

## HERTFORDSHIRE COUNTY COUNCIL

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### REPORT OF THE POLICY COMMITTEE 5 NOVEMBER 1998

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**NOTE:** Full copies of the reports mentioned below have been sent to members of the Policy Committee and other members who have requested them. Further copies are, however, available from Janet Purcell, Room 222, County Secretary's Department, County Hall, Hertford. (Telephone: 01992 555562)

#### **1. DISTRICT AUDITOR'S MANAGEMENT LETTER TO MEMBERS FOR THE 1997/98 FINANCIAL YEAR**

##### **1.1 Background**

District Audit (the external auditors of the County Council) produce a Management Letter to Members each year. This is required by legislation, is produced in accordance with the Audit Commission's Code of Practice, and is a summary of the District Auditor's independent assessment of how the County Council is discharging its stewardship of public money. The draft Management Letter had been considered by the Scrutiny and Audit Panel prior to its formal submission to the Committee.

The overall conclusion of the District Auditor is that the County Council has performed well in meeting its agenda of provision of services and addressing and implementing changes and appears well placed to cope with the challenges of the future. The Letter focuses only on those ones where improvements can be made against this background of high standards and good performance.

##### **1.2 Key issues**

The Scrutiny and Audit Panel focussed on the key issues and recommendations set out in the Letter. These are set out below with the recommendations of the District Auditor's shown in italics:-

(1) Best Value (paragraph 8 of the Letter refers)

The District Auditor identified that there an expectation that councils are already looking at how they will implement 'Best Value' initiatives, ahead of legislation and that the County Council needs to link their own initiatives (such as Herts Connect) with the Best Value requirements. An officer steering group is working on Best Value, but the District Auditor considers that members

should continue to receive reports on impending legislation and how initiatives are progressing.

Such reports will be brought to Members, through the “Modern Local Government” Member Reference Group and in reports to committees as appropriate.

*The recommendation is “that members should continue to receive reports on how impending ‘Best Value’ legislation is likely to impact on the Council and how various initiatives, either already underway or proposed, are progressing in order to meet the anticipated legislative timetable for implementation”.*

(2) Review of library service (paragraph 14)

The District Auditor’s review (based on a 1996/97 study) led him to conclude that there were potential areas where significant savings of up to £1m might be found.

The library service has also been the subject of a major review since the District Auditor’s own review and the recommendations for improving the performance of the service are already being addressed with the likelihood that some of the savings will have already been recognised.

*The recommendation is “that members should monitor the outcome of reviews of the library service, both by the District Auditor and the internal review, to assess the extent to which potential savings are realised.”*

(3) Repairs and Maintenance - Education and Highways (paragraph 23)

The Audit identified that restrictions on budget allocations for repairs and maintenance work has led to a considerable increase in the backlog (approximately £100m).

The District Auditor and members are aware that maintenance backlogs is a widespread problem and the Panel, and the Committee in turn, have welcomed the District Auditor’s suggestion that the Audit Commission could highlight this issue in its management letter to the Department of Environment Transport and the Regions.

*The recommendation is “that members should monitor carefully the extent of backlog maintenance work and the rate of deterioration of assets. As far as possible budgets should be set to provide a sustainable maintenance programme of work to maintain assets at an acceptable standard.”*

(4) Reserves (paragraph 41)

The District Auditor has commented that the level of reserves has reduced over the past three years to £8.9m in the general fund at 31.3.98 and has concurred with the Chief Financial Officer's view that it is prudent to maintain a working balance of around £9.6m which is anticipated for the year end.

The District Auditor refers to the continuing need for careful estimation of demand led services and for the County Council to be able to respond to changes in government policy as well as estimate the revenue consequences of its own policies.

*The recommendation is "that members should continue to receive regular reports of financial performance and try to ensure, as far as possible, that budgeting systems remain sound and ensure tight control."*

(5) Data-Matching Initiative (paragraph 70)

In past years Hertfordshire has taken part in a national data matching exercise to identify false claimants (mainly for housing benefits, but also for student awards). Information used for national data matching is being extended and the process should be of more direct benefit to the County Council in future. The District Auditor have, therefore, urged the council to continue to support this initiative.

*The recommendation is "that the County Council should continue to support the Audit Commission data matching initiative."*

(6) Performance Indicators (paragraph 82)

The Audit Commission is reconsidering its indicators and the government may also be setting key national performance indicators as part of Best Value.

The Panel will be receiving a report on the Council's development of its key indicators and these will be developed in the light of the Audit Commission and national performance indicators and any legislative requirements for performance plans as indicated in the Government's white paper "Modern Local Government - In touch with the people".

*The Management Letter recommendation is that, "when making decisions on their own key performance indicators, members should 'leave the door ajar' so that there can be reconsideration when both the government and Audit Commission announce their proposals."*

### 1.3 Adequacy of systems

The District Auditor is satisfied that systems are operating satisfactorily. Last year's audit had revealed that the lists of authorised signatories had not been satisfactorily monitored or maintained. This area of weakness had been of concern to the Scrutiny and Audit Panel who also monitored this. The District Auditor is now satisfied with the action being taken to address this.

The Panel noted that the audit had also revealed that, in some delegated services, applications for government grants had not been submitted at the appropriate time but that action was in hand to address this in future. The Panel identified this as an area that should be covered in their current scrutiny of the contract monitoring process.

These two issues will be monitored by the Scrutiny and Audit Panel.

### 1.4 Conclusion

The overall conclusion from the audit is that the Council has continued to meet its stewardship responsibilities and appears well placed to cope with the challenges of the future. Officers have been instructed to progress the action required to meet the recommendations in the Management Letter and the Scrutiny and Audit Panel will be monitoring the progress against the issues.

The Committee have acknowledged the concern expressed by the District Auditor at the maintenance backlog in respect of highways maintenance and schools and have endorsed the Scrutiny and Audit Panel's welcome of his suggestion that the Audit Commission could highlight this widespread problem in its Management letter to the Department of Environment Transport and the Regions.

## 2. **PROTOCOLS FOR RELATIONSHIPS BETWEEN MEMBERS AND OFFICERS**

A protocol for relationships between members and officers was agreed by the Policy Committee on 30 April 1998 and reported to full Council on 19 May 1998.

At that meeting County Councillors Michael Janes and Robert Ellis took issue with paragraph 4.9 namely:-

*“Officers may attend with members of the Administration Group at meetings with ministers, MPs etc when the matter concerned is Council business. If members of other groups wish to have officer support at such an external meeting that will be discussed in advance with the Leader and Deputy Leader of the Council.”*

The Standards Panel at their meeting on 16 June took another look at the wording, confirmed the appropriateness of their wording, but suggested that a sentence be added to the protocols advising that officers may also accompany cross-group delegations visiting ministers and MPs.

The Policy Committee at their meeting on 17 September discussed the Panel's recommended revised wording. However, they were unable to reach agreement on it. Instead they asked that the Panel look at this again and come up with another form of words.

The Standards Panel on 13 October reconsidered this paragraph, noting that it relates only to external meetings. The Protocol already sets out clear rules under which officers support internal group meetings.

In looking at this again, the Panel went back to the reason for having the paragraph in the first place, namely to give officers clear guidance on when it is appropriate to accompany members, in order to avoid placing those officers in awkward situations.

To achieve this the Panel considered it best to remove the need for the issue to be discussed by the Leader and Deputy Leader but to recommend that the Chief Executive as the Head of the Paid Service (with overall responsibility for officer conduct in these matters) should be asked to give his approval.

The Panel's revised recommended wording has now been agreed by the Committee as follows:-

*“Officers may accompany members at meetings with ministers, MPs etc., to discuss Council business.*

*However, if officer attendance is requested at such a meeting, at which Opposition members only are represented, then this must be agreed in advance with the Chief Executive.”*

**Ian Laidlaw-Dickson**  
**Chairman**  
**5 November 1998**