

**THE MINUTES OF THE MEETING
OF THE AUDIT SCRUTINY COMMITTEE
HELD ON MONDAY 6 MARCH 2006**

Present: Councillor G Pinkney (Chair)
Councillors E Bell, A Collinson,
Mrs M Nugent, B Quinn and
P Stradling

Also Present: Councillor D Myers – Executive Member for E-
Government and Scrutiny Liaison

Apologies: Councillors R Davison, H High and
Mrs G Bleasdale

1. **THE MINUTES OF THE LAST MEETING** held on 13 February 2006, a copy of which had been circulated to each Member, were confirmed.
2. **THE MINUTES OF THE MEETING OF THE EXECUTIVE** held on 21 February 2006, a copy of which had been circulated to each Member, were submitted.

RESOLVED that the information contained within the Minutes, be noted.

3. **PUBLIC QUESTION AND ANSWER SESSION**

There were no members of the public present.

4. **WORK PROGRAMME ISSUES**

(i) **East Durham Homes' Progress Towards the Achievement of a 2/3 Star Housing Service**

Consideration was given to the report of the Head of Housing Strategy which gave details of progress made by East Durham Homes towards achieving a two/three star housing service, a copy of which had been circulated to each Member.

I Morris, Head of Housing Strategy reported that in February 2005, the Audit Commission had carried out a full inspection of all services delegated to East Durham Homes and had assessed it as providing a fair, one star service that had uncertain prospects for improvement. Diversity, value for money, performance management, repairs and maintenance had been highlighted as particular priority areas for future improvement and allocations and leaseholders to a lesser extent.

A re-inspection was to take place in September 2006 and unless East Durham Homes achieved a fair, two star rating, the Council would be unable to secure the additional capital funding of £117m from the ALMO funding stream.

Housing Quality Network had been commissioned to help the Council and East Durham Homes meet the Audit Commission requirements and in preparing for re-inspection, a three star strategy had been

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developed, based on a number of key principles, details of which were set out in the report.

A Delivery Plan Panel had been established to scrutinise service performance and financial progress which met on a monthly basis. Senior staff were asked to provide specific reports on key areas of concern and at the end of every meeting the Panel assessed all of the service areas and determined a 'mock inspection rating'.

A copy of the last Delivery Plan Panel report was attached for Members' consideration, together with mock inspection score cards for October 2005 and February 2006. It was pointed out that although the overall performance had remained at one star, the prospects for improvement had moved from uncertain to promising. The current performance in three of the ten service areas had moved from zero to one star and in another from two stars to three. In addition, prospects for improvement had moved in three of the service areas from uncertain to promising and in two from promising to excellent.

In response to a Member's question, I Morris advised that the Management Agreement specified all administrative processes for East Durham Homes which included how Board meetings were conducted. The Board held quarterly meetings, part of which were open to the public. They were publicised widely and Members of the Council were entitled to attend as members of the public. In addition, there was Member representation on East Durham Homes' Board. He would provide Members with dates of these meetings.

In terms of Members having a clearer understanding of day to day operations, East Durham Homes were seeking to provide more information, including details of the Delivery Plan and Business Plan for 2006/7. The Capital Programme for 2006/7 was available now.

A Member queried the current arrangements whereby the Council's own Customer Services Team dealt with EDH complaints and whether the company should have it's own arrangements. I Morris confirmed that this was under review.

Reference was made to the re-inspection in September 2006 and a Member asked if all revised policies and processes would be fully embedded well in advance of the inspection date. I Morris confirmed that this was the intention and that a mock inspection was to take place by the end of April 2006.

RESOLVED that the information given, be noted.

(ii) **Data Security**

Mr B Nicholson, Head of e-government and Information Services was in attendance to discuss the Council's IT security arrangements.

He commenced by explaining that the Council had both physical and logical security arrangements in place.

With regard to physical security he explained that the Council had a central computer room with electronic door locks which were key coded, together with environmental controls to protect against damage from fire and flood. The data stored in that room was backed up every

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night on tape and stored in a fire proof safe. A weekly copy was taken and sent to an off site store.

In terms of logical security, the Council had to protect itself against different types of threats to systems such as external unauthorised access by hackers, external e-mails with viruses, web pages, CDs and internal users accessing unauthorised systems. The threat of viruses were the main concern. There were a number of defences against these threats which B Nicholson explained.

A firewall system challenged all access in and out of the Council's systems, all activities were logged and an exception report produced. There was a separate demilitarised zone where all major checks were carried out on ingoing and outgoing traffic. There was a website mimesweeper and the content of any questionable e-mail was quarantined and checked by staff before being sent. The Unit also had access control to certain websites. Individual PCs had their own virus protection which was automatically upgraded and Windows XP also provided firewall protection over and above the Council's own systems. He added that security was also about user responsibility and employees should not share passwords and unattended PC's should be locked.

He advised that in the last month 36,000 e-mails had been received and transmitted, 259 viruses had been stopped, 7,500 e-mails were found to be unacceptable inwards and staff had investigated 4,800 e-mails. No viruses had got through the systems in 2005/2006.

Issues for the future included the need to address new ISO requirements and security arrangements for home/remote working.

A Member referred to any incidents of unauthorised use of the website by staff. B Nicholson advised that access to websites was permitted over lunchtimes. The Internal Audit Section had looked at this to ensure that websites were not being accessed out of this period for personal use. With regard to costs to the Council, he advised that the Council did not pay per access. Access to the internet had initially been introduced to encourage staff to use the e-mail and internet. There were management arrangements in place within Units to monitor any misuse. There were no problems at the Council in relation to this.

Following discussion, it was **RESOLVED** that the information given, be noted.

(iii) Quarterly Performance Report Against Best Value Performance Indicators (BVPI's)

Consideration was given to the report of the Assistant Chief Executive which gave details of the Council's performance against BVPI's for the third quarter of 2005/2006, a copy of which had been circulated to each Member.

In providing this information emphasis was given to the performance indicators the Council had selected for particular attention because performance in those areas needed to be accelerated. It also gave details of how the Council had performed at the end of the third quarter in comparison to the year end results for 2004/5.

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M Readman, Principal Corporate Development Officer advised that with nine months data it was now easier to determine how the Council was performing overall and whether it was on track to reach the targets set for the year end.

A full performance table up to the end of December 2005 was included as Appendix 1 to the report. From the 2004/5 year end picture in the report it was pleasing to note that an increased proportion of improving BVPI's could be seen.

Notwithstanding this, there were some areas, other than those specific areas identified for attention, which were continuing to decline. The Principal Corporate Development Officer briefed Members on each.

M Readman made specific reference to BVPI's 76c and 76d in relation to fraud investigations and prosecutions per 1000 case load and stated that having looked at the situation in more detail, by the year end 76c would be in the top quartile and 76d in the medium quartile. Therefore the overall picture was encouraging.

With regard to BVPI 179 relating to the percentage of standard searches carried out in 10 working days, she advised that the main issue had been the introduction of the new paradox planning system as reported previously, and since going 'live' there had been some difficulties because of the additional workload. The situation was being monitored on a weekly basis and it was hoped that in the next quarter the figures would be improved.

In relation to BVPI 199d relating to the reduction in incidents/increase in enforcement actions in relation to fly tipping, it was noted that recorded fly tipping continued to rise and she advised that there was no clear association with this increase with either the Durham County Civic Amenity Site Permit Scheme or the introduction of charges for some special collections. Work was proposed during the year on publicity against fly tipping and increased enforcement and surveillance work.

Consideration was given to the 11 eleven areas of poor performance. Figures showed that there had been improvements in 10 of the 11 indicators and 3 of these were now in top quartile positioning. Appendix 2 to the report provided an updated picture in relation to these PI's, showing the current quarterly figures and what actions had been taken in order to try and improve them.

One area of major concern was BVPI 156 , authority buildings open to the public accessible by the disabled. This was still significantly short of meeting its target as well as remaining firmly in the bottom quartile. It was recognised now that the 100% target set was unrealistic because of the amount of work involved. Information was circulated in relation to how other District Councils and Unitary Authorities had performed. M Readman advised that a Working Party had been set up to agree a way forward. The current programme would ensure that the 6 Aged Persons Units would be completed by the end of March 2006. 19 buildings would remain on the outstanding list which would need to be brought up to compliance.

To progress the work, the Working Party would need to consider a range of factors including the actual usage of the facilities, the user

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groups who participated in the activities and access audit carried out to specify the works required, costs and condition surveys of the buildings.

Members expressed their concern at the length of time taken to resolve this and asked if the available funding would be lost if the works were not completed by the year end. D Clarke, Asset and Property Manager appreciated their concerns and assured Members that the funding available would be carried forward to the next financial year. He explained that the NE Access Group had ratified the Council's Strategy with regard to its major buildings and a secondary strategy for the remaining premises. A holistic and prudent approach was required to ensure that the budget was spent wisely.

Members felt that both this indicator and BV199d relating to fly-tipping needed to be looked at more closely and M Readman advised that she would provide more information on these. The year end figures in relation to all BVPI's would be available shortly.

Following discussion, it was **RESOLVED** that the information given, be noted and further information be awaited.

5. COMMUNICATION AND PUBLICITY

There were no items to report.

6. ANY OTHER BUSINESS

(i) Group Repair Schemes

The Chair advised that the Executive at its meeting on 10 January 2006 had asked Audit Scrutiny Committee to undertake an in-depth review of the Council's Private Sector Housing Renewal Policy and management of schemes. It was suggested that a Working Party be established to take this forward.

RESOLVED that a Working Party be established to carry out the review, involving all Members of the Committee.

(ii) Contract Standing Orders

A Member made reference to the frequency of reports considered by Executive which sought approval to waive Standing Orders for Contracts.

The Director of Finance and Corporate Services explained that the ODPM National Guidelines for Procurement had changed the way in which all Councils procured goods and services. The changes included working in partnership with other Authorities to procure goods and services which helped to achieve discounts and savings and in addition the Office of Government Commerce had negotiated prices nationally in some instances. These changes to some degree had meant that the Council's processes needed review as in some cases the Council could not achieve efficiencies within its standing orders and therefore waivers had become more common. However, there were other reasons which were quite acceptable and good practice to do so. It was mentioned that all waivers were properly reported to Executive establishing an audit trail.

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The Council now had a Procurement Strategy from which a Procurement Code of Practice was being developed. When approved, this would modernise the Council's approach to corporate procurement and incorporate existing practices. This should reduce the frequency of requests to waive Standing Orders.

This new Code was to be reported to Members in due course.

RESOLVED that the information given, be noted.

CERTIFIED TRUE RECORD

CHAIR

Date

JE/KA/COM/AUDIT/060301
14 March 2006