

## THE MINUTES OF THE MEETING

### OF THE AUDIT COMMITTEE

HELD ON THURSDAY 29 MARCH 2007

Present: Councillors Mrs. G. Bleasdale (Chair)  
Councillors B. Bates, R. Davison, M.  
Nicholls and P. Stradling

Apologies: Councillors E. Bell, Mrs. M. Nugent  
and G. Pinkney

1. **MINUTES OF THE LAST MEETING** held on 22nd February 2007 a copy of which had been circulated to each Member, were confirmed.

**Prior to consideration of the following item of business, Councillors B. Bates and R. Davison declared personal but not prejudicial interests.**

2. **PERFORMANCE AND FINANCIAL MONITORING ARRANGEMENTS - EAST DURHAM HOMES**

Consideration was given to the report of the Head of Housing which gave details of current monitoring and governance arrangements in place for the services managed by the Council's Arms Length Management Organisation, East Durham Homes.

I Morris, Head of Housing explained that a detailed performance report in respect of all services managed by East Durham Homes was presented to the Services Delivery Scrutiny Committee on a quarterly basis.

All service areas managed by East Durham Homes were subject to performance monitoring by way of either statutory Best Value Performance Indicators or locally agreed performance indicators. Performance against these and targets set were subject to regular monitoring by East Durham Homes and the Council's Service Delivery Scrutiny Committee.

With regard to its governance arrangements, he explained that East Durham Homes delivered a number of the Council's operational housing functions, specifically the management and maintenance of the Council's housing stock. The Council remained the Strategic Housing Authority, accountable for delivering the wider housing service including the performance of East Durham Homes and the relevant national Best Value and Local Public Service Agreement performance targets.

East Durham Homes operated within the framework of a 10 year Management Agreement, was limited by guarantee and had a Board responsible for governance.

An Independent Auditor carried out an Annual Audit of Accounts and the Company procured its internal audit function from the Council through an annual Service Level Agreement.

The Company had a Finance Team under the overall control of the Director of Finance and Support Services, who was also the Company Secretary. A Corporate Committee had been established whose remit was to receive financial

## **Audit Committee - 29 March 2007**

monitoring reports from the Director of Finance and Support Services and internal and external audit reports.

The Company had adopted the Council's financial regulations, standing orders and confidential reporting code. Legal advice was provided by the Council's Monitoring Officer and Crutes, Solicitors and the Company was reviewing its procurement strategy in consultation with the Council's Corporate Procurement Manager.

In terms of monitoring of expenditure, the Company was paid an annual management fee for delivery of services outlined in the 10 year Management Agreement and annual Delivery Plan. The Council's role was to ensure that the Company was delivering the targets set for the delivery of the services.

National Benchmarking data suggested that the Council's costs for the management and maintenance of its housing stock was relatively low, however current performance in some service areas was also low in terms of benchmarked quartile ratings. Customer satisfaction with the overall service was also low with information not currently sufficiently detailed to allow for analysis of individual service areas. He explained that at present, the only validated measure of customer satisfaction was through the three year survey carried out by Norma Wilburn Associates. Local satisfaction surveys were carried out and results of these were good, however these were taken from a small sample and were not validated.

To be able to clearly demonstrate value for money, operational performance and customer satisfaction had to be improved and there were a number of channels through which this would be achieved, including the development of separate service plans and a more detailed annual customer satisfaction survey.

With regard to capital expenditure, the Council had developed a three year rolling programme of capital investment in housing across the District with three key objectives of improving the Council's stock, carrying out private sector housing renewal and contributing to the wider regeneration of the District.

Of the total programme for 2007/8, around £8.3m was delivered by East Durham Homes as investment into the Council's housing stock. During the year, the Council's Capital Programme Working Group monitored the programme on a monthly basis and a review carried out every six months with a report to Executive.

In terms of the financial management of the EDH Capital Programme the Company worked within the overall total allocation set by the Council for this financial year. This was monitored by the Capital Programme Working Group but the Company could vire between scheme headings which allowed the programme to be changed to meet the needs of tenants or for operational efficiency. Value for Money was assessed by the delivery of the programmes in a timely manner, within budget and to the satisfaction of the tenant.

In response to questions, I Morris reiterated that the nature of the arms length relationship was such that the Council could not micro-manage the company's finances, governance or performance management processes. He added that in addition to the monitoring arrangements detailed in the report, the Council had recently set up a Joint Delivery Team with EDH to look at specific areas of concern and help to achieve improvement in performance in those areas.

## **Audit Committee - 29 March 2007**

Following discussion, it was **RESOLVED** that the information contained within the report, be noted.

### **3. BEST VALUE PERFORMANCE PLAN - SUMMARY INFORMATION**

Consideration was given to the report of the Principal Corporate Development Officer which gave an update on the publication of the Best Value Performance Plan Summary Document for 2007/8, a copy of which had been circulated to each Member.

T. Bell advised that the Council had a duty to prepare and publish a summary of the Council's performance ahead of the publication of the Annual Best Value Performance Plan by 31st March 2007.

Prior to the 2006 Plan, the summary document had been published as a leaflet and sent out to all households within the District. This year it was decided to incorporate the information within the Council Tax leaflet which was distributed to each household in March. By doing this, all residents had been informed of the financial data around the new Council Tax bill, together with the headline performance data showing the main objectives of the Council and what had been delivered during the last year.

A copy of the leaflet was attached to the report for Members consideration.

**RESOLVED** that the information given in relation to the production of the Best Value Performance Plan Summary Document for 2007/8, be noted.