategic Improvement Plan. (agreed at Performance Cabinet Panel 20/3/07).

- 7. Detailed performance monitoring is embedded at both departmental and corporate level. Performance management arrangements within adult care services are judged to be strong by CSCI. The increased use of comparative data, for example on performance and rates of improvement, unit costs to inform the strategic compass and the programmed roll out of the balanced scorecard, are designed to improve performance management and ensure greater consistency of performance monitoring. (Paragraph 35)*

The Balanced Scorecard is now in regular use at Strategic Management Board, Environment, Corporate Services Board and Fire and Rescue. ACS and CSF will use their scorecards later in April.

(b) Services inspections

supporting people inspection

- 1. The five-year strategy is not adequate to drive activities and reconfigure the programme and plans are not well put together and monitored;*

the quality of information on provider performance indicators is not adequate and there are no targets or regular performance reporting on providers;

despite some of the lessons learnt, the culture of learning from best practice is not strong and the approach to learning from complaints is not effective;

the Supporting People team lacks skills including planning, report writing and contract management. (Paragraph 64)

A robust service improvement plan has been put in place following the Supporting People inspection and changes made to the management arrangements of the Supporting People Team to increase capacity and integrate the commissioning of housing related support with other strategies. The improvement plan will address the key actions highlighted by the Audit Commission, specifically:

A new Supporting People Strategy has been drafted and will be consulted on during April and May 2007, the final strategy will be signed off during June and July 2007

Clear short term plans are in place and priorities areas for 2007/08 have been agreed

**New policies on eligibility and value for money have been agreed
Performance reporting is being improved and there is agreement to use the national outcomes framework for Supporting People when it is published by Communities & Local Government**

The Supporting People Team is linked into the regional network and it drawing more on good practice in other authorities. Visits to three high performing authorities have been carried out and external support is helping us to ensure we improve particular components of the programme.

Work planning has been improved and is reported regularly to partners, reports for the Commissioning body and Programme Development Group have been significantly improved with good feedback from partners

Provider engagement with the programme has been enhanced, long-standing payment issues resolved and feedback to date is good

Contract management arrangements are being developed which will better support providers and ensure that contractual requirements are met and quality standards achieved

User involvement is being improved through a number of means and the strategy consultation will link with existing groups and network to maximise the number of people who comment on our future plans

The Adult Care and Community Safety Scrutiny Committee will look at progress later in the year

A meeting with Communities and Local Government and the Audit Commission in February 2007 allowed us to illustrate good progress, agreed additional support to be provided and estimated that our re-inspection would most likely be in early 2008

Working with other inspectorates and regulators

CCSI and Ofsted report on children and young people's services

2. *Children's social care services are only adequate, in particular around the performance on both initial and core assessments, and the immediate action taken by the Council to secure improvement must be sustained. Children and young people are enabled and encouraged to attend and enjoy school although the absence rate for looked after children is high. (Paragraph 69)*

a) **For children's social care services, see comment in A response to Para 5 above.**

b) **Absence rate for looked after children 2006/07 data (PAF C24) shows an improvement of more than three percentage points against the previous year, though national and statistical neighbour comparison data is not yet available.**

CCSI review of adult services

3. *The Council needs to consolidate improvements made since last year in key areas, in particular by:*

increasing the number of service user reviews;

monitoring and controlling patterns of discharge: numbers of delayed transfers of care have been variable over the year;

increasing further the number of service users in receipt of Direct Payments: the rate is particularly low for people with mental health problems;

continuing to utilise the strong performance management arrangements to demonstrate improved outcomes for service users across performance indicators. This applies to promoting the independence of services users with physical disabilities and older people; and

ensuring commissioning strategies address service levels in light of budget pressures across health and social care finance. (Paragraph 76)

ACS has continued to work during 2006/07 to target the areas identified in the 2005/06 Record of Performance Assessment by the Commission for Social Care Inspection, specifically:

Performance in relation to reviews has continued to increase and it is anticipated we will reach the top performance band by the year end

Delayed transfers of care continue to be variable across the year and the county, monitoring systems are in place and resources are deployed to best deal with the pressures that arise.

Further work with the PCT is planned to tackle delays and to ensure appropriate services are available following stays in hospital

Direct Payment numbers continue to increase and particular work with the Hertfordshire Partnership Trust has been undertaken to increase take up by people with mental health problems.

The rate of progress still needs to increase if we are to meet our Local Area Agreement target by 2009 and in order for us to improve our performance in comparison with other authorities.

Work to ensure that all of the support we provide to older and disabled people is counted within relevant performance indicators has been undertaken and will result in improvements to key indicators for 2006/07

All commissioning strategies address the resource constraints applicable to the service area in question

(c) Financial Management and value for money

County Council use of resources judgement

1. *The key areas for improvements identified in the above judgements where appropriate, are as follows:*

ensuring comprehensive and clearly cross-referenced working papers, which support the accounts and include a thorough and evidenced analytical review, are provided at the start of the audit; (Paragraph 85)

The working papers requirement have been specified ensuring compliance with these requirements for the 2006/07 accounts

2. *publishing an annual report or similar document, which includes the summary accounts and an explanation of key financial information, and is designed to be understandable and informative to members of the public and is available in a wide variety of formats to meet local user needs; (Paragraph 85)*

The council intends to publish an appropriate and assessable annual report for 06/07

3. *improve timeliness of budget reporting; (Paragraph 85)*

Through Finance transformation and Business process review that it entails It is intended to shorten the time taken to deliver consolidated corporate monitoring reports for Members

4. *move towards lower costs and high performance for all services, in particular for those services, such as highways, where costs are high but performance is below average; and (Paragraph 85)*

Performance is being improved by targetting a number of service areas through the use of a balanced scorecard. In this way areas of service that

are performing less well are prioritised for action. A range of efficiency initiatives are being progressed to improve the quantity and quality of services delivered to the public

5. *implement the procurement strategy action plan and develop an understanding of the scale of the opportunity offered by improved strategic procurement. (Paragraph 85)*

The revised procurement strategy approved by Cabinet in October 2006 is currently being implemented

Fire and Rescue Authority use of resources judgement

6. *The key issues arising, as reflected in the above judgements, which are not already reflected in the Council's overall use of resources judgement are the need to: (Para 88)*

distribute appropriate profiled financial monitoring to all budget holders within ten days of the month end;

This requirement has been built in to the service's Community Safety planning process for 2007/08 as part of the finance Departments work plan. Currently budget holders have access to detailed budget information via the SAP system, and this can be further supplemented on request by Finance staff.

7. *further develop the use of the Fire Services Emergency Cover toolkit to support major operational change and to formally assess the impact on changes;*

The FSEC toolkit is under constant development and will be used to assist in the identification of Service resourcing requirements at the time of the next full scale IRMP planning exercise in 2008/09. It is anticipated that the toolkit will be ready to undertake a full assessment of the actual and predicted risks in Hertfordshire by October 2007.

8. *monitor cost pressure to ensure continued understanding and improvement;*

This requirement has been built in to the Service's Community Safety planning process for 2007/08 as part of the finance Departments work plan.

9. *demonstrate clear outcomes from the redeployment of staff and resources implemented through the IRMP;*

As part of the collective agreement made at the end of the recent fire dispute the Service continually monitors the effectiveness of the redeployment of its staff following the IRMP carried out in 2005/06. As part of its Community Safety planning process, the Service has

developed a model whereby the risks within the county are assessed every three years to enable the effect of reallocating resources to be fully assessed prior to further changes being made.

10. undertake comprehensive benchmarking exercises; and

As part of its recent re-organisation the Service has brought together all aspects of policy making under one functional area to enable benchmarking to be applied consistently and comprehensively across all parts of the Service. Members of the policy development team are being trained and supported to undertake benchmarking exercises as part of their core terms of reference.

11. develop a regional HR strategy and finalise the FRA strategy.

In line with Service strategic aim (15.2), an HR/People Strategy has been drafted. The long term strategy encompasses the County's key people management objectives along with the recently published National Fire and Rescue HR priorities. The plan aims to assist all managers to identify their own roles and responsibilities within the following key HR areas:

- **Resourcing and making our mark on equality**
- **Developing skills and Capacity of the workforce including leadership**
- **Developing the capacity of HR in the F&R Service (Transformation)**

2. Publication

The Council is required as soon as reasonably practical following its receipt to publish the Letter and keep copies of it available for any person (on payment of a reasonable sum).

To fulfil this requirement the Letter will be placed on the Council's web-site (www.hertsdirect.org): and there will be a reference to it in HERTSDIRECT, the Council's newspaper.