



September 22nd, 2017

Notice Of Meeting

You are invited to attend the Audit Committee Meeting to be held on **Tuesday, 26th September 2017** at **2:00 pm** in **Mourne Room, Downshire Civic Centre.**

The Members of the Committee are:

Mr Joe Campbell (Independent Chairperson of Audit Committee)

Councillor Patrick Brown

Councillor Charlie Casey

Councillor Laura Devlin

Councillor Jarlath Tinnelly

Councillor Terry Hearty

Councillor Mark Murnin

Councillor Glyn Hanna

Councillor Michael Ruane

Councillor Gareth Sharvin

Councillor John Trainor

Agenda

1.0 Apologies

Cllr Casey

Cllr Hanna

Michael Lipsett

2.0 Declarations of Interest

3.0 Action Sheet of the Audit Committee Meeting held on 29 June 2017 (copy attached)

📄 *Audit - 29062017.pdf*

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Corporate (OPEN SESSION)

4.0 Corporate Risk Register (copy attached)

📄 *Corporate Risk Register CS Sept.pdf*

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📄 *CCR - September 2017.pdf*

Page 5

5.0 Prompt Payments (copy attached)

📄 *Prompt Payment Cover Sheet sept 17.pdf*

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6.0 Fraud and Whistleblowing (copy attached)

📄 *Fraud and Whistleblowing Cover Sheet.pdf*

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📄 *Summary Fraud and WB Register 17-18.pdf*

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7.0 Direct Award Contract (copy attached)

📄 *DAC Cover Sheet.pdf*

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📄 *STAs.pdf*

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8.0 Update on Internal Audit Recommendations including Procurement (copy attached)

📄 *Internal Audit Recommendations cover sheet..pdf*

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📄 *2015-16 IA Follow Up Tracker.pdf*

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9.0 Performance Improvement Plan (copy attached)

📄 *Appendix 1 Assessment of Performance 2016-17.pdf*

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📄 *Appendix 1 Assessment of Performance 2016-17.pdf*

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10.0 Update on Self Assessment of the Audit Committee 2016-17 (copy attached)

📄 *Update on Self Assessment of Audit Cmte.pdf*

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📄 *Self Assessment Appendix.pdf*

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11.0 Procurement Update (copy attached)

📄 *Procurement Cover Sheet.pdf*

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12.0 Code of Conduct for Employees (copy attached)

📄 *Code of Conduct Paper.pdf*

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13.0 Statement of Accounts 2016/17 (copy attached)

📄 *Statement of Accounts Cover sheet.pdf*

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📄 *Statement of Accounts 16 17 part 1.pdf*

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📄 *Statement of Accounts 16 17 part 2.pdf*

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📄 *Statement of Accounts 16 17 part 3.pdf*

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NIAO (CLOSED SESSION)

14.0 NIAO draft report to those Charged with Governance (to follow)

Audit Services Section - ASM (CLOSED SESSION)

15.0 Audit Programme Report (to follow)

16.0 Draft Internal Audit Asset Management Review Report (to follow)

17.0 Draft Community Planning Report (to follow)

NIAO (OPEN SESSION)

18.0 Audit Strategy for Performance Improvement (copy attached)

 *Audit Strategy - Newry Mourne Down.pdf*

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19.0 Local Government Annual Report 2017 (copy attached)

 *NIAO Local Govrnmnt Audts Rpt.pdf*

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Invitees

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Mrs Marie Ward	marie.ward@nmandd.org
Adam Wilkinson	adam.wilkinson@nmandd.org

ACTION SHEET – AUDIT COMMITTEE MEETING**THURSDAY 29 JUNE 2017**

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/029/2017	Start Time Audit Committee Meetings 2017- 2018 term.	To continue with a 2pm start for the Audit Committee Meeting for 2017 – 2018.		Completed	Yes
AC/032/2017	Corporate Risk Register	Mr G Byrne Audit Services Manager arrange to meet with newly appointed Member of the Audit Committee, Councillor G Hanna, to discuss the operation of the Audit Committee. Mr G Byrne Audit Services Manager to amend the Corporate Risk Register to reflect the position regarding the newly appointed Interim Director of Regulatory & Technical Services.	DC GB	Completed. DC met with Cllr Hanna on 24/8/17 Completed. Corporate Risk Register on agenda.	Y Y

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/033/2017	Prompt Payments	To note a report on Prompt Payments for quarter ending 30 June 2017 will be reported to the Audit Committee Meeting in September 2017.	KM	Prompt payments for quarter ending 30 June 2017 on agenda.	N
AC/036/2017	Direct Award Contract	<p>Relevant Official to check if any direct awards were grant related and if so, to confirm that funders are satisfied with Direct Award Contract and to reflect so on Direct Award Contract Register.</p> <p>Relevant Official to establish if Council have support contacts in place with suppliers for maintenance of equipment following purchase, where appropriate.</p>	KM	Completed. DAD Register updated to reflect grand funding going forward.	Y
AC/037/2017	Implementation of Internal Audit Recommendations 2015-2016	A report on monitoring of the implementation of Internal Audit recommendations for Procurement, to remain as a 'standing item' on the Audit Committee Agenda.	GB	Noted on agenda.	Y

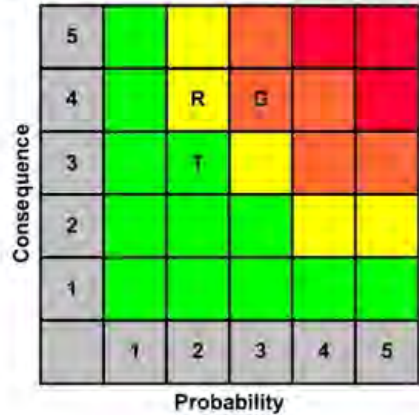
Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/038/2017	Audit Committee Annual Report	The Audit Committee Annual Report 2016/17 from the Chairperson of the Audit Committee, to be tabled at the Council Meeting, for information.	Chairman	Noted.	Y
AC/046/2017	Revised Internal Audit Plan 2017-2019	(CLOSED SESSION) To approve revised Internal Audit Plan 2017-19.	GB	Noted.	Y
AC/21/2017	Internal Audit Re: Big Screen Review	To note (Draft) Report from Internal Audit regarding Big Screen Review.	GB	Noted	N
END					

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Corporate Risk Register
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services

Decisions required:	
For consideration and noting.	
1.0	Purpose and Background:
1.1	<p>Corporate Risk Register: The SMT review the Corporate risk register in September 2017. Following this review, a number of changes were made to reflect the changing risk environment, as well as updating any actions taken to date in the period.</p> <p>Update on the Development of the Risk Management Framework: The Risk Management framework has been revised in line with the March 2017 Internal Audit Report.</p> <p>Reminder sent to all Directors and Assistant Directors that Assurance Statements are due for the quarter ending September 2017.</p>
2.0	Key issues:
2.1	<ul style="list-style-type: none"> No new risks on Corporate Risk Register. A number of the associated actions have been completed. These can be evidenced on the Corporate Risk Register attached. Draft version of Risk Management Framework sent to Internal Audit for comment. Risk Management Framework to be approved at October SP&R. Training to be given to CMT in October on the revised policy and their roles and responsibilities with regards to risk management.
3.0	Recommendations:
3.1	For consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	Appendix I: NMD Corporate Risk Register – September 2017

1. Corporate Risk Register NMDDC

Risk CR. 01 - Failure to develop and improve our tourism offering



Risk Categories Business operational/reputational

Risk Description Insufficient resources to deliver tourism strategy and therefore will not accrue the economic benefits

Potential Root Cause Failure to engage stakeholders (public & private sector)
Lack of central government buy in
Lack of cohesive political buy in North & South
Failure to identify appropriate market segments
lack of key events staff

Consequence Loss of Civic pride and negative PR
Negative economic impact on the borough
failure to deliver objectives of the tourism strategy
Reduced visitor number and spend

Risk Owners Marie Ward

Gross/Inherent Risk Amber 12

Residual Risk Yellow 8

Target Risk Level Green 6

Last Review

Next Review 17/02/2017

Objectives

1. Become on of the premier tourism destination on the island of Ireland
2. Attracted Investment and supported the creation of new jobs.
5. Lead the regeneration of our urban and rural area

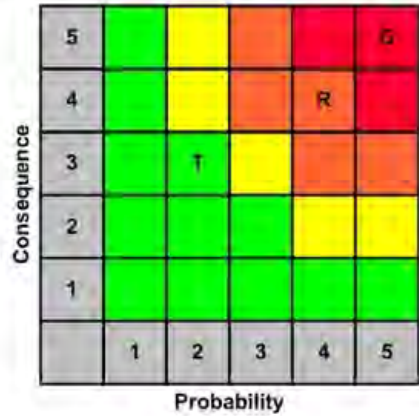
Key Controls Identified

1. Effective engagement and collaboration political backing
2. Dedicated tourism team in place
3. Tourism Elected Members Task and Finish Group in place
4. Regular scrutiny of budget variances by SMT and within Directorates
5. Tourism Strategy Launched
6. Assistant Director of Tourism appointed in July 2017

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Tourism Forum	Establishment of a Tourism forum incorporating private and public sector stakeholders	In Progress	Jonathan McGilly	30/09/2017	
Visitor Experience	To Develop two visitor experience plans, one for the Mournes and one for Slieve Gullion.	In Progress	Marie Ward	30/09/2017	

Risk CR. 02 - Failure to deliver the capital investment programme for the District



Risk Categories Buildings / Engineering / Environment
Business operational/reputational
Financial

Risk Description Failure to adequately resource the capital programme
Failure to effectively manage capital contracts

Potential Root Cause ineffective capital project management and lack of reporting
Procurement failures
unforeseen events
absence of adherence to policies and resources
Lack of awareness in staff and managers
Fraud and Deliberate Mismanagement
Lack of resources -Economic downturn / Recession
Insufficient information in the handover of projects

Consequence Impact on service delivery
Financial impact - Loss of funding (i.e. SIF projects)
Legal challenge / Negative PR
Impact on quality/cost of projects

Risk Owners Dorinnia Carville; michael Lipsett

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Green 6

Last Review

Next Review 25/04/2017

Objectives

1. Become on of the premier tourism destination on the island of Ireland
2. Attracted Investment and supported the creation of new jobs.
3. Supported improved health and wellbeing outcomes
5. Lead the regeneration of our urban and rural area
8. Transform and modernise the Council, providing accessible as well as value for money services

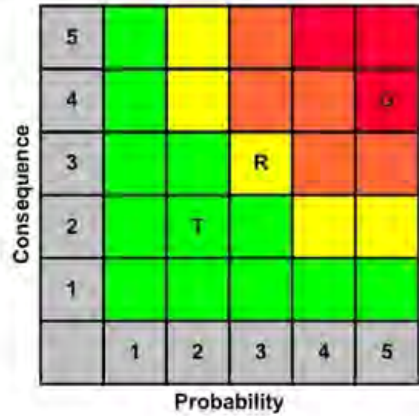
Key Controls Identified

1. Monthly review of spend against budget
2. Dedicated project management teams
3. Professionally qualified and experienced staff
4. monthly site progress meetings which are minuted
- 5 Project risk register in place for major projects - i.e. new leisure centres
- 6, Large projects are project managed by external consultants who report to the estates team.
7. Four year capital plan
8. Capital plan Annually approved at Council
9. Assistant Director of estates appointed in June 2017.

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
SIF Projects	Implement Sufficient cost and change control measures so projects are delivered within budget. The project board will continue to meet as and when required to update project risk register	In Progress	Conor Mallon	30/11/2017	
Structure and Training	Ensure the Capital / Estates structure is in place with the right number of resources and skill set	In Progress	Dorinnia Caryille	31/10/2017	AD of estates is now in place - Estates structure is now being developed with Job Specifications being drawn up

Risk CR. 03 - Failure to deliver and implement a community plan and to empower and support our community



Risk Categories
 Business operational/reputational
 Impact on individuals (staff or public)
 Quality of Service
 Statutory Duty (Legal/Regulatory)

Risk Description
 Failure to engage stakeholders (private and public sector)
 Failure to build capacity among community groups

Potential Root Cause
 Insufficient resources to drive the process from within the Council
 Failure to identify the key tasks
 Inadequate adherence to legislation and statutory guidance
 Failure to identify & engage with key Partners
 Lack of buy-in and support from key stakeholders
 Lack of Political Support
 Lack of Awareness and understanding of programmes
 Internal/external delays in confirmation of funding
 Lack of Marketing Strategy & Council Website not fit for purpose

Consequence
 Failing to meet statutory objective
 Dissatisfaction of communities causing reputational damage
 Intervention by Central Government
 Impact on local development plan

Risk Owners
 Liam Hannaway

Gross/Inherent Risk
 Red 20

Residual Risk
 Yellow 9

Target Risk Level
 Green 4

Last Review
 24/02/2017

Next Review
 24/02/2017

Objectives

- 6. Advocate on your behalf specifically in relation to those issues which matter to you
- 7. Empower and improved the capacity of our community
- 8. Transform and modernise the Council, providing accessible as well as value for money services

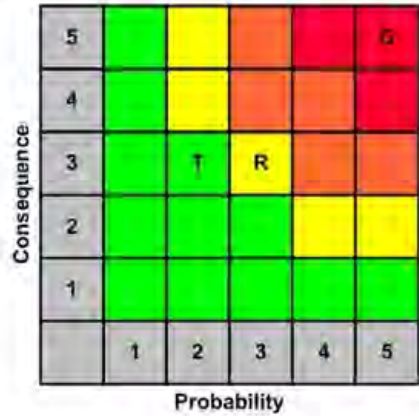
Key Controls Identified

- 1. Professionally qualified teams in place
- 2. Community Engagement Strategy developed and presented to AHC committee.
- 3. Information Sharing protocols established
- 4. Clear routemap of activity to develop action plans
- 5. Engagement with DfC / other Councils concerning legislative & statutory guidance requirements
- 6. Advertisement of certain schemes via different mediums (e.g social media)
- 7. Stakeholder communications and engagement plan (in support of the community plan)
- 8. District wide contacts database

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Develop and agree process for the production of action plans for 2019-20 onwards	Develop and agree process for the production of action plans for 2019-20 onwards	In Progress	Johnny McBride	31/12/2017	
Production of actions plans	Develop and agree process for the production of actions plans for 2019-20 onwards	Completed	Johnny McBride	30/06/2017	Action Plans have been completed and were approved at the Partnership meeting on the 27 June 2017
Recruitment	Appointment to vacant posts in CP&P structure	Completed	Johnny McBride	30/06/2017	CPP Structure now complete

Risk CR. 04 - Non-compliance with legislative requirements



Risk Categories Business operational/reputational
Impact on individuals (staff or public)
Statutory Duty (Legal/Regulatory)

Risk Description Ineffective corporate Governance leading to poor decision making and lack of compliance with legislation

Potential Root Cause Failure to understand legal requirements
Lack of resources
Untrained staff

Consequence Non-compliance leading to prosecution
Reputational Damage
Reduced trust and public confidence
Increased number of complaints and queries

Risk Owners Dorinnia Carville; michael Lipsett; Adam Wilkinson

Gross/Inherent Risk Red 25 **Last Review**

Residual Risk Yellow 9 **Next Review** 24/02/2017

Target Risk Level Green 6

Objectives

- 3. Supported improved health and wellbeing outcomes
- 4. Protect our natural and built environment
- 8. Transform and modernise the Council, providing accessible as well as value for money services

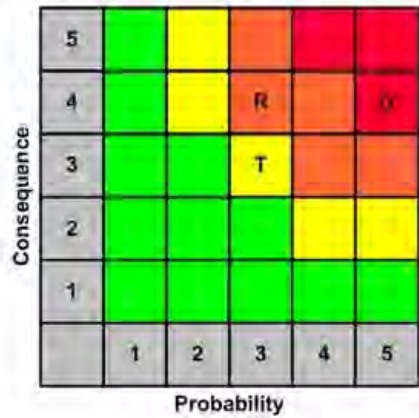
Key Controls Identified

- 1. Policies and procedures in place
- 2. Dedicated skilled teams in place for:
 - Health and Safety
 - Procurement
 - HR
 - Legal (including information manag
- 3. Health and Safety Committees in place and ongoing programme of training in place

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
policies and procedures	Review and update policies and procedures	In Progress	Dorinnia Carville	31/10/2017	H&S policies issued HR policies being progressed via LRA led working group
Training	Staff training in the following areas: -Procurement -Information management - Rural needs Act (1 June 2017)	In Progress	Dorinnia Carville	31/10/2017	Regina Mackin to deliver rural needs training

Risk CR. 05 - Failure to effectively manage waste



Risk Categories Buildings / Engineering / Environment
Quality of Service
Statutory Duty (Legal/Regulatory)

Risk Description Failure to effectively manage waste

Potential Root Cause Insufficient resources
Market forces enable commercial operators to increase prices
Failure to plan effectively for future (including financial planning)

Consequence Reputational Issues
Lower customer satisfaction
impact on service delivery and lost productivity

Risk Owners Adam Wilkinson

Gross/Inherent Risk Red 20

Residual Risk Amber 12

Target Risk Level Yellow 9

Last Review

Next Review 25/04/2017

Objectives

- 1. Become on of the premier tourism destination on the island of Ireland
- 4. Protect our natural and built environment
- 8. Transform and modernise the Council, providing accessible as well as value for money services

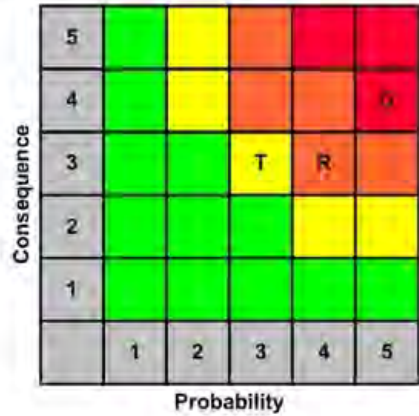
Key Controls Identified

- 1. Long term waste strategic plan in place
- 2. Partnership working with key stakeholders
- 3. Necessary resources in place
- 4. Strategic waste group meets quarterly. Members include the RTS Director, AD of Waste plus councillors

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Long term strategic plan	Implementation of long term strategic plan	In Progress	Joe Parkes	31/03/2019	The LT strategic plan refers to the Councils 9 point plan. Each of these 9 points has a separate action and target date.

Risk CR. 06 - Failure to provide accurate and timely planning decisions



Risk Categories Business operational/reputational
Financial

Risk Description Failure to provide accurate and timely planning decisions

Potential Root Cause Ineffective and/or inadequate resources
Insufficient capacity building for members
Cultural inertia
Ineffective technology - EPIC system changes
Development plan not in place
Lack of agreement with DOE

Consequence litigation
Reputational issues
Lower Customer satisfaction
impact on service delivery and lost productivity
financial implications resulting in budget constraints

Risk Owners Adam Wilkinson

Gross/Inherent Risk Red 20

Residual Risk Amber 12

Target Risk Level Yellow 9

Last Review

Next Review 25/04/2017

Objectives

- 1. Become on of the premier tourism destination on the island of Ireland
- 2. Attracted Investment and supported the creation of new jobs.
- 4. Protect our natural and built environment
- 5. Lead the regeneration of our urban and rural area
- 8. Transform and modernise the Council, providing accessible as well as value for money services

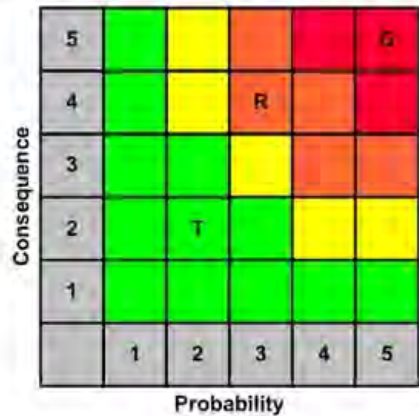
Key Controls Identified

- 1. Dedicated Planning Committee in operation
- 2. Programme in place to build officer and member capacity
- 3. Action plan in place to reduce backlog
- 4. Ongoing training for officers and members
- 5. Increase in numbers in the enforcement team

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Backlog cases	Implement action plan to reduce backlog in line with timeframe set	In Progress	Anthony Mckay	31/10/2017	The backlog has reduced from 1600 case to approximately 1000 as at end of march 2017. Dedicated team in place to reduce back log - to be complete by October 2017
Delivery of a new Development Plan	The target is to issue a timetable for a development plan in June 2017. From this point it will be a 40 month programme. There are 5 dedicated officers including a manager working on the development plan.	Completed	Anthony Mckay	30/06/2017	Draft Local Development Plan timetable approved by SP&R on 15 June 2017.
IT	Upgrade of technical IT infrastructure	In Progress	Anthony Mckay	30/09/2018	All Council will be getting their IT infrastructure upgraded at the same time. AD meets other Councils regularly to discuss options/issues.

Risk CR. 07 - Failure to have necessary staffing structures and resourcing to deliver efficient and effective services



Risk Categories Business operational/reputational
Impact on individuals (staff or public)
Quality of Service

Risk Description Failure to have necessary staffing structures and resourcing to deliver efficient and effective services

Potential Root Cause Due to TUPE protection of the T&C's of transferred employees, a range of T&C's exist which reflect different contractual arrangements -Length of hour contracts, Annual Leave, Public holidays and job roles and descriptions need consistency.
Failure to have an effective working relationship with Trade Unions
Failure to attract and retain employees
Cultural differences between the two legacy Councils and a resistance to change
Restructuring the number of Directorates from five to four - SPP no longer exists

Consequence Low staff morale and increase in absenteeism
Industrial Action
Increase in use of overtime and also increase in the use of agency staff
Negative impact on service delivery and lost productivity
Negative PR for the Council
With the restructuring staff unaware who they should be reporting to

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 25

Residual Risk Amber 12

Target Risk Level Green 4

Last Review

Next Review 25/04/2017

Objectives

- 2. Attracted Investment and supported the creation of new jobs.
- 6. Advocate on your behalf specifically in relation to those issues which matter to you
- 8. Transform and modernise the Council, providing accessible as well as value for money services

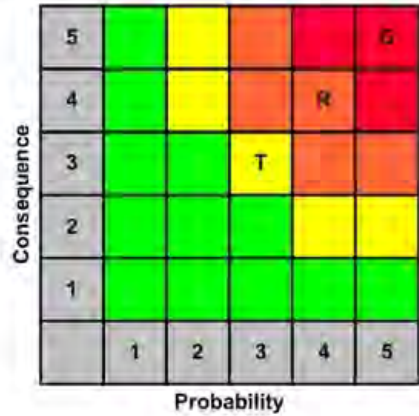
Key Controls Identified

- 1. Policies and procedures in place
- 2. Monitoring of absenteeism by SMT
- 3. Qualified HR, IT & Finance professionals in place
- 4. Detailed budgeting process in operation
- 5. Member led efficiency working group
- 6. Processes in place for specifying and filling posts (Matching, trawling, public advert)
- 7. Dedicated Learning and Development Policy in place
- 8. SMT managed the transition of the restructuring the number of Directorates from five to four

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Organisation Design	Embedding org. design -Commence Tier 4 appointments process -Commence Tier 5 appointments process	In Progress	Catrina Miskelly	31/10/2017	Tier 4 now almost complete - Tier 5 to be commenced by 30 June 2017
Succession Planning	Succession planning to be completed for replacement RTS Director	Completed	Liam Hannaway	31/10/2017	Interim RTS Director now in place until December 2017. The RTS Director post has also been advertised and the recruitment process is ongoing.

Risk CR. 08 - IT Services do not support the Statutory, Strategic or Operational requirements of Council



Risk Categories Business operational/reputational
Impact on individuals (staff or public)
Quality of Service

Risk Description Failure to provide an effective IT Service
Failure to respond to and recover from a major incident within, or impacting upon, the Council
Failure to predict service requirements

Potential Root Cause Resistance to change both internally and externally
Lack of resources for new IT system / network
Lack of staff with specialist expertise

Consequence Resources not used effectively
Poor service delivery
IT system becoming obsolete

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review

Next Review 25/04/2017

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

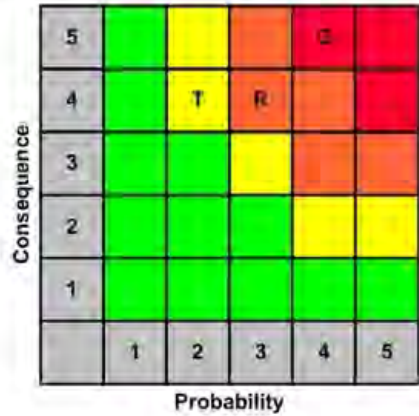
Key Controls Identified

- 1, IT Strategy now in place
2. Clustered and/or replicated server and storage architecture
3. off site back ups
4. Business Continuity Plans
- 5, IT project Boards in operation
6. Leisure Services System introduced

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
IT Disaster Recovery/Business Continuity Plans	Identify and address gaps in IT Disaster Recovery/Business Continuity Plans	In Progress	Gavin Ringland	30/09/2017	The reason for the slippage in date being until we get appropriate IT infrastructure in place to allow for adequate business continuity planning and IT resilience
IT Strategy	Implement the Councils IT strategy and review regularly	In Progress	Gavin Ringland	31/03/2020	On target
IT Strategy Communications	Issue Communications in respect of IT Strategy by 30 June 2017 to the Council to staff and members are aware of the progress being made.	Completed	Dorinnia Carville	30/06/2017	Report to members of the Efficiency Working Group in May 2017. Communications to staff via Chief Executive briefings.
Resilience of Legacy IT systems	Increase resilience of legacy IT systems until IT Strategy is fully implemented	In Progress	Gavin Ringland	30/09/2017	In progress currently

Risk CR. 09 - Failure to adequately plan for major incident



Risk Categories Buildings / Engineering / Environment
Business operational/reputational
Impact on individuals (staff or public)
Statutory Duty (Legal/Regulatory)

Risk Description In the event of a disaster or an emergency, the Council may not respond in a way which minimises any negative consequences/impact

Potential Root Cause Natural disasters
Camfough Reservoir
Localised flooding
Harbour disasters
Fire
Significant IT failure

Consequence Reputational damage through inadequate civic leadership to provide adequate community emergency support
Loss of income
Litigation - civil/criminal
increased insurance premiums

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 20

Residual Risk Amber 12

Target Risk Level Yellow 8

Last Review

Next Review 25/04/2017

Objectives

- 3. Supported improved health and wellbeing outcomes
- 4. Protect our natural and built environment
- 6. Advocate on your behalf specifically in relation to those issues which matter to you

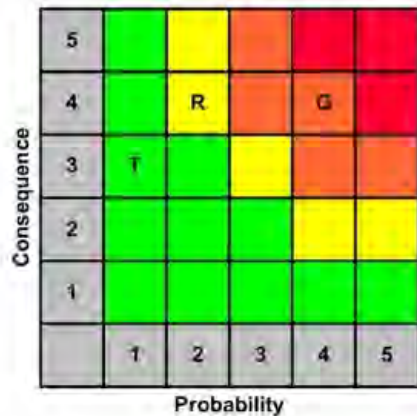
Key Controls Identified

- 1. Business Continuity Plan in place
- 2. Emergency planning measures in place, including:
-Flood risk plan
-Inter-agency group
- 3. Dedicated Emergency Planning team and professionally trained and experienced staff
- 4. Member of Southern Region Emergency Planning Group
- 5. Annual Winter resilience plan in place

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Drills/testing of plans	Drills/testing of plans	Proposed	Ian Sands	31/12/2016	Part completed
Staff awareness training	Staff awareness training on Emergency Planning and Business Continuity Plan for Management Staff	In Progress	Ian Sands	31/08/2017	

Risk CR. 10 - Ineffective corporate communications (internal & external) impacts significantly on services and on reputation



Risk Categories Impact on individuals (staff or public)
Quality of Service

Risk Description Ineffective corporate communications (internal & external) impacts significantly on services and on reputation

Potential Root Cause Failure to effectively engage media
Size of new organisation and geographical split (four main sites and mobile workers)
Cultural change means not operating on corporate arrangements
Not keeping abreast of growth in communication and technologies

Consequence Negative PR
Not providing a VFM Service

Risk Owners Dorinnia Carville

Gross/Inherent Risk Amber 16

Residual Risk Yellow 8

Target Risk Level Green 3

Last Review

Next Review 24/02/2017

Objectives

1. Become on of the premier tourism destination on the island of Ireland
2. Attracted Investment and supported the creation of new jobs.
6. Advocate on your behalf specifically in relation to those issues which matter to you
8. Transform and modernise the Council, providing accessible as well as value for money services

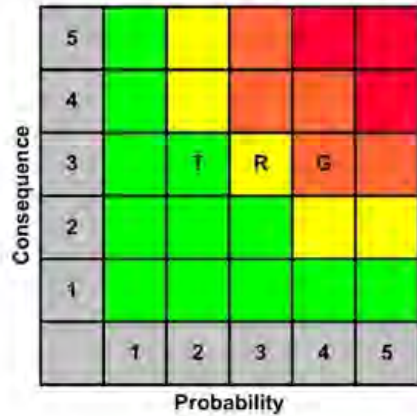
Key Controls Identified

1. Dedicated communications team and professional staff
2. Regular meetings with press
3. Quarterly Corporate newsletter and six monthly staff briefings by Chief Executive
4. Communications/media policies in place
5. Twitter/Facebook presence of NMD
6. LCNF/Joint forum
7. IT strategy in place to improve IT systems

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Internal Staff Communications	Structured , coordinated and consistent approach to internal staff communications.	Completed	Liam Hannaway	30/06/2017	Chief Executive newsletter issued and the 2017 Chief Executive Briefings have been scheduled and are underway.
PR Capacity	Increase Public Relations capacity in the communications department	In Progress	Dorinnia Carville	30/09/2017	Procurement scheduled for Mid June 2017.
Structure	Getting Structure in place in the communications departments	In Progress	Regina Mackin	30/09/2017	On target
Training	Media training for members and staff	In Progress	Regina Mackin	30/09/2017	

Risk CR. 11 - Failure to implement an economic development programme to regenerate the district and attract inward investment



Risk Categories Impact on individuals (staff or public)
Quality of Service

Risk Description Failure to implement an economic development programme to regenerate the district and attract inward investment

Potential Root Cause Failure to engage stakeholders (public and private sector)
Lack of resources
Reduction in rates income
Economic downturn and economic uncertainty
Impact of Brexit on funding

Consequence lack of investment and economic activity
loss of confidence from the private sector
negative PR
poor service delivery

Risk Owners Marie Ward

Gross/Inherent Risk Amber 12

Residual Risk Yellow 9

Target Risk Level Green 6

Last Review

Next Review 24/02/2017

Objectives

- 2. Attracted Investment and supported the creation of new jobs.
- 5. Lead the regeneration of our urban and rural area

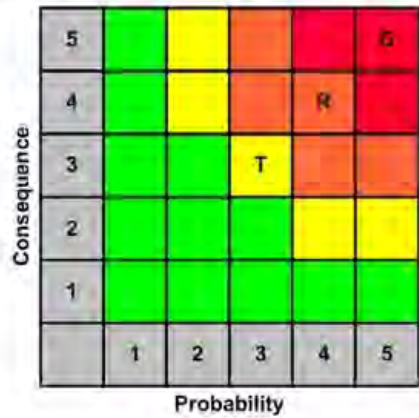
Key Controls Identified

- 1. Economic development and investment strategy in place
- 2. Establishment of Economic Forum including public and private sector stakeholder
- 3. Rural Development Programme in place
- 4. Engagement with central government

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Brexit	-Continue to closely monitor effects of Brexit on on-going funding	Proposed	Liam Hannaway Jonathan McGilly	31/12/2017	
Economic, Development and Investment Strategy	-Implementation of Economic, Development and Investment Strategy and annual review of same	In Progress	Jonathan McGilly	31/12/2017	

Risk CR. 12 - Legal & Financial uncertainties caused by the current economic and political climate



Risk Categories Business operational/reputational
Financial
Quality of Service

Risk Description The unknown implication of the current economic and political climate and the possible negative effects of Brexit on NMDDC.

Potential Root Cause Article 50 being invoked
Failure to secure European Funding for Council related activities from 2018
Possible change in compliance as EU Directives in areas such as procurement, employment law and environmental regulations may no longer be required
No Agreed budget by NI Executive - DfC unable to issue Rates Support Grant
Political instability prevents the determination of a regional rate for 2017-18, which will lead to a delay in the collection of rates
The fall and continuing weakness in sterling driving inflation expectations higher

Consequence Possible reduction in staff due to loss of funding and SME's relocating
Negative PR
Legal implications
H&S consequences
Inefficient buildings
Closure of Buildings

Risk Owners Liam Hannaway

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review

Next Review 25/04/2017

Objectives

- 2. Attracted Investment and supported the creation of new jobs.
- 5. Lead the regeneration of our urban and rural area
- 7. Empower and improved the capacity of our community
- 8. Transform and modernise the Council, providing accessible as well as value for money services

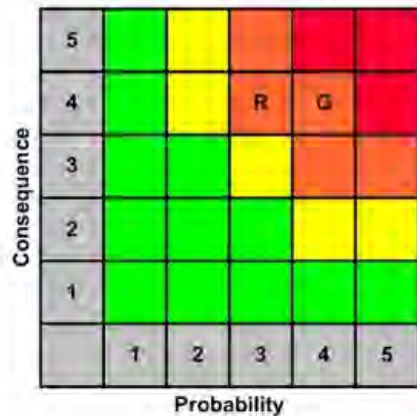
Key Controls Identified

- 1. Economic development and investment strategy in place
- 2. Wider Stakeholder engagement ongoing
- 3. Engagement with other Councils, the NI Executive, NILGA and the private sector through the Chamber of Commerce

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Ongoing Engagement	Ongoing engagement with other public sector bodies on the effect of Brexit	In Progress	Liam Hannaway	31/07/2017	

Risk CR. 13. The Council may not prevent or detect fraud, bribery &/or corruption leading to financial loss & reputational damage



Risk Categories

Risk Description

The Council may not prevent or detect fraud, bribery and/or corruption leading to financial loss and reputational damage

Potential Root Cause

Transfer of planning powers gives more opportunity for fraud and bribery
 Major changes in organisational environment increasing fraud risk
 Changes in people and procedures resulting in inadequate systems and procedures
 Inadequate policies and procedures and failure to adhere to policies
 Lack of control of assets
 Unauthorised access to software systems and databases

Consequence

Financial loss
 Reputational damage
 Opportunity cost
 Low Staff morale

Risk Owners

Dorinnia Carville; Liam Hannaway

Gross/Inherent Risk

Amber 16

Last Review

Residual Risk

Amber 12

Next Review

20/07/2017

Target Risk Level

Green 6

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

1. Governance arrangements in place including:
2. Dedicated staff member with responsibility for fraud and whistleblowing
3. Members register of interests published online
4. Independent Internal Auditors in place
5. Policies in place
6. NFI

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Asset Tagging	All the Councils tangible assets to be tagged and matched to the asset register	Audit Recommendation	Ken Montgomery Gavin Ringland	31/12/2017	Completed for IT assets. Asset register now in place.
Bribery and Fraud training for members and staff	Bribery and Fraud training for members and staff	In Progress	Gerard Byrne	31/08/2017	Fraud, Whistleblowing, Conflicts of interest and Gifts and hospitality training to be delivered by NIAO/NMDDC during October 2017
Policies to be updated	A number of policies are to be updated for the new Council: Anti Fraud Policy and Fraud Response plan Whistleblowing Policy Credit Card Policy Gifts and hospitality	Completed	Gerard Byrne	31/05/2017	The Fraud, Whistleblowing and Credit Card Policies were approved by SP&R in April 2017, and by Council in May 2017. Policies effective from the 1 June 2017 and available on the Council Website. The Gifts and Hospitality policy is currently with the Unions and will go to the October SP&R for approval
Roll out of Declarations of Interest across wider staff	Roll out of Declarations of Interest across wider staff	In Progress	Alison Robb	30/09/2017	Directors and ADs completed. Now at Head of Service level.

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Prompt Payment Statistics
Reporting Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Decisions required:																					
1.0	Purpose and Background:																				
1.1	<p>'Prompt payment' is the payment of valid supplier invoices within 10 working days by public bodies, as set in government targets.</p> <p>This dataset contains:</p> <ul style="list-style-type: none"> • total amount paid by each Northern Ireland council to suppliers • total number of invoices • number of invoices paid within 10 working days • number of invoices paid within 30 calendar days • number of invoices paid outside 30 calendar days <p>The Stormont Executive's Prompt Payment Policy recommends that government departments should, "aim to pay 90% of valid invoices within 10 working days", with councils encouraged to match that.</p> <p>Adherence to the policy is not mandatory for councils, but in a letter issued to council chief executives in October 2013, the Department of Environment's Local Government Policy Division said that: "District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position.</p>																				
2.0	Key issues:																				
2.1	<p>1 April 2017 to 30 June 2017</p> <table border="1"> <thead> <tr> <th></th> <th>Paid within 10 Days</th> <th>Paid within 30 Days</th> <th>Paid outside payment period</th> <th>Total Invoices</th> </tr> </thead> <tbody> <tr> <td>Number of Invoices</td> <td>613</td> <td>6317</td> <td>845</td> <td>7,162</td> </tr> <tr> <td>Percentage</td> <td>9%</td> <td>88%</td> <td>12%</td> <td>100%</td> </tr> <tr> <td>Value</td> <td>£3,159,868</td> <td>£13,731,871</td> <td>£3,335,571</td> <td>£17,067,442</td> </tr> </tbody> </table>		Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices	Number of Invoices	613	6317	845	7,162	Percentage	9%	88%	12%	100%	Value	£3,159,868	£13,731,871	£3,335,571	£17,067,442
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Percentage	9%	88%	12%	100%																	
Value	£3,159,868	£13,731,871	£3,335,571	£17,067,442																	

3.0	Recommendations:
3.1	For noting by the Audit Committee
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	None

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Fraud and Whistleblowing
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Decisions required: For Noting	
1.0	Purpose and Background:
1.1	<ul style="list-style-type: none"> To Notify the Audit Committee of any suspected Fraud and Whistleblowing cases since the last meeting until the 22 September 2017. To Notify the Audit Committee of any developments from previous Fraud and Whistleblowing Cases since the last meeting until 22 September 2017. To notify the Audit Committee of the upcoming Governance training for all staff. To notify the Audit Committee of the results of the NFI matches testing.
2.0	Key issues:
2.1	<ul style="list-style-type: none"> No new suspected fraud cases since the last Committee. Two new whistleblowing cases since the last Audit Committee. See Appendix for more details. 8 Training sessions have now been planned at various locations across Newry and Downpatrick in October and November 2017. Training will be compulsory for all staff; a video recording will also be available for staff that cannot make a scheduled session. NIAO are going to be a partner in delivering these awareness sessions. It has been arranged that a member of SMT will introduce each training session to highlight the importance of openness and accountability within the Council. NFI Matches testing has now been completed. 31 High priority matches have been investigated and no irregularities found. A further 10% sample of the remaining 287 was also completed and no issues were found. The NFI matches focused on payroll and creditor payments and also procurement / conflicts of interest.
3.0	Recommendations:
3.1	Fraud and Whistleblowing cases for consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None

6.0	Appendices
	Appendix I: Summary fraud and whistleblowing register

Summary Fraud Register – 2017/18 Financial Year

<i>Reference no.</i>	<i>Directorate</i>	<i>Sender / Notifier</i>	<i>Brief Summary</i>	<i>Latest update</i>	<i>Date Audit Services Manager was Informed</i>	<i>Date Audit Committee was informed</i>
F003	SPP	Staff Member from Corporate Services	Allegation that a Council Officer was falsifying documentation and not complying with the Councils Retention and Disposal Policy of information.	The Council Internal Auditors are carrying out an independent investigation. Investigation report will then be passed to HR. Case on-going.	22 February 2017	27 April 2017
F005	CS	Accounts Payable	£487 of petty cash received into Accounts Payable in April 2016 cannot be traced. This was sent via internal mail to Greenbank.	Controls have been strengthened around the internal post system and staff have been reminded that cash should never be sent via internal mail.	19 May 2017	29 June 2017

Summary Whistleblowing Register – 2017/18 Financial Year

<i>Reference no.</i>	<i>Directorate</i>	<i>Sender / Notifier</i>	<i>Brief Summary</i>	<i>Latest update</i>	<i>Date Audit Services Manager was Informed</i>	<i>Date Audit Committee was informed</i>
WB 10	RTS	Councillor Fitzpatrick via a raterpayer	Four new bin lorries that were ordered and then delivered in April/May 2017, were not procured correctly.	Investigation now concluded. I am satisfied that the refuse vehicles bought in March 2017 were procured correctly. The refuse vehicles were procured through a framework managed by YPO. They are central public procurement body which is 100% publicly funded. YPO supplies products and services to a wide range of customers including schools, local authorities, charities, emergency services, public sector and other businesses such as nurseries and care homes. YPO can negotiate a better deal through collaborative procurement than if you tried on your own. Newry, Mourne and Down District Council are one of the permissible users of the YPO framework. YPO then ran a mini competition based on the suppliers already on the their framework. Newry, Mourne and Down District Council provided the specification for the refuse vehicles and also were fully responsible for evaluation of the tenders received.	27/6/2017	26/09/2017
WB 11	Legacy Council	Internal	Suspected irregularities around procurement procedures in Legacy Newry and Mourne.	Internal investigation underway. The Fraud Response Group has had one meeting and has decided to carry out further investigatory work around the allegations. On-going.	14/08/2017	26/09/2017

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Direct Award Contract (DAC) Register
Reporting Officer (Including Job Title):	Ken Montgomery
Contact Officer (Including Job Title):	David Barter

Decisions required:	
For Consideration and noting	
1.0	Purpose and Background:
1.1	<ul style="list-style-type: none"> • Direct Award Contracts (DAC's) or Single Tender Actions (STA's) occur when any partly or fully funded contract over £5k is awarded to a contractor/supplier without a competition, or where there is a material change to an existing contract. • It is considered good practice to bring Direct Award Contracts to the attention of the Audit Committee.
2.0	Key issues:
2.1	In the second quarter of the 2017-18 financial year, the Council awarded 14 contracts by way of Direct Award. The total value of these contracts was £154,254.
3.0	Recommendations:
3.1	For noting by the Audit Committee
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	Appendix 2: DAC Report 1 July 2017 to 21 September 2017.

STA Report from 1 Apr 2017 - 31 March 2017									
	Product	STA Total Price	Grant Funded - Y/N	Reasoning Provided	Company	Requisitioner	PO	Date of PO	Authoriser
2nd Quarter									
17	Wake the Giant event at Warrenpoint	5,750.00	no	Unique Artistic Performance	ROGHA	Charlotte Anderson	120353	18.08.17	Marie Ward
18	Survey of Ballykinlar Hut	4,900.00	no	Technical Reasons - Specialist Company	R Heatrick Ltd	Mike King	120199	14.08.17	Andy Patterson
19	Wake the Giant - provision of stage, sound, lighting, power, production management	13,860.00	no	Price test was carried out - they were VPM - ERT agreed that a local supplier should be used	Michael Magill Entertainments	Charlotte Anderson	120631	30.08.17	Andy Patterson
20	Replica of St Patricks Cross Downpatrick	24,789.00	no	Unique work of art - specialist company	S McConneil & Sons	Mike King	120721	01.09.17	Andy Patterson
21	CHP Boiler Service in Down Leisure Centre	4,917.87	no	original supplier and this is a specialist piece of equipment	Veolia CHP UK Ltd	Pat Baker	118069	16.05.17	Kevin Scullion
22	Control Panel at Victoria Lock Gates	10,000.00	no	breezemount were the original suppliers of this specialist equipment	Breezemount Elec Ltd	Kevin Scullion	119139	27.06.17	Adam Wilkinson
23	WPoint Prom From Pool to Square	3,275.00	no	Undertook the work previously and have access to the drawings	Aecom	Seamus Crossey	119165	27.06.17	Jonathan McGilly
24	Media Partner for Newcastle Festival of Flight	8,000.00	yes - Tourism NI	U105 targeted the biggest audience for the festival - agreed at ERT	U105 LTD	Charlotte Anderson	119411	06.07.17	Marie Ward
25	Installation and conservations of water items for revamp of	13,000.00	no	Unique piece of artistic work	Fine Art Conservation	Museum Reception	121086	15.09.17	Marie Ward
26	Childrens street theatre - City of Merchants, Newry	2,477.00	no	linkages with schools and community groups in the area	Beam	Charlotte Anderson	121087	15.09.17	Marie Ward
27	Provision & installation of new batters for the Uninterruptable Power Supply in Monaghan Row	8,285.00	no	system exposed to power failure - service contract only with supplier	Quadrant PowerComm (NI) Ltd	Gavin Ringland	119470	10.07.17	Dorinnia Carville
28	Unplanned repair & maintenance of 41 town centre CCTV camera & supporting equipment	30,000.00	no	CCTV contract currently being tendered	VIS	Johnny McBride	120767	05.09.17	Liam Hannaway
29	Provision of Creative Shops Project Aug - Oct 17	20,000.00	yes - Arts Council	Proven results in Portstewart and a unique supplier - approved by ERT	Big Telly Theatre Company	Charlotte Anderson	121018	14.09.17	Andy Patterson
30	Extension to Townscape Project in Downpatrick	5,000.00	Yes - DFC	Scheme was extended - architect already appointed - Costs within the 50% allowed	Alastair Coey Architects	Margaret Quinn	118131	17.05.17	Jonathan McGilly

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Implementation of NMDDC Internal Audit Recommendations
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Decisions required:

Members are asked to note the report.

1.0 Purpose and Background:

1.1 At the Audit Committee meeting of 27 April 2017, it was agreed that the Audit Committee would concentrate on monitoring internal audit recommendations which have been made since NMDDC has formed. Therefore the detail below relates to recommendations realised in the 2015-16 financial year.

The legacy recommendations from Newry and Mourne District Council and Down District Council will continue to be implemented and overseen by the Audit Service Manager.

2.0 Key issues:

2.1 The table below demonstrates a breakdown of the 2015/16 Audit Recommendations by priority rating and their status. This was at tabled in the April 2017 Audit Committee.

April 2017

	Fully Implemented	Partially implemented	Not implemented	N/A	Unable to test	Not yet due for implementation	Total
Priority 1	3	3	1	1	2	1	11
Priority 2	15	5	0	1	0	0	21
Priority 3	8	1	1	0	0	0	10
Total	26	9	2	2	2	1	42

The table below demonstrates the progress made to September 2017.

September 2017

	Fully Implemented	Partially implemented	Not implemented	N/A	**	Not yet due for implementation	Total
Priority 1	6	2	1	1	2	1	13
Priority 2	15	3	0	0	1	0	19
Priority 3	8	1	0	0	1	0	10
Total	29	6	1	1	4	1	42

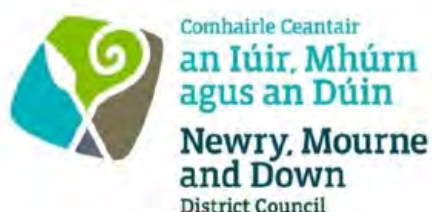
	<p>** The 2017/18 Internal Audit report on Planning has now followed up and commented on these points (report still in draft).</p> <p>I have not reported on the 2016-17 recommendations as the majority are not yet due for implementation. An independent review of progress and status will be undertaken by Internal Audit later in 2017-18 programme.</p>
3.0	Recommendations:
3.1	Audit Committee members to note column headed 'Status at September 2017' as an indication of progress being made and actions being taken to address recommendations as noted by management.
4.0	Resource implications
4.1	A number of the recommendations contain significant resource implications, both officer time and, in some cases capital cost.
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	Appendix 1: 2015/16 Follow up tracker

ASM REF	Recommendation	Priority	Management Comment	Status	Responsibility	Timeframe	At March 2017	Status at 21 September 2017
Off Street Car Parking - RTS - Limited Assurance Rating								
A5	We recommend that the Working Group establishes a time bound action plan addressing the Council's responsibilities in respect of setting a policy for off street car parking, over the short, medium and longer term.	1	The Working Group will make initial proposals to the SMT, in terms of a time bound action plan.	Partially Implemented	Collie Jackson	Mar-16	Our review identified that while the Council did not develop a time bound action plan, we note that the Council signed a 3 year extension to the Agency Agreement with TransportNI, effective from 1 November 2016. In the short and medium term, the Council are therefore "locked" into these arrangements. In the longer term, a sub-committee of the working group has been established to take forward proposals for an exit strategy after the 3 year extension period, ending in October 2019.	PI - No LT can be developed until the Agency Agreement with TransportNI ceases in October 2019.
C4	We recommend that in addition to recommendation at A5 above, that once a decision is taken in respect of charging, that the Council's role, or support role, in enforcement is defined and agreed.	1	We are unlikely to be in a position to take this decision for some considerable time as the charging issues will be integral to our Economic Development and Tourism strategies.	Not Yet due for Implementation	Collie Jackson		Unknown, dependent on Economic Development & Tourism Strategies Our review identified that the responsibility for enforcement remains with TransportNI until October 2019, at which point a decision will need to be taken by the Council in respect of charging, and the related need for enforcement.	PI - No LT can be developed until the Agency Agreement with TransportNI ceases in October 2019.
F6	We recommend that the Council carry out an assessment of the car park signage to ensure that all car park signage is changed to the Council's branding.	2	Council need to decide on suitable signage and pass to TransportNI for implementation.	Partially Implemented	Collie Jackson	Mar-16	We note that the Council's Car Park Manager intends to prepare a report for Council by the end of March 2017, outlining the signage requirements for all sites that were transferred from TransportNI. We understand that this will be accompanied by an assessment of associated costs for any replacement signage.	N/A TransportNI signage will remain to the agreement ends in 2019 as they are responsible for maintenance, therefore it is appropriate that TransportNI contact details remains on the signage presently.
C4	We recommend that in addition to recommendation at A5 above, that once a decision is taken in respect of charging, that the Council's role, or support role, in enforcement is defined and agreed.	1	We are unlikely to be in a position to take this decision for some considerable time as the charging issues will be integral to our Economic Development and Tourism strategies	Not Yet due for Implementation	Collie Jackson	Oct-19	Our review identified that the responsibility for enforcement remains with TransportNI until October 2019, at which point a decision will need to be taken by the Council in respect of charging, and the related need for enforcement.	not yet due for implementation
Planning - RTS Directorate - Limited Assurance Rating								
A6	We recommend that the Council undertakes a review of its current processing rate and identifies target levels for improvement over the short and medium term. Processing rates should then be reported to Council. We consider that our recommendations at Appendices B to F may assist improvement to this current rate	1	We already monitor and report processing rates, via the R&TS Committee each month. However this presently only indicates the number of applications received and determined. It does not seek to monitor the time for individual applications to be processed. We will introduce and report upon such a measure and will begin to monitor it against agreed targets.	Partially Implemented	Anthony McKay	Jan-16	We understand that the Council's first priority, before implementing any changes was to deal with the backlog of planning applications. We note that we were able to evidence a reduction in the backlog of applications being reported to the Regulatory and Technical Services Committee but that a backlog still exists and that the Council continues to work at reducing these levels. We were also able to evidence that the average processing time for decisions has also been steadily decreasing. We understand that the Council will establish target rates, in line with those targets set out by statute, for applications, once it feels that the backlog has been sufficiently cleared. A timeline has not been set for this process.	
B7	We recommend that Planners aim to carry out initial onsite inspections within 10 days of the case being allocated. We consider that the timeliness of this task is recorded and reported to management to assist with job allocation and performance reviews. An explanation for not meeting the target should be recorded.	1	We will implement a monitored procedure to drive compliance to the 10 day inspection target.	Partially Implemented	Anthony McKay	Jan-16	We note that the timeliness by which onsite inspections are completed is not being currently monitored due to the level of resources being allocated to manage and action the backlogs in planning applications being processed by the Planning Department.	These points have been followed up and referred to in the 2017/18 Internal Audit Report on Planning. No need to report as legacy actions now.

D5	We recommend that the details of cases issued to Planners are recorded on a monthly basis, along with processing rates and the status of current applications.	2	We will collect, collate and monitor this metric.	Partially Implemented	Anthony McKay	Dec-15	Our review identified that the number of applications received and determined are reported to the Council's Regulatory and Technical Services Committee on a monthly basis. However, as noted at A5 above, the Council has not yet set out targets for the processing of these applications.	
D6	We recommend that the Council develops a procedure document to support the tasks to be completed by each Planner when processing applications.	3	We will produce a 'work flow' procedure, clearly indicating the actions and order of those actions to be taken by a Case Officer dealing with a planning application.	not implemented	Anthony McKay	Mar-16	We note that the Council has not yet established a suitable workflow procedure document.	
Corporate Governance - CS - Satisfactory Assurance Rating								
A4	We recommend that the Articles detailed in the Constitution are reviewed at the end of the 2015/16 year to ensure they continue to remain appropriate. Going forward, we consider that there should be a target review date for all governance related documents.	2	Articles of the Council's Constitution are currently under review and a redrafted Constitution will be presented to Council prior to December 2016. A target review date for all governance documents will be added.	Partially Implemented	Eileen McParland	Dec-16	We note that the Council's Constitution was reviewed during November and December 2016. We note that the revised Constitution was approved by the Council's Strategy, Policy and Resources Committee during December 2016, and ratified by Council on 9 January 2017. We note that while some governance related documents have been updated since our initial review and now include a target review date (e.g. Scheme of Allowances Payable to Councillors), there are a number of governance related documents that have not been updated and therefore do not currently include a target review date (e.g. Planning Committee Operating Protocol).	PI - The Democratic Service Manager has arranged for the requirement for a review date to be advised to all Directors and Assistant Directors to ensure this is activated on all such documents in the future.
A6	We recommend that the Council ensures that all policy related documents included in the Constitution document are reviewed to ensure they are final documents approved by the Council, that they are appropriate for the Council and that they are up to date.	2	This will be addressed in the review of the Council's constitution taking place during 2016.	Partially Implemented	Eileen McParland	Dec-16	Our review identified that the Anti-Fraud and Anti-Corruption Policy and Procedures have been updated to remove the logos of the legacy Council, and documents that are no longer applicable have been removed from the Constitution. However, we note that the Purchasing Policy in the Constitution still needs to be updated.	PI - purchasing policy still needs updated
Leisure Services - AHC - Satisfactory Assurance Rating								
A5	We recommend that the Council's website is utilised to provide information on the available leisure services, including prices. We consider that the use of the legacy Council's websites may not be the most appropriate communication channel.	2	On the completion of the new website, this information should be included	Partially implemented	Roland Moore	Jan-17	We note that the Council's new website has not yet been completed. However, our review identified that while information on leisure services, including prices is available, visitors to the Council website will continue to be directed to the legacy Council's websites to access the appropriate guidance.	PI - New website still not complete. However an interim Website detailing all legacy information should be operational by the end of the summer.
C4	We recommend that the Council considers the availability and financial viability of an integrated software solution which can provide centralised control of pricing at each Leisure Centre	3	This Matter is under consideration	Partially implemented	Roland Moore	Jan-17	We note that the Council have established a Corporate IT Strategy. As part of this, we note that the Leisure Management System Project, which aims to provide an integrated software solution across all leisure centres, received authorisation to proceed, from the Senior Management Team on 10 January 2017.	PI - Equity have currently put this out to tender. Tenders are being evaluated presently and hope to award within the next month. By the time Newry Leisure Centre opens at the end of the summer, a centralised pricing software solution will be operational.

Newry, Mourne and Down District Council

Assessment of Performance 2016-2017



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Introduction

Part 12 of the Local Government (NI) Act 2014 sets out a General Duty of Improvement for local government, whereby all District Councils must put in place arrangements to secure continuous improvement in the exercise of their functions. As part of the Act, District Councils are required to produce and publish a retrospective assessment of performance to demonstrate whether planned improvements have been achieved during 2016-17. This assessment provides an overview of the Council's progress in delivering the following:

General Duty of Improvement

As set out in the Local Government Act (NI) 2014

Performance improvement objectives

As set out in the Performance Improvement Plan 2016-17:

- Improved the provision of leisure and recreation facilities across the District
- Improved the performance of the Council's Development Management (Planning) service
- Established local structures in support of the development and implementation of the District's Community Plan

Statutory performance indicators and standards

As set out in the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015:

- The number of jobs promoted through business start-up activity
- The average processing time of major planning applications
- The average processing time of local planning applications
- The percentage of enforcement cases processed within 39 weeks
- The percentage of household waste collected by District Councils that is sent for recycling (including waste prepared for reuse)
- The amount (tonnage) of biodegradable Local Authority Collected Municipal Waste that is landfilled
- The amount (tonnage) of Local Authority Collected Municipal Waste arisings

Prompt Payments:







As submitted to the Department for Communities on a quarterly basis

Self imposed performance indicators and standards

















As set out in the Corporate Plan 2015-19

















Progress in achieving the performance improvement objectives 2016-17, statutory performance indicators and standards and self imposed performance indicators has been tracked against set targets, trends over time and, where possible, compared with the performance of local authorities across Northern Ireland, using the legend below.

Legend

Status		Trend	
	Target or objective achieved / on track to be achieved		Performance has improved since the previous year
	Target or objective substantially achieved / likely to be achieved		Performance is similar to the previous year
	Target or objective not achieved / unlikely to be achieved		Performance has declined since the previous year

Newry, Mourne and Down 2016-17 Performance highlights at a glance

Corporate objective	Progress	Status/ Trend
Become one of the premier tourist destinations on the island of Ireland 	40% increase in visitor numbers	
	27% increase in visitor spend	
	Our four major festivals attracted 250,000 visitors and generated around £4.2m for the local economy	
Attract investment and support the creation of new jobs 	192 jobs promoted	
	Reduction in Job Seekers Allowance Claimants	
	Improved processing time for local planning applications	
Support improved health and wellbeing outcomes 	£36m investment in Newry and Downpatrick Leisure Centres	
	Over 1.4m attendances at Council leisure facilities	
	Over 10,000 residents took part in Everybody Active 2020	
Protect our natural and built environment 	Aughnagun and Drumnakelly Landfill Sites closed	
	Camlough Lake flood defences complete	
	1.2% increase in the amount of household waste collected by the Council that is recycled, to 40.1%	

	69% reduction in the amount of biodegradable municipal waste collected by the Council that is landfilled, to 9,017 tonnes	
Lead the regeneration of urban and rural areas 	Public realm schemes in Newry and Warrenpoint are complete	
	£11m awarded to the Rural Development Programme	
	£850k awarded to restore Warrenpoint Municipal Park	
Advocate on your behalf, specifically in relation to these issues that really matter to you 	Community Plan for Newry, Mourne and Down published	
	86% of local premises are able to receive at least 2mb broadband	
	Improved roads infrastructure	
Empower and improve the capacity of our communities 	£652k awarded to community groups through the Financial Assistance Scheme	
	44 independent members appointed to the DEA Fora and 20 DEA public engagement events held	
Transform and modernise the Council, providing accessible as well as value for money services 	Certificate of compliance for performance improvement received	
	Organisational structure agreed and business transformation programme underway	
	Reduction in short term absenteeism	

Overall Assessment of Performance in 2016-2017

Moving into its third year of operation, Newry, Mourne and Down District Council has come a long way since the merger of the two Councils in 2015, the transfer of new responsibilities from central government and the incorporation of Ballyward from the former Banbridge District Council. The reform of local government has presented an opportunity to do things differently and to do things better, and we remain focused on maximising efficiency whilst improving the quality of services we provide.

The Local Government Act (NI) 2014 sets out a General Duty of Improvement, whereby all district councils must put in place arrangements to secure continuous improvement in the exercise of their functions. Newry, Mourne and Down District Council recognises 'improvement' to mean activity that enhances the sustainable quality of life for ratepayers and local communities.

The Council continues to put in place the arrangements to secure continuous improvement in the exercise of its functions and has made significant progress in achieving the three performance improvement objectives 2016-17. Phase II of Newry Leisure Centre will complete in October 2017 and Downpatrick Leisure Centre is scheduled to complete in Spring 2018. The Community Plan for Newry, Mourne and Down has been published and the Council continues to work closely with partners across the statutory, community and voluntary sectors to improve the quality of life for all local communities.

The Council has also performed well in delivering the statutory performance indicators and standards for economic development, planning and waste management. We promoted 192 jobs through business start up activity, exceeding the Government target by 24%. Over the past two years, the percentage of household waste that is recycled also increased by 1.2% to 40.1% and the amount of biodegradable municipal waste that is sent to landfill reduced by 69.7% to 9,017 tonnes, exceeding both 2016-17 standards.

However, we also recognise where we need to improve. Planning has been a key priority for improvement over the past year, and whilst the Council did not meet the statutory standards for processing major and local planning applications, as well as enforcement cases, performance has generally improved since 2015. The processing time for local planning applications has improved by over 11 weeks and the percentage of enforcement cases processed within 39 weeks has increased by 2%, demonstrating the Council's commitment to delivering a more efficient and effective Planning Service for customers.

The Council has also identified further areas for improvement to support the delivery of services. These include reviewing and enhancing existing performance management arrangements, embedding the Business Planning and Performance Management Framework across the organisation and strengthening the role of

Elected Members in managing and scrutinising performance, all of which will facilitate the development of a performance improvement culture.

Recognising our achievements and identifying areas for improvement provide a sustainable platform to deliver high quality, innovative public services in the future. Through our performance improvement objectives, the Council will continue to improve the quality of life for all local communities.

Performance Improvement Objectives 2017-18

- 1. Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities**
- 2. Improve economic growth by creating new business starts, supporting the growth of existing businesses and promoting Newry, Mourne and Down as a premier tourist destination**
- 3. Deliver urban and rural regeneration initiatives that will create a District where people want to live, work and invest in**
- 4. Create a cleaner, greener, more attractive District**
- 5. Encourage and empower local communities to participate in Council engagement structures**

General Duty of Improvement

During 2016-17, the Council continued to strengthen and embed the arrangements it has put in place to secure continuous improvement in the exercise of functions, in order to improve the quality of life for all local communities.

- The Council produced and published the Performance Improvement Plan 2017-18 by 30 June 2017, demonstrating its commitment to secure continuous improvement in the delivery of services. The performance improvement objectives were developed in close liaison with Elected Members and staff across the organisation, and each objective is clearly aligned to community planning outcomes and corporate priorities. In accordance with the Local Government Act (NI) 2014, each objective seeks to bring about improvement in at least one of the following:
 - Efficiency
 - Fairness
 - Innovation
 - Service availability
 - Service quality
 - Strategic effectiveness
 - Sustainability
- The Council has introduced an updated Business Planning and Performance Management Framework. This framework seeks to demonstrate the 'golden thread' between the Community Plan, Corporate Plan, Thematic Plans and Strategies, Service Plans and Improvement Projects and Individual Performance Appraisal. It will drive and provide assurance that the Council is delivering its corporate vision, priorities and performance improvement objectives. Through the Business Planning and Performance Management Framework, the Council will manage performance, ensuring that community planning outcomes and corporate priorities are cascaded across the organisation, and that the necessary steps are taken to secure continuous improvement in the exercise of functions.
- The Council has put in place robust governance arrangements to develop, monitor, report and review the Performance Improvement Plan. This includes producing mid year progress reports, as well as the annual Assessment of Performance for the consideration of the Strategy, Policy and Resources Committee, Audit Committee and full Council. These governance arrangements will facilitate and support transparency, accountability and improvement across the Council.
- Following the Improvement Audit and Assessment in 2016, the Northern Ireland Audit Office concluded that:



- The Council has discharged its duties in connection with (1) improvement planning and (2) publication of improvement information in accordance with section 92 of the Act and has acted in accordance with the Department for Communities' guidance sufficiently, including its guidance on the publication of improvement information in 2016-17.
- The Council has as far as possible discharged its duties under Part 12 of the Local Government Act and has acted in accordance with the Department for Communities' guidance sufficiently.
- The Council continues to progress the 'proposals for improvement' which were put forward by the Northern Ireland Audit Office, specifically around the general duty to improve, governance arrangements, improvement objectives, consultation and performance reporting.
 - Performance improvement objectives are more 'outcome' focused and clearly aligned to the Community Plan and Corporate Plan. Each performance improvement objective is underpinned by 'supporting actions' and 'measures of success' which will demonstrate whether the Council is making progress in delivering the objectives and contributing to the achievement of community planning outcomes.
 - The consultation process around the performance improvement objectives was effective, robust and involved a range of stakeholders including Elected Members, partners and local communities. The consultation revealed widespread support to the five proposed objectives.
 - The Council raised the profile of performance improvement on the corporate website, improving the overall accessibility of information and opportunities for engagement and feedback.
 - The Council has been working with the Association of Public Service Excellence (APSE) to facilitate benchmarking and comparisons across a suite of performance indicators, which will be progressed further during 2017-18.
 - The Council continues to strengthen the role of the Strategy, Policy and Resources Committee and Audit Committee in discharging their performance improvement responsibilities.

Performance Improvement Objectives 2016-17

The Council has made significant progress in driving forward the performance improvement objectives 2016-17. Further improvements are planned as a number of the 'supporting actions' and 'measures of success' have been carried forward in the Performance Improvement Plan 2017-18.

Performance Improvement Objective 1

Improved the provision of leisure and recreation facilities across the District

Ref.	Key actions	Measures of Success	Status
PIO1	<ul style="list-style-type: none"> Improvement Project 1 – completion of Phase II, Newry Leisure Centre Improvement Project 2 – completion of the new Downpatrick Leisure Centre 	<ul style="list-style-type: none"> Capital projects delivered on time and to budget 	
		<ul style="list-style-type: none"> Outcomes-based indicators and performance measures are currently being identified as part of the development of the Community Plan 	

Progress

Capital projects delivered on time and within budget

During 2016-17, Newry, Mourne and Down District Council made significant progress in driving forward the completion of Newry and Downpatrick Leisure Centres. Both projects are scheduled to complete during 2017-18 and will provide first class, quality, accessible sport, leisure and recreational facilities and activities for all local communities.

An investment of £10million has been allocated to phase II of Newry Leisure Centre, which commenced in February 2016 and is scheduled to complete in October 2017. The new centre will consist of an 8 court sports hall, 4 court sports hall, fitness suite, soft play area, café and changing facilities, adding to the current provision of a state of the art 25 meter, 6 lane swimming pool, which was completed during phase I of the project in 2015.

An investment of £14.5million has been allocated to Downpatrick Leisure Centre which commenced in March 2016 and is scheduled to complete in Summer 2018. The new centre will consist of a 25meter, 6 lane swimming pool, learning pool with movable floor, 4 court sports hall, spa facilities, fitness suite and a handball and squash court. Once the leisure centre opens to the public, phase II of the project will commence, which involves the demolition of the existing Leisure Centre, to make way for a 140 space car park.

Outcomes-based indicators and performance measures are currently being identified as part of the development of the Community Plan

Following the completion of both leisure centres, the Council has projected an increase in the number of users and participants. This will support the delivery of improved 'outcomes' around the health and wellbeing of local communities and stakeholders, which have been identified as priority areas for improvement within the following plans:

The Performance Improvement Plan 2017-18

Includes the following objective and measures of success:

Objective: Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities

Measures of Success: 5-6% year on year increase in the number of participants using Newry Leisure Centre / 9% increase in the number of participants using Downpatrick Leisure Centre by 2018-19, reaching a 72% increase by 2019-20

Community Plan for Newry, Mourne and Down

Includes the following outcome, indicators and measure:

Outcome: All people in Newry, Mourne and Down enjoy good health and wellbeing






Indicators: Level of life expectancy / Level of work life balance / Level of preventable death / Level of health status

Measure: Time devoted to leisure, arts, culture and heritage

The Delivery Plan for the Health and Wellbeing Thematic Group also identifies 'physical activity' as a priority area and includes supporting measures around obesity, leisure usage and reporting 'good' health.

Performance Improvement Objective 2

Improved the performance of the Council's Development Management (Planning) service

Ref.	Key actions	Measures of Success	Status
PIO2	Implementation of a service improvement plan for Development Management (Planning)	Reduction in the number of backlog applications	
		Increase in the number of decisions issued	
		Improved performance in respect of statutory performance indicators for Planning:	
		The average processing time of major planning applications	
		The average processing time of local planning applications	
		The percentage of enforcement cases processed within 39 weeks	

Progress

Reduction in the number of backlog applications

Following the transfer of the planning function to local government in April 2015, Newry, Mourne and Down District Council inherited a backlog and large number of live applications, coupled with an insufficient number of staff transferring from central government. During 2016-17, the Council allocated more resources to the Planning Service and increased the number of Planning Committee Meetings to two per month in order to target a reduction in the number of backlog applications. The Council also continues to streamline Committee procedures to facilitate more efficient determination of applications. During 2016-17, this resulted in a reduction in the number of live applications from 1,389 to 1,074, as well as a reduction in the number of live applications over 12 months from 436 to 295. Across the 11 Councils, Newry, Mourne and Down has the second highest proportion (27%) of applications in the system for over a year.

Increase in the number of decisions issued

During 2016-17, the Council issued the highest number of decisions (1,757) across the 11 Councils and reported the largest percentage increase in the number of decisions issued (52.4%). Newry, Mourne and Down issued 17.8% more decisions than received, which was the highest across the 11 Councils.

Improved performance in respect of statutory performance indicators for Planning

The average processing time of major planning applications

During 2016-17, the Council issued the second highest number of decisions (26) on major planning applications and also received the largest decrease in major planning applications, from 20 in 2015-16 to 8 in 2016-17. The average processing time for major planning applications across the 11 Councils increased from 46.2 weeks in 2015-16 to 68.6 weeks in 2016-17, which is over double the statutory processing time target of 30 weeks. In line with the regional trend, the processing time for major applications at Newry, Mourne and Down increased from 56 weeks in 2015-16 to 86.6 weeks in 2016-17, 51.9% of which were legacy cases received prior to the transfer of planning powers in 2015. Major legacy planning applications also had a processing time of 86.6 weeks which has influenced the overall processing time of all major planning applications.

The average processing time of local planning applications

During 2016-17, Newry, Mourne and Down received the second highest number of local planning applications (1,483) and issued the highest number of decisions on local applications (1,731) across the 11 Councils, which partly reflects the high volume of applications received. The Council issued 54% more decisions on local applications than in 2015-16, the highest increase across the 11 Councils. Whilst Newry, Mourne and Down had the longest processing time for local planning applications at 23 weeks, which exceeds the statutory target of 15 weeks and falls above the regional average of 16.2 weeks, the processing time improved by 11.6 weeks since 2015-16. This improvement can largely be attributed to the additional resources allocated to the Planning Service, as well as the increase in the number of Planning Committee meetings.




The percentage of enforcement cases processed within 39 weeks

During 2016-17, Newry, Mourne and Down reported an increase of 136 enforcement cases, which is the second highest across the 11 Councils, and concluded 56.1% of enforcement cases within 39 weeks, representing a 2% increase since 2015-16. Whilst the statutory target of 70% was not achieved, the Council reported the largest number of live cases at the end of March 2017 (726) as well as the largest proportion of cases in the system for over two years (41.3%). Additional resources have now been allocated to processing enforcement cases which should have a positive impact on future performance.

*Further analysis of the statutory performance indicators and standards for Planning is included in the next section of this assessment.

Performance Improvement Objective 3

Established local structures in support of the development and implementation of the District's Community Plan

Ref.	Key actions	Measures of Success	Status
POI3	Establishment and operation of a Community Planning Partnership as well as supporting Thematic Working Groups	The production of an agreed Community Plan for the District	
		The establishment and operation of the Community Planning Partnership	
		The establishment and operation of Thematic Working Groups	

Progress

The production of an agreed Community Plan for the District

The Community Plan for Newry, Mourne and Down 2017-30 was published on 1 April 2017. It provides a framework for collaborative working to deliver positive change for communities and was developed based on the values of effective leadership, collective ownership, good governance and democratic accountability. Newry, Mourne and Down District Council led an extensive consultation and engagement process to gather a robust evidence base to support the development of the Community Plan, with the following activities taking place during 2016-17:

- December 2016 – Approximately 60 stakeholders attended four public and staff consultation and engagement events, putting forward their views on the draft Community Plan.
- June 2016 – Almost 150 stakeholders from the statutory, voluntary and community sectors attended an 'Outcomes Based Accountability' workshop, taking part in 'turn the curve' exercises to discuss and agree the five community planning outcomes and supporting indicators.
- August 2016 - Eleven MPs, MLAs and Elected Members attended a meeting to discuss the community planning priorities for the District and their connection with the draft Programme for Government.
- November 2016 - February 2017 – The consultation and engagement process on the draft Community Plan for Newry, Mourne and Down took place and was promoted through the Council's website, social media channels and email distribution.

A total of 43 responses from a broad range of stakeholders were received and analysed, influencing the final version of the Community Plan for Newry, Mourne and Down.

The collaborative process for developing the Community Plan was instrumental in gaining 'buy in' from all stakeholders and promoting the overall ethos of joined up working to address the key issues which matter most to local communities and stakeholders. The Community Plan for Newry, Mourne and Down was considered and approved by the Community Planning Partnership in February 2017, and is supported by four Thematic Delivery Plans.

The establishment and operation of the Community Planning Partnership

The development, delivery and evaluation of the Community Plan is supported by comprehensive governance, scrutiny and accountability arrangements, which interact with each other and seek to:

- Support 'internal' and 'external' partnership accountability
- Provide a strong focus on the delivery of outcomes
- Develop a joint partnership performance management framework
- Establish clear partnership communication

The three strands of the partnership are the Community Planning Partnership Board, four Thematic Delivery Groups and seven District Electoral Area (DEA) Fora. Membership at all levels is made up of Elected Members, representatives from statutory partners, such as the Education Authority, PSNI, Health Trusts, Public Health Agency, as well as the Community, Voluntary and Business Sectors. The governance structure supports input from the community at all levels, particularly through the DEA Fora in Crotlieve, Downpatrick, Mournes, Newry, Rowallane, Slieve Croob and Slieve Gullion.

The Community Planning Partnership Board is made up of 22 senior officers from the statutory, community and voluntary sectors, 7 Elected Members, and the Chairperson and Chief Executive of Newry, Mourne and Down District Council. Through the Board, Community Planning Partners have assumed responsibility for the development, delivery and evaluation of the Community Plan and meetings took place in June and September 2016, and February 2017.

The establishment and operation of Thematic Working Groups

Underpinning the Community Planning Partnership are four Thematic Delivery Groups, which are directly aligned to the five outcomes within the Community Plan;

- Health and Wellbeing Thematic Group

- Environmental and Spatial Development Group
- Economic Development, Regeneration and Tourism Thematic Group
- Safety and Good Relations Thematic Group

Each thematic group is made up of 11 Statutory partners, 3 representatives from the Community and Voluntary Sector, 10 Elected Members, 1 Director, Assistant Directors, DEA Coordinators, and is supported by staff from the Community Planning team at Newry, Mourne and Down District Council. The purpose of the Thematic Delivery Groups is to progress the delivery of the five community planning outcomes through the development and implementation of initial two year delivery plans, which were agreed in June 2017.

The Stakeholder Forum supports and works alongside the Thematic Delivery Groups and consists of 21 representatives from the Community and Voluntary Sector. The two Chairpersons of the Stakeholder Forum also sit on the Community Planning Partnership Board and three members sit on each Thematic Delivery Group in order to ensure effective participation, inclusivity and consistency across the process of community planning. Seven meetings of the Stakeholder Forum took place during 2016-17, reinforcing the central role the Community and Voluntary Sector play supporting the development, delivery and evaluation of the Community Plan.

Effective citizen and stakeholder engagement underpins the overall process of community planning. In 2015, Newry, Mourne and Down District Council established seven DEA Fora across the District as a sustainable mechanism to consult, involve, listen and respond to communities, whilst supporting and mainstreaming the implementation of the Community Plan at a local level. Each DEA Forum is made up of Elected Members and up to eight independent members representing networks across the voluntary, community and business sectors. To date, 44 independent members have been appointed to the 7 DEA Fora and the nominations process is on-going. Working alongside Elected Members, independent members have an opportunity to inform and influence the decision-making process of the Council, ensuring local communities have a voice in shaping their future and their area.

Performance indicators and standards

Through the Local Government (Performance Indicators and Standards) Order (NI) 2015, seven statutory performance indicators and standards have been set by the Department for Communities for economic development, waste management and planning. An overview of the Council's performance against the statutory indicators and standards is outlined below. Economic development, waste management and planning remain key priorities for the Council and further improvements will be delivered as the seven statutory performance indicators and standards underpin and support the objectives within the Performance Improvement Plan 2017-18.

All Councils in Northern Ireland are also required to submit data to the Department for Communities around 'prompt payments'. This information is collated and submitted on a quarterly basis and an overview of the Council's performance over the past two years is outlined below.

Economic Development

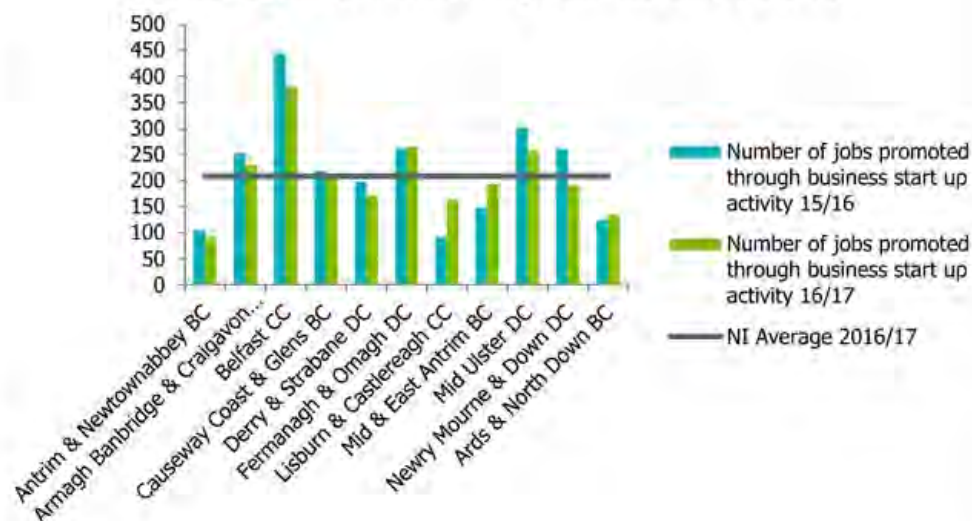
Ref	Performance Indicator	Standard	2015-16			2016-17				
			Actual	NI Average	Status	Standard	Actual	NI Average	Status	Trend
ED1	Number of jobs promoted through business start up activity	>155	261	219	😊	>155	192	208	😊	▼

Comments

During 2015-16, the Regional Start Initiative was delivered by Invest NI on behalf of the NI Councils. This was succeeded by the Interim Business Start Up Programme in 2016-17 which was delivered by Newry, Mourne and Down District Council through its appointed delivery agents. In 2017-18, a new regional wide NI Business Start Up Programme will commence which will be delivered jointly through the 11 NI Councils.

During 2015-16, the Council promoted 261 jobs through business start up activity, exceeding its target by 68%. This was the third highest number of jobs promoted through business start up activity across the 11 Councils, exceeding the regional average of 219. During 2016-17 the Council promoted a further 192 jobs through business start up activity. Although the Council's target was exceeded by 24%, there was a slight reduction in performance from 2015-16, as the programme moved into interim delivery arrangements which included a change in the marketing structure of the programme, resulting in lower levels of participation for the 2016-17 period.

Number of jobs promoted through business start up activity



Planning

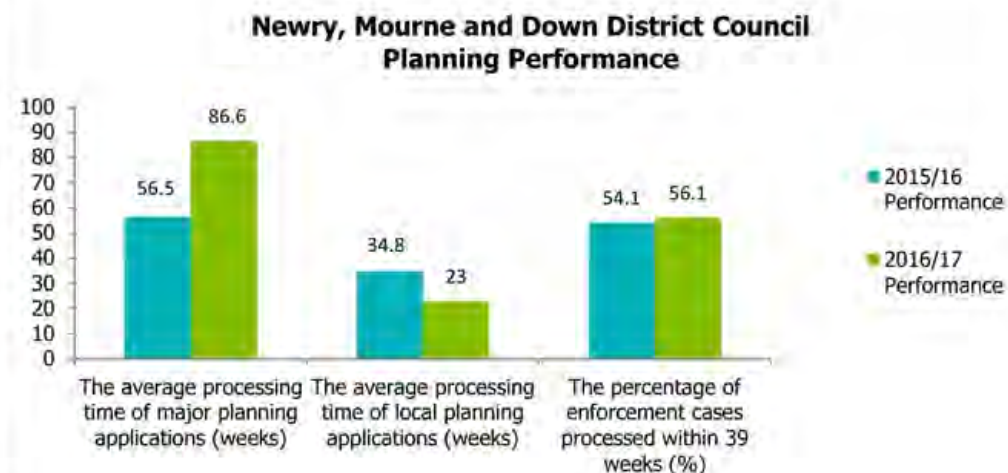
Ref	Performance Indicator	2015-16				2016-17				
		Standard	Actual	NI Average	Status	Standard	Actual	NI Average	Status	Trend
P1	The average processing time of major planning applications	<30 weeks	56.5 weeks	46.2 weeks	●	<30 weeks	86.6 weeks	68.6 weeks	●	▼
P2	The average processing time of local planning applications	<15 weeks	34.8 weeks	19.4 weeks	●	<15 weeks	23 weeks	16.2 weeks	●	▲
P3	The percentage of enforcement cases processed within 39 weeks	70%	54.1%	77.2%	●	70%	56.1%	80.7%	●	▲

Comments

During 2015-16 and 2016-17, Newry, Mourne and Down District Council did not meet the standards set for the planning performance indicators. However, performance improved by over 11 weeks in relation to the average processing time of local planning applications, and the percentage of enforcement cases processed within 39 weeks increased by 2%.

Major planning applications

During 2016-17, the Council issued the second highest number of decisions (26) on major planning applications and also received the largest decrease in major planning applications, from 20 in 2015-16 to 8 in 2016-17. The average processing time for major planning applications across the 11 Councils increased from 46.2 weeks in 2015-16 to 68.6 weeks in 2016-17,

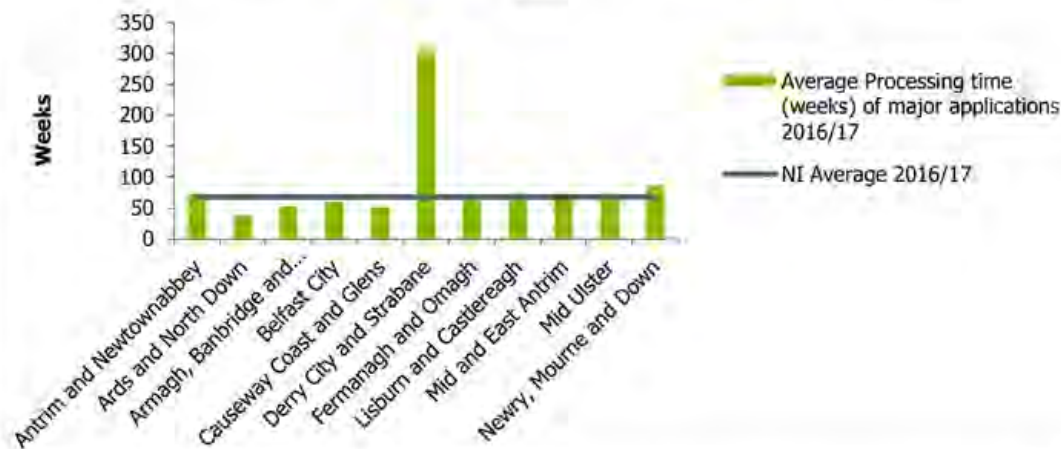


which is over double the statutory processing time target of 30 weeks. In line with the regional trend, the processing time for major applications at Newry, Mourne and Down increased from 56.5 weeks in 2015-16 to 86.6 weeks in 2016-17, 51.9% of which were legacy cases received prior to the transfer of planning powers in 2015. Major legacy planning applications also had a processing time of 86.6 weeks which had an impact on the overall processing time of all major planning applications.

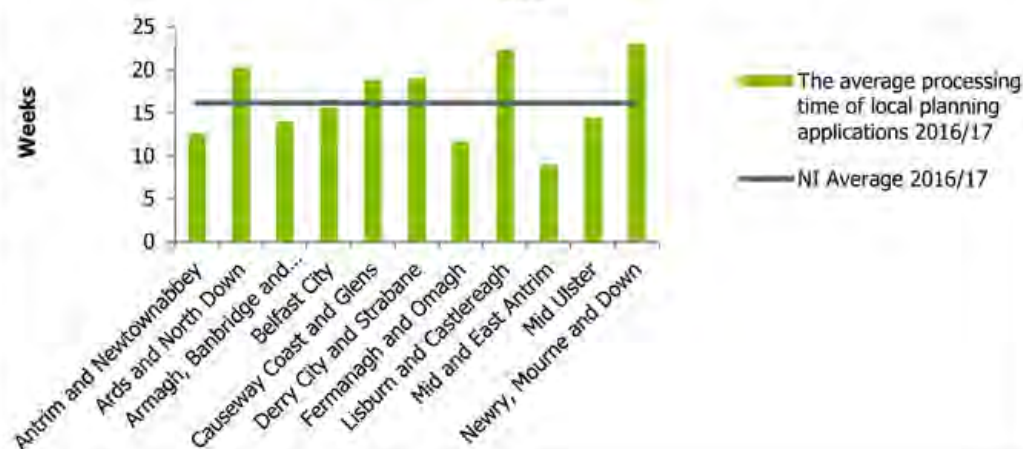
Local planning applications

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2016/17 Average processing time of major planning applications by LGD



2016/17 Average Processing time of local planning applications by LGD

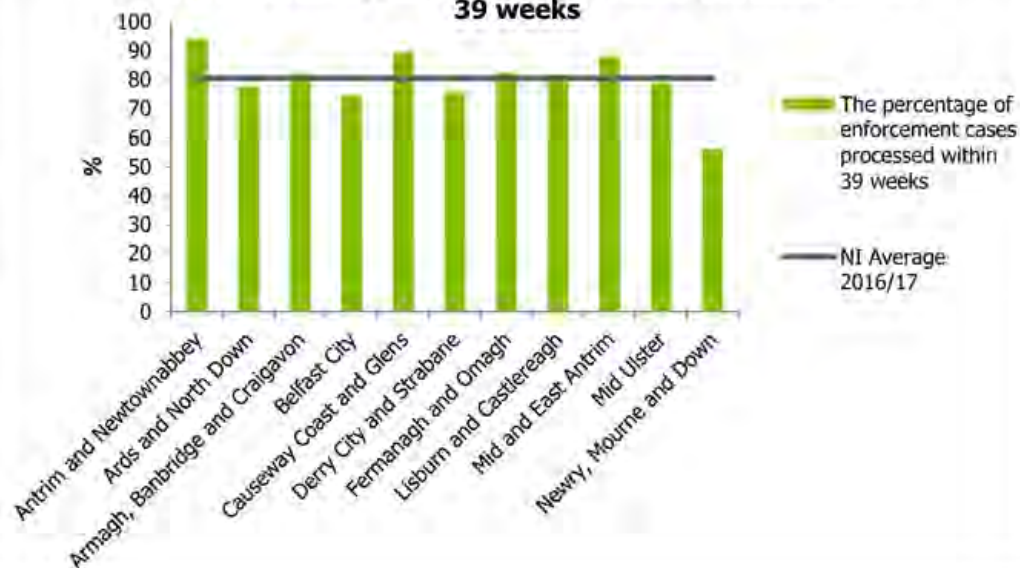


Committee meetings.

Enforcement

During 2016-17, Newry, Mourne and Down reported an increase of 136 enforcement cases, which is the second highest across the 11 Councils, and concluded 56.1% of enforcement cases within 39 weeks, representing a 2% increase since 2015-16. Whilst the statutory standard of 70% was not achieved, the Council reported the largest number of live cases at the end of March 2017 (726) as well as the largest proportion of cases in the system for over two years (41.3%). Additional resources have now been allocated to processing enforcement cases which should have a positive impact on future performance.

2016/17 Percentage of enforcement cases processed within 39 weeks



Waste Management

Ref	Performance Indicator	2015-16				2016-17			
		Standard	Actual	NI Average	Status	Standard	Actual	Status	Trend
W1	The percentage of household waste collected by District Councils that is sent for recycling	50% by 2020 / 45% in 2015-16	38.9%	39.7%		40%	40.1%		
W2	The amount (tonnage) of biodegradable Local Authority Collected Municipal Waste that is landfilled	<26,396 tonnes	29,762 tonnes	35,478 tonnes		<15,000 tonnes	9,017.3 tonnes		
W3	The amount (tonnage) of Local Authority Collected Municipal Waste Arisings (LACMW)	85,500 tonnes	84,459 tonnes	88,105 tonnes	n/a	85,500 tonnes	82,723.38 tonnes	n/a	

*NILAS: Northern Ireland Landfill Allowance Scheme

*The 2015-16 'actual' figures, which were reported in September 2016, have been updated following validation by DAERA in Autumn 2016.

*Validated figures will be available in Autumn 2017 when the 2016-17 Annual Report is published by DAERA

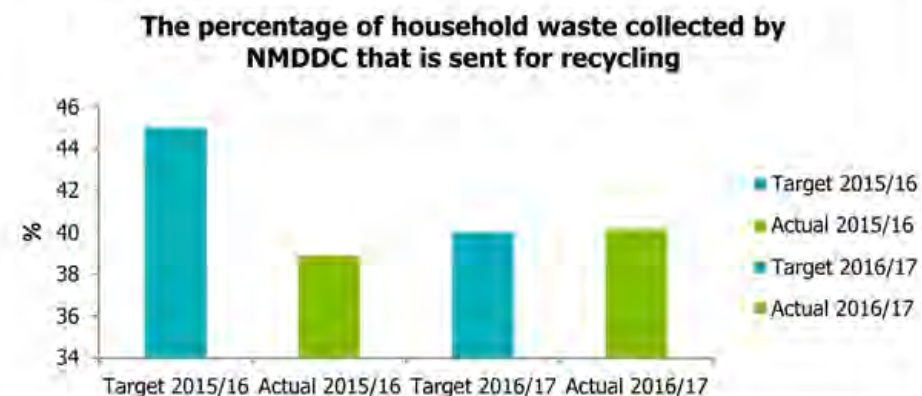
*Comparisons with other Councils will be carried out when the 2016-17 Annual Report is published by DAERA

Comments

Between 2015-16 and 2016-17, the Council improved performance against the three waste management statutory performance indicators and standards and exceeded its targets for 2016-17. The percentage of waste that is recycled improved by 1.2% to 40.1% and the amount of waste that is sent to landfill reduced by 69.7% to 9,017.3 tonnes.

Waste that is recycled

During 2015-16, the Council recycled 38.9% of household waste which falls below the regional average of 39.7%.



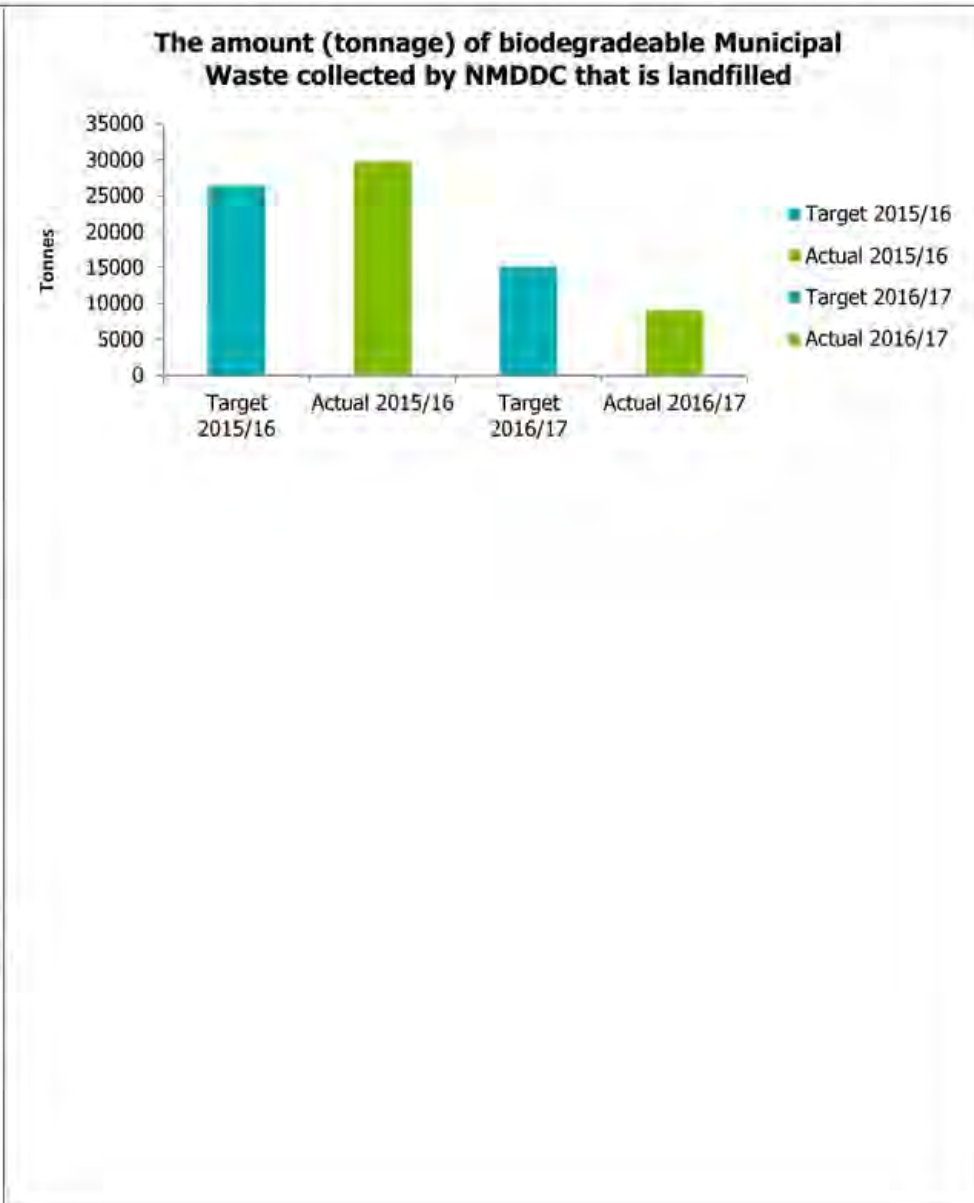
However, improvements were made during 2016-17, when the Council recycled 40.1% of household waste which exceeded its target and represents an improvement of 1.2% since the previous year. The Council has made significant progress in rolling out a domestic food waste service across the District by delivering a further 27,500 brown bins to local households. The domestic food waste service will support the Council in achieving its recycling target of 44% in 2017-18.

Waste that is sent to landfill

During 2015-16, the Council sent 29,762 tonnes of biodegradable municipal waste to landfill, exceeding the regional average of 35,478 tonnes by 19.2%. Significant improvements were made during 2016-17, when the Council sent 9,017.3 tonnes of biodegradable municipal waste to landfill. This represents a reduction of 69.7% since the previous year and exceeds the Council’s target of <15,000 tonnes by 39.9%. Between January-March 2017, Newry, Mourne and Down recorded the lowest landfill rate and highest waste energy recovery rate across the 11 Councils.

Waste arisings

Between 2015-16 and 2016-17, the amount of local authority waste arisings (household and non household waste arisings) reduced from 84,459 tonnes to 82,723.38 tonnes, which represents an improvement of 2%. In 2015-16, the Council also exceeded the regional average of 88,105 tonnes by 4%.

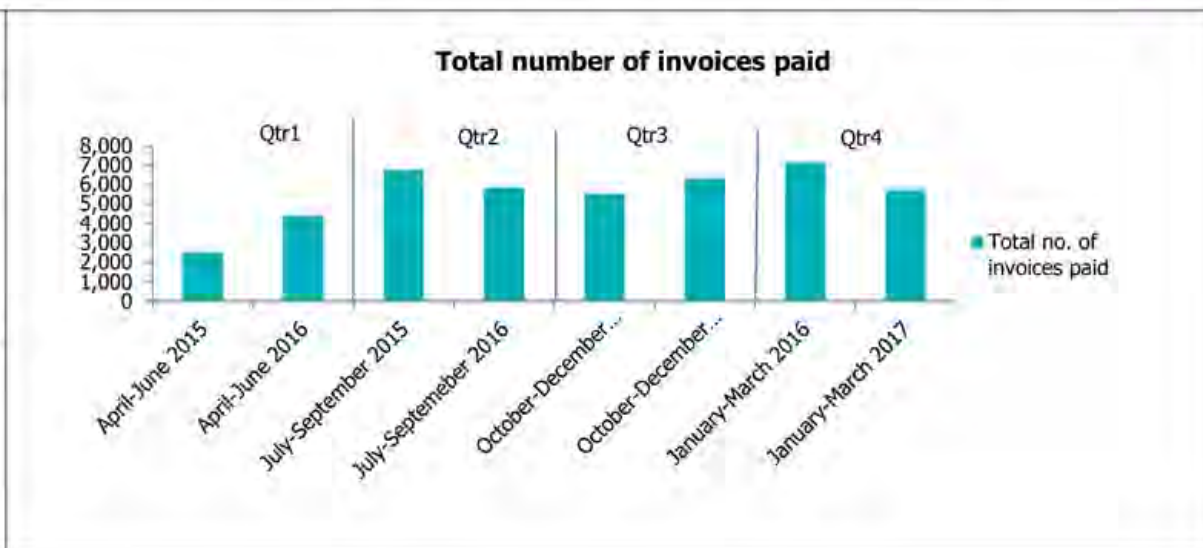


Prompt Payments

	2015-16				2016-17				Trend
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
% paid within 10 working days	3%	8%	11%	11%	9%	8%	8%	12%	▲
% paid within 30 calendar days	45%	49%	79%	79%	74%	88%	90%	87%	▲
% paid outside 30 days	55%	51%	21%	21%	26%	12%	10%	13%	▲

'Prompt payment' refers to the payment a valid supplier invoices within 10 working days by public bodies. The NI Executive's Prompt Payment Policy recommends that Government Departments should 'aim to pay 90% of valid invoices within 10 working days', with Councils encouraged to match this. Newry, Mourne and Down District Council has made significant improvements in prompt payments, as outlined below:

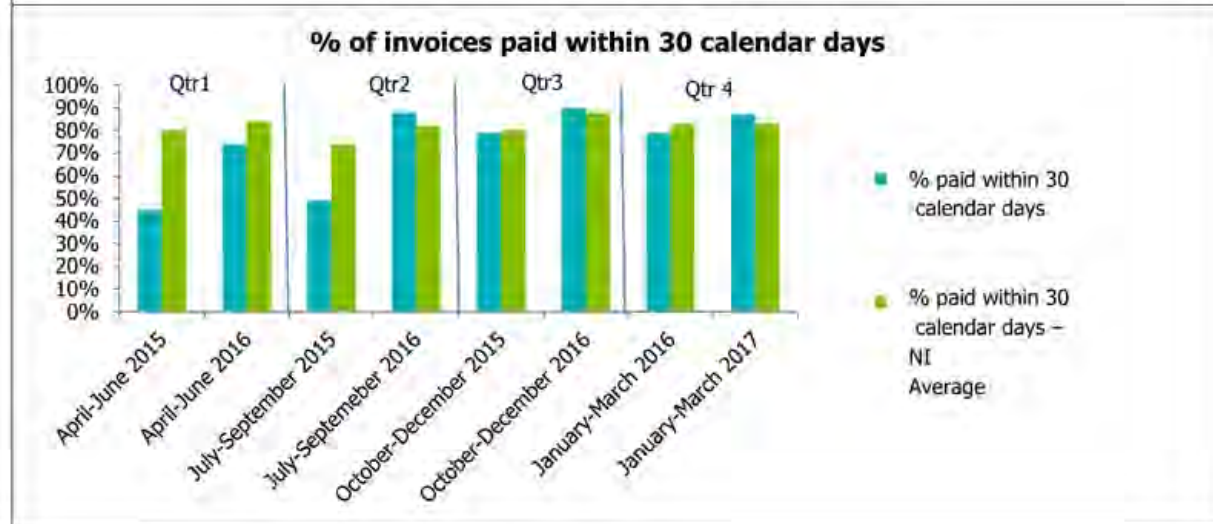
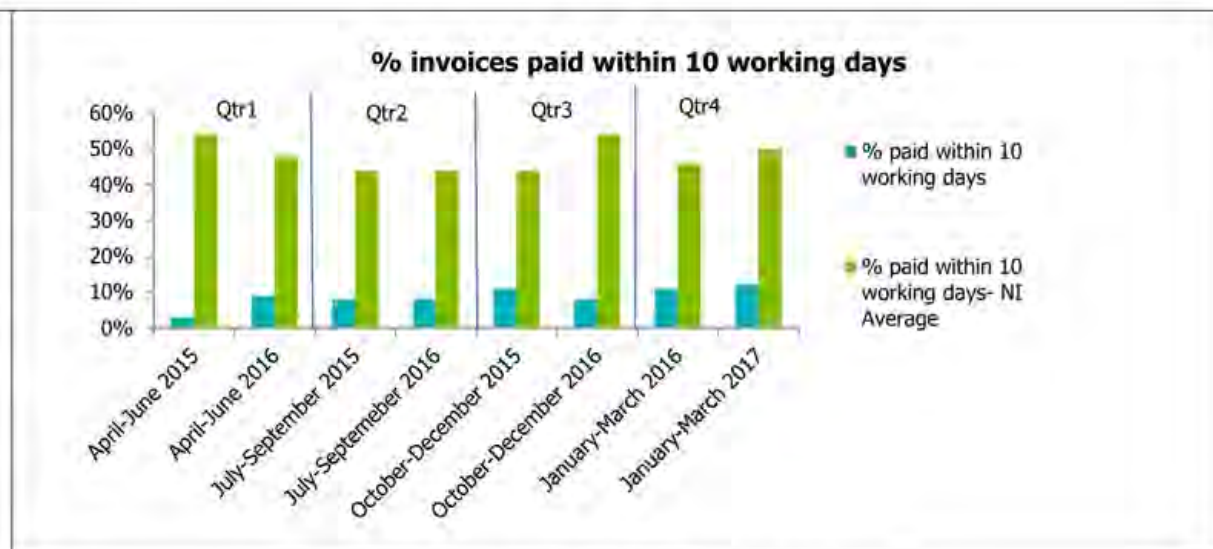
The percentage of invoices paid within 10 working days increased from 3% between April-June 2015 to 12% between January-



March 2017. Whilst this represents a significant improvement, the percentage of invoices paid within 10 working days falls below the most recent January-March 2017 quarterly average of 50%.

The percentage of invoices paid within 30 calendar days increased from 45% between April-June 2015 to 87% between January-March 2017. This exceeds the most recent January-March 2017 quarterly average of 83%.

The percentage of invoices paid outside 30 days reduced from 55% between April-June 2015 to 13% between January-March 2017. This is better than the most recent January-March 2017 quarterly average of 17%.



Self Imposed Performance Indicators

Corporate Plan 2015-19

The Council has a requirement to report progress against self imposed performance indicators and standards for 2016-17. We have selected the 21 measures of success within the Corporate Plan 2015-19 as our self imposed performance indicators and the tables below provide an overview of our progress against the eight corporate objectives and measures of success. The Council has achieved or is on track to achieve most corporate objectives by 2019 and is also making significant progress against the measures of success within the Corporate Plan.

APSE Performance Networks



As a member of APSE (Association of Public Service Excellence) Performance Networks, the Council has also developed and identified an agreed suite of performance indicators across the following services:


- Corporate services
- Community development
- Economic development
- Environmental health
- Environmental services
- Leisure
- Planning

2015-16 baseline data across 51 performance indicators has been collated and analysed and the Council is in the process of submitting data for 2016-17. This information will be analysed further to identify trends over time and facilitate benchmarking and comparisons with Councils across Northern Ireland and neighbouring jurisdictions. This process will support Newry, Mourne and Down District Council in recognising and learning from areas of good practice, identifying and addressing areas of under performance and developing a performance improvement culture.


Corporate Objective 1

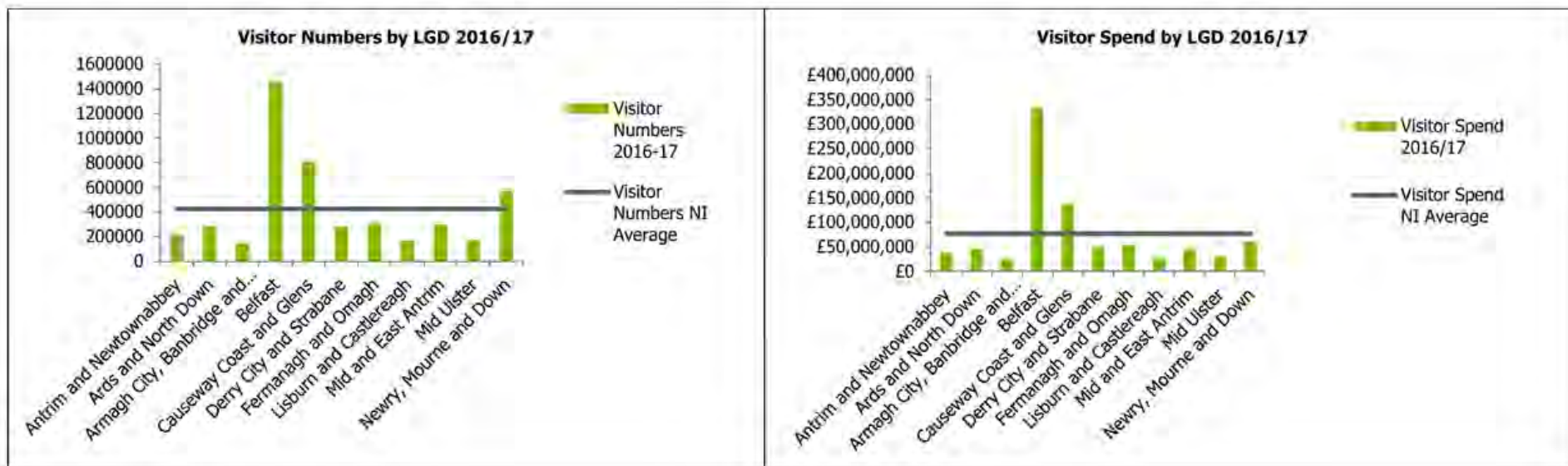
Become one of the premier tourism destinations on the island of Ireland

Ref	Key Actions	Status	Progress
CO1	Establish a recognised tourism brand for the District		The Tourism Strategy 2017-21 has been adopted by the Council and seeks to maximise tourism growth by focusing on the concept of 'mountains, myths and maritime' as a distinctive brand for the District. County Down also joined the prestigious Top 100 Sustainable Destinations for green tourism.
CO2	Work with NITB, Tourism Ireland and other stakeholders to review and improve tourism infrastructure		The Tourism Strategy puts in place a framework for the Council to work with key partners to improve the tourism infrastructure of the District. Through the Community Planning Thematic Group for Enterprise Development, Regeneration and Tourism, the Council is collaborating with partners across the statutory, voluntary and community sectors to develop and deliver activities that will improve the level of tourism to the District.
CO3	Explore the potential for Geotourism along the east coast border areas		The Council will prepare and submit a revised application to the UK National Commission for UNESCO for Global Geopark status for the Mourne and Ring of Gullion by 2019.
CO4	Take a lead role in realising the tourism potential of hosting the Irish Open and other major events		<p>The Council successfully supported the Irish Open in 2015 and hosted four major festivals in 2016-17, promoting the 'Giant Adventures' brand. These festivals attracted around 250,000 visitors and generated approximately £4.2m for the local economy.</p> <ul style="list-style-type: none"> Skiffie World Festival on Strangford Lough attracted around 25,966 visitors with an estimated direct spend of £973,985. 90% of visitors rated the festival as good or extremely good.

			<ul style="list-style-type: none"> The Festival of Flight in Newcastle attracted around 95,000 visitors with an estimated direct spend of £2,904,496. 94% of visitors rated the event as good or extremely good. The first Wake the Giant Festival in Warrenpoint attracted around 10,000 visitors with an estimated direct spend of £129,318. 87% of visitors rated the event as good or extremely good. The first Footsteps in the Forest Festival in Slieve Gullion attracted around 7,000, with an estimated direct spend of £207,308. 87% of visitors rated the event as good or extremely good. <p>The Council also held and supported additional events across the District, including Christmas and Halloween events, the Ballynahinch Games and Harvest Festival, the Narnia Festival in Rostrevor and the Hans Sloane Chocolate Festival in Killyleagh. The overall economic value of all events is estimated to be around £9.5m.</p>
CO5	Review the tourism infrastructure of Newcastle		In partnership with Tourism NI, the Council commenced the Mourne Mountains Gateway Study to explore the potential of a major flagship tourism project for the District.



Ref	Measure of Success	2013	2014	2015	2016	NI Average 2016	Trend	Explanatory Note
MS1	Increased visitor numbers	452,567	571,238	406,302	571,400	429,567		Between 2013-2016, the number of visitors to Newry, Mourne and Down increased by 26%. In 2016, Newry, Mourne and Down exceeded the regional average and recorded the third highest number of visitors across the eleven Local Government Districts, behind Belfast and Causeway Coast and Glens.
MS2	Increased dwell time of visitors	1,449,132	1,490,653	1,060,063	1,562,073	1,379,983		Overnight trips to Newry, Mourne and Down account for 10% of the NI total, which represents a 3% increase since 2015. Between




	(number of overnights stays)							2013-2016, the overall dwell time per visitor increased by 7.8%, with Newry, Mourne and Down recording the third highest level of dwell time across the eleven Local Government Districts in 2016, behind Belfast and Causeway Coast and Glens. However, the average length of stay per visitor decreased from 3.2 days in 2013 to 2.7 days 2016.
MS3	Increased visitor spend	£49,036,625	£53,643,562	£48,071,493	£60,978,919	£77,337,061		Between 2013-2016, the overall level of visitor spend in Newry, Mourne and Down increased by 24.4%, with Newry, Mourne and Down recording the third highest level of visitor spend across the eleven Local Government Districts in 2016, behind Belfast and Causeway Coast and Glens. However, whilst visitor numbers and dwell time are increasing overall, the level of spend per visitor decreased from £108.35 in 2013 to £106.72 in 2016.








Corporate Objective 2

Attract investment and support the creation of new jobs

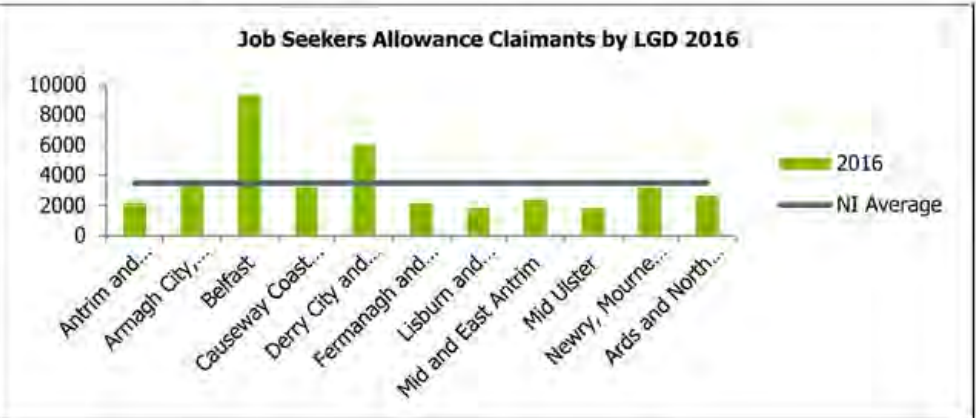
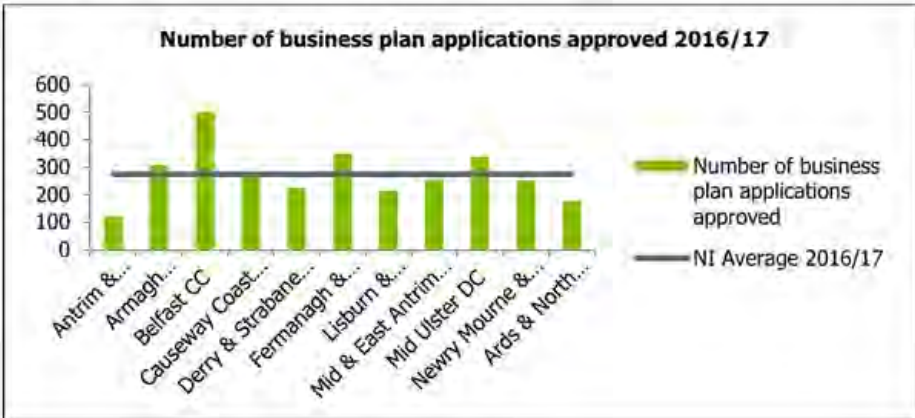
Ref.	Key Actions	Status	Progress
CO6	Secure the District's position as a cross-border gateway for Dublin, Belfast and beyond		<p>EU funding is a key component of many projects which are delivered across the District and the Council has commissioned a piece of work, on behalf of Councils along the Border Corridor Region, to analyse the risks and opportunities posed by Brexit.</p> <p>Alongside the NI Executive, Westminster and other local authorities, the Council is participating in the City Deal for the Belfast Region which will involve designing a proposition to unlock economic growth focused infrastructure programmes. It is anticipated that City Deal will deliver real benefits for citizens in terms of increased jobs and attracting local investment.</p> <p>The Council is also progressing the implementation of the Louth/Newry, Mourne and Down Memorandum of Understanding, with regular meetings of the Joint Management Team and Joint Committee taking place.</p>
CO7	Liaise with education and training establishments to ensure a steady flow of skilled employees for employers		<p>The Economic Forum has been established with representation from local businesses and education providers, facilitating sustainable connectivity across key sectors to ensure business needs and requirements are met in the future. Through the Economic Forum, multi-stakeholder working groups will be established in 2017-18 to focus on the key areas of 'skills', 'infrastructure' and 'Brexit'.</p> <p>Through the Enterprise, Regeneration and Tourism Thematic Delivery Group, the Council is also working with a range of partners including Invest NI, Tourism NI, Education Authority and the Southern Regional College to ensure the needs of local businesses are adequately addressed.</p>

			The Council is also the lead partner in the £2.7m Social Investment Fund Southern Zone 'Work It' programme which enables young people who are not in education, employment or training to access essential skills training, team building and personal development services. To date, 55% of the 82 participants who have completed the programme have moved into sustainable employment.
CO8	Successfully deliver Small Business Start and Growth Programmes, locally based		Through the Regional Start Initiative, the Council continued to provide a comprehensive package of advice, training and support for self employment. In 2015-16, there were 232 new business starts and 261 new jobs promoted, which was followed by 172 new business starts and 192 new jobs promoted in 2016-17.
CO9	Prioritise infrastructure development and economic regeneration as part of the new Local Development Plan		The Enterprise and Regeneration Department works closely with the Planning Department in order to progress key regeneration projects, such as the Newry and Downpatrick environmental improvement schemes, and ensure the Local Development Plan is considerate of urban and rural regeneration priorities across the District. Infrastructure development and economic regeneration are also key features within the Community Plan for Newry, Mourne and Down and the Economic Development, Regeneration and Tourism Delivery Plan.
CO10	Establish a new civic centre for Newry City		The Council is working with the Strategic Investment Board to develop a project brief for the civic centre in Newry City. It is anticipated that a site will be selected by 2018 and the build completed by 2022.

Ref	Measures of Success	2015-16		2016-17		NI Average 2016-17	Status	Trend	Explanatory Note
		Target	Actual	Target	Actual				
MS4	Increased number	Target	Actual	Target	Actual	n/a			In 2015-16, the Council exceeded the target set




	of new businesses started	207	232	197	172				through the Regional Start Initiative for new businesses started by 11%. Whilst there were 172 new business starts in 2016-17, there was a slight reduction in performance from 2015-16 as the programme moved into interim delivery arrangements, which included a change in the marketing structure of the programme, resulting in a lower level of participation for the 2016/17 period.
MS5	Increased levels of employment	Target	Actual	Target	Actual	208			<p>During 2015-16, the Council promoted 261 jobs through business start up activity, exceeding its target by 68%. During 2016-17 the Council promoted a further 192 jobs through business start up activity. Although the Council's target was exceeded, there was a slight reduction in performance from 2015-16 as the programme moved into interim delivery arrangements, which included a change in the marketing structure of the programme, resulting in a lower level of participation for the 2016/17 period.</p> <p>In addition, the number of job seekers allowance claimants reduced by 20.4%, from 4,010 in 2015 to 3,190 in 2016 which falls below the regional average of 3,463. However, Newry, Mourne and Down has the fifth highest number of claimants across the 11 Local Government Districts.</p>
		<155	261	<155	192				
MS6	Major planning applications processed within 30 weeks	Target	Actual	Target	Actual	20.4%	n/a		<p>Between 2015-16 and 2016-17, the number of major planning applications processed within the target time of 30 weeks decreased by 1.9% and fell below the regional average of 20.4%. The average processing time also increased from 56.4 weeks to 86.6 weeks over the same period which can largely be attributed to the processing times of legacy planning applications. However, during 2016-17, the Council issued the second highest number of decisions on</p>
		n/a	16.7%	n/a	14.8%				


major planning applications (26) out of the 11 Councils.





Corporate Objective 3

Support improved health and wellbeing outcomes





Ref	Key Actions	Status	Progress
CO11	Replace the two existing Leisure Centres in Newry City and Downpatrick		Newry Leisure Centre is scheduled to complete in October 2017 and Downpatrick Leisure Centre is scheduled to complete in Summer 2018. Both major projects represent a capital investment of £36million, providing state of the art leisure facilities for local communities across the District.
CO12	Develop targeted programmes to tackle obesity and diabetes		<p>During 2016-17, 10,140 residents took part in Everybody Active 2020, accessing physical activity programmes such as Couch to 5k, yoga, pilates, aqua aerobics and rugby. This included 4,554 women and girls, 2,824 people with a disability and 2,758 people from areas of high social need.</p> <p>During 2017-18, a separate leisure sub brand will be created and leisure services will be modernised through improved ICT. An Activity, Promotion and Development Plan will also be developed and promoted, and will include programmes to target obesity and diabetes, and target citizens who are not engaged in any form of physical activity.</p>
CO13	Promote increased physical activity levels		<p>During Summer 2016, 834 children and young people, and 9 community volunteers, took part in a Community Play Pilot at eight locations across the District, participating in a range of physical, creative and messy play activities.</p> <p>Through the Social Investment Fund, the Council has been awarded over £2.7m from the Executive Office and Department for Communities to provide 3G football pitches in Downpatrick, Ballyhornan and Kilcooley, and refurbish Castlewellan Community Centre, expanding community development activity, youth training and summer</p>

			schemes.
CO14	Implement a leisure facilities and play strategy		The Sports Facility Strategy and Play Strategy were adopted by the Council in 2016-17 and year one of implementation for both strategies is underway.

Ref	Measures of Success	2015-16	2016-17	Status	Trend	Explanatory Note
MS7	Two leisure centres constructed and operational	n/a	n/a		n/a	Newry Leisure Centre is scheduled to complete in October 2017 and Downpatrick Leisure Centre is scheduled to complete in Spring 2018.
MS8	Increase in the number of people using Council leisure facilities	1,435,558 attendances	1,453,107 attendances	n/a		Between 2015-16 and 2016-17, there was a 1.2% increase in usage of Council leisure facilities. This includes increases of 6.8% in the number of attendances at Newry Leisure Centre and 4% in the number of attendances at Down Leisure Centre.

Corporate Objective 4

Protect our natural and built environment



Ref	Key Actions.	Status	Progress
CO15	Close our existing landfill sites		Aughnagun and Drumanakelly landfill sites have been closed, reducing to almost zero the amount of waste sent to landfill.
CO16	Better manage the District's waste		Between 2015-16 and 2016-17, the Council increased the percentage of household waste that is recycled by 1.2% to 40.1% and reduced the amount of biodegradable municipal waste that is sent to landfill by 69.7% to 9,017 tonnes, exceeding its targets for 2016-17. The Council is introducing a number of programmes, including a food waste scheme and standardising glass collection across the District in order to meet future recycling and landfill targets. The Council also delivered 150 environmental and sustainability programmes, many of which focused on waste management.
CO17	Reduce the risk of flooding in high risk areas		The Council has been collaborating with the Rivers Agency regarding areas of high risk flooding, ensuring flood mitigation and prevention is incorporated into the Local Development Plan. In partnership with NI Water, the Council completed the Camlough Lake Rehabilitation Scheme in May 2017.
CO18	Protect the District's rich natural and built heritage		The Council has developed a Biodiversity Action Plan to protect, maintain, enhance and restore biodiversity across the District, and mainstream biodiversity conservation across all Directorates. The Council has also submitted an application to be the lead partner for an INTEREGG VA Habitat and Species Conservation project, and if successful, the £8m project will deliver conservation actions and a communications/outreach programme across Scotland, Northern Ireland and the Republic of Ireland over a 5 year period.

			<p>Protecting the natural and built environment is also a key feature within the Council's three AONB Action Plans and forms part of the wider consideration undertaken with each of the 1,500 planning applications processed and 2,000 decisions issued in 2016-17. The Greenway Phase 1, Albert Basin to the Weir, was completed with the cost funded by the Landfill Community Fund.</p>
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Ref	Measures of Success	2015-16		2016-17		Status	Trend	Explanatory Note
		Target	Actual	Target	Actual			
MS9	Level of waste to landfill – zero waste to landfill across the District	<26,396 tonnes	29,762 tonnes	<15,000 tonnes	9,017.3 tonnes			Aughnagun and Drumanakelly landfill sites are closed and the amount of biodegradable local authority collected municipal waste that is sent to landfill has reduced by 69.7% to 9,017.3 tonnes.
MS10	Completion of flood defences at Camlough Lake	n/a		n/a			n/a	The Camlough Lake Rehabilitation Scheme completed in May 2017.
MS11	70% of planning enforcement cases processed within 39 weeks	Target 70%	Actual 54.1%	Target 70%	Actual 56.1%			Whilst the Council did not meet the statutory target of 70%, the percentage of planning enforcement cases processed within 39 weeks increased by 2% between 2015-2017.

Corporate Objective 5

Lead the regeneration of urban and rural areas





Ref.	Key Actions.	Status	Progress
CO19	Implement master plans, including an up-to-date action plan for every town and village		<p>Through the Rural Development Programme, the Mourne, Gullion and Lecale Partnership launched its first open call for applications which resulted in 326 expressions of interest in the Rural Business Investment, Rural Basic Services and Village Renewal Schemes. Consultation to develop and update Village Plans is currently underway and will be used to identify and deliver future village renewal across the District.</p> <p>In partnership with Invest NI, Strategic Investment Board and Kilkeel Strategic Partnership, the Council has completed the Kilkeel Harbour Development Options Feasibility Study. The Stage 2 Derisking Strategy is now underway which looks at the preferred option for the development in Kilkeel and its impact.</p>
CO20	Introduce a rolling programme of EI schemes across towns and villages		<p>The environmental improvement schemes in Newry Cathedral Quarter and Warrenpoint are complete and both revitalisation schemes are due to commence in 2017-18. The Downpatrick Irish Street Public Realm Scheme will commence in 2017 and the Townscape Heritage Initiative Proposal for Irish Street has also begun. The Council was also awarded £850k funding to restore Warrenpoint Municipal Park which will be delivered between 2017-22 and the Forkhill Greenspace Project is now complete.</p> <p>Through the 'Live Here, Love Here, Down Your Street' programme, the Council awarded £39k to 16 community based projects to improve the quality and cleanliness of the local environment.</p>

CO21	Agree with the Department of Social Development (DSD) arrangements for the transfer of regeneration powers and functions	No longer relevant	Regeneration powers will no longer transfer from central to local government. The Council has been liaising with the Department for Communities to agree how future regeneration projects will be progressed through effective partnership working and collaboration.
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Ref	Measure of Success	Target - 2020	Explanatory Note
MS12	Increased number of new businesses and jobs created in rural areas	55 new micro and small businesses created in rural areas 147 new jobs created in rural areas	To be delivered and monitored through the Rural Development Programme 2015-2020.

Corporate Objective 6

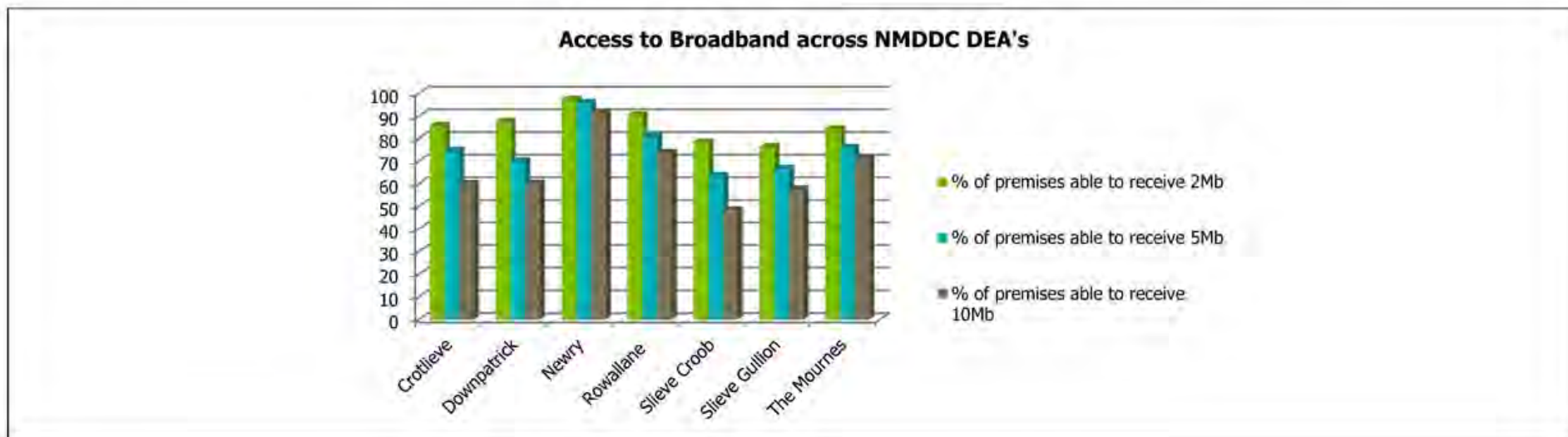
Advocate on your behalf specifically in relation to those issues that really matter to you

Ref.	Key Actions.	Status	Progress
CO22	Establish a new Community Planning Partnership as a means to engage and involve statutory partners as well as communities in developing the District		The Community Planning Partnership is operational and the governance structure has been agreed with the statutory, community and voluntary sectors. The Community Planning Partnership is supported by four Thematic Delivery Groups, Stakeholder Forum and seven DEA Fora which engage local communities through public events.
CO23	Attract public sector jobs to the District		The creation of jobs locally, including public sector employment is a key priority outlined within the Council's Economic Regeneration and Investment Strategy. The Council works closely with all Government Departments to ensure current public sector positions are retained, and the District continues to grow as a base for Public Sector services and employment.
CO24	Advocate for the introduction of high-speed broadband and enhanced mobile infrastructure across the District		The Council has met BT to discuss broadband provision across the District. A number of interventions have taken place including the 'Broadband Connection Voucher Scheme' and 'Rural Broadband Fund' which will benefit local businesses and organisations. The Council is also supporting the Department for the Economy to roll out the Superfast Broadband Programme and has commissioned research to identify rural 'not spots' which do not fall within the scope of Government initiatives, and may be addressed through the Rural Development Programme and other similar initiatives.
CO25	Lobby for the improvement of roads		The Council hosts two meetings per annum with Transport Northern Ireland to highlight and discuss the improvements required to the roads infrastructure across the

	within and across the District		<p>District. Many DEA Fora also have regular liaison with Transport NI to highlight, log and address specific issues with regards to roads and street lighting within their respective areas.</p> <p>Improving the roads infrastructure has also been prioritised as part of the development and delivery of the Community Plan for Newry, Mourne and Down and the Environment and Spatial Development Delivery Plan, specifically in relation to the Newry Southern Relief Road, Ballynahinch Bypass and A7 Saintfield Road.</p>
CO26	Promote good health care provision for all citizens		<p>The Council has put in place consultation arrangements with the Southern and South Eastern Health and Social Care Trusts to discuss issues which directly relate to the provision of health services in Newry, Mourne and Down. Through the Community Planning Health and Wellbeing Thematic Group, the Council is also working with key partners on initiatives to promote physical activity, healthier living, mental and emotional wellbeing, sustainable schools and emergency responses.</p> <p>The Council is also focused on improving health and wellbeing outcomes for all. An Age Friendly Strategy for the District has been adopted, an Older Person's Forum has been established to facilitate dialogue and joined up working with key stakeholders and health inequalities is addressed through the Locality Action Plan.</p>





Ref	Measures of Success	2016-17			Explanatory Note
MS13	Increased broadband and mobile coverage	% of premises able to receive 2MB	% of premises able to receive 5MB	% of premises able to receive 10MB	Baseline data reveals that the majority of premises across the District have access broadband. However, there are significant geographic variations in the number of premises able to receive 10MB broadband, which equates to 92% of premises in the Newry DEA compared to 48% of premises in the Slieve Croob DEA.
		86%	75%	66%	
MS14	Improved roads infrastructure	399 roads infrastructure schemes completed by the Department for Infrastructure			The Department for Infrastructure completed 399 schemes to improve the roads infrastructure across the

			<p>District. This included a range of strengthening schemes, network maintenance, resurfacing, footway reconstruction and lighting upgrades. Progress has also been made in driving forward the major road improvements at the A24 Ballynahinch Bypass, Newry Southern Relief Road, Rowallane to Doran's Rock and the Downpatrick Eastern Distributor.</p>
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Corporate Objective 7

Empower and improve the capacity of our communities





Ref.	Key Actions.	Status	Progress
CO27	Establish seven new Community Fora based on District Electoral Areas (DEAs) to allow for engagement and reporting at a local level		<p>The seven DEA Fora across the District have been operational since September 2015 and have successfully facilitated effective engagement, participation and locality based working. During 2016-17, the DEA Fora held 20 public engagement events, appointed a total of 44 independent members representing networks across the voluntary, community and business sectors, developed interim action plans for their local area and supported 180 community groups in meeting their objectives.</p> <p>Through the Financial Assistance Scheme, the Council awarded £651,648 to 259 applicants to deliver community based projects in the areas of arts and culture, summer schemes, community engagement, sports development, capital projects and community events, community safety and good relations.</p>
CO28	Explore the potential for the community management of current Council facilities		The Council is carrying out an Audit of Effectiveness for community centres, examining how communities are supported through the provision of community facilities, with the overall aim of delivering more equitable service provision to all groups and communities in the future.
CO29	Develop a community engagement strategy for all aspects of Council services		The Community Engagement Strategy has been adopted and will be supported by the corporate Consultation and Engagement Framework.
CO30	Develop and deliver a Community Support Plan (formerly the		The Community Support Plan has been developed and is in the process of being delivered. Significant progress has been made in supporting the Newry, Mourne and Down Citizens Advice Bureau, delivering the Council's financial assistance scheme to

	responsibility of the DSD)		local community groups and reviewing community centre provision across the District.
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Ref	Measures of Success	Status	Explanatory Note
MS15	Community Plan completed and published by mid 2016		The Community Plan for Newry, Mourne and Down was published on 1 April 2017, and is supported by four Thematic Delivery Plans for Health and Wellbeing, Economic Development, Regeneration and Tourism, Environment and Spatial Development and Safety and Good Relations.
MS16	7 Community Fora established across the entire District with associated action plans		The seven DEA For a have been operational since September 2015 and are currently made up of 41 Elected Members and 44 independent members, representing networks across the voluntary, community and business sectors. Each DEA Fora is currently progressing the implementation of their action plans, which seek to address local issues.

Corporate Objective 8

Transform and modernise the Council, providing accessible as well as value for money services

Ref.	Key Actions.	2016/17	Progress
CO31	Become an Investors in People (IIP) and Customer Service Excellence (CSE) accredited organisation		Whilst it has been agreed that the Council will not proceed with CSE and IIP at this time, re-accreditation of the Elected Members Development Charter has been secured, which acknowledges the Council's ongoing commitment to learning and development to assist Elected Members in their roles as civic and community leaders.
CO32	Develop a strategic financial plan to meet the capital and revenue needs of the Council		The Council has adopted a four year Medium Term Financial Plan and Capital Budget.
CO33	Comprehensively review existing models of service delivery to identify more efficient ways of doing business		In response to local government reform and as part of the modernisation agenda, the Council's organisational structure has been agreed and is in the process of being implemented. This structure has been designed to support and facilitate business transformation and the delivery of more efficient and effective services to local communities. A number of inward and outward facing plans strategies have been developed to facilitate this process and support the achievement of corporate objectives, including the IT Transformation Strategy, Irish Language Strategy, Tourism Strategy and Play Strategy.
CO34	Implement an Improvement Plan to transform existing Council operations		The Council published the Performance Improvement Plan 2016-17 and received a certificate of compliance from the Local Government Auditor. The Council is currently progressing the 'proposals for improvement' which were put forward by the Northern Ireland Audit Office following the Performance Audit and Assessment

in 2016.

Ref	Measures of Success	Status / Trend	Explanatory Note
MS17	Increased citizen satisfaction		During 2017-18, the Council will consider carrying out customer satisfaction surveys through APSE Performance Networks to gauge satisfaction levels with the Council and some of the services it provides.
MS18	Increased employee satisfaction		The Council actively seeks to improve the overall welfare and wellbeing of employees. During Summer 2017, the Council carried out a Wellbeing Survey, which provided individual respondents with tailored advice on how to improve their overall wellbeing. During 2017-18, the Council will also carry out a Stress Audit, and the recently established Health and Wellbeing Working Group will be involved in the development and delivery of action plans to address the issues highlighted through both surveys. The Council will also continue to run the health surveillance programme to detect the early signs of work related ill health amongst employees exposed to certain health risks.
MS19	Reduced absenteeism		In 2015-16, the Council recorded 15.94 days lost per full time employee which increased to 17.33 days in 2016-17. Whilst long term absenteeism per full time employee increased from 11.09 days in 2015-16 to 13.04 days in 2016-17, short term absenteeism decreased from 4.86 days in 2015-16 to 4.29 days in 2016-17.
MS20	IIP/CSE accreditation		The Council has agreed not to proceed with IIP/CSE accreditation.
MS21	Annual Improvement Plan validated by the Local Government Auditor		Certificate of compliance received from the Local Government Auditor in relation to the Duty of Improvement 2016-17.

This document is available in alternative formats on request.

Newry, Mourne and Down District Council

Assessment of Performance 2016-2017

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Introduction

Part 12 of the Local Government (NI) Act 2014 sets out a General Duty of Improvement for local government, whereby all District Councils must put in place arrangements to secure continuous improvement in the exercise of their functions. As part of the Act, District Councils are required to produce and publish a retrospective assessment of performance to demonstrate whether planned improvements have been achieved during 2016-17. This assessment provides an overview of the Council's progress in delivering the following:

General Duty of Improvement

As set out in the Local Government Act (NI) 2014

Performance improvement objectives

As set out in the Performance Improvement Plan 2016-17:

- Improved the provision of leisure and recreation facilities across the District
- Improved the performance of the Council's Development Management (Planning) service
- Established local structures in support of the development and implementation of the District's Community Plan

Statutory performance indicators and standards

As set out in the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015:

- The number of jobs promoted through business start-up activity
- The average processing time of major planning applications
- The average processing time of local planning applications
- The percentage of enforcement cases processed within 39 weeks
- The percentage of household waste collected by District Councils that is sent for recycling (including waste prepared for reuse)
- The amount (tonnage) of biodegradable Local Authority Collected Municipal Waste that is landfilled
- The amount (tonnage) of Local Authority Collected Municipal Waste arisings

Prompt Payments:







As submitted to the Department for Communities on a quarterly basis

Self imposed performance indicators and standards

















As set out in the Corporate Plan 2015-19

















Progress in achieving the performance improvement objectives 2016-17, statutory performance indicators and standards and self imposed performance indicators has been tracked against set targets, trends over time and, where possible, compared with the performance of local authorities across Northern Ireland, using the legend below.

Legend

Status		Trend	
	Target or objective achieved / on track to be achieved		Performance has improved since the previous year
	Target or objective substantially achieved / likely to be achieved		Performance is similar to the previous year
	Target or objective not achieved / unlikely to be achieved		Performance has declined since the previous year

Newry, Mourne and Down 2016-17 Performance highlights at a glance

Corporate objective	Progress	Status/ Trend
Become one of the premier tourist destinations on the island of Ireland 	40% increase in visitor numbers	
	27% increase in visitor spend	
	Our four major festivals attracted 250,000 visitors and generated around £4.2m for the local economy	
Attract investment and support the creation of new jobs 	192 jobs promoted	
	Reduction in Job Seekers Allowance Claimants	
	Improved processing time for local planning applications	
Support improved health and wellbeing outcomes 	£36m investment in Newry and Downpatrick Leisure Centres	
	Over 1.4m attendances at Council leisure facilities	
	Over 10,000 residents took part in Everybody Active 2020	
Protect our natural and built environment 	Aughnagun and Drumnakelly Landfill Sites closed	
	Camlough Lake flood defences complete	
	1.2% increase in the amount of household waste collected by the Council that is recycled, to 40.1%	

	69% reduction in the amount of biodegradable municipal waste collected by the Council that is landfilled, to 9,017 tonnes	
Lead the regeneration of urban and rural areas 	Public realm schemes in Newry and Warrenpoint are complete	
	£11m awarded to the Rural Development Programme	
	£850k awarded to restore Warrenpoint Municipal Park	
Advocate on your behalf, specifically in relation to these issues that really matter to you 	Community Plan for Newry, Mourne and Down published	
	86% of local premises are able to receive at least 2mb broadband	
	Improved roads infrastructure	
Empower and improve the capacity of our communities 	£652k awarded to community groups through the Financial Assistance Scheme	
	44 independent members appointed to the DEA Fora and 20 DEA public engagement events held	
Transform and modernise the Council, providing accessible as well as value for money services 	Certificate of compliance for performance improvement received	
	Organisational structure agreed and business transformation programme underway	
	Reduction in short term absenteeism	

Overall Assessment of Performance in 2016-2017

Moving into its third year of operation, Newry, Mourne and Down District Council has come a long way since the merger of the two Councils in 2015, the transfer of new responsibilities from central government and the incorporation of Ballyward from the former Banbridge District Council. The reform of local government has presented an opportunity to do things differently and to do things better, and we remain focused on maximising efficiency whilst improving the quality of services we provide.

The Local Government Act (NI) 2014 sets out a General Duty of Improvement, whereby all district councils must put in place arrangements to secure continuous improvement in the exercise of their functions. Newry, Mourne and Down District Council recognises 'improvement' to mean activity that enhances the sustainable quality of life for ratepayers and local communities.

The Council continues to put in place the arrangements to secure continuous improvement in the exercise of its functions and has made significant progress in achieving the three performance improvement objectives 2016-17. Phase II of Newry Leisure Centre will complete in October 2017 and Downpatrick Leisure Centre is scheduled to complete in Spring 2018. The Community Plan for Newry, Mourne and Down has been published and the Council continues to work closely with partners across the statutory, community and voluntary sectors to improve the quality of life for all local communities.

The Council has also performed well in delivering the statutory performance indicators and standards for economic development, planning and waste management. We promoted 192 jobs through business start up activity, exceeding the Government target by 24%. Over the past two years, the percentage of household waste that is recycled also increased by 1.2% to 40.1% and the amount of biodegradable municipal waste that is sent to landfill reduced by 69.7% to 9,017 tonnes, exceeding both 2016-17 standards.

However, we also recognise where we need to improve. Planning has been a key priority for improvement over the past year, and whilst the Council did not meet the statutory standards for processing major and local planning applications, as well as enforcement cases, performance has generally improved since 2015. The processing time for local planning applications has improved by over 11 weeks and the percentage of enforcement cases processed within 39 weeks has increased by 2%, demonstrating the Council's commitment to delivering a more efficient and effective Planning Service for customers.

The Council has also identified further areas for improvement to support the delivery of services. These include reviewing and enhancing existing performance management arrangements, embedding the Business Planning and Performance Management Framework across the organisation and strengthening the role of

Elected Members in managing and scrutinising performance, all of which will facilitate the development of a performance improvement culture.

Recognising our achievements and identifying areas for improvement provide a sustainable platform to deliver high quality, innovative public services in the future. Through our performance improvement objectives, the Council will continue to improve the quality of life for all local communities.

Performance Improvement Objectives 2017-18

- 1. Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities**
- 2. Improve economic growth by creating new business starts, supporting the growth of existing businesses and promoting Newry, Mourne and Down as a premier tourist destination**
- 3. Deliver urban and rural regeneration initiatives that will create a District where people want to live, work and invest in**
- 4. Create a cleaner, greener, more attractive District**
- 5. Encourage and empower local communities to participate in Council engagement structures**

General Duty of Improvement

During 2016-17, the Council continued to strengthen and embed the arrangements it has put in place to secure continuous improvement in the exercise of functions, in order to improve the quality of life for all local communities.

- The Council produced and published the Performance Improvement Plan 2017-18 by 30 June 2017, demonstrating its commitment to secure continuous improvement in the delivery of services. The performance improvement objectives were developed in close liaison with Elected Members and staff across the organisation, and each objective is clearly aligned to community planning outcomes and corporate priorities. In accordance with the Local Government Act (NI) 2014, each objective seeks to bring about improvement in at least one of the following:
 - Efficiency
 - Fairness
 - Innovation
 - Service availability
 - Service quality
 - Strategic effectiveness
 - Sustainability
- The Council has introduced an updated Business Planning and Performance Management Framework. This framework seeks to demonstrate the 'golden thread' between the Community Plan, Corporate Plan, Thematic Plans and Strategies, Service Plans and Improvement Projects and Individual Performance Appraisal. It will drive and provide assurance that the Council is delivering its corporate vision, priorities and performance improvement objectives. Through the Business Planning and Performance Management Framework, the Council will manage performance, ensuring that community planning outcomes and corporate priorities are cascaded across the organisation, and that the necessary steps are taken to secure continuous improvement in the exercise of functions.
- The Council has put in place robust governance arrangements to develop, monitor, report and review the Performance Improvement Plan. This includes producing mid year progress reports, as well as the annual Assessment of Performance for the consideration of the Strategy, Policy and Resources Committee, Audit Committee and full Council. These governance arrangements will facilitate and support transparency, accountability and improvement across the Council.
- Following the Improvement Audit and Assessment in 2016, the Northern Ireland Audit Office concluded that:



- The Council has discharged its duties in connection with (1) improvement planning and (2) publication of improvement information in accordance with section 92 of the Act and has acted in accordance with the Department for Communities' guidance sufficiently, including its guidance on the publication of improvement information in 2016-17.
- The Council has as far as possible discharged its duties under Part 12 of the Local Government Act and has acted in accordance with the Department for Communities' guidance sufficiently.
- The Council continues to progress the 'proposals for improvement' which were put forward by the Northern Ireland Audit Office, specifically around the general duty to improve, governance arrangements, improvement objectives, consultation and performance reporting.
 - Performance improvement objectives are more 'outcome' focused and clearly aligned to the Community Plan and Corporate Plan. Each performance improvement objective is underpinned by 'supporting actions' and 'measures of success' which will demonstrate whether the Council is making progress in delivering the objectives and contributing to the achievement of community planning outcomes.
 - The consultation process around the performance improvement objectives was effective, robust and involved a range of stakeholders including Elected Members, partners and local communities. The consultation revealed widespread support to the five proposed objectives.
 - The Council raised the profile of performance improvement on the corporate website, improving the overall accessibility of information and opportunities for engagement and feedback.
 - The Council has been working with the Association of Public Service Excellence (APSE) to facilitate benchmarking and comparisons across a suite of performance indicators, which will be progressed further during 2017-18.
 - The Council continues to strengthen the role of the Strategy, Policy and Resources Committee and Audit Committee in discharging their performance improvement responsibilities.

Performance Improvement Objectives 2016-17

The Council has made significant progress in driving forward the performance improvement objectives 2016-17. Further improvements are planned as a number of the 'supporting actions' and 'measures of success' have been carried forward in the Performance Improvement Plan 2017-18.

Performance Improvement Objective 1

Improved the provision of leisure and recreation facilities across the District

Ref.	Key actions	Measures of Success	Status
PIO1	<ul style="list-style-type: none"> Improvement Project 1 – completion of Phase II, Newry Leisure Centre Improvement Project 2 – completion of the new Downpatrick Leisure Centre 	<ul style="list-style-type: none"> Capital projects delivered on time and to budget 	
		<ul style="list-style-type: none"> Outcomes-based indicators and performance measures are currently being identified as part of the development of the Community Plan 	

Progress

Capital projects delivered on time and within budget

During 2016-17, Newry, Mourne and Down District Council made significant progress in driving forward the completion of Newry and Downpatrick Leisure Centres. Both projects are scheduled to complete during 2017-18 and will provide first class, quality, accessible sport, leisure and recreational facilities and activities for all local communities.

An investment of £10million has been allocated to phase II of Newry Leisure Centre, which commenced in February 2016 and is scheduled to complete in October 2017. The new centre will consist of an 8 court sports hall, 4 court sports hall, fitness suite, soft play area, café and changing facilities, adding to the current provision of a state of the art 25 meter, 6 lane swimming pool, which was completed during phase I of the project in 2015.

An investment of £14.5million has been allocated to Downpatrick Leisure Centre which commenced in March 2016 and is scheduled to complete in Summer 2018. The new centre will consist of a 25meter, 6 lane swimming pool, learning pool with movable floor, 4 court sports hall, spa facilities, fitness suite and a handball and squash court. Once the leisure centre opens to the public, phase II of the project will commence, which involves the demolition of the existing Leisure Centre, to make way for a 140 space car park.

Outcomes-based indicators and performance measures are currently being identified as part of the development of the Community Plan

Following the completion of both leisure centres, the Council has projected an increase in the number of users and participants. This will support the delivery of improved 'outcomes' around the health and wellbeing of local communities and stakeholders, which have been identified as priority areas for improvement within the following plans:

The Performance Improvement Plan 2017-18

Includes the following objective and measures of success:

Objective: Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities

Measures of Success: 5-6% year on year increase in the number of participants using Newry Leisure Centre / 9% increase in the number of participants using Downpatrick Leisure Centre by 2018-19, reaching a 72% increase by 2019-20

Community Plan for Newry, Mourne and Down

Includes the following outcome, indicators and measure:

Outcome: All people in Newry, Mourne and Down enjoy good health and wellbeing






Indicators: Level of life expectancy / Level of work life balance / Level of preventable death / Level of health status

Measure: Time devoted to leisure, arts, culture and heritage

The Delivery Plan for the Health and Wellbeing Thematic Group also identifies 'physical activity' as a priority area and includes supporting measures around obesity, leisure usage and reporting 'good' health.

Performance Improvement Objective 2

Improved the performance of the Council's Development Management (Planning) service

Ref.	Key actions	Measures of Success	Status
PIO2	Implementation of a service improvement plan for Development Management (Planning)	Reduction in the number of backlog applications	
		Increase in the number of decisions issued	
		Improved performance in respect of statutory performance indicators for Planning:	
		The average processing time of major planning applications	
		The average processing time of local planning applications	
		The percentage of enforcement cases processed within 39 weeks	

Progress

Reduction in the number of backlog applications

Following the transfer of the planning function to local government in April 2015, Newry, Mourne and Down District Council inherited a backlog and large number of live applications, coupled with an insufficient number of staff transferring from central government. During 2016-17, the Council allocated more resources to the Planning Service and increased the number of Planning Committee Meetings to two per month in order to target a reduction in the number of backlog applications. The Council also continues to streamline Committee procedures to facilitate more efficient determination of applications. During 2016-17, this resulted in a reduction in the number of live applications from 1,389 to 1,074, as well as a reduction in the number of live applications over 12 months from 436 to 295. Across the 11 Councils, Newry, Mourne and Down has the second highest proportion (27%) of applications in the system for over a year.

Increase in the number of decisions issued

During 2016-17, the Council issued the highest number of decisions (1,757) across the 11 Councils and reported the largest percentage increase in the number of decisions issued (52.4%). Newry, Mourne and Down issued 17.8% more decisions than received, which was the highest across the 11 Councils.

Improved performance in respect of statutory performance indicators for Planning

The average processing time of major planning applications

During 2016-17, the Council issued the second highest number of decisions (26) on major planning applications and also received the largest decrease in major planning applications, from 20 in 2015-16 to 8 in 2016-17. The average processing time for major planning applications across the 11 Councils increased from 46.2 weeks in 2015-16 to 68.6 weeks in 2016-17, which is over double the statutory processing time target of 30 weeks. In line with the regional trend, the processing time for major applications at Newry, Mourne and Down increased from 56 weeks in 2015-16 to 86.6 weeks in 2016-17, 51.9% of which were legacy cases received prior to the transfer of planning powers in 2015. Major legacy planning applications also had a processing time of 86.6 weeks which has influenced the overall processing time of all major planning applications.

The average processing time of local planning applications

During 2016-17, Newry, Mourne and Down received the second highest number of local planning applications (1,483) and issued the highest number of decisions on local applications (1,731) across the 11 Councils, which partly reflects the high volume of applications received. The Council issued 54% more decisions on local applications than in 2015-16, the highest increase across the 11 Councils. Whilst Newry, Mourne and Down had the longest processing time for local planning applications at 23 weeks, which exceeds the statutory target of 15 weeks and falls above the regional average of 16.2 weeks, the processing time improved by 11.6 weeks since 2015-16. This improvement can largely be attributed to the additional resources allocated to the Planning Service, as well as the increase in the number of Planning Committee meetings.




The percentage of enforcement cases processed within 39 weeks

During 2016-17, Newry, Mourne and Down reported an increase of 136 enforcement cases, which is the second highest across the 11 Councils, and concluded 56.1% of enforcement cases within 39 weeks, representing a 2% increase since 2015-16. Whilst the statutory target of 70% was not achieved, the Council reported the largest number of live cases at the end of March 2017 (726) as well as the largest proportion of cases in the system for over two years (41.3%). Additional resources have now been allocated to processing enforcement cases which should have a positive impact on future performance.

*Further analysis of the statutory performance indicators and standards for Planning is included in the next section of this assessment.

Performance Improvement Objective 3

Established local structures in support of the development and implementation of the District's Community Plan

Ref.	Key actions	Measures of Success	Status
POI3	Establishment and operation of a Community Planning Partnership as well as supporting Thematic Working Groups	The production of an agreed Community Plan for the District	
		The establishment and operation of the Community Planning Partnership	
		The establishment and operation of Thematic Working Groups	

Progress

The production of an agreed Community Plan for the District

The Community Plan for Newry, Mourne and Down 2017-30 was published on 1 April 2017. It provides a framework for collaborative working to deliver positive change for communities and was developed based on the values of effective leadership, collective ownership, good governance and democratic accountability. Newry, Mourne and Down District Council led an extensive consultation and engagement process to gather a robust evidence base to support the development of the Community Plan, with the following activities taking place during 2016-17:

- December 2016 – Approximately 60 stakeholders attended four public and staff consultation and engagement events, putting forward their views on the draft Community Plan.
- June 2016 – Almost 150 stakeholders from the statutory, voluntary and community sectors attended an 'Outcomes Based Accountability' workshop, taking part in 'turn the curve' exercises to discuss and agree the five community planning outcomes and supporting indicators.
- August 2016 - Eleven MPs, MLAs and Elected Members attended a meeting to discuss the community planning priorities for the District and their connection with the draft Programme for Government.
- November 2016 - February 2017 – The consultation and engagement process on the draft Community Plan for Newry, Mourne and Down took place and was promoted through the Council's website, social media channels and email distribution.

A total of 43 responses from a broad range of stakeholders were received and analysed, influencing the final version of the Community Plan for Newry, Mourne and Down.

The collaborative process for developing the Community Plan was instrumental in gaining 'buy in' from all stakeholders and promoting the overall ethos of joined up working to address the key issues which matter most to local communities and stakeholders. The Community Plan for Newry, Mourne and Down was considered and approved by the Community Planning Partnership in February 2017, and is supported by four Thematic Delivery Plans.

The establishment and operation of the Community Planning Partnership

The development, delivery and evaluation of the Community Plan is supported by comprehensive governance, scrutiny and accountability arrangements, which interact with each other and seek to:

- Support 'internal' and 'external' partnership accountability
- Provide a strong focus on the delivery of outcomes
- Develop a joint partnership performance management framework
- Establish clear partnership communication

The three strands of the partnership are the Community Planning Partnership Board, four Thematic Delivery Groups and seven District Electoral Area (DEA) Fora. Membership at all levels is made up of Elected Members, representatives from statutory partners, such as the Education Authority, PSNI, Health Trusts, Public Health Agency, as well as the Community, Voluntary and Business Sectors. The governance structure supports input from the community at all levels, particularly through the DEA Fora in Crotlieve, Downpatrick, Mournes, Newry, Rowallane, Slieve Croob and Slieve Gullion.

The Community Planning Partnership Board is made up of 22 senior officers from the statutory, community and voluntary sectors, 7 Elected Members, and the Chairperson and Chief Executive of Newry, Mourne and Down District Council. Through the Board, Community Planning Partners have assumed responsibility for the development, delivery and evaluation of the Community Plan and meetings took place in June and September 2016, and February 2017.

The establishment and operation of Thematic Working Groups

Underpinning the Community Planning Partnership are four Thematic Delivery Groups, which are directly aligned to the five outcomes within the Community Plan:

- Health and Wellbeing Thematic Group

- Environmental and Spatial Development Group
- Economic Development, Regeneration and Tourism Thematic Group
- Safety and Good Relations Thematic Group

Each thematic group is made up of 11 Statutory partners, 3 representatives from the Community and Voluntary Sector, 10 Elected Members, 1 Director, Assistant Directors, DEA Coordinators, and is supported by staff from the Community Planning team at Newry, Mourne and Down District Council. The purpose of the Thematic Delivery Groups is to progress the delivery of the five community planning outcomes through the development and implementation of initial two year delivery plans, which were agreed in June 2017.

The Stakeholder Forum supports and works alongside the Thematic Delivery Groups and consists of 21 representatives from the Community and Voluntary Sector. The two Chairpersons of the Stakeholder Forum also sit on the Community Planning Partnership Board and three members sit on each Thematic Delivery Group in order to ensure effective participation, inclusivity and consistency across the process of community planning. Seven meetings of the Stakeholder Forum took place during 2016-17, reinforcing the central role the Community and Voluntary Sector play supporting the development, delivery and evaluation of the Community Plan.

Effective citizen and stakeholder engagement underpins the overall process of community planning. In 2015, Newry, Mourne and Down District Council established seven DEA Fora across the District as a sustainable mechanism to consult, involve, listen and respond to communities, whilst supporting and mainstreaming the implementation of the Community Plan at a local level. Each DEA Forum is made up of Elected Members and up to eight independent members representing networks across the voluntary, community and business sectors. To date, 44 independent members have been appointed to the 7 DEA Fora and the nominations process is on-going. Working alongside Elected Members, independent members have an opportunity to inform and influence the decision-making process of the Council, ensuring local communities have a voice in shaping their future and their area.

Performance indicators and standards

Through the Local Government (Performance Indicators and Standards) Order (NI) 2015, seven statutory performance indicators and standards have been set by the Department for Communities for economic development, waste management and planning. An overview of the Council's performance against the statutory indicators and standards is outlined below. Economic development, waste management and planning remain key priorities for the Council and further improvements will be delivered as the seven statutory performance indicators and standards underpin and support the objectives within the Performance Improvement Plan 2017-18.

All Councils in Northern Ireland are also required to submit data to the Department for Communities around 'prompt payments'. This information is collated and submitted on a quarterly basis and an overview of the Council's performance over the past two years is outlined below.

Economic Development

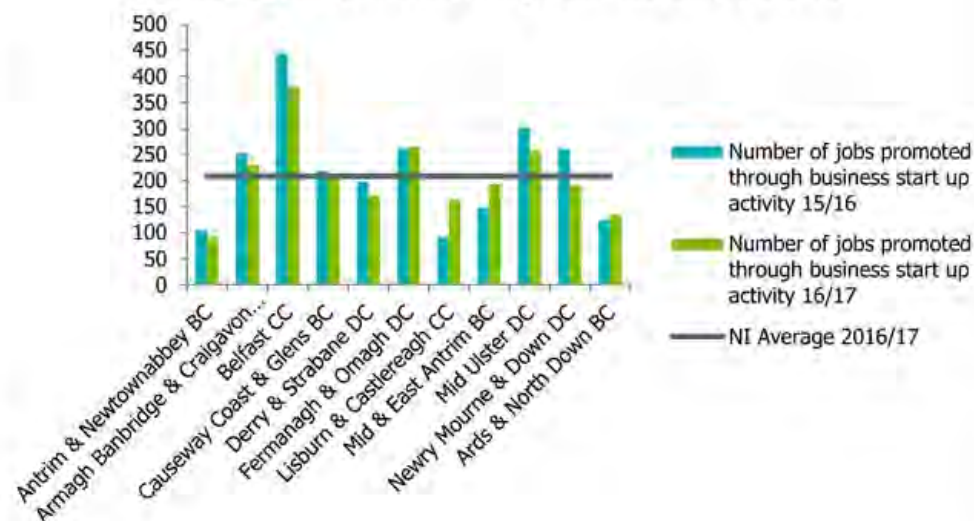
Ref	Performance Indicator	2015-16				2016-17				
		Standard	Actual	NI Average	Status	Standard	Actual	NI Average	Status	Trend
ED1	Number of jobs promoted through business start up activity	>155	261	219	😊	>155	192	208	😊	▼

Comments

During 2015-16, the Regional Start Initiative was delivered by Invest NI on behalf of the NI Councils. This was succeeded by the Interim Business Start Up Programme in 2016-17 which was delivered by Newry, Mourne and Down District Council through its appointed delivery agents. In 2017-18, a new regional wide NI Business Start Up Programme will commence which will be delivered jointly through the 11 NI Councils.

During 2015-16, the Council promoted 261 jobs through business start up activity, exceeding its target by 68%. This was the third highest number of jobs promoted through business start up activity across the 11 Councils, exceeding the regional average of 219. During 2016-17 the Council promoted a further 192 jobs through business start up activity. Although the Council's target was exceeded by 24%, there was a slight reduction in performance from 2015-16, as the programme moved into interim delivery arrangements which included a change in the marketing structure of the programme, resulting in lower levels of participation for the 2016-17 period.

Number of jobs promoted through business start up activity



Planning

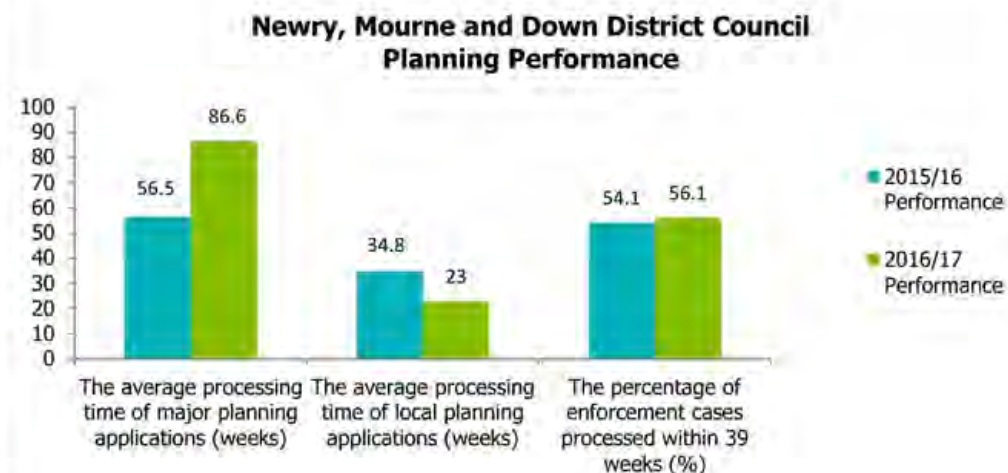
Ref	Performance Indicator	2015-16				2016-17				
		Standard	Actual	NI Average	Status	Standard	Actual	NI Average	Status	Trend
P1	The average processing time of major planning applications	<30 weeks	56.5 weeks	46.2 weeks	●	<30 weeks	86.6 weeks	68.6 weeks	●	▼
P2	The average processing time of local planning applications	<15 weeks	34.8 weeks	19.4 weeks	●	<15 weeks	23 weeks	16.2 weeks	●	▲
P3	The percentage of enforcement cases processed within 39 weeks	70%	54.1%	77.2%	●	70%	56.1%	80.7%	●	▲

Comments

During 2015-16 and 2016-17, Newry, Mourne and Down District Council did not meet the standards set for the planning performance indicators. However, performance improved by over 11 weeks in relation to the average processing time of local planning applications, and the percentage of enforcement cases processed within 39 weeks increased by 2%.

Major planning applications

During 2016-17, the Council issued the second highest number of decisions (26) on major planning applications and also received the largest decrease in major planning applications, from 20 in 2015-16 to 8 in 2016-17. The average processing time for major planning applications across the 11 Councils increased from 46.2 weeks in 2015-16 to 68.6 weeks in 2016-17,

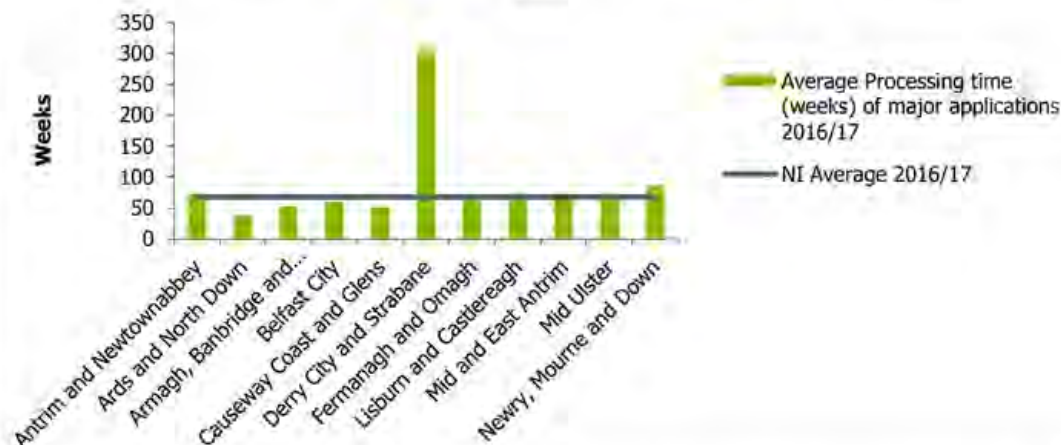


which is over double the statutory processing time target of 30 weeks. In line with the regional trend, the processing time for major applications at Newry, Mourne and Down increased from 56.5 weeks in 2015-16 to 86.6 weeks in 2016-17, 51.9% of which were legacy cases received prior to the transfer of planning powers in 2015. Major legacy planning applications also had a processing time of 86.6 weeks which had an impact on the overall processing time of all major planning applications.

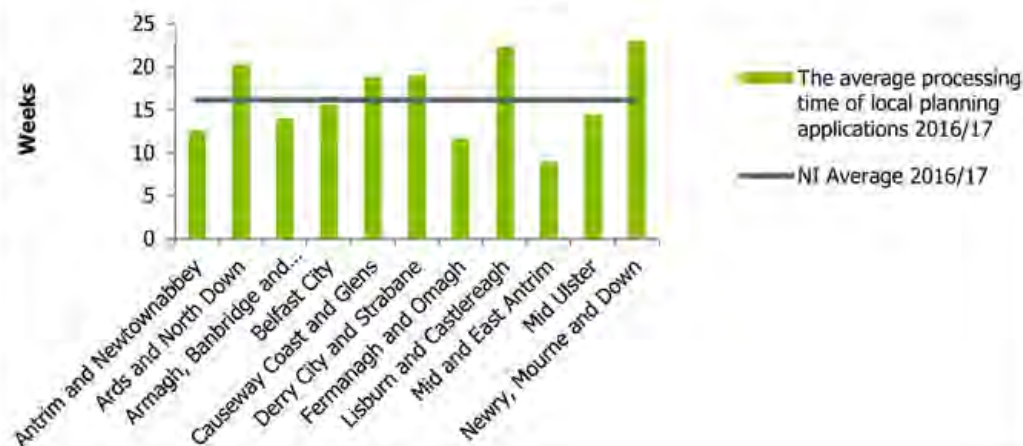
Local planning applications

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2016/17 Average processing time of major planning applications by LGD



2016/17 Average Processing time of local planning applications by LGD

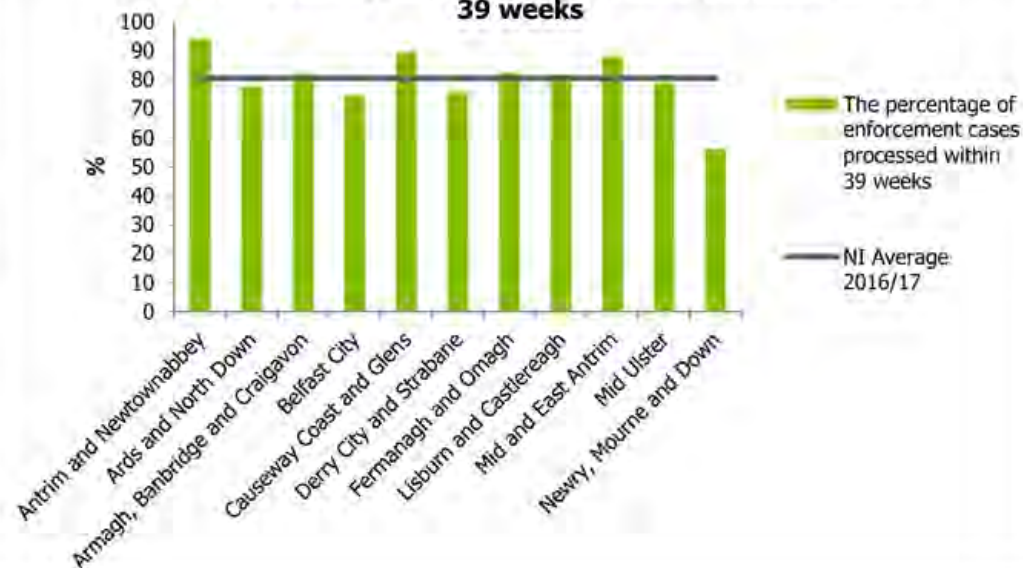


Committee meetings.

Enforcement

During 2016-17, Newry, Mourne and Down reported an increase of 136 enforcement cases, which is the second highest across the 11 Councils, and concluded 56.1% of enforcement cases within 39 weeks, representing a 2% increase since 2015-16. Whilst the statutory standard of 70% was not achieved, the Council reported the largest number of live cases at the end of March 2017 (726) as well as the largest proportion of cases in the system for over two years (41.3%). Additional resources have now been allocated to processing enforcement cases which should have a positive impact on future performance.

2016/17 Percentage of enforcement cases processed within 39 weeks



Waste Management

Ref	Performance Indicator	2015-16				2016-17			
		Standard	Actual	NI Average	Status	Standard	Actual	Status	Trend
W1	The percentage of household waste collected by District Councils that is sent for recycling	50% by 2020 / 45% in 2015-16	38.9%	39.7%		40%	40.1%		
W2	The amount (tonnage) of biodegradable Local Authority Collected Municipal Waste that is landfilled	<26,396 tonnes	29,762 tonnes	35,478 tonnes		<15,000 tonnes	9,017.3 tonnes		
W3	The amount (tonnage) of Local Authority Collected Municipal Waste Arisings (LACMW)	85,500 tonnes	84,459 tonnes	88,105 tonnes	n/a	85,500 tonnes	82,723.38 tonnes	n/a	

*NILAS: Northern Ireland Landfill Allowance Scheme

*The 2015-16 'actual' figures, which were reported in September 2016, have been updated following validation by DAERA in Autumn 2016.

*Validated figures will be available in Autumn 2017 when the 2016-17 Annual Report is published by DAERA

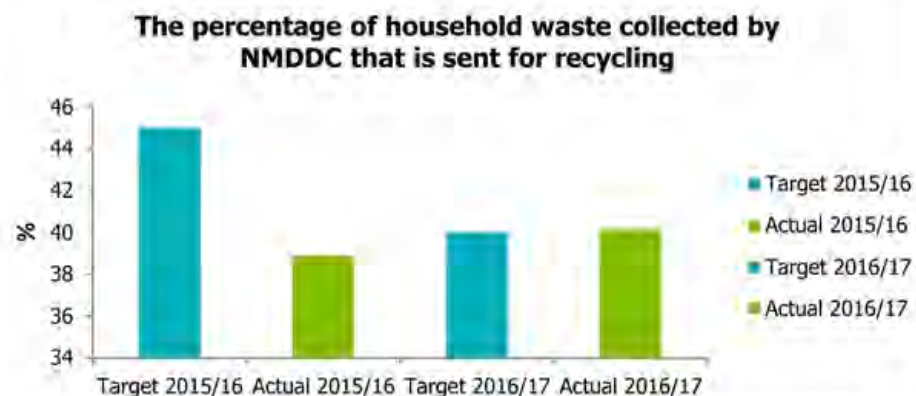
*Comparisons with other Councils will be carried out when the 2016-17 Annual Report is published by DAERA

Comments

Between 2015-16 and 2016-17, the Council improved performance against the three waste management statutory performance indicators and standards and exceeded its targets for 2016-17. The percentage of waste that is recycled improved by 1.2% to 40.1% and the amount of waste that is sent to landfill reduced by 69.7% to 9,017.3 tonnes.

Waste that is recycled

During 2015-16, the Council recycled 38.9% of household waste which falls below the regional average of 39.7%.



However, improvements were made during 2016-17, when the Council recycled 40.1% of household waste which exceeded its target and represents an improvement of 1.2% since the previous year. The Council has made significant progress in rolling out a domestic food waste service across the District by delivering a further 27,500 brown bins to local households. The domestic food waste service will support the Council in achieving its recycling target of 44% in 2017-18.

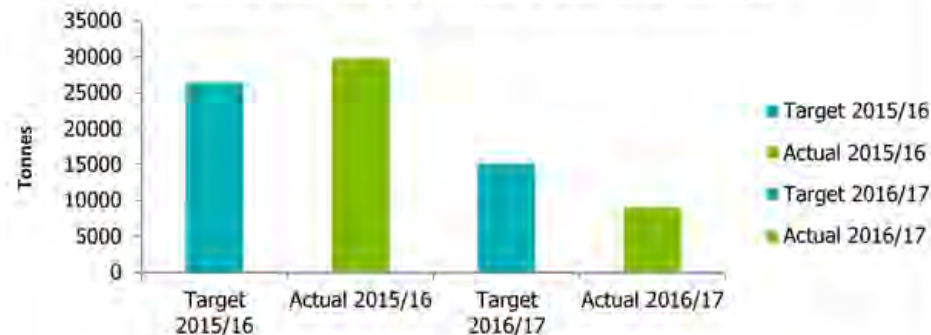
Waste that is sent to landfill

During 2015-16, the Council sent 29,762 tonnes of biodegradable municipal waste to landfill, exceeding the regional average of 35,478 tonnes by 19.2%. Significant improvements were made during 2016-17, when the Council sent 9,017.3 tonnes of biodegradable municipal waste to landfill. This represents a reduction of 69.7% since the previous year and exceeds the Council’s target of <15,000 tonnes by 39.9%. Between January-March 2017, Newry, Mourne and Down recorded the lowest landfill rate and highest waste energy recovery rate across the 11 Councils.

Waste arisings

Between 2015-16 and 2016-17, the amount of local authority waste arisings (household and non household waste arisings) reduced from 84,459 tonnes to 82,723.38 tonnes, which represents an improvement of 2%. In 2015-16, the Council also exceeded the regional average of 88,105 tonnes by 4%.

The amount (tonnage) of biodegradable Municipal Waste collected by NMDDC that is landfilled

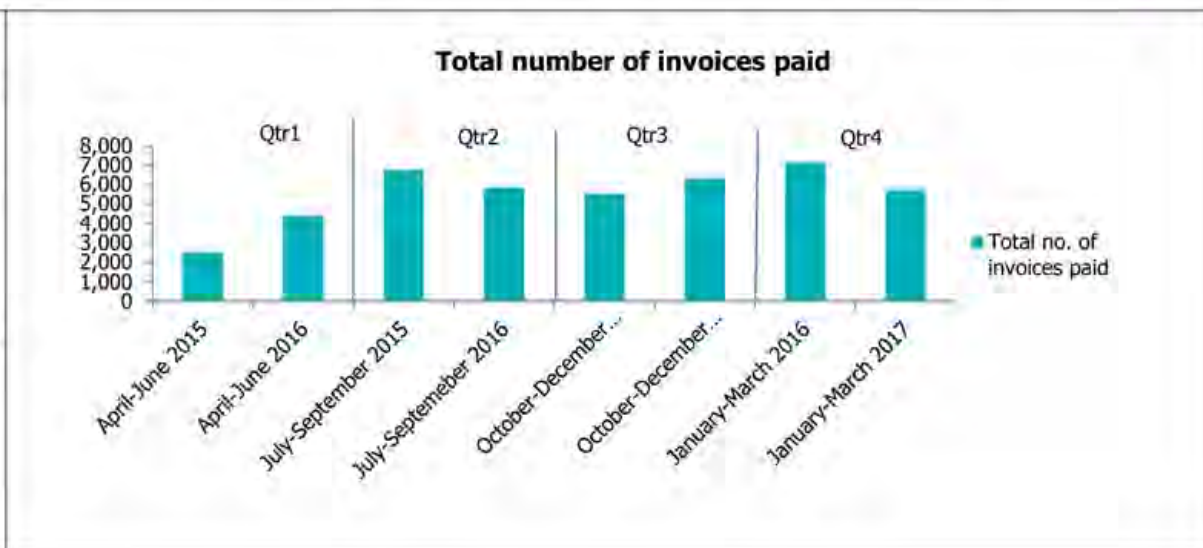


Prompt Payments

	2015-16				2016-17				Trend
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
% paid within 10 working days	3%	8%	11%	11%	9%	8%	8%	12%	▲
% paid within 30 calendar days	45%	49%	79%	79%	74%	88%	90%	87%	▲
% paid outside 30 days	55%	51%	21%	21%	26%	12%	10%	13%	▲

'Prompt payment' refers to the payment a valid supplier invoices within 10 working days by public bodies. The NI Executive's Prompt Payment Policy recommends that Government Departments should 'aim to pay 90% of valid invoices within 10 working days', with Councils encouraged to match this. Newry, Mourne and Down District Council has made significant improvements in prompt payments, as outlined below:

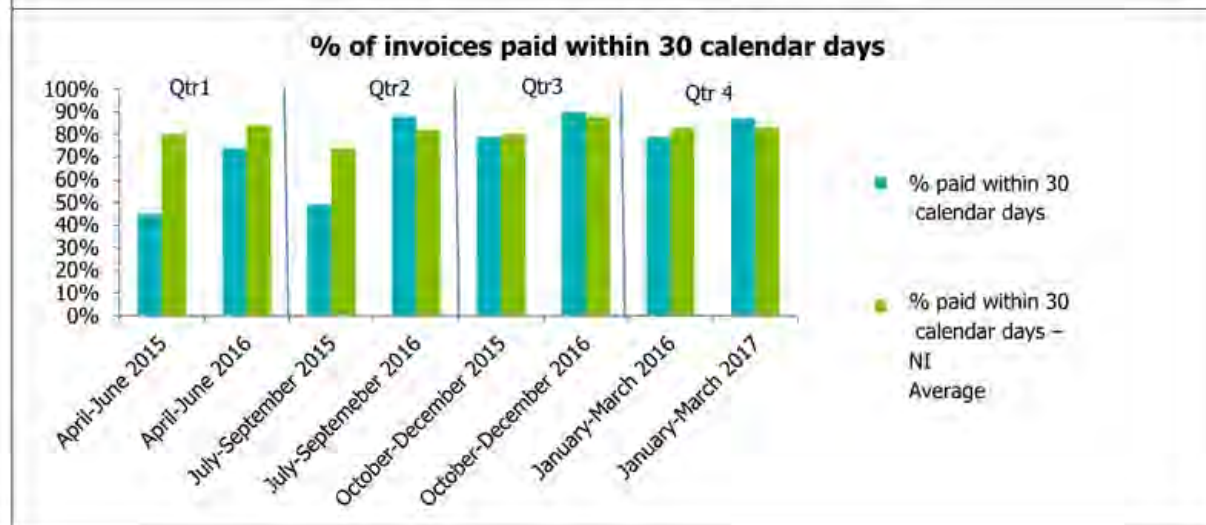
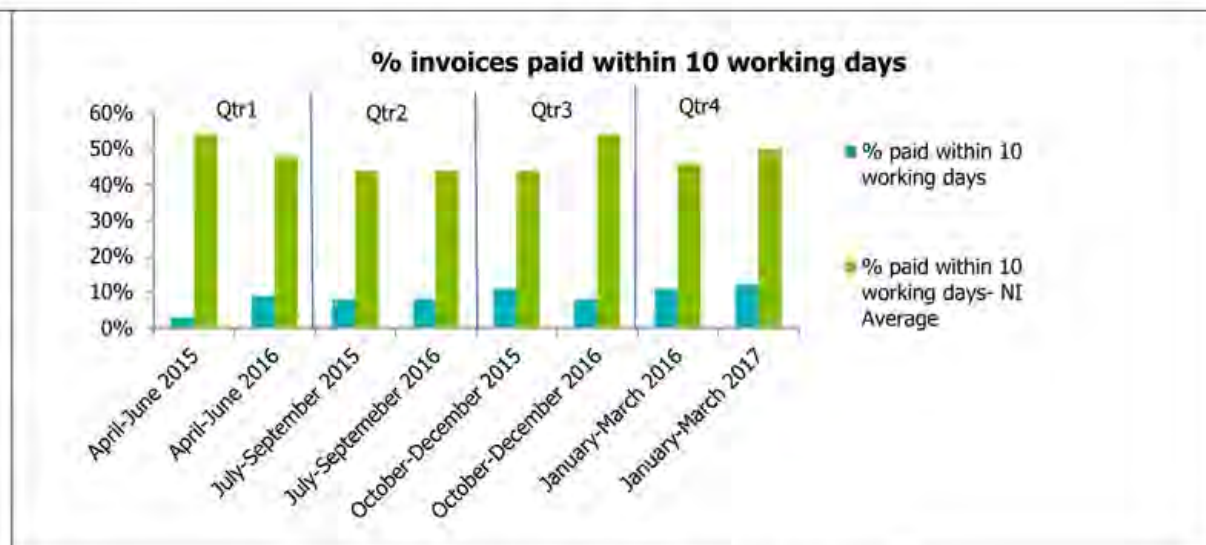
The percentage of invoices paid within 10 working days increased from 3% between April-June 2015 to 12% between January-



March 2017. Whilst this represents a significant improvement, the percentage of invoices paid within 10 working days falls below the most recent January-March 2017 quarterly average of 50%.

The percentage of invoices paid within 30 calendar days increased from 45% between April-June 2015 to 87% between January-March 2017. This exceeds the most recent January-March 2017 quarterly average of 83%.

The percentage of invoices paid outside 30 days reduced from 55% between April-June 2015 to 13% between January-March 2017. This is better than the most recent January-March 2017 quarterly average of 17%.



Self Imposed Performance Indicators

Corporate Plan 2015-19

The Council has a requirement to report progress against self imposed performance indicators and standards for 2016-17. We have selected the 21 measures of success within the Corporate Plan 2015-19 as our self imposed performance indicators and the tables below provide an overview of our progress against the eight corporate objectives and measures of success. The Council has achieved or is on track to achieve most corporate objectives by 2019 and is also making significant progress against the measures of success within the Corporate Plan.

APSE Performance Networks

As a member of APSE (Association of Public Service Excellence) Performance Networks, the Council has also developed and identified an agreed suite of performance indicators across the following services:


- Corporate services
- Community development
- Economic development
- Environmental health
- Environmental services
- Leisure
- Planning

2015-16 baseline data across 51 performance indicators has been collated and analysed and the Council is in the process of submitting data for 2016-17. This information will be analysed further to identify trends over time and facilitate benchmarking and comparisons with Councils across Northern Ireland and neighbouring jurisdictions. This process will support Newry, Mourne and Down District Council in recognising and learning from areas of good practice, identifying and addressing areas of under performance and developing a performance improvement culture.


Corporate Objective 1

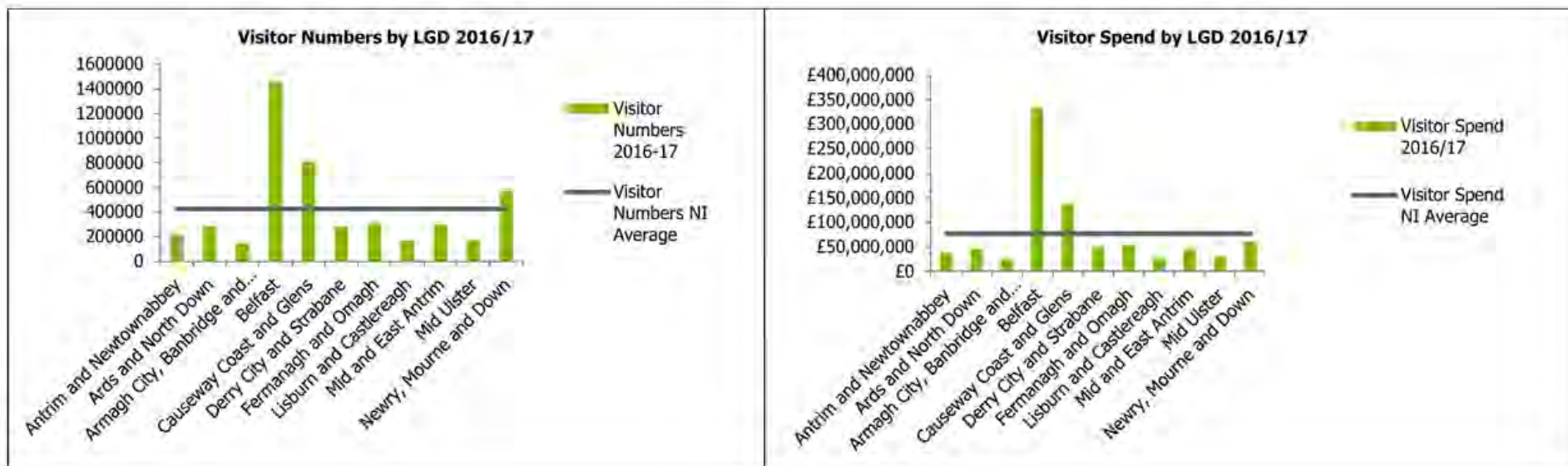
Become one of the premier tourism destinations on the island of Ireland

Ref	Key Actions	Status	Progress
CO1	Establish a recognised tourism brand for the District		The Tourism Strategy 2017-21 has been adopted by the Council and seeks to maximise tourism growth by focusing on the concept of 'mountains, myths and maritime' as a distinctive brand for the District. County Down also joined the prestigious Top 100 Sustainable Destinations for green tourism.
CO2	Work with NITB, Tourism Ireland and other stakeholders to review and improve tourism infrastructure		The Tourism Strategy puts in place a framework for the Council to work with key partners to improve the tourism infrastructure of the District. Through the Community Planning Thematic Group for Enterprise Development, Regeneration and Tourism, the Council is collaborating with partners across the statutory, voluntary and community sectors to develop and deliver activities that will improve the level of tourism to the District.
CO3	Explore the potential for Geotourism along the east coast border areas		The Council will prepare and submit a revised application to the UK National Commission for UNESCO for Global Geopark status for the Mourne and Ring of Gullion by 2019.
CO4	Take a lead role in realising the tourism potential of hosting the Irish Open and other major events		<p>The Council successfully supported the Irish Open in 2015 and hosted four major festivals in 2016-17, promoting the 'Giant Adventures' brand. These festivals attracted around 250,000 visitors and generated approximately £4.2m for the local economy.</p> <ul style="list-style-type: none"> Skiffie World Festival on Strangford Lough attracted around 25,966 visitors with an estimated direct spend of £973,985. 90% of visitors rated the festival as good or extremely good.

			<ul style="list-style-type: none"> The Festival of Flight in Newcastle attracted around 95,000 visitors with an estimated direct spend of £2,904,496. 94% of visitors rated the event as good or extremely good. The first Wake the Giant Festival in Warrenpoint attracted around 10,000 visitors with an estimated direct spend of £129,318. 87% of visitors rated the event as good or extremely good. The first Footsteps in the Forest Festival in Slieve Gullion attracted around 7,000, with an estimated direct spend of £207,308. 87% of visitors rated the event as good or extremely good. <p>The Council also held and supported additional events across the District, including Christmas and Halloween events, the Ballynahinch Games and Harvest Festival, the Narnia Festival in Rostrevor and the Hans Sloane Chocolate Festival in Killyleagh. The overall economic value of all events is estimated to be around £9.5m.</p>
CO5	Review the tourism infrastructure of Newcastle		In partnership with Tourism NI, the Council commenced the Mourne Mountains Gateway Study to explore the potential of a major flagship tourism project for the District.



Ref	Measure of Success	2013	2014	2015	2016	NI Average 2016	Trend	Explanatory Note
MS1	Increased visitor numbers	452,567	571,238	406,302	571,400	429,567		Between 2013-2016, the number of visitors to Newry, Mourne and Down increased by 26%. In 2016, Newry, Mourne and Down exceeded the regional average and recorded the third highest number of visitors across the eleven Local Government Districts, behind Belfast and Causeway Coast and Glens.
MS2	Increased dwell time of visitors	1,449,132	1,490,653	1,060,063	1,562,073	1,379,983		Overnight trips to Newry, Mourne and Down account for 10% of the NI total, which represents a 3% increase since 2015. Between




	(number of overnights stays)							2013-2016, the overall dwell time per visitor increased by 7.8%, with Newry, Mourne and Down recording the third highest level of dwell time across the eleven Local Government Districts in 2016, behind Belfast and Causeway Coast and Glens. However, the average length of stay per visitor decreased from 3.2 days in 2013 to 2.7 days 2016.
MS3	Increased visitor spend	£49,036,625	£53,643,562	£48,071,493	£60,978,919	£77,337,061		Between 2013-2016, the overall level of visitor spend in Newry, Mourne and Down increased by 24.4%, with Newry, Mourne and Down recording the third highest level of visitor spend across the eleven Local Government Districts in 2016, behind Belfast and Causeway Coast and Glens. However, whilst visitor numbers and dwell time are increasing overall, the level of spend per visitor decreased from £108.35 in 2013 to £106.72 in 2016.








Corporate Objective 2

Attract investment and support the creation of new jobs

Ref.	Key Actions	Status	Progress
CO6	Secure the District's position as a cross-border gateway for Dublin, Belfast and beyond		<p>EU funding is a key component of many projects which are delivered across the District and the Council has commissioned a piece of work, on behalf of Councils along the Border Corridor Region, to analyse the risks and opportunities posed by Brexit.</p> <p>Alongside the NI Executive, Westminster and other local authorities, the Council is participating in the City Deal for the Belfast Region which will involve designing a proposition to unlock economic growth focused infrastructure programmes. It is anticipated that City Deal will deliver real benefits for citizens in terms of increased jobs and attracting local investment.</p> <p>The Council is also progressing the implementation of the Louth/Newry, Mourne and Down Memorandum of Understanding, with regular meetings of the Joint Management Team and Joint Committee taking place.</p>
CO7	Liaise with education and training establishments to ensure a steady flow of skilled employees for employers		<p>The Economic Forum has been established with representation from local businesses and education providers, facilitating sustainable connectivity across key sectors to ensure business needs and requirements are met in the future. Through the Economic Forum, multi-stakeholder working groups will be established in 2017-18 to focus on the key areas of 'skills', 'infrastructure' and 'Brexit'.</p> <p>Through the Enterprise, Regeneration and Tourism Thematic Delivery Group, the Council is also working with a range of partners including Invest NI, Tourism NI, Education Authority and the Southern Regional College to ensure the needs of local businesses are adequately addressed.</p>

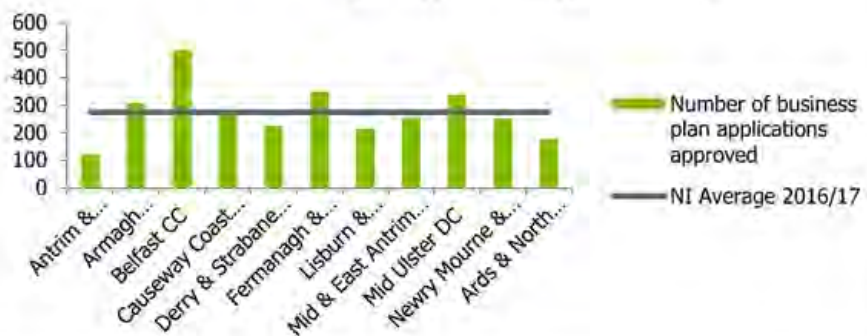
			The Council is also the lead partner in the £2.7m Social Investment Fund Southern Zone 'Work It' programme which enables young people who are not in education, employment or training to access essential skills training, team building and personal development services. To date, 55% of the 82 participants who have completed the programme have moved into sustainable employment.
CO8	Successfully deliver Small Business Start and Growth Programmes, locally based		Through the Regional Start Initiative, the Council continued to provide a comprehensive package of advice, training and support for self employment. In 2015-16, there were 232 new business starts and 261 new jobs promoted, which was followed by 172 new business starts and 192 new jobs promoted in 2016-17.
CO9	Prioritise infrastructure development and economic regeneration as part of the new Local Development Plan		The Enterprise and Regeneration Department works closely with the Planning Department in order to progress key regeneration projects, such as the Newry and Downpatrick environmental improvement schemes, and ensure the Local Development Plan is considerate of urban and rural regeneration priorities across the District. Infrastructure development and economic regeneration are also key features within the Community Plan for Newry, Mourne and Down and the Economic Development, Regeneration and Tourism Delivery Plan.
CO10	Establish a new civic centre for Newry City		The Council is working with the Strategic Investment Board to develop a project brief for the civic centre in Newry City. It is anticipated that a site will be selected by 2018 and the build completed by 2022.

Ref	Measures of Success	2015-16		2016-17		NI Average 2016-17	Status	Trend	Explanatory Note
		Target	Actual	Target	Actual				
MS4	Increased number	Target	Actual	Target	Actual	n/a			In 2015-16, the Council exceeded the target set

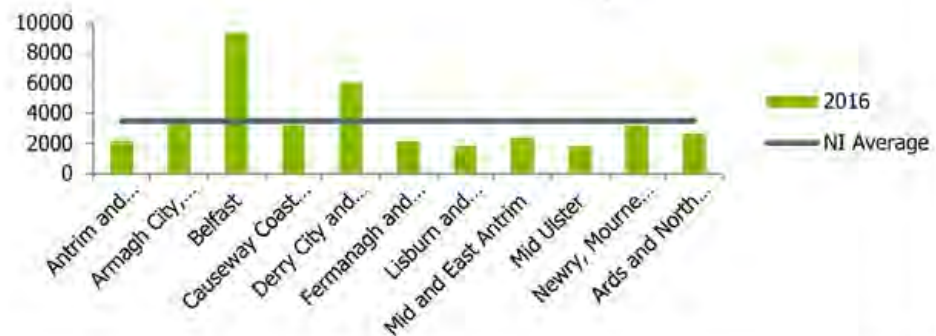
	of new businesses started	207	232	197	172				through the Regional Start Initiative for new businesses started by 11%. Whilst there were 172 new business starts in 2016-17, there was a slight reduction in performance from 2015-16 as the programme moved into interim delivery arrangements, which included a change in the marketing structure of the programme, resulting in a lower level of participation for the 2016/17 period.
MS5	Increased levels of employment	Target	Actual	Target	Actual	208			<p>During 2015-16, the Council promoted 261 jobs through business start up activity, exceeding its target by 68%. During 2016-17 the Council promoted a further 192 jobs through business start up activity. Although the Council's target was exceeded, there was a slight reduction in performance from 2015-16 as the programme moved into interim delivery arrangements, which included a change in the marketing structure of the programme, resulting in a lower level of participation for the 2016/17 period.</p> <p>In addition, the number of job seekers allowance claimants reduced by 20.4%, from 4,010 in 2015 to 3,190 in 2016 which falls below the regional average of 3,463. However, Newry, Mourne and Down has the fifth highest number of claimants across the 11 Local Government Districts.</p>
		<155	261	<155	192				
MS6	Major planning applications processed within 30 weeks	Target	Actual	Target	Actual	20.4%	n/a		<p>Between 2015-16 and 2016-17, the number of major planning applications processed within the target time of 30 weeks decreased by 1.9% and fell below the regional average of 20.4%. The average processing time also increased from 56.4 weeks to 86.6 weeks over the same period which can largely be attributed to the processing times of legacy planning applications. However, during 2016-17, the Council issued the second highest number of decisions on</p>
		n/a	16.7%	n/a	14.8%				

major planning applications (26) out of the 11 Councils.

Number of business plan applications approved 2016/17







Job Seekers Allowance Claimants by LGD 2016





Corporate Objective 3

Support improved health and wellbeing outcomes





Ref	Key Actions	Status	Progress
CO11	Replace the two existing Leisure Centres in Newry City and Downpatrick		Newry Leisure Centre is scheduled to complete in October 2017 and Downpatrick Leisure Centre is scheduled to complete in Summer 2018. Both major projects represent a capital investment of £36million, providing state of the art leisure facilities for local communities across the District.
CO12	Develop targeted programmes to tackle obesity and diabetes		<p>During 2016-17, 10,140 residents took part in Everybody Active 2020, accessing physical activity programmes such as Couch to 5k, yoga, pilates, aqua aerobics and rugby. This included 4,554 women and girls, 2,824 people with a disability and 2,758 people from areas of high social need.</p> <p>During 2017-18, a separate leisure sub brand will be created and leisure services will be modernised through improved ICT. An Activity, Promotion and Development Plan will also be developed and promoted, and will include programmes to target obesity and diabetes, and target citizens who are not engaged in any form of physical activity.</p>
CO13	Promote increased physical activity levels		<p>During Summer 2016, 834 children and young people, and 9 community volunteers, took part in a Community Play Pilot at eight locations across the District, participating in a range of physical, creative and messy play activities.</p> <p>Through the Social Investment Fund, the Council has been awarded over £2.7m from the Executive Office and Department for Communities to provide 3G football pitches in Downpatrick, Ballyhornan and Kilcooley, and refurbish Castlewellan Community Centre, expanding community development activity, youth training and summer</p>

			schemes.
CO14	Implement a leisure facilities and play strategy		The Sports Facility Strategy and Play Strategy were adopted by the Council in 2016-17 and year one of implementation for both strategies is underway.

Ref	Measures of Success	2015-16	2016-17	Status	Trend	Explanatory Note
MS7	Two leisure centres constructed and operational	n/a	n/a		n/a	Newry Leisure Centre is scheduled to complete in October 2017 and Downpatrick Leisure Centre is scheduled to complete in Spring 2018.
MS8	Increase in the number of people using Council leisure facilities	1,435,558 attendances	1,453,107 attendances	n/a		Between 2015-16 and 2016-17, there was a 1.2% increase in usage of Council leisure facilities. This includes increases of 6.8% in the number of attendances at Newry Leisure Centre and 4% in the number of attendances at Down Leisure Centre.

Corporate Objective 4

Protect our natural and built environment


Ref	Key Actions.	Status	Progress
CO15	Close our existing landfill sites		Aughnagun and Drumanakelly landfill sites have been closed, reducing to almost zero the amount of waste sent to landfill.
CO16	Better manage the District's waste		Between 2015-16 and 2016-17, the Council increased the percentage of household waste that is recycled by 1.2% to 40.1% and reduced the amount of biodegradable municipal waste that is sent to landfill by 69.7% to 9,017 tonnes, exceeding its targets for 2016-17. The Council is introducing a number of programmes, including a food waste scheme and standardising glass collection across the District in order to meet future recycling and landfill targets. The Council also delivered 150 environmental and sustainability programmes, many of which focused on waste management.
CO17	Reduce the risk of flooding in high risk areas		The Council has been collaborating with the Rivers Agency regarding areas of high risk flooding, ensuring flood mitigation and prevention is incorporated into the Local Development Plan. In partnership with NI Water, the Council completed the Camlough Lake Rehabilitation Scheme in May 2017.
CO18	Protect the District's rich natural and built heritage		The Council has developed a Biodiversity Action Plan to protect, maintain, enhance and restore biodiversity across the District, and mainstream biodiversity conservation across all Directorates. The Council has also submitted an application to be the lead partner for an INTEREGG VA Habitat and Species Conservation project, and if successful, the £8m project will deliver conservation actions and a communications/outreach programme across Scotland, Northern Ireland and the Republic of Ireland over a 5 year period.

			<p>Protecting the natural and built environment is also a key feature within the Council's three AONB Action Plans and forms part of the wider consideration undertaken with each of the 1,500 planning applications processed and 2,000 decisions issued in 2016-17. The Greenway Phase 1, Albert Basin to the Weir, was completed with the cost funded by the Landfill Community Fund.</p>
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Ref	Measures of Success	2015-16		2016-17		Status	Trend	Explanatory Note
		Target	Actual	Target	Actual			
MS9	Level of waste to landfill – zero waste to landfill across the District	<26,396 tonnes	29,762 tonnes	<15,000 tonnes	9,017.3 tonnes			Aughnagun and Drumanakelly landfill sites are closed and the amount of biodegradable local authority collected municipal waste that is sent to landfill has reduced by 69.7% to 9,017.3 tonnes.
MS10	Completion of flood defences at Camlough Lake	n/a		n/a			n/a	The Camlough Lake Rehabilitation Scheme completed in May 2017.
MS11	70% of planning enforcement cases processed within 39 weeks	Target 70%	Actual 54.1%	Target 70%	Actual 56.1%			Whilst the Council did not meet the statutory target of 70%, the percentage of planning enforcement cases processed within 39 weeks increased by 2% between 2015-2017.

Corporate Objective 5

Lead the regeneration of urban and rural areas





Ref.	Key Actions.	Status	Progress
CO19	Implement master plans, including an up-to-date action plan for every town and village		<p>Through the Rural Development Programme, the Mourne, Gullion and Lecale Partnership launched its first open call for applications which resulted in 326 expressions of interest in the Rural Business Investment, Rural Basic Services and Village Renewal Schemes. Consultation to develop and update Village Plans is currently underway and will be used to identify and deliver future village renewal across the District.</p> <p>In partnership with Invest NI, Strategic Investment Board and Kilkeel Strategic Partnership, the Council has completed the Kilkeel Harbour Development Options Feasibility Study. The Stage 2 Derisking Strategy is now underway which looks at the preferred option for the development in Kilkeel and its impact.</p>
CO20	Introduce a rolling programme of EI schemes across towns and villages		<p>The environmental improvement schemes in Newry Cathedral Quarter and Warrenpoint are complete and both revitalisation schemes are due to commence in 2017-18. The Downpatrick Irish Street Public Realm Scheme will commence in 2017 and the Townscape Heritage Initiative Proposal for Irish Street has also begun. The Council was also awarded £850k funding to restore Warrenpoint Municipal Park which will be delivered between 2017-22 and the Forkhill Greenspace Project is now complete.</p> <p>Through the 'Live Here, Love Here, Down Your Street' programme, the Council awarded £39k to 16 community based projects to improve the quality and cleanliness of the local environment.</p>


CO21	Agree with the Department of Social Development (DSD) arrangements for the transfer of regeneration powers and functions	No longer relevant	Regeneration powers will no longer transfer from central to local government. The Council has been liaising with the Department for Communities to agree how future regeneration projects will be progressed through effective partnership working and collaboration.
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Ref	Measure of Success	Target - 2020	Explanatory Note
MS12	Increased number of new businesses and jobs created in rural areas	55 new micro and small businesses created in rural areas 147 new jobs created in rural areas	To be delivered and monitored through the Rural Development Programme 2015-2020.

Corporate Objective 6

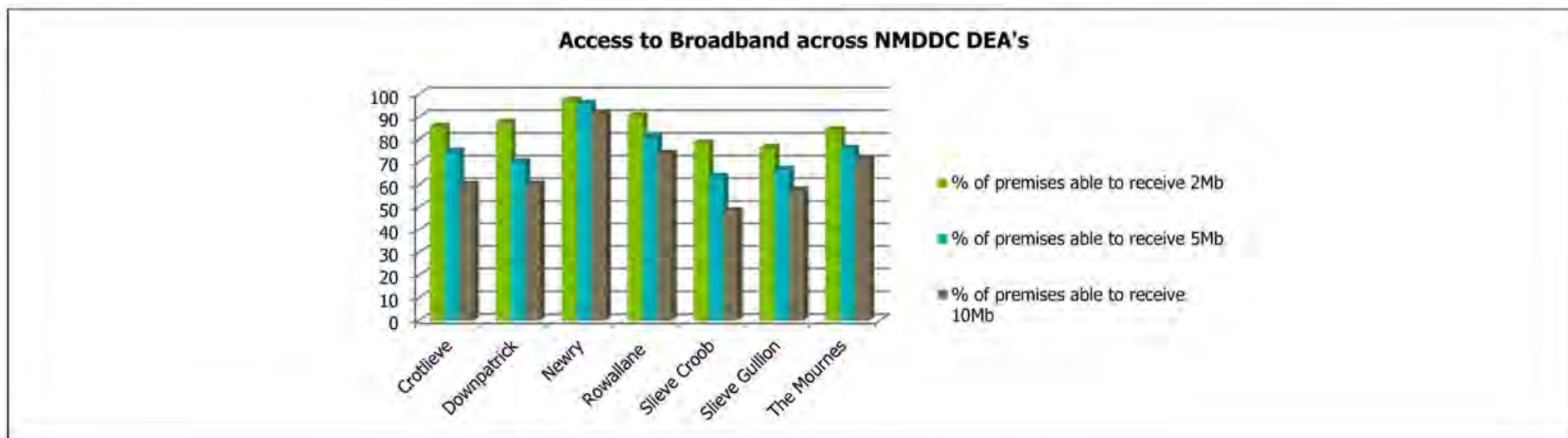
Advocate on your behalf specifically in relation to those issues that really matter to you

Ref.	Key Actions.	Status	Progress
CO22	Establish a new Community Planning Partnership as a means to engage and involve statutory partners as well as communities in developing the District		The Community Planning Partnership is operational and the governance structure has been agreed with the statutory, community and voluntary sectors. The Community Planning Partnership is supported by four Thematic Delivery Groups, Stakeholder Forum and seven DEA Fora which engage local communities through public events.
CO23	Attract public sector jobs to the District		The creation of jobs locally, including public sector employment is a key priority outlined within the Council's Economic Regeneration and Investment Strategy. The Council works closely with all Government Departments to ensure current public sector positions are retained, and the District continues to grow as a base for Public Sector services and employment.
CO24	Advocate for the introduction of high-speed broadband and enhanced mobile infrastructure across the District		The Council has met BT to discuss broadband provision across the District. A number of interventions have taken place including the 'Broadband Connection Voucher Scheme' and 'Rural Broadband Fund' which will benefit local businesses and organisations. The Council is also supporting the Department for the Economy to roll out the Superfast Broadband Programme and has commissioned research to identify rural 'not spots' which do not fall within the scope of Government initiatives, and may be addressed through the Rural Development Programme and other similar initiatives.
CO25	Lobby for the improvement of roads		The Council hosts two meetings per annum with Transport Northern Ireland to highlight and discuss the improvements required to the roads infrastructure across the

	within and across the District		<p>District. Many DEA Fora also have regular liaison with Transport NI to highlight, log and address specific issues with regards to roads and street lighting within their respective areas.</p> <p>Improving the roads infrastructure has also been prioritised as part of the development and delivery of the Community Plan for Newry, Mourne and Down and the Environment and Spatial Development Delivery Plan, specifically in relation to the Newry Southern Relief Road, Ballynahinch Bypass and A7 Saintfield Road.</p>
CO26	Promote good health care provision for all citizens		<p>The Council has put in place consultation arrangements with the Southern and South Eastern Health and Social Care Trusts to discuss issues which directly relate to the provision of health services in Newry, Mourne and Down. Through the Community Planning Health and Wellbeing Thematic Group, the Council is also working with key partners on initiatives to promote physical activity, healthier living, mental and emotional wellbeing, sustainable schools and emergency responses.</p> <p>The Council is also focused on improving health and wellbeing outcomes for all. An Age Friendly Strategy for the District has been adopted, an Older Person's Forum has been established to facilitate dialogue and joined up working with key stakeholders and health inequalities is addressed through the Locality Action Plan.</p>





Ref	Measures of Success	2016-17			Explanatory Note
MS13	Increased broadband and mobile coverage	% of premises able to receive 2MB	% of premises able to receive 5MB	% of premises able to receive 10MB	Baseline data reveals that the majority of premises across the District have access broadband. However, there are significant geographic variations in the number of premises able to receive 10MB broadband, which equates to 92% of premises in the Newry DEA compared to 48% of premises in the Slieve Croob DEA.
		86%	75%	66%	
MS14	Improved roads infrastructure	399 roads infrastructure schemes completed by the Department for Infrastructure			The Department for Infrastructure completed 399 schemes to improve the roads infrastructure across the

			<p>District. This included a range of strengthening schemes, network maintenance, resurfacing, footway reconstruction and lighting upgrades. Progress has also been made in driving forward the major road improvements at the A24 Ballynahinch Bypass, Newry Southern Relief Road, Rowallane to Doran's Rock and the Downpatrick Eastern Distributor.</p>
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Corporate Objective 7

Empower and improve the capacity of our communities





Ref.	Key Actions.	Status	Progress
CO27	Establish seven new Community Fora based on District Electoral Areas (DEAs) to allow for engagement and reporting at a local level		<p>The seven DEA Fora across the District have been operational since September 2015 and have successfully facilitated effective engagement, participation and locality based working. During 2016-17, the DEA Fora held 20 public engagement events, appointed a total of 44 independent members representing networks across the voluntary, community and business sectors, developed interim action plans for their local area and supported 180 community groups in meeting their objectives.</p> <p>Through the Financial Assistance Scheme, the Council awarded £651,648 to 259 applicants to deliver community based projects in the areas of arts and culture, summer schemes, community engagement, sports development, capital projects and community events, community safety and good relations.</p>
CO28	Explore the potential for the community management of current Council facilities		The Council is carrying out an Audit of Effectiveness for community centres, examining how communities are supported through the provision of community facilities, with the overall aim of delivering more equitable service provision to all groups and communities in the future.
CO29	Develop a community engagement strategy for all aspects of Council services		The Community Engagement Strategy has been adopted and will be supported by the corporate Consultation and Engagement Framework.
CO30	Develop and deliver a Community Support Plan (formerly the		The Community Support Plan has been developed and is in the process of being delivered. Significant progress has been made in supporting the Newry, Mourne and Down Citizens Advice Bureau, delivering the Council's financial assistance scheme to

	responsibility of the DSD)		local community groups and reviewing community centre provision across the District.
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Ref	Measures of Success	Status	Explanatory Note
MS15	Community Plan completed and published by mid 2016		The Community Plan for Newry, Mourne and Down was published on 1 April 2017, and is supported by four Thematic Delivery Plans for Health and Wellbeing, Economic Development, Regeneration and Tourism, Environment and Spatial Development and Safety and Good Relations.
MS16	7 Community Fora established across the entire District with associated action plans		The seven DEA For a have been operational since September 2015 and are currently made up of 41 Elected Members and 44 independent members, representing networks across the voluntary, community and business sectors. Each DEA Fora is currently progressing the implementation of their action plans, which seek to address local issues.

Corporate Objective 8

Transform and modernise the Council, providing accessible as well as value for money services

Ref.	Key Actions.	2016/17	Progress
CO31	Become an Investors in People (IIP) and Customer Service Excellence (CSE) accredited organisation		Whilst it has been agreed that the Council will not proceed with CSE and IIP at this time, re-accreditation of the Elected Members Development Charter has been secured, which acknowledges the Council's ongoing commitment to learning and development to assist Elected Members in their roles as civic and community leaders.
CO32	Develop a strategic financial plan to meet the capital and revenue needs of the Council		The Council has adopted a four year Medium Term Financial Plan and Capital Budget.
CO33	Comprehensively review existing models of service delivery to identify more efficient ways of doing business		In response to local government reform and as part of the modernisation agenda, the Council's organisational structure has been agreed and is in the process of being implemented. This structure has been designed to support and facilitate business transformation and the delivery of more efficient and effective services to local communities. A number of inward and outward facing plans strategies have been developed to facilitate this process and support the achievement of corporate objectives, including the IT Transformation Strategy, Irish Language Strategy, Tourism Strategy and Play Strategy.
CO34	Implement an Improvement Plan to transform existing Council operations		The Council published the Performance Improvement Plan 2016-17 and received a certificate of compliance from the Local Government Auditor. The Council is currently progressing the 'proposals for improvement' which were put forward by the Northern Ireland Audit Office following the Performance Audit and Assessment

in 2016.

Ref	Measures of Success	Status / Trend	Explanatory Note
MS17	Increased citizen satisfaction		During 2017-18, the Council will consider carrying out customer satisfaction surveys through APSE Performance Networks to gauge satisfaction levels with the Council and some of the services it provides.
MS18	Increased employee satisfaction		The Council actively seeks to improve the overall welfare and wellbeing of employees. During Summer 2017, the Council carried out a Wellbeing Survey, which provided individual respondents with tailored advice on how to improve their overall wellbeing. During 2017-18, the Council will also carry out a Stress Audit, and the recently established Health and Wellbeing Working Group will be involved in the development and delivery of action plans to address the issues highlighted through both surveys. The Council will also continue to run the health surveillance programme to detect the early signs of work related ill health amongst employees exposed to certain health risks.
MS19	Reduced absenteeism		In 2015-16, the Council recorded 15.94 days lost per full time employee which increased to 17.33 days in 2016-17. Whilst long term absenteeism per full time employee increased from 11.09 days in 2015-16 to 13.04 days in 2016-17, short term absenteeism decreased from 4.86 days in 2015-16 to 4.29 days in 2016-17.
MS20	IIP/CSE accreditation		The Council has agreed not to proceed with IIP/CSE accreditation.
MS21	Annual Improvement Plan validated by the Local Government Auditor		Certificate of compliance received from the Local Government Auditor in relation to the Duty of Improvement 2016-17.

This document is available in alternative formats on request.

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Update on the Audit Committee 2016-17 Self Assessment
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services

Decisions required: Members are asked to note the contents of this report.

1.0 Purpose and Background:

- 1.1 The Audit Committee undertook a self assessment detailing their work during the 2016-17 year, assessing their performance against best practice guidance and making recommendations for improvements.
- The Self Assessment of the Audit Committee was approved by the Audit Committee at the December 2016 meeting.

2.0 Key issues:

- 2.1 The Audit Committee Self Assessment noted a number of areas for improvement. Progress on the areas noted are as follows:
- Principle 3: Skills**
- (a) A formal induction process is now in place for new members, consisting of:
- Issue of an Induction Pack for New Members;
 - One to One meeting with Director of Corporate Services/ Audit Services Manager to discuss workings of the Committee.
 - Invitation to external training course on Effective Audit Committees.
- There was one new member of the Audit Committee following the June 2017 AGM. An Induction Meeting was held with the Director of Corporate Services in August 2017; the Induction Pack for New Members was distributed and discussed, and a place on external training reserved.
- (b) In preparation for the Annual AGM, the Chief Executive advised all parties as to membership of the Audit Committee for their consideration.
- Principle 4: Scope of Works**
- (c) The Audit Committee considered the Terms of Reference of the Committee at the December 2016 meeting to ensure it adequately encompassed the assurance needs required..
- (d) A paper was brought to the Audit Committee in April 2017 outlining the processes in place for the production of the annual Statements of Accounts, providing assurance to the Audit Committee that robust processes are in place.
- (e) At the April 2017 meeting of the Audit Committee, in arriving at the decision to extend the internal audit contract for one further year, the Committee considered the adequacy of the work of internal audit and their resources in addressing the risks of the organisation.

	<p>(f) The external audit fee for the 2016-17 audit of the statement of accounts was presented to the Audit Committee at the April 2017 meeting as part of the NIAO Audit Strategy document.</p> <p>(g) A report of Code of Conduct for employees will be presented to the Audit Committee at the September 2017 meeting.</p> <p>Section III: Committee Support</p> <p>(h) Officers have endeavoured to ensure all papers are uploaded to Minutepad on a timely basis, requesting that external parties providing papers to the Audit Committee provide these as timely as possible.</p>
3.0	Recommendations:
3.1	For consideration and noting.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None.
6.0	Appendices
	Appendix 1 – Audit Committee Self-Assessment report 2016-17

Report to:	Audit Committee
Date of Meeting:	8 December 2016
Subject:	Audit Committee Self-Assessment 2016/17
Reporting Officer (Including Job Title):	Joe Campbell, Independent Chair Of Audit Committee
Contact Officer (Including Job Title):	Joe Campbell, Independent Chair Of Audit Committee

Decisions required: Members are asked to consider and approve the contents of this report.	
1.0	Purpose and Background:
1.1	<p>It was agreed at the Audit Committee meeting of 22nd September 2016 to use the NAO best practice checklist to carry out its self-assessment, with the Chairman leading the self-assessment exercise. The completed self-assessment checklist would then be tabled at the next meeting of the Audit Committee.</p> <p>The Chairman completed the questionnaire in draft and circulated to Elected Members for comment on 1st November. Attached for consideration and approval is the completed final self-assessment checklist (excluding Section II: Role of the Chair which was considered independently of the Chairman and is a separate report).</p> <p>Members can take reassurance from the number of good practice questions that have been answered 'yes' demonstrating that the Audit Committee is following best practice and operating effectively.</p>
2.0	Key issues:
2.1	<p>Having completed the self-assessment checklist, a small number of improvements are recommended:</p> <p>Principle 3: Skills</p> <p>(a) Induction training to new Members to be formalised. (b) Parties to be asked to give consideration to appointing Elected Members for a term greater than one year where possible to build up knowledge and skills, (term appointment referred to in Principle 2, Question 9).</p> <p>Principle 4: Scope of Work</p> <p>(c) The Audit Committee should satisfy itself that the scope of work listed in Principle 4 is defined in its terms of reference and encompasses all the assurance needs required. (d) Assurance is obtained from Management that a robust process is in place to prepare the financial statements. (e) The Audit Committee satisfies itself that the resources allocated to internal audit work is adequate to address the risks of the organisation. (f) The audit fee levied by External Audit is kept under review.</p>

	<p>(g) Officers to table a report on code of conduct for employees to a future meeting.</p> <p>Section III: Committee Support</p> <p>(h) Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have sufficient time to review.</p>
3.0	Recommendations:
3.1	Members are asked to approve the contents of this report.
4.0	Resource implications
4.1	None.
5.0	Equality and good relations implications:
5.1	None.
6.0	Appendices
	Appendix 1: Completed self-assessment checklist

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Update on Procurement
Reporting Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Decisions required:	
Members are asked to note the report.	
1.0	Purpose and Background:
1.1	<p>At the Audit Committee meeting of 29 June April 2017 it was agreed that procurement would be standing agenda item.</p> <p>This 2015-16 follow up Internal Audit review completed by ASM did not consider the Council's progress in implementing the recommendations made in their 2015/16 report on Purchasing, Procurement and Contract Management due to the limited progress in implementing the recommendations.</p>
2.0	Key issues:
2.1	<p>Work has been on-going over the last number of months to help strengthen our controls in this area, and to put forward an action plan to implement ASM's recommendations. The following developments have been made:</p> <ul style="list-style-type: none"> • The Assistant Director of Finance has been holding monthly meeting with the Accounts Payable team and Purchasing Unit to discuss progress and ways forward. • A Council wide matrix has been put in place for purchase order requisitions and invoice approvals. A test run is currently underway for the Corporate Services Directorate and results have been positive. • A new process has currently been put in place for the recruitment of agency staff. A contract has been awarded to a supplier who specialise in recruiting Agency Staff therefore strengthening our controls around recruitment and in relation to paying and approving the invoices related to agency staff. • ASM are completing a further review of Purchasing, Procurement and Contract Management review in December 2017. The Terms of Reference have been agreed. <p>In addition to this, a recent working group has been set up to ensure that controls are strengthened around the procurement of works, good and services within the Council.</p> <p>The working group consists of the:</p> <ul style="list-style-type: none"> • The Director of Corporate Services; • Assistant Director of Finance;

	<ul style="list-style-type: none"> • Assistant Director of Estates; • Purchasing Manager; and • Audit Services Manager <p>The working group met on the 18 September 2017 and the meeting produced a number of actions including:</p> <ul style="list-style-type: none"> • Business Case template to be created based on value; • A template standard suite of documents to be created including; invitation to quote, terms and conditions and post project evaluations; • Training to be arranged for staff on the preparation of business cases, E-hub training, how to evaluate tenders and chair an evaluation panel and contract management; • Contracts register to be updated; and • Payment / Purchases exercise to be completed to see who the Councils top ten suppliers are in with regards to payments made and purchase orders placed via e-Hub. <p>The working group will meet in one month's time to discuss progress made and assign new actions.</p>
3.0	Recommendations:
3.1	Audit Committee members to note progress being made from last committee.
4.0	Resource implications
4.1	A number of the actions contain significant resource implications in officer time.
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	None

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Code of Conduct for Local Government Employees
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Decisions required:	
Members are asked to note the contents of the report	
1.0	Purpose and Background:
1.1	<p>The Purpose of the paper is to provide the Audit Committee with evidence that staff within the Council know their responsibilities in relation to fraud, corruption and declaring conflicts of interest.</p> <p>The Code of Conduct for Local Government Employees represents the minimum standards of behaviour expected from council employees.</p>
2.0	Key issues:
2.1	<p><u>Fraud</u> The code states '<i>Employees must be aware that it is a serious criminal offence for them to receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in his/her official capacity. If an allegation is made it is for the employee to demonstrate that any such rewards have not been corruptly obtained.</i>' This section of the code complements the revised NMDDC Anti-Fraud Policy and Fraud Response plan which has been effective from the 1 June 2017.</p> <p><u>Whistleblowing</u> The Code states '<i>If an employee becomes aware of activities which he/she believes to be illegal, improper, unethical or otherwise inconsistent with this Code, the employee should report the matter, acting in accordance with the employee's rights under the Public Interest Disclosure Act 1998, and with the Council's confidential reporting procedure, or any other procedure designed for this purpose.</i>' This section of the code complements the revised NMDDC Whistleblowing Policy which has been effective from the 1 June 2017.</p> <p><u>Conflicts of Interest</u> The Code states that '<i>staff are required to conduct themselves with integrity, impartiality and honesty and their private interests should not be such as to have the potential for allegations of impropriety or partiality to be sustained, thereby bringing the Council into disrepute</i>'. The Code requires that employees regularly review their personal circumstances and take steps to deal with any potential conflict of interest.</p>

	<p>The Council uses a combination of voluntary and mandatory disclosures in order to create a reasonable approach in terms of extent of application and ensure a balance is struck between fairness for employees and robustness to protect the Council in the event of challenge. Directors, Assistant Directors and Heads of Service are all required to complete a mandatory declaration and Council's Head of Legal Administration has completed this for all posts filled so far. The next stage was rolling out mandatory declarations for those in posts deemed 'high risk'. This will include officers with enforcement powers, those responsible for planning decisions, procurement staff and those responsible for evaluating any applications for funding. This stage has already begun and will be progressed as posts are filled throughout the structure. The final stage will be encouraging those not required to complete a mandatory declaration to complete a voluntary declaration.</p> <p><i>Staff awareness of Code of Conduct and Policies</i></p> <p>Any staff member who has accepted a post within NMDDC must sign '<i>statement of main terms and conditions of employment</i>' which states '<i>your continued employment is subject to adherence to the Code of Conduct for Local Government Employees. This document is available from Human Resources.</i>' Once in post every new start has to attend a corporate induction where the Code of Conduct is highlighted within the presentation and each attendee is given a hard copy of the code.</p> <p>As a suite of new/revised policies have been rolled out, compulsory training has been scheduled for all staff in October and November 2017 at numerous sites. This training will cover fraud, whistleblowing, gifts and hospitality, conflicts of interest and complaints. This training will be delivered jointly by the Council and NIAO. A training session will also be recorded and the plan is that this presentation will be used in future Council inductions.</p>
3.0	Recommendations:
3.1	For noting by the Audit Committee
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	None

Report to:	Audit Committee
Date of Meeting:	26 September 2017
Subject:	Statement of Accounts 2016-17
Reporting Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Decisions required: For Noting	
Members are asked to consider the audited Statement of Accounts for 2016-17, including the Annual Governance Statement, and approve for signature by the Chief Executive and Council.	
1.0	Purpose and Background:
1.1	At the Audit Committee meeting of 29 June 2017 members were advised that draft accounts of Newry, Mourne and Down District Council were submitted to the NIAO to be audited. The NIAO audit is now nearing completion and an audited Statement of Account for 2016-17 is now presented for consideration.
2.0	Key issues:
2.1	No material year-end adjustments were recommended by the NIAO from the draft statement of accounts which were presented to the Audit Committee on the 29 June 2017.
3.0	Recommendations:
3.1	Members are asked to: <ul style="list-style-type: none"> • Note the status of the audit of the 2016-17 Statement of Accounts. • Approve the audited accounts, including the Annual Governance Statement for signature by the Chief Executive and Council.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	Appendix I: Statement of Accounts 2016-17

STATEMENT OF ACCOUNTS

Newry, Mourne and Down District Council

For the year ended 31st March 2017

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Newry, Mourne and Down District Council

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Narrative Report

An Introduction to Newry, Mourne and Down District Council

Newry, Mourne and Down District Council (The Council), is one of 11 District Councils which were established on the 1 April 2015. With a population of around 171,500 and a coastline of 100 miles, it is the third largest council area in Northern Ireland spanning from Crossmaglen in County Armagh to Saintfield in County Down. There are seven District Electoral Areas: Crottleive, Downpatrick, Newry, Rowallane, The Mournes, Slieve Croob and Slieve Gullion. We have approximately 934 employees working within the Council.

Newry, Mourne and Down District Council's Strategic Priorities

The Council published its Corporate Plan for the period 2015-2019, containing a vision for the District and setting out eight clear strategic objectives for the Council:

1. Become one of the premier tourism destinations on the island of Ireland
2. Attract investment and support the creation of new jobs
3. Support improved health and well-being outcomes
4. Protect our natural and built environment
5. Lead the regeneration of our urban and rural areas
6. Advocate on your behalf specifically in relation to those issues which really matter to you
7. Empower and improve the capacity of our communities
8. Transform and modernise the Council, providing accessible as well as value for money services.

The Council has five core values which are fundamental to everything we do. These are to be:

- Citizen Focused – Actively encourage citizens and community engagement, as well as being a listening and responsive Council.
- Accountable – We will make decisions based on an objective assessment of need and operate in a transparent way as well as openly reporting on our performance.
- Collaborative – This means we will actively encourage and pursue working in partnership at all levels to deliver for our District.
- Sustainable – We will take into account the social, economic and environmental impacts of our decisions on current and future generations.
- Fair – This means we will proactively target actions at those which are marginalised in our community.

Significant Issues for 2017/18 and Beyond

External Factors

Economic and Political Climate – The current economic and political uncertainty means the Council faces significant financial challenges due to potential reductions in funding from Central Government along with cost pressures within services and greater volatility in financing. Significant challenges lie ahead for Councils which will have to make savings over the next number of years, sufficient to compensate for any additional cost pressures they face. These include those arising from general inflation, increases in demand for everyday services as the population grows, and increases in core costs such as national insurance, the National Living Wage and Pension Contributions.

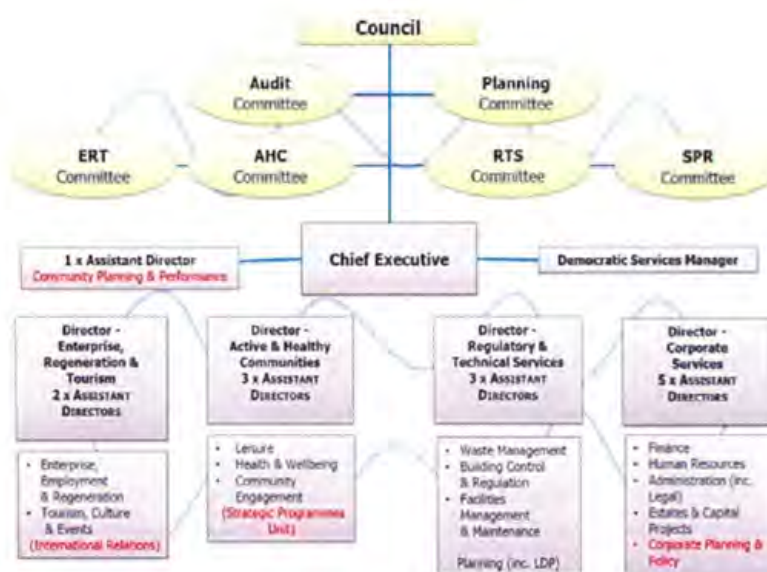
The Medium Term Financial Plan (MTFP) sets out the Councils approach to achieving a sustainable budget over the medium term whilst ensuring all revenue resources are directed towards corporate priorities. The MTFP describes the financial direction of the Council over the planning period and outlines the financial pressures it will face.

Brexit – Following the referendum result on the 23 June 2016 which meant that the UK was to leave the EU, the Prime Minister triggered Article 50 on the 29 March 2017 which formally began this process. The implications of leaving the EU are not fully known but there could be a potential impact for the Council due to reductions in EU funding, a change in interest rates, an increase in expenditure and an increase in the cost of basic goods which could impact on residents and businesses.

It is too early to understand the full implications of Brexit on jobs and investment in the District until trade negotiations begin. As there is still a degree of doubt, the risk associated with leaving the EU is not measurable. Council is working collaboratively to try to plan for and minimise the impact of Brexit on the District.

Internal Factors

Restructuring and Embedding Organisation Design – From the 1 April 2017 the number of departments within the Council were reduced from five to four. The decision of Council resulted in functions which previously sat within the Strategic Planning and Performance Directorate; being reallocated to the Active and Healthy Communities, Corporate Services, Economic Regeneration and Tourism Directorates and Chief Executive's Office. The Current organisational structure is shown in the diagram below:



Corporate Risks

The Council has an embedded process to manage any risks and assist with the achievement of its strategic objectives. The Corporate Risk Register plays an integral role in the delivery of the Corporate Plan and is subject to a quarterly review by Audit Committee, and a bi monthly review by the Senior Management Team. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact.

The Council's key corporate risks at the 31 March 2017 included:

1. Failure to develop and improve our tourism offering;
2. Failure to deliver the capital investment programme for the District;
3. Failure to deliver and implement a community plan and to empower and support our community;
4. Non-compliance with legislative requirements;
5. Failure to effectively manage waste;
6. Failure to provide accurate and timely planning decisions;
7. Failure to have necessary staffing structures and resourcing to deliver efficient and effective services;
8. IT Services do not support the Statutory, Strategic or Operational requirements of Council;
9. Failure to adequately plan for major incident;
10. Ineffective corporate communications (internal & external) impacts significantly on services and on reputation;
11. Failure to implement an economic development programme to regenerate the district and attract inward investment;
12. Legal & Financial uncertainties caused by the current economic and political climate; and
13. The Council may not prevent or detect fraud, bribery &/or corruption leading to financial loss & reputational damage.

Business Performance - Councils Achievements in 2016/17

Against a backdrop of reducing resources and changing demand it is critical that the Council continues to actively manage performance. The Council strives to provide the best services for people living in, working in and visiting NMDDC. To measure how we are doing and find where we need to improve, we monitor a set of key actions from our Corporate Plan.

Our key achievements during 2016/2017 included:

- Delivery on major programmes such as commencement of a £36 million investment in two state of the art Leisure Centres in Downpatrick and Newry;
- On-going implementation of the £11 million Rural Development Programme;
- We drew down over £2 million in external funding for the development and roll out of community engagement programmes;
- The economic value to our district of our key events was £9.5 million;
- We produced a Community Plan which sets out to create an environment that supports collaboration, where everyone can work together towards achieving agreed outcomes;
- We provided logistical support to 187 Community Groups from April – December 2016 as well as financial assistance towards the operation of 46 community centres;
- We formed 7 District Electoral Area (DEA) Fora, held 20 Public Meetings and developed 7 multi-faceted District Electoral Area Action Plans all underpinned by an inclusive engagement process with our local communities;
- We developed a new Play Strategy and Sports Facilities Strategy both of which will enhance the wellbeing of all our citizens across the generations;
- We lifted approximately 100,000 bins every week and we received and processed 3,350 Building Control applications;
- We delivered 150 environmental and sustainability education programmes; and
- We were successful in being awarded £4.25 million funding under the European Funding Peace IV Programme.

During 2017/2018 we will continue to deliver on our key projects and bring many of them to fruition and work together with all our partners, agencies, stakeholders and our citizens to achieve agreed outcomes for all.

Introduction to Financial Performance

The Council's financial performance for the year ended 31st March 2017 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2017 (the Code) and the Department for Communities Accounts Direction, Circular LG 10/2017. It is the purpose of this narrative report to explain, in an easily understandable way the financial facts in relation to the Council.

This Statement of Accounts explains Newry, Mourne and Down District Council's finances during the financial year 2016/17 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

The Movement in Reserves Statement

This Statement, as set out on page 24, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 25, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet

The Balance Sheet, as set out on page 26, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Financial Report

For the year ended 31 March 2017, the Council increased its General Fund reserve by £1,675k to £8,909k. The Council operated a deficit budget in the year of £410k funded from the Reserves. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £9,498k.

Expenditure on capital projects during the year amounted to £12.9m, the most significant spend was on vehicles and equipment £1m, Phase 2 of Newry Leisure Centre £5.8m, Down Leisure Centre £3.6m and Comlough Lake £1m.

For the 2016/17 year the Council had an authorised borrowing limit of £79.2m. This is based on the Council's forecast capital expenditure plans over the next four financial years. In conjunction with the Council's capital financing requirement of £84.3m, this ensures that the Council only borrows for capital purposes.

- (a) The extensive schedules and notes which make up this report help the user ascertain most of the major items which go to make up these accounts. Items of particular note will be highlighted in the statements below.
- (b) The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. Transactions relating to retirement benefits are included in note 21 to these accounts.
- (c) The revaluation account on the Balance Sheet has had a revaluation uplift by £2.2m to reflect the increase in value of Fixed Assets which were revalued upwards using indices provided by Land and Property Services less the realised element on the reserve.
- (d) There has been no significant changes in Accounting Policies from the prior year.
- (e) The Council has a £5 million overdraft facility with Danske Bank for short term needs. For capital spend the Council borrows monies from the Government Loans fund.
- (f) There have been no material events after the reporting date.
- (g) The Council updated its Minimum Revenue Provision (MRP) Policy for the estimates setting process for 2017/18 rates to ensure MRP is provided over the useful life of the asset.
- (h) The current economic and political uncertainty means Council faces significant financial challenges due to potential reductions in funding from Central Government along with cost pressures within services and greater volatility in financing. Brexit is also a major risk to the Council. It is too early to understand the full implications of Brexit on jobs and investment in the District until trade negotiations begin. As there is still a degree of doubt, the risk associated with leaving the EU is not measurable.

Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts

The Council's Responsibilities

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its chief financial officer and these arrangements shall be carried out under the supervision of its chief financial officer.

Under Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Council, or a Committee, is required by resolution, to approve the accounts.

These accounts were approved by the Chief Financial Officer on the 26th of September 2017.

The Chief Financial Officer's Responsibilities

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis, and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date, and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Newry, Mourne and Down District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively.

Newry, Mourne and Down District Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Newry, Mourne and Down District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Newry, Mourne and Down District Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how Newry Mourne and Down District Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables Newry, Mourne and Down District Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the local government body's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2017 and up to the date of approval of the financial statements.

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements include the following:

- identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.

The Council's primary channel of communication with its citizens and service users is its Corporate Plan. The current Corporate Plan spans the period 2015 to 2019 and has been widely disseminated, both online and in hard copy. The Corporate Plan was informed by a variety of internal and external engagements which sought to involve all relevant stakeholders. The Corporate Plan also benefitted from considerable Member input prior to it being formally adopted by Council. Council completed its first annual review of the Corporate Plan in June 2016, informed by a series of consultation workshops with a range of stakeholders. The Council has a dedicated website and facebook pages to support access to information by citizens and service users.

A key focus in 2016-17 has been the implementation of the Newry, Mourne and Down District Council Tourism Strategy. The Community Plan is also out in the community for consultation. The Regulatory and Technical Services Directorate has also rolled out the 'brown bin' service across the District.

- reviewing Newry, Mourne and Down District Council's vision and its implications for its governance arrangements.

The Corporate Plan for the period 2015 to 2019 sets out the Council's vision and the Corporate Risk Register identifies the main risks associated with achievement of Council's objectives. Both these documents are kept under review, particularly in the context of Council's statutory performance improvement duty.

A Corporate Risk Management Policy was formally adopted by Council in March 2016. The Policy outlines the key governance arrangements to ensure Council effectively manage the risks faced in achieving its objectives. This Corporate Risk Register is reviewed by Senior Management Team bi-monthly and by Audit Committee quarterly. Directorate Risk Registers are now also in operation and are used to inform the Corporate Risk Register. During 2017-18, the risk management arrangements will be further enhanced to ensure that the Corporate Risk Register will be informed by both directorate and service risk registers. The Risk Management Policy will also be updated.

- measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with Newry, Mourne and Down District Council's objectives and for ensuring that they represent the best use of resources.

The Council strives to operate in an efficient, effective, economic and ethical manner. It has established arrangements to secure continuous improvements in line with the Local Government Act (NI) 2014. Council has complaints procedures in place across its services.

The Council measure the quality of its services through a variety of means including:

- o Leisure customer surveys;
- o Market research techniques, surveys, formal consultation processes;
- o Feedback
- o Complaints;
- o Reporting & Benchmarking.

- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The main decision making committee is full Council. Council meetings are led by the Council Chair and Council meets on a monthly basis. Their work is supported by a Committee structure with decisions taken by Committees subject to ratification by full Council. The Constitution sets out the rules and procedures to be followed by Council and Committees when conducting their business in accordance with the law. It contains the standing orders and schemes of delegation which delineates areas of delegated authority.

Job descriptions and responsibilities are in place for all Council positions including all senior officer roles, which clearly define and document the roles and responsibilities of senior officers.

- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.

Council defined the standards of behaviour for Members and staff within its standing orders, Member's Code of Conduct and Employee Code of Conduct. The Members and staff must comply with their respective Codes of Conduct. A number of briefing sessions were held for staff to inform them of the revised Code of Conduct and induction training was provided to Members during the year. The Northern Ireland Local Government Code of Conduct for Councillors came in to force in May 2014 and all councillors have signed up to this. All Members, Senior Management Team and Corporate Management team have completed a declaration of conflicts of interest during 2016-17. The Register of Members Interests and the Chief Executives is published on the website to aid transparency. All policies are available on the Council's internet and refresher training will be provided as these are updated.

- reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

Council has a Constitution which is regularly reviewed and revised, as and when required to reflect changes brought forward by the Department for Communities or any internal Council reviews. The Constitution is available on the Council's website. The Constitution contains schemes of delegation which clearly outlines areas of delegated authority. The Council approved a risk management policy in March 2016 which outlines the key processes to be undertaken to effectively manage risk.

- undertaking the core functions of an Audit Committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.

The Audit Committee comprises ten Members of Council and is chaired by an independent Chairperson. The Audit Committee produced an annual report in relation to the work undertaken by the Committee during the 2016-17 year. The Audit Committee also has a Terms of Reference.

The independent Internal Audit service operates in compliance with the Public Sector Internal Audit Standards. The Audit Committee operates in compliance with the CIPFA Audit Committee guidance notes issued in 2013 and undertakes an annual review of its effectiveness and performance. Training and updates are provided to new members of the Committee.

- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Compliance with laws and regulations is primarily ensured through operation of internal policies and procedures. Council also has access to advice from a range of sources, including in house legal advice and more specialist advice from the Council's Solicitor. All Officers and elected Members are required to act in compliance with Council policies and procedures, and their respective Codes of Conduct while carrying out their duties and to declare any conflicts of interest.

- whistle-blowing and for receiving and investigating complaints from the public.

Council has a Whistle blowing policy designed for employees to raise concerns in the knowledge that they will be protected by the safeguards of the Public Interest Disclosure (Northern Ireland) Order 1998. Public concerns are also addressed through the elected Members who bring the issues to Council for review. The Whistleblowing Policy was revised and was approved by Council in May 2017. The Anti-Fraud Policy and Fraud response plan was revised simultaneously. The Policies are maintained on the Council's internal network and are available to all staff and members of the public. The Council has a complaints procedure in place across its various activities. Complaints management training was provided to staff in 2016-17.

- identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.

Council continued to deliver elected Members' capacity building programme throughout 2016-2017. This included topics relating to the planning function, tailored specifically for the identified needs of the Council's Planning Committee Members; Community Planning; procurement, fraud and bribery; ethnic awareness; Prudential Code; TBUC (community planning, good relations, equality statutory duties and race relations).

The Council was successful in its application for re-accreditation of the N Ireland Charter for Elected Member Development. The Council continues to offer the Elected Member accredited training programme which facilitates members interested in undertaking course of study to enhance their own individual learning and personal development through the Local Government Training Programme. The Elected Member Development Working Group continues to meet on a regular basis and has sustained continuity of membership, which has cross party representation.

A Learning and Development policy for officers was introduced in January 2017. Work is continuing on the development of an eLearning system for Members and staff which will provide an alternative to, and supplement, more traditional classroom style training.

- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Council ensures that clear channels of communication are in place and engages in regular meetings with the community and voluntary sector and with the public. It both welcomes and encourages feedback from stakeholders. In addition to the monthly meeting of full Council, Special Meetings of Council are also held monthly focused specifically on presentations from external bodies. All minutes of public meetings of the Council and its committees are available on the website, with audio recording of committees available during 2016-17 to further enhance transparency and accountability. Work is ongoing currently to develop and enhance our website to further enhance our digital communications.

The Local Government Act (NI) 2014 legislated the Council's general power of competence enabling a Council to take any action it considered appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their District.

Review of Effectiveness

Newry Mourne and Down District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within Newry Mourne and Down District Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- the Members: The main decision making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council officers.
- the Senior Officers: The Chief Executive ensures that all Council services and activities are delivered in accordance with the aims of the Council's Corporate Plan. The Chief Executive is supported by a Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. During 2016-17 a meeting of the Corporate Management Team (Assistant Directors), chaired by a Director took place monthly. Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed. Every quarter Assurance Statements are completed at both Assistant Director and Director level to give the Chief Executive assurance over the controls that are in place and also make the Chief Executive aware of any of the risk arising which may have a negative impact on the Council.
- the Audit Committee: The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on five occasions during 2016/17.
- By Internal Audit: The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Seven internal audit assignments were carried out in 2016/17.
- other:
By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
The NAO provides an external audit opinion on the accounts and may comment on the Annual Governance Statement if they do not consider its contents to be consistent with their understanding.

We have been advised on the review of effectiveness of the governance framework by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Role of Chief Financial Officer

The Council's financial management arrangements do not conform with the requirements of the CIPFA Statement on the Chief Financial Officer in Local Government (2010). In line with the disclosure required by the Application Note to delivering Good Governance in Local Government: A Framework (2010), it is noted that the Chief Executive is not a professionally qualified accountant but is considered suitably experienced and has access to advice and support from professionally qualified accountants.

Significant Governance Issues

Internal Audit conducted seven reviews during the 2016-17 year. Six Internal Audit Reviews received a satisfactory assurance rating. The Fleet Management report received Limited Assurance rating. Internal Audit also undertook a follow up review of recommendations made in their 2015/16 reviews. The review identified that, out of the 42 accepted recommendations, 26 recommendations were fully implemented, 9 recommendations were partially implemented, 2 recommendations were not implemented, and the remaining 5 recommendations were no longer relevant.

The internal audit assurance work as detailed in the Internal Audit Plan for 2016/17 approved by the Audit Committee on 28 April 2016 and revised on 8 December 2016 was completed in full.

Internal Audit's Annual Opinion during the period from 1 April 2016 to 31 March 2017 was that the Council's systems in relation to internal control, risk management and governance were adequate and operated effectively and provided satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives.

The Audit Services Manager will continue to follow up on the 2015-16 Internal Audit Recommendations which have not yet been implemented, and will also follow up on the 2016-17 recommendations prior to the Independent Internal Auditor carrying their follow up review during 2017-18. The progress on the implementation on Internal Audit recommendations will be reported at each Audit Committee.

In addition to those areas notes by Internal Audit above, the following governance issues have been identified:

- We have concerns regarding the internal control processes in relation to procurement and contract management. Internal Audit gave purchasing, procurement and contract management a limited assurance rating during the 2015-16 year. There has been limited progress in implementing the recommendations made in 2015/16 report. There is also a further investigation into a specific procurement which relates to the Legacy Newry and Mourne Council and this investigation is currently on-going. As a consequence a full internal audit of purchasing, procurement and contract management has been scheduled for the end of the 2017-18 financial year. Currently management are meeting with the Procurement Unit and Accounts Payables team monthly to get a new Purchasing Policy in operation and ensure that the financial and procurement system link properly.
- Delivery of the Capital Programme (particularly the new Leisure Centres) and the long term financial sustainability of the Council continue to be economically challenging. To reduce this risk the Council has devised a four year capital plan, which was approved by Council in February 2017. This will be reviewed annually by officers and by Council.
- We are currently undertaking an IT transformation project to enhance our IT services. This is a long term project and until a time when the IT Strategy is fully implemented, we are actively working at managing our risk in this area and ensuring our current IT systems and IT security is sufficiently robust to meet the needs of the organisation.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Date 26/09/2017

Signed

Date 26/09/2017

By the Chairperson on behalf of Newry, Mourne and Down District Council and by the Chief Executive

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

Allowances are payable by councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, which came into operation on 1 April 2012.

Following a review of allowances, carried out by an independent Councillors' Allowances Remuneration Panel, which was appointed in May 2013, the then Minister of the Environment advised the Northern Ireland Assembly in a written statement of the new levels of allowances applicable for councillors from 1 April 2015.

A consolidated document on Guidance and determinations on Councillors' Allowances applicable from 1 April 2017 were issued by the Department for Communities on January 2017. The determinations and rates have been updated in LG 03/2017. Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Newry Mourne and Down District Council had 41 councillors in 2016/17.

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the Executive Management Team/Senior Management Team.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

ALLOWANCES PAID TO COUNCILLORS

The total amount paid to Councillors by way of allowances, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 was:

Table 1: Total Allowances paid to councillors (audited information)

Allowance	2016/17		2015/16	
	Total Allowances	Number of	Total Allowances	Number of
Basic Allowance	583,990	44	582,198	41
Special Responsibility	69,969	28	70,001	20
Chairperson/Deputy	19,770	1	15,628	1
Vice Chairperson/	6,170	1	10,312	1
Mileage Allowance	69,621	37	79,863	41
Public Transport and Other Travel	14,089	23	-	-
Subsistence	2,585	8	7,897	10
Courses/	16,486	19	6,393	20
Dependents' Carers	-	-	-	-
TOTAL ALLOWANCES	782,680		772,292	

Details of the allowances paid to individual councillors in 2016/17 are published on the council website. The 44 Councillors paid during the year included 3 leavers/starters. Leavers: Harold McKee 06/05/2016, Colin McGrath 06/05/2016, Patrick Clarke 20/10/2016. Starters: Jill McCauley 31/05/2016, John Trainor 01/06/2016, Andrew McMurray 16/11/2016.

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Executive Management Team/Senior Management Team. The following table provides details of the remuneration paid to senior employees in 2016/17:

Table 2: Remuneration (including salary) (audited information)

Officers	2016/17				2015/16			
	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total
Mr Liam Hannaway Clerk & Chief Executive	115-120	0	100	115-120	110-115	0	100	110-115
Mr Edwin Curtis Director of Strategic Planning & Performance	80 - 85	0	400	80 - 85	85-90	0	400	85-90
Mr Michael Lipsett Director of Active Health & Communities	80 - 85	0	100	80 - 85	75-80	0	100	75-80
Mr Canice O'Rourke Director of Regulatory & Technical Services	80 - 85	0	100	80 - 85	75-80	0	100	75-80
Mrs Marie Ward Director of Enterprise, Regeneration & Tourism	80 - 85	0	100	80 - 85	70-75 (75-80 full year equivalent)	0	100	70-75 (75-80 full year equivalent)
Mrs Dorinnia Carville Director of Corporate Services (from 01/04/2016)	75 - 80	0	100	75 - 80				
Mr Robert Dowe Director of Finance (until 08/04/2016)	0 - 5 (75 - 80 full time equivalent)	0	0	0 - 5 (75 - 80 full time equivalent)	75 - 80	0	200	75 - 80
Mr John Farrell Director of Environmental Health (until 08/04/2016)	0 - 5 (75 - 80 full time equivalent)	0	0	0 - 5 (75 - 80 full time equivalent)	75 - 80	0	200	75 - 80

*Mr Canice O'Rourke retired on the 30 June 2017.

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Councils workforce.

Table 3: Relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Councils workforce (audited information)

	2016/17	2015/16
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£115-£120k	£110-£115k
Median Total Remuneration	£20,223	£19,167
Ratio	5.74	5.87

In 2016/17, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

Total remuneration includes salary, bonus payments and benefits in kind.

Salary

"Salary" includes gross salary, overtime, and any gratia payments

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2016/17 relate to performance in 2016/17.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Exit Packages for staff

The number of exit packages provided to all staff by the Council during 2016/17, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 4: Exit Packages in 2016/17 (audited information)

Severance Package Cost Band	2016/17			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	1	1	13,538
£20,001 - £40,000	0	2	2	61,288
£40,001 - £60,000	0	3	3	166,603
£60,001 - £80,000	0	1	1	61,030
£80,001 - £100,000	1	1	2	162,080
£100,001 - £150,000	0	1	1	108,877
£150,001 - £200,000	0	0	0	0
£200,001 - £250,000	0	0	0	0
Total	1	9	10	573,417

Please note: A payment of £57,670 was made to Armagh, Banbridge & Craigavon Borough Council as contribution towards redundancy of an officer which is not included in the above table.

Severance Package Cost Band	2015/16			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	0	0	0
£20,001 - £40,000	0	1	1	28,543
£40,001 - £60,000	0	4	4	209,138
£60,001 - £80,000	0	4	4	263,830
£80,001 - £100,000	0	5	5	445,200
£100,001 - £150,000	0	2	2	234,542
£150,001 - £200,000	0	1	1	156,977
£200,001 - £250,000	0	3	3	678,568
Total	0	20	20	2,016,798

Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) which is a funded defined benefit pension scheme, which provides retirement benefits for council employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

Councillors have been able to join the Scheme since May 2011. The Scheme application is modified to reflect the fact that councillors hold an elected office. Councillor members have always accrued pension on a career average basis. Prior to 1 April 2015 pension was accrued at a rate of 1/60th and thereafter at a rate of 1/49th.

The Scheme is funded by contributions made by both employees/councillors and employers. Prior to 1 April 2009, a member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2016, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £14,000	5.50%
2	£14,001 - £21,300	5.80%
3	£21,301 - £35,600	6.50%
4	£35,601 - £43,000	6.80%
5	£43,001 - £85,000	8.50%
6	More than £85,000	10.50%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. The 2013 triennial valuation was undertaken as at 31 March 2013 and an employer contribution rate of 20% for those employers whose participation in the Scheme is deemed to be indefinite has been set for the following three years, effective from 1 April 2014:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2014 - 31 March 2015	20%
1 April 2015 - 31 March 2016	20%
1 April 2016 - 31 March 2017	20%

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2016/17 was £130,130.

The value of pension benefits of the senior management team of the Council accrued during the year was as follows:

Table 7: Pension Benefits of senior staff in 2016/17 (audited information)

Officers	Accrued Pension at pension age as at 31/3/17	Real increase in pension and related lump sum at pension	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV
Mr Liam Hannaway Clerk & Chief Executive	55 - 60 plus lump sum of 120 - 125	3.0 - 3.5 plus lump sum of 5.0 - 5.5	1,074	1,001	57
Mr Edwin Curtls Director of Strategic Planning & Performance	35 - 40 plus lump sum of 75 - 80	1.5 - 2.0 plus lump sum of 0.0 - 0.5	765	715	37
Mr Michael Lipsett Director of Active Health & Communities	30 - 35 plus lump sum of 65 - 70	2.0 - 2.5 plus lump sum of 1.0 - 1.5	550	504	34
Mr Canice O'Rourke Director of Regulatory & Technical Services	10 - 15 plus lump sum of 10 - 15	1.0 - 1.5 plus lump sum of 0.0 - 0.5	246	221	20
Mrs Marie Ward Director of Enterprise, Regeneration & Tourism	10 - 15 with no lump sum	1.5 - 2.0 with no lump sum	101	84	10
Mrs Dorinnia Carville Director of Corporate Services, from 01/04/2016)	10 - 15 with no lump sum	10 - 15 with no lump sum	112	0	14
Mr Robert Dowey Director of Finance (until 08/04/2016)	30 - 35 with lump sum of 65 - 70	0.0 - 0.5 plus lump sum of (-0.0) - (-0.5)	666	667	-0.5
Mr John Farrell Director of Environmental Health (until 08/04/2016)	35 - 40 with lump sum of 80 - 85	0.0 - 0.5 plus lump sum of (-0.0) - (-0.5)	709	705	4

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Chief Executive
26 September 2017

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2017 on pages 26 to 88 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 30 to 54.

- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2017.

Chief Financial Officer

Date 26/09/2017

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council/Committee on 26 September 2017.

Chairperson

Date 26/09/2017

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Newry, Mourne and Down District Council

Movement in Reserves Statement for the year ended 31 March 2017

	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 1 April 2015	6,923,193	1,255,113	-	8,178,306	53,316,929	61,495,235
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(1,628,316)	-	-	(1,628,316)	-	(1,628,316)
Other Comprehensive Income and Expenditure	-	-	-	-	12,018,136	12,018,136
Total Comprehensive Income and Expenditure	(1,628,316)	-	-	(1,628,316)	12,018,136	10,389,820
Adjustments between accounting basis & funding under regulations	1,939,243	-	-	1,939,243	(1,939,243)	-
Net increase before transfers to Statutory and Other Reserves	310,927	-	-	310,927	10,078,893	10,389,820
Increase/ Decrease in year	310,927	-	-	310,927	10,078,893	10,389,820
Balance as at 31 March 2016	7,234,120	1,255,113	-	8,489,233	63,395,822	71,885,055
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(2,194,672)	-	-	(2,194,672)	-	(2,194,672)
Other Comprehensive Income and Expenditure	-	-	-	-	(6,815,087)	(6,815,087)
Total Comprehensive Income and Expenditure	(2,194,672)	-	-	(2,194,672)	(6,815,087)	(9,009,759)
Adjustments between accounting basis & funding under regulations	3,869,642	-	-	3,869,642	(3,869,642)	-
Net increase before transfers to Statutory and Other Reserves	1,674,970	-	-	1,674,970	(10,684,729)	(9,009,759)
Increase in year	1,674,970	-	-	1,674,970	(10,684,729)	(9,009,759)
Balance as at 31 March 2017	8,909,090	1,255,113	-	10,164,203	52,711,093	62,875,296

Newry, Mourne and Down District Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

Service Expenditure	Notes	2016/17			2015/16		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Leisure and Recreational Services	2	26,112,590	4,239,992	21,872,598	25,019,493	5,059,847	19,959,646
Environmental Services	2	24,853,947	1,818,380	23,035,567	24,393,107	2,313,036	22,080,071
Planning and Development Services	2	8,020,618	4,451,656	3,568,962	6,726,472	4,022,074	2,704,398
Highways and Transport Services	2	598,517	638,585	(40,068)	532,506	557,822	(25,316)
DRM and Corporate Management	2	2,195,246	36,567	2,158,679	2,510,578	69,833	2,440,745
Other Services	2	4,309,027	2,017,402	2,291,625	5,726,550	1,379,594	4,346,956
Cost of Services on Continuing Operations		66,089,945	13,202,582	52,887,363	64,908,706	13,402,206	51,506,500
Other Operating Expenditure	7	52,943	155,735	(102,792)	-	-	-
Financing and Investment Income and Expenditure	8	2,850,601	213,661	2,636,940	3,082,383	82,634	2,999,749
(Surplus) or Deficit on Discontinued Operations				-			-
Share of Operating Results of associates and joint ventures		-	-	-	-	-	-
Net Operating Expenditure		68,993,489	13,571,978	55,421,511	67,991,089	13,484,840	54,506,249
Taxation and Non-Specific Grant Income	9	-	53,226,839	(53,226,839)	-	52,877,933	(52,877,933)
Surplus/(Deficit) on the Provision of Services		68,993,489	66,798,817	(2,194,672)	67,991,089	66,362,773	(1,628,316)
Surplus/(Deficit) on revaluation of non-current assets	10			2,738,182			5,376,894
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	26			-			-
Remeasurements of the Net Defined Benefit (Liability)/ Asset	20			(9,553,269)			6,641,242
Other Comprehensive Income and Expenditure				(6,815,087)			12,018,136
Total Comprehensive Income and Expenditure				(9,009,759)			10,389,820

Newry, Mourne and Down District Council
Balance Sheet as at 31 March 2017

	Note	31st March 2017	31st March 2016
		£	£
Fixed Assets	10	156,750,850	147,797,978
Long Term Investments	15	-	-
Investment in Associates and Joint Ventures	0	-	-
Long Term Debtors	14	603,680	690,169
LONG TERM ASSETS		157,354,530	148,488,147
Short Term Investments	15	-	-
Inventories	13	409,790	349,951
Short Term Debtors	14	5,369,808	6,363,888
Cash and Cash Equivalents	24	7,806,689	12,946,658
Assets Held for Sale	10	575,000	-
CURRENT ASSETS		14,161,287	19,660,497
Bank Overdraft	24	986,177	1,275,301
Short Term Borrowing	16	5,350,470	5,204,471
Short Term Creditors	17	10,199,762	10,180,051
Provisions	18	143,748	146,343
CURRENT LIABILITIES		16,680,157	16,806,166
Long Term Creditors	17	-	-
Provisions	18	3,757,476	3,669,565
Long Term Borrowing	16	54,183,888	52,997,858
Other Long Term Liabilities	20	34,019,000	22,790,000
Donated Assets Account	21	-	-
Capital Grants Receipts in Advance	22	-	-
LONG TERM LIABILITIES		91,960,364	79,457,423
NET ASSETS		62,875,296	71,885,055
USABLE RESERVES			
Capital Receipts Reserve	25	-	-
Capital Grants Unapplied Account	25	-	-
Capital Fund	25	1,255,113	1,255,113
Renewal and Repairs Fund	25	-	-
Other Balances and Reserves	25	-	-
General Fund	25	8,909,090	7,234,120
		10,164,203	8,489,233
UNUSABLE RESERVES			
Capital Adjustment Account	26	52,120,219	48,301,310
Financial Instruments Adjustment Account	26	-	-
Revaluation Reserve	26	35,064,168	38,351,670
Available for Sale Financial Instruments Reserve	26	-	-
Pensions Reserve	26	(34,019,000)	(22,790,000)
Capital Receipts Deferred Account	26	-	-
Accumulated Absences Account	26	(454,294)	(467,158)
Landfill Regulations Reserve	26	-	-
Provisions Discount Rate Reserve	26	-	-
		52,711,093	63,395,822
NET WORTH		62,875,296	71,885,055

Newry, Mourne and Down District Council
Cash Flow Statement at 31 March 2017

	Note	2016/17	2015/16
		£	£
Net Deficit on the provision of services		(2,194,672)	(1,628,316)
Adjustment for non-cash movements		6,537,480	11,793,445
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(479,584)	(1,851,535)
Net cash flows from operating activities	24	3,863,224	8,313,594
Cash flows from Investing Activities	24	(10,046,099)	(799,361)
Net Cash flows from Financing Activities	24	1,332,030	1,316,705
Net increase or decrease in cash and cash equivalents		(4,850,845)	8,830,938
Cash and cash equivalents at the beginning of the reporting period		11,671,357	2,840,419
Cash and cash equivalents at the end of the reporting period		6,820,512	11,671,357

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and the Service Reporting Code of Practice 2016/17 (SeRCOP), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Summary of Significant Accounting Policies

ij) Accruals of Income and Expenditure

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) **Acquisitions**

Newry, Mourne and Down District Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.

iv) **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

v) **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

vi) **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

viii) Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of:

- a) when the offer cannot be withdrawn or
- b) when the related restructuring costs are incurred.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The majority of the Employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. As a result of Local Government Reform on the 1st April 2015, staff transferred from Central Government to the Council are members of the Northern Ireland Civil Service Pension Scheme. The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31st March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Account as at 31st March 2017.

The Northern Ireland Local Government Officers' Pension Fund

The Northern Ireland Local Government Officers' Pension Fund is accounted for as a defined benefits scheme.

The liabilities of the Northern Ireland Local Government Officers' Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of x% (based on the indicative rate of return on high quality corporate bonds on the iBoxx Sterling Corporate Index, AA over 15 years with recently re-rated bonds removed from the index).

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

The change in the net pensions liability is analysed into seven components:

Within the Cost of Services

Current Service Cost – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period.

Past Service Cost – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

Any Gains or Losses on Settlement – (where applicable) arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

Within Financing and Investment Income and Expenditure

Net Interest on the Net Defined Benefit Liability (Asset) – the change in the net defined benefit liability (asset) that arises from the passage of time.

Within Other Comprehensive Income and Expenditure (Remeasurements)

The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Actuarial Gains and Losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

Any change in the Effect of the Asset Ceiling – (where applicable) excluding amounts included in the Net Interest on the Net Defined Benefit Liability (Asset).

Within the Movement in Reserves Statement Appropriations

Contributions by Scheme Participants – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

Contributions by the Employer - the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

Council employees who transferred from Central Government on 1st April 2015 as a result of Local Government reform, are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

ix) **Events After the Balance Sheet Date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- a. those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- b. those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

x) **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

xi) **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the District Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Additional policy detail required where a Council has entered into financial guarantees or has financial liabilities at fair value through profit or loss (such as derivatives).

Financial Assets

Financial assets are classified into two types:

- a. loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- b. available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the District Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- a. instruments with quoted market prices – the market price
- b. other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xiii) **Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xiv) **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- a. the Council will comply with the conditions attached to the payments, and
- b. the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xv) **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi) Inventories & Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long Term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

xvii) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the District Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xviii) Landfill Allowance Scheme

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

xix) **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets

The Council as Lessee - Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise district rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Council as Lessor - Finance Lease

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and
- b. finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council as Lessor - Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xx) **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale. Additional policy detail required where a Council is carrying a disposal group as an Asset Held for Sale.

If assets no longer meet the criteria to be classified as Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against district rates, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xxi) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

a. Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

b. Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xxii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- a. the purchase price
- b. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- a. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.
- b. where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- buildings and infrastructure assets are depreciated on their value at the most recent valuation over the estimated remaining life of the asset as advised by the valuer; depending on the type of building, installation or fitting the maximum useful life will be in the range 1 to 55 years.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation is only applicable to larger value land and buildings or equipment assets.

Revaluations

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xxiii) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations they would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

Heritage Assets are stated in the Balance Sheet at Insurance Valuation or Historic Cost

xxiv) Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

xxv) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxvi) Charges to Revenue for Non-Current Assets

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- a. depreciation attributable to the assets used by the relevant service
- b. revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- c. amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by minimum revenue provision [MRP] in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxvii) **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

xxviii) **Value Added Tax**

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.

xxix) **Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

* Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that

the authority can access at the measurement date

* Level 2 – inputs other than quoted prices included within Level 1 that are observable for

the asset or liability, either directly or indirectly

* Level 3 – unobservable inputs for the asset or liability.

b **Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

Accounting and Reporting by Pension Funds – Investment Transaction Costs

In the 2016/17 Code CIPFA/LASAAC indicated its intention to mandate the recommended disclosure on pension fund investment transaction costs.

After consultation, CIPFA/LASAAC agreed to proceed with the transaction costs disclosure to elevate concerns regarding the transparency of pension fund management expenses generally. Transaction costs are clearly defined in IFRS (in IAS 39 Financial Instruments: Recognition and Measurement and IAS 40 Investment Property). The requirement for disclosure on transaction costs has been included in the 2017/18 Code of Practice.

Amendment to the disclosure of investment asset concentration

In a review of application guidance on pension fund reporting, CIPFA/LASAAC considered that the information required under IAS 26 no longer provided materially relevant disclosures and therefore the disclosure regarding defined benefit pension fund at paragraph 6.5.5.1 of 2017/18 Code of Practice refers to 'Details of any single investment exceeding either 5% of the net assets available for benefits, this is consistent with the approach in the Financial Reports of Pension Schemes – A Statement of Recommended Practice 2015.

The above Accounting Standards that have been issued but not yet adopted have no material impact on the financial statements of Newry, Mourne and Down District Council.

c. **Critical Judgements in Applying Accounting Policies**

In applying accounting policies set out from 1a below the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

d. **Assumptions Made About the Future and Other Major Sources of Estimation**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

2 Segmental Reporting

a Segmental Reporting Analysis

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the Service Reporting Code of Practice. The segmental reporting notes within the financial statements are based on the summary first page of the General Fund – Service Income and Expenditure Analysis in the Department for Communities' Accounts Direction.

The General Fund – Service Income and Expenditure Analysis as presented to the Department for Communities is as follows:

Services	2016/17			2015/16		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Culture and Heritage	3,042,650	(305,708)	2,736,942	3,069,101	(270,970)	2,798,131
Recreation and Sport	14,471,775	(2,201,999)	12,269,776	13,122,467	(2,539,280)	10,583,187
Tourism	4,773,097	(545,930)	4,227,167	4,564,136	(1,173,879)	3,390,257
Community Services	3,825,068	(1,186,355)	2,638,713	4,263,789	(1,075,718)	3,188,071
Leisure and Recreational Services	26,112,590	(4,239,992)	21,872,598	25,019,493	(5,059,847)	19,959,646
Cemetary, Cremation & Mortuary	610,542	(53,089)	557,453	561,784	(50,411)	511,373
Environmental Health	3,483,520	(553,173)	2,930,347	3,857,033	(623,272)	3,233,761
Flood Defence and Land Drainage	-	-	-	-	-	-
Public Conveniences	451,929	(819)	451,110	453,997	(7,836)	446,161
Licensing	168,675	(109,169)	59,506	210,633	(104,983)	105,650
Other Cleaning	3,309,071	(1,015)	3,308,056	3,350,344	(1,587)	3,348,757
Waste Collection	15,092,580	(1,031,462)	14,061,118	12,335,264	(1,179,174)	11,156,090
Waste Disposal	1,334,511	(45,873)	1,288,638	2,951,092	(325,450)	2,625,642
Other Community Assets	-	-	-	-	-	-
Minor Works	403,119	(23,780)	379,339	672,960	(20,323)	652,637
Environmental Services	24,853,947	(1,818,380)	23,035,567	24,393,107	(2,313,036)	22,080,071
Community Planning	291,388	-	291,388	-	-	-
Economic Development	2,582,696	(1,006,558)	1,576,138	2,059,701	(909,020)	1,150,681
EU Rural Development	123	(2,716)	(2,593)	-	(2,664)	(2,664)
Urban Regeneration and Community Development	194,832	(316,925)	(122,093)	407,575	(315,816)	91,759
Planning Policy	2,834,066	(2,013,423)	820,643	2,366,128	(1,736,511)	629,617
Development Control	-	-	-	-	-	-
Building Control	2,117,513	(1,112,034)	1,005,479	1,893,068	(1,058,063)	835,005
Environmental initiatives	-	-	-	-	-	-
Planning and Development Service	8,020,618	(4,451,656)	3,568,962	6,726,472	(4,022,074)	2,704,398
Off-street Parking Services	598,517	(638,585)	(40,068)	532,506	(557,822)	(25,316)
Highways and Transport Services	598,517	(638,585)	(40,068)	532,506	(557,822)	(25,316)
Democratic Representation and Management	1,119,395	(35,500)	1,083,895	1,108,872	(25,401)	1,083,471
Corporate Management	1,075,851	(1,067)	1,074,784	1,401,706	(44,432)	1,357,274
DRM and Corporate Management	2,195,246	(36,567)	2,158,679	2,510,578	(69,833)	2,440,745
Trading Services	286,741	(74,904)	211,837	292,505	(77,285)	215,220
Non Distributed Costs	1,763,551	(64,203)	1,699,348	3,952,557	(12,318)	3,940,239
Central Services to the Public	2,258,735	(1,878,295)	380,440	1,481,488	(1,289,991)	191,497
Other Services	4,309,027	(2,017,402)	2,291,625	5,726,550	(1,379,594)	4,346,956
CONTINUING OPERATIONS	66,089,945	(13,202,582)	52,887,363	64,908,706	(13,402,206)	51,506,500

b Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	2016/17	2016/17	2015/16	2015/16
	£	£	£	£
Net Cost of Services in Service Analysis		52,887,363		51,506,500
Items excluded from Service Analysis:				
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		52,887,363		51,506,500
Items included in Net Operating Expenditure excluded from Service Analysis:				
Other Operating Expenditure	(102,792)		-	
Financing and Investment Income and Expenditure	2,636,940		2,999,749	
Surplus or Deficit on Discontinued Operations	-		-	
		2,534,148		2,999,749
Net Operating Expenditure per the Comprehensive Income and Expenditure		55,421,511		54,506,249

3 Adjustment between an Accounting Basis and Funding Basis under Regulations

Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

Notes	2016/17		2015/16	
	£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:				
Impairments (losses & reversals) of non-current assets	-	-	-	-
Derecognition (other than disposal) of non-current assets	11	(0)	-	-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	(227,575)	(1,330,631)	
Depreciation charged in the year on non-current assets	11	6,156,066	5,928,491	6,626,165
Net Revenue expenditure funded from capital under statute	11		1,709,089	2,016,802
Carrying amount of non current assets sold	7	56,028	-	-
Proceeds from the sale of PP&E, investment property and intangible assets	24,26	(155,735)	(99,707)	-
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	26		-	-
Net charges made for retirement benefits in accordance with IAS 19	21		6,081,000	6,395,000
Direct revenue financing of Capital Expenditure	12,26		-	-
Capital Grants and Donated Assets Receivable and Applied in year	9b		(323,849)	(1,851,535)
Capital Grants Receivable and Unapplied in year	9c		-	-
Rates Claw-Back Reserve	26		-	-
Adjustments in relation to Short-term compensated absences	18		(12,864)	77,536
Adjustments in relation to Lessor Arrangements			-	-
Landfill Regulations Reserve Adjustment	26		-	-
Provisions Discount Rate Reserve Adjustment	26		-	-
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year				
Statutory Provision for the financing of Capital Investment	26		(5,007,248)	(5,585,336)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(4,405,269)	(4,408,758)
			3,869,642	1,939,243

b Net transfers (to)/from statutory and other earmarked reserves:					
		2016/17	0	2015/16	0
	Notes	£	£	£	£
Capital Fund					
Interest		-		-	
From Capital		-		-	
Other	26	-	-	-	-
Renewal and Repairs Fund					
Interest		-		-	
Other	26	-	-	-	-
Capital Receipts Reserve					
Interest		-		-	
Other	26	-	-	-	-
Other Funds and earmarked reserves					
Interest		-		-	
From Other funds		-		-	
Other	26	-	-	-	-
			-		-

4 Cost of Services on Continuing Operations

a General power of competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this with or without charge. The power of competence is not limited to benefitting the area or its residents nor is it limited by existing powers.

The Actual Expenditure under the power of competence amount to £0 during 2016/17 (£5,340 in 2015/16).

b External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2016/17	2015/16
	£	£
External Audit Fees - current year	63,000	65,000
External Audit Fees - prior year under-provided	-	19,700
Other Fees	17,755	-
	80,755	84,700

5 Operating and Finance Leases
Council as Lessor

a Finance Leases (Council as lessor)

The Council has no Finance leases (as lessor).

b Operating Leases (Council as lessor)

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £263,480. No contingent rents were recognised.

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease rentals receivable:				
No later than 1 year	138,216	-	208,679	-
Later than 1 year and no later than 5 years	223,628	-	411,500	-
Later than 5 years	258,950	-	308,217	-
	620,794	-	928,396	-

The assets leased by the Council to third parties are included in the following categories of Property, Plant and Equipment with carrying values of:

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Cost	1,589,953	-	916,668	-
Accumulated depreciation and impairments at 1 April	(90,762)	-	-	-
Depreciation charge for the year	(29,707)	-	(16,987)	-
Impairments	-	-	-	-
	1,469,484	-	899,681	-

Council as Lessee

c Finance Leases (Council as lessee)

The Council's vehicles are held under finance leases. The net carrying amount of the vehicles held under finance lease arrangements is £77,784 (2016 £99,258). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see Note 10c-leased assets). The rentals paid for vehicles held under finance leases totalled £112,008 (2016 £141,553).

	Within 1 year £	1 to 5 years £	After 5 years £	Total £
2016/17				
Finance leases payments	49,285	30,916	-	80,201
Less: finance charges	(5,959)	(3,014)	-	(8,973)
Net present value	43,326	27,902	-	71,228
2015/16				
Finance leases payments	91,678	80,201	-	171,879
Less: finance charges	(12,057)	(8,973)	-	(21,030)
Net present value	79,621	71,228	-	150,849

Included in the Balance Sheet as:	2017 £	2016 £
Current liabilities	43,326	79,621
Long term liabilities	27,902	71,228
Total	71,228	150,849

d Operating Leases (Council as lessee)

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease payments	172,886	-	229,702	15,164
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
Total	172,886	-	229,702	15,164

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease rentals payable:				
No later than 1 year	107,431	-	99,156	5,700
Later than 1 year and no later than 5 years	317,954	-	330,335	-
Later than 5 years	1,131,324	-	1,281,867	-
Total	1,556,709	-	1,711,358	5,700

6 Employee Costs and Member Allowances		
a Staff Costs		
	2016/17	2015/16
	£	£
Salaries and Wages	21,637,232	22,084,620
Employers NIC	1,930,194	1,353,289
Employers Superannuation	4,253,194	4,291,590
Total staff costs	27,820,620	27,729,499

In addition, agency costs during the year amounted to £2,176,135.

The Council's current contribution rate to NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		
	2016/17	2015/16
	FTE	FTE
Leisure and Recreation Services	256	287
Environmental Services	329	348
Planning and Development Services	46	51
Highways and Transport Service	1	-
Other	199	165
Total Number	831	851

	2016/17	2015/16
	Actual Numbers	Actual Numbers
Full-time numbers employed	726	740
Part-time numbers employed	208	214
Total Number	934	954

c Employees' Remuneration (Higher Paid)		
	2016/17	2015/16
	£	£
£50,001 to £60,000	14	13
£60,001 to £70,000	1	-
£70,001 to £80,000	1	5
£80,001 to £90,000	4	1
£90,001 to £100,000	-	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
Total Number	21	20

d Members' Allowances

	2016/17	2015/16
	£	£
Salaries	-	-
Basic allowance	583,990	582,198
Mayor's & Deputy Mayor's Allowance	25,940	25,940
Special Responsibility Allowances	69,969	70,001
Dependents' carers allowance	-	-
Employer costs	182,090	169,329
Mileage	69,621	79,863
Conferences and Courses	16,486	6,393
Travel & Subsistence Costs	16,674	7,897
Miscellaneous Costs	13,829	11,534
Severance Payments	-	-
Total	978,599	953,155

e Northern Ireland Civil Service Pension Arrangements

As a result of Reform on 1st April 2015, staff transferred from Central Government to the Council are members of the Northern Ireland Civil Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/3/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £257,896 were payable to the NICS pension arrangements at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31/3/2012 was completed by the Actuary during 2015-16. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The Council has no employees who have opted to open a partnership pension account.

One person retired early on ill-health grounds; there were no additional accrued pension liabilities in the year in respect of this.

7 Other Operating Expenditure

a Surplus/Deficit on Non-Current Assets (excl Investment Properties)

	2016/17	2015/16
	£	£
Proceeds from sale	(155,735)	-
Carrying amount of non-current assets sold (excl Investment Properties)	52,943	-
	<u>(102,792)</u>	<u>-</u>

b Other Operating Income/Expenditure

	2016/17	2015/16
	£	£
Income	-	-
Expenditure	-	-
	<u>-</u>	<u>-</u>

Other Operating Expenditure	2016/17	2015/16
	£	£
(Surplus) / Deficit on Non Current Assets	(102,792)	-
Other Operating (Income) / Expenditure	-	-
	<u>(102,792)</u>	<u>-</u>

8 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2016/17	2015/16
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	2,118,882	2,251,426
Commercial Loan Interest	-	-
Other interest (please specify)	-	-
	<u>2,118,882</u>	<u>2,251,426</u>

b Interest and Investment Income

	2016/17	2015/16
	£	£
Bank Interest	7,052	7,351
Employee car loan interest	3,899	3,569
NIHE Loan interest receivable	-	-
<i>Investment income on Fund Balances</i>		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other Investment income	-	-
	<u>10,951</u>	<u>10,920</u>

c Pensions interest costs

	2016/17	2015/16
	£	£
Net interest on the net defined benefit liability (asset)	701,000	809,000
	<u>701,000</u>	<u>809,000</u>

d Income, Expenditure and changes in Fair Value of Investment Properties

	2016/17	2015/16
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(119,577)	(71,714)
Expenditure	27,634	21,957
De-recognition in relation to amounts written off	-	-
<i>Net income from investment properties</i>	<u>(91,943)</u>	<u>(49,757)</u>
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	-	-
Carrying amount of investment properties sold	3,085	-
<i>(Surplus)/deficit on sale of Investment Properties:</i>	<u>3,085</u>	<u>-</u>
Changes in Fair Value of Investment Properties	<u>(83,133)</u>	<u>-</u>
	<u>(171,991)</u>	<u>(49,757)</u>

Financing and Investment Income and Expenditure	2016/17			2015/16		
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,118,882	-	2,118,882	2,251,426	-	2,251,426
Interest and Investment Income	-	(10,951)	(10,951)	-	(10,920)	(10,920)
Pensions interest cost	701,000	-	701,000	809,000	-	809,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	30,719	(119,577)	(88,858)	21,957	(71,714)	(49,757)
Changes in Fair Value of Investment Properties	-	83,133	83,133	-	-	-
	2,850,601	(47,395)	2,803,206	3,082,383	(82,634)	2,999,749

9 Taxation and Non Specific Grant Income

a Revenue Grants

	2016/17	2015/16
	£	£
General	(4,507,489)	(4,433,217)
Other	-	-
	<u>(4,507,489)</u>	<u>(4,433,217)</u>

b Capital Grants and Donated Assets - Applied

	2016/17	2015/16
	£	£
Government & Other Grants - Conditions met and applied in year	(323,849)	(1,851,535)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	<u>(323,849)</u>	<u>(1,851,535)</u>

c District Rates

	2016/17	2015/16
	£	£
Current year	(48,175,514)	(46,012,246)
Finalisation - previous year	(219,987)	(580,935)
Transitional Relief	-	-
Finalisation - other years	-	-
	<u>(48,395,501)</u>	<u>(46,593,181)</u>

Taxation and Non Specific Grant Income	2016/17	2015/16
	£	£
District Rate Income	(48,395,501)	(46,593,181)
Revenue Grants	(4,507,489)	(4,433,217)
Capital Grants and Contributions	(323,849)	(1,851,535)
	<u>(53,226,839)</u>	<u>(52,877,933)</u>

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

10 Fixed Assets

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	180,553,658	1,371,786	2,650,139	566,166	-	185,141,749
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2016	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	180,553,658	1,371,786	2,650,139	566,166	-	185,141,749
Additions	36,573	69,501	-	-	945,023	-	11,810,235	-	12,861,332	-	-	-	-	12,861,332
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	489,049	2,677,629	4,524	-	-	-	-	-	3,171,202	-	-	-	-	3,171,202
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	-	176,969	-	-	-	-	-	-	176,969	-	83,133	-	-	260,102
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition - Disposals	(52,943)	-	-	-	(2,700,101)	-	-	-	(2,753,044)	-	(3,085)	(116,537)	-	(2,872,666)
Recognition - Other	-	-	-	-	-	-	(87,125)	-	(87,125)	-	-	-	-	(87,125)
Reclassifications & transfers	1,141,227	576,677	-	-	3,332	-	(2,006,678)	-	(285,442)	-	-	285,442	-	-
Reclassified to (+) / from (-)	(575,000)	-	-	-	-	-	-	-	(575,000)	-	-	-	-	(575,000)
Balance as at 31 March 2017	24,795,807	126,605,572	221,304	5,501,137	17,225,650	57,668	15,383,273	3,272,139	193,062,550	1,371,786	2,730,187	735,071	-	197,899,594

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	-	37,343,771
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2016	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	-	37,343,771
Depreciation Charge	-	4,907,804	21,496	65,001	1,058,370	-	-	-	6,052,671	-	-	103,395	-	6,156,066
Depreciation written out on Revaluation Reserve	-	430,721	2,299	-	-	-	-	-	433,020	-	-	-	-	433,020
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	32,527	-	-	-	-	-	-	32,527	-	-	-	-	32,527
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	(2,700,101)	-	-	-	(2,700,101)	-	-	(116,537)	-	(2,816,638)
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	21,058,335	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746

Net Book Values

Balance as at 31 March 2017	24,795,807	105,547,237	126,675	100,003	3,132,531	57,668	15,383,273	3,272,139	152,415,333	1,371,786	2,730,187	233,542	-	156,750,848
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Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	23,602,544	101,539,552	216,780	5,501,137	18,174,085	57,668	16,304,682	3,272,139	168,668,587	1,371,786	2,650,139	566,166	-	173,256,678
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	23,602,544	101,539,552	216,780	5,501,137	18,174,085	57,668	16,304,682	3,272,139	168,668,587	1,371,786	2,650,139	566,166	-	173,256,678
Additions (Note 11)	-	3,074,066	-	-	259,060	-	1,275,101	-	4,608,227	-	-	-	-	4,608,227
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	(53,269)	5,901,619	-	-	-	-	-	-	5,848,350	-	-	-	-	5,848,350
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	1,428,494	-	-	-	-	-	-	1,428,494	-	-	-	-	1,428,494
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prerecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prerecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & transfers	207,626	11,161,065	-	-	544,251	-	(11,912,942)	-	-	-	-	-	-	-
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	180,553,658	1,371,786	2,650,139	566,166	-	185,141,749

b

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	-	9,716,945	49,674	5,271,132	14,625,001	-	-	-	29,662,752	-	-	485,535	-	30,148,287
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	9,716,945	49,674	5,271,132	14,625,001	-	-	-	29,662,752	-	-	485,535	-	30,148,287
Depreciation Charge	-	5,401,019	21,160	65,001	1,109,849	-	-	-	6,597,029	-	-	29,136	-	6,626,165
Depreciation written out on Revaluation Reserve	-	471,456	-	-	-	-	-	-	471,456	-	-	-	-	471,456
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	97,863	-	-	-	-	-	-	97,863	-	-	-	-	97,863
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	-	37,343,771

Net Book Values

Balance as at 31 March 2016	23,756,901	107,417,513	145,946	165,004	3,242,546	57,668	5,666,841	3,272,139	143,724,558	1,371,786	2,650,139	51,495	-	147,797,978
Balance as at 31 March 2017	24,795,807	105,547,237	126,675	100,003	3,132,531	57,668	15,383,273	3,272,139	152,415,333	1,371,786	2,730,187	233,542	-	156,750,848

Valuations

The last valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services for the legacy Council of Newry, Mourne District Council. The valuation at the same date for the legacy Council of Down District Council was carried out by RHM Commercial Ltd. Please refer to Note 1(xii) for further information on revaluation and depreciation policies.

The next valuation will be carried out on 31 March 2016, in the intervening period land and buildings have been revalued annually using appropriate property indices.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

10 c Intangible Assets

The Council also owns Intangible Assets which relates to market rights and purchased licensed software.

d Investment Properties

There were no additions in relation to acquisitions and enhancements.

Investment Properties	31/03/2017	31/03/2016
	£	£
Rental Income from Investment Activities	119,577	71,714
Direct Operating expenses arising from investment properties	(27,634)	(21,957)
Net gain/(loss)	91,943	49,757

e Heritage Assets

Works of Art and Civic Items

The Councils collection of Heritage Assets is reported in the Balance Sheet at Insurance Valuation or Historic Cost. These assets include museum artefacts, works of art and civic items. Ross' Monument is also included which is situated between Warrenpoint and Rostrevor.

f Long-Term Assets - Leased Assets

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2016	2,618,982	769,248	3,388,230
Additions	-	-	-
Disposals	-	-	-
At 31 March 2017	2,618,982	769,248	3,388,230
Depreciation			
At 1 April 2016	2,618,982	669,990	3,288,972
Disposals	-	-	-
Provided for year	-	-	-
At 31 March 2017	2,618,982	669,990	3,288,972
Net Book Value	-	99,258	99,258

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2015	2,618,982	769,248	3,388,230
Additions	-	-	-
Disposals	-	-	-
At 31 March 2016	2,618,982	769,248	3,388,230
Depreciation			
At 1 April 2015	2,520,329	662,264	3,182,593
Disposals	-	-	-
Provided for year	98,653	7,726	106,379
At 31 March 2016	2,618,982	669,990	3,288,972
Net Book Value	-	99,258	99,258

11 Capital Expenditure and Capital Financing

NOTE: The total Capital Expenditure incurred in the year (and comparative year) is shown below - including the value of assets acquired under finance leases and PFI/PPP contracts together with the resources that have been used to finance it. Where Capital Expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the CFR, a measure of the Capital Expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure		2016/17	2015/16	2014/15
		£	£	£
Opening Capital Financing Requirement		61,144,998	61,956,840	-
Capital Investment				
Property, Plant and Equipment	10	12,861,332	4,608,227	-
Investment Properties		-	-	-
Intangible Assets		-	-	-
Revenue Expenditure Funded from Capital under		1,709,089	2,016,802	-
Other		(87,125)	-	-
Sources of Finance				
Capital Receipts		(155,735)	-	-
Government Grants and Other Contributions	9	(323,849)	(1,851,535)	-
Transfers from Earmarked Reserves		-	-	-
Sums set aside from Revenue:				
Direct Revenue Contributions		-	-	-
Minimum Revenue Provision **		(5,007,248)	(5,585,336)	-
Closing Capital Financing Requirement		70,141,462	61,144,998	-
Increase/(decrease) in Capital Financing Requirement		-	-	-

12 Future Capital Commitments

The Council has an ongoing programme of capital works and the estimated cost of the schemes is as follows

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	37,972,897	-	37,972,897
Other Commitments	-	-	-
Total	37,972,897	-	37,972,897

The main schemes currently underway include Newry Leisure Centre (Phase 2) and Down Leisure Centre.

13 Inventories		2016/17	2015/16
		£	£
Central Stores		340,127	200,080
Other		69,663	149,871
Total		409,790	349,951

14 Debtors			
a Long Term Debtors			
		2016/17	2015/16
		£	£
Employee car loans		50,256	51,813
Loans and advances		57,972	70,266
Trade debtors		495,452	568,090
Total Long-Term Debtors		603,680	690,169
b Short Term Debtors			
		2016/17	2015/16
		£	£
Government Departments		581,742	715,173
Other Councils		250,995	111,941
Public corporations and trading funds		-	-
Bodies external to general government		-	-
NIHE loans		-	-
Employee car loans		37,513	40,786
Revenue Grants		1,645,580	1,765,830
Capital Grants		590,153	1,223,169
Loans and Advances		90,166	88,635
Capital Debtors		1,640	-
Value Added Tax		1,316,015	1,373,085
Prepayments		217,255	182,627
Finance lease debtors		-	-
Other		246,641	260,618
Trade receivables		709,461	871,158
Impairment loss - Trade receivables		(317,353)	(269,134)
Total Short-Term Debtors		5,369,808	6,363,888
Total Debtors		5,973,488	7,054,057

15 Investments

The Council has no Short Term Investments or Long Term Investments.

16 Borrowings			
a Short Term Borrowing			
		2016/17	2015/16
		£	£
Loans re-payable within one year		5,307,144	5,124,850
Finance Lease Principal		43,326	79,621
Total Short Term Borrowing		5,350,470	5,204,471
b Long Term Borrowing			
		2016/17	2015/16
		£	£
Between 1 and 2 years		5,274,020	5,009,842
Between 2 and 5 years		12,179,175	12,269,642
Between 5 and 10 years		15,564,213	15,650,753
In more than 10 years		21,166,480	20,067,621
Government Loans Fund		54,183,888	52,997,858
Total Borrowing		59,534,358	58,202,329

Interest rates on government loans range between 1.12% and 15.875%.

17	Creditors	2016/17	2015/16	2014/15
a	Short Term Creditors	£	£	£
	Government Departments	1,054,877	898,318	-
	Other Councils	213,599	104,281	-
	Public corporations and trading funds	-	-	-
	Remuneration due to employees	449,302	456,038	-
	Accumulated Absences	454,294	467,158	-
	Receipts in advance	499,665	928,907	-
	Trade creditors	7,046,875	6,632,399	-
	Other	481,150	692,950	-
	Total Short Term Creditors	10,199,762	10,180,051	-

Total Creditors	10,199,762	10,180,051	-
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Short Term Creditors includes a balance of £9,468 owing to Newry BID Company Ltd in respect of agency services provided by the Council on behalf of the company.

b Payment of Invoices

During the year the Council received 24,769 invoices totalling £55,912,577 (2015/16 22,003 invoices totalling £40,370,445)

The number of disputed invoices were 36.

The Council paid:

20,696 invoices within the 30 day target;
2,151 invoices within the 10 day target; and
3,418 invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 22 days.

18	Provisions	Balance as at 1 April 2016	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2017
		£	£	£	£	£	£
	Landfill Closure	3,669,565	282,372	(194,461)	-	-	3,757,476
	Staff Costs	146,343	-	(2,595)	-	-	143,748
	Total	3,815,908	282,372	(197,056)	-	-	3,901,224

Long Term Provisions	3,669,565	282,372	(194,461)	-	-	3,757,476
Current Provisions	146,343	-	(2,595)	-	-	143,748

Total	3,815,908	282,372	(197,056)	-	-	3,901,224
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Comparative Year

Provisions	Balance as at 1 April 2015	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2016
	£	£	£	£	£	£
Landfill Closure	3,854,750	-	-	-	(185,185)	3,669,565
Staff Costs	180,735	-	(34,392)	-	-	146,343
Total	4,035,485	-	(34,392)	-	(185,185)	3,815,908

Long Term Provisions	3,854,750	-	-	-	(185,185)	3,669,565
Current Provisions	180,735	-	(34,392)	-	-	146,343

Total	4,035,485	-	(34,392)	-	(185,185)	3,815,908
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During 2016-17 professional advice was sought from Arling Close and based on that advice the Council has applied the Arling Close recommended discount rates to the landfill provisions which are based on National Loan Fund borrowing rates.

Landfill closure

The expected cost of landfill closure and aftercare costs of £3,757,476 is based on the percentage utilisation of the landfill sites of both Drumanakelly and Aughnagun and has been recognised as a provision. Aughnagun Landfill Site was closed at 31st March 2015. Drumanakelly Landfill Site ceased to take landfill on 30th April 2016. It has to be stated that now the sites have closed it will take a period of time before there will be a reliable trend for closure and aftercare costs and gas generation income.

Staff Costs

The provision is to cover estimated monies due to employees for overtime due in respect of holiday pay.

19 Financial Instruments

The Council has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by trade debtors and, as such, there is no further additional estimated exposure to default and inability to collect.

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	£
Less than three months	644,371
Three to six months	181,003
Six months to one year	52,574
More than one year	153,688
	1,031,636

Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 16 to 18. All trade and other payables are due for payment within one year.

Market Risk**Interest rate risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates.

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £71,362,819 broken down as follows:

	£
Government Loans	71,362,819
Market Loans	-
Total	71,362,819

The Council has made a number of loans to voluntary bodies and other external bodies at less than market rates (soft loans). Thus the fair value of the loans would be less than the amount of the cash lent. The Department has directed that the fair value consideration for these loans is not necessary this year. Details of the loans are shown below:

Voluntary Body in Receipt of Loan	Amount £	Repayment Due
Hilltown Farmers Mart	4,231	01/04/2018
Longstone Community Association	61,541	01/04/2034
St Patricks Visitor Centre	79,500	01/04/2017

Valuation Techniques

There has been no change in the valuation techniques used during the year for Financial Instruments.

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

20 Retirement Benefits

a Participation in the Northern Ireland Local Government Officers' Pension Fund.

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

b Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges:

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	Note	2016/17 £	2015/16 £
Net cost of services:			
Current service cost		5,197,000	5,427,000
Past service cost/(gain)		183,000	159,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net interest on net defined benefit liability (asset)		701,000	809,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services			
		6,081,000	6,395,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(6,081,000)	(6,395,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		4,405,269	4,408,758
Net Adjustment to General Fund		(1,675,731)	(1,986,242)
Remeasurements recognised in Other Comprehensive Income and Expenditure			
	Note	2016/17 £	2015/16 £
Liability gains/(losses) due to change in assumptions		32,968,247	(5,944,647)
Liability experience gains/(losses) arising in the year		(8,905,000)	(1,104,000)
Actuarial gains/(losses) on plan assets		(14,509,978)	407,405
Other - (if applicable)		-	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		9,553,269	(6,641,242)

c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:		Note	2016/17 £	2015/16 £
Balance as at 1 April			151,328,000	150,100,000
Current service cost			5,197,000	5,427,000
Interest cost			5,101,000	4,772,000
Contributions by members			1,314,000	1,263,000
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from changes in financial assumption			34,160,247	(5,944,647)
Actuarial gains/losses arising from demographic changes			(1,192,000)	-
Actuarial gains/losses arising on liabilities from experience			(8,905,000)	(1,104,000)
Other (if applicable)			-	-
Past service costs/(gains)			183,000	159,000
Losses/(gains) on curtailments			-	-
Liabilities extinguished on settlements			-	-
Estimated unfunded benefits paid			(89,247)	(91,353)
Estimated benefits paid			(3,954,000)	(3,253,000)
Balance as at 31 March			183,143,000	151,328,000

Reconciliation of present value of the scheme assets:	Note	2016/17 £	2015/16 £
Balance as at 1 April		128,538,000	122,655,000
Interest Income		4,400,000	3,963,000
Contributions by members		1,314,000	1,263,000
Contributions by employer		4,316,022	4,317,405
Contributions in respect of unfunded benefits		89,247	91,353
Remeasurement gain/(loss)		14,509,978	(407,405)
Assets distributed on settlements		-	-
Unfunded benefits paid		(89,247)	(91,353)
Benefits paid		(3,954,000)	(3,253,000)
Balance as at 31 March		149,124,000	128,538,000

The Council's share of the Net Pension Liability (included in the Balance Sheet):

	31/03/2017 £	31/03/2016 £	31/03/2015 £
Fair Value of Employer Assets	149,124,000	128,538,000	-
Present value of funded defined benefit obligation	(181,770,000)	(150,030,000)	-
Pension asset/(liability) of Funded Scheme	(32,646,000)	(21,492,000)	-
Present Value of unfunded defined benefit obligation	(1,373,000)	(1,298,000)	-
Other movement in the liability (asset) (if applicable)	-	-	-
Net asset/(liability) arising from the defined benefit obligation	(34,019,000)	(22,790,000)	-
Amount in the Balance sheet:			
Liabilities	(183,143,000)	(151,328,000)	-
Assets	149,124,000	128,538,000	-
Net Asset/(Liability)	(34,019,000)	(22,790,000)	-

d Scheme history

Analysis of scheme assets and liabilities	31/03/2017 £	31/03/2016 £	31/03/2015 £
Fair Value of Assets in pension scheme	149,124,000	128,538,000	-
Present Value of Defined Benefit Obligation	(183,143,000)	(151,328,000)	-

Surplus/(deficit) in the Scheme	(34,019,000)	(22,790,000)	-
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Amount recognised in Other Comprehensive Income and Expenditure:	31/03/2017 £	31/03/2016 £	31/03/2015 £
Actuarial gains/(losses)	9,553,269	(6,641,242)	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	9,553,269	(6,641,242)	-
Cumulative actuarial gains and losses	2,912,027	(6,641,242)	-
History of experience gains and losses:			

Long-term expected rate of return on assets in the scheme:	2016/17 %	2015/16 %
Equity investments	74.5%	71.9%
Bonds	11.5%	12.1%
Property	10.5%	13.2%
Cash	2.6%	2.3%
Other	0.9%	0.5%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	23.2	22.3
Women	25.8	24.8
Longevity at 65 for future pensioners:		
Men	0.0	0.0
Women	0.0	0.0
Inflation/Pension Increase Rate	2.00%	1.80%
Salary Increase Rate	3.50%	3.30%
Expected Return on Assets	0.00%	0.00%
Discount Rate	2.60%	3.40%
Pension accounts revaluation rate	2.00%	1.80%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	0%	0%
Service post April 2009	0%	0%

Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	178,315,000.00	185,292,000.00
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	6,836,000.00	7,226,000.00
Approximate % change in projected service cost	-2.70%	2.80%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	182,795,000	180,755,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	7,019,000.00	7,029,000.00
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	184,256,000.00	179,319,000.00
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	7,226,000.00	6,836,000.00
Approximate % change in projected service cost	2.80%	-2.70%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	187,087,000.00	176,483,000.00
% change in the present value of the total obligation	2.90%	-2.90%
Projected service cost	7,275,000.00	6,784,000.00
Approximate % change in projected service cost	3.50%	-3.50%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above for an individual that is 1 year older than that.

■ **Northern Ireland Civil Service Pension Arrangements**

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/3/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

21 Donated Assets Account

The Council does not have any donated assets for which conditions have not been met.

22 Capital Grants Received In Advance

The Council has no capital grants received in advance.

23 Contingencies

A legal claim has been lodged by a land owner from whom the Council previously leased land for the purpose of refuse disposal. The refuse disposal took place a number of years ago. At this stage the Council disputes the validity of the claim and no provision has been made in the accounts. Since 1996 the Council has had its own arrangements in place for refuse disposal.

The Arc 21 Joint Committee has, with the approval of their participant councils, entered into a Contingent Liability undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project and Down District Council agreed its share of the contingent liability. Payments made, if any, in accordance with this undertaking will be funded by the participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. Until it is known how GMP equalisation will be carried out, the impact of allowing for it in the pension liabilities is uncertain and no allowance for GMP equalisation has been made.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

24 Other cash flow disclosures

a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

Adjustment to surplus or deficit on the provision of services for noncash movements			
	Notes	2016/17	2015/16
		£	£
Depreciation	10	6,156,066	6,626,165
Impairment & downward revaluations (& non-sale	10	(144,442)	(1,330,631)
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		(59,839)	115,751
(Increase)/Decrease in Debtors		324,301	4,042,338
Increase/(decrease) in impairment provision for bad debts		48,221	156,877
Increase/(Decrease) in Creditors		(1,607,893)	402,154
Increase/(Decrease) in Interest Creditors		-	-
NILGOSC - Net Adjustment to General Fund	20	1,675,731	1,986,242
Carrying amount of non-current assets sold	10	56,028	-
AIC/WIP written off to Net Cost of Services	10	87,124	-
Movement in Provisions		85,316	(205,451)
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		(83,133)	-
Amounts posted to CIES from Donated Assets Account	21	-	-
		6,537,480	11,793,445

2016.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2016/17	2015/16
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets		(155,735)	-
Capital grants included in "Taxation & non-specific grant income"		(323,849)	(1,851,535)
		(479,584)	(1,851,535)

b Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2016/17	2015/16	2014/15
	£	£	£
Cash and Bank balances	5,271,112	8,415,730	6,307,280
Short Term Deposits (considered to be Cash Equivalents)	2,535,577	4,530,928	-
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	(986,177)	(1,275,301)	(3,466,861)
	6,820,512	11,671,357	2,840,419

c Cash flows from Investing Activities	2016/17	2015/16
	£	£
Purchase of PP&E, investment property and intangible assets	(11,233,730)	(5,565,421)
Proceeds from the sale of PP&E, investment property and intangible assets	155,735	-
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	3,126,805
Capital Grants and Contributions Received	1,031,896	1,639,255
Other Receipts from Investing Activities	-	-
Net Cash flows from Investing Activities	(10,046,099)	(799,361)

d Cash flows from Financing Activities	2016/17	2015/16
	£	£
Cash Receipts from Short and Long Term Borrowing	6,536,500	6,200,000
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(79,620)	(100,208)
Repayment of Short and Long Term Borrowing	(5,124,850)	(4,783,087)
Other payments for Financing Activities	-	-
Net Cash flows from Financing Activities	1,332,030	1,316,705

25 Usable Reserves

a Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

Capital Receipts Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Movement			
Disposal of Non Current Assets/ Capital Sales	3,10, 23	155,735	-
Capital Receipts used to finance capital expenditure	3, 11	(155,735)	-
At 31 March		-	-

b Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The Capital Fund of £1,255,113 is currently not earmarked to any specific projects.

Capital Fund	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		1,255,113	1,255,113
At 31 March		1,255,113	1,255,113

c General Fund

This reserve shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from District Rates. Councils raise rates to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

General Fund	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		7,234,120	6,923,193
Applied Capital Grants	3, 21, 23	(323,849)	(1,851,535)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	3, 11	-	-
Depreciation and Impairment adjustment	3	5,928,491	5,295,534
Statutory Provision for financing Capital Investment	3	(5,007,248)	(5,585,336)
Net Revenue expenditure funded from capital under statute	3, 11	1,709,089	2,016,802
Surplus/(Deficit) on the Provision of Services	CIES	(2,194,672)	(1,628,316)
Transfers between Statutory and Other Reserves and the General Fund		-	-
Net movements on Pension Reserve	3, 20	1,675,731	1,986,242
Disposal of Fixed Assets/Capital Sales	3, 10, 23	(99,707)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(12,864)	77,536
Other Movements		-	-
At 31 March		8,909,090	7,234,120

26 Unusable Reserves

a Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		48,301,310	45,923,710
Applied Capital Grants	3, 21, 23	323,849	1,851,535
Depreciation & Impairment adjustment	10	(5,928,491)	(5,295,534)
Statutory Provision for financing Capital Investment	3	5,007,248	5,585,336
Net Revenue expenditure funded from Capital under	3, 11	(1,709,089)	(2,016,802)
Disposal of Fixed Assets/ Capital Sales	3, 10	(56,028)	-
Capital Receipts used to finance capital expenditure	3, 11	155,735	-
Other Movements		6,025,684	2,253,065
At 31 March		52,120,219	48,301,310

b Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services in the) are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		38,351,670	35,227,841
Revaluation & Impairment	10	2,738,182	5,376,894
Other Movements		(6,025,684)	(2,253,065)
At 31 March		35,064,168	38,351,670

c Pension Reserve

Pension Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		(22,790,000)	(27,445,000)
Net Movements on Pension Reserve	3	(1,675,731)	(1,986,242)
Revaluation & Impairment		(9,553,269)	6,641,242
At 31 March		(34,019,000)	(22,790,000)

d Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the General Fund is neutralised by transfers to or from this Accumulated Absences Account

Accumulated Absences Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		(467,158)	(389,622)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		12,864	(77,536)
At 31 March		(454,294)	(467,158)

27 Significant Trading Operations

The Council has no significant trading operations.

28 Agency Services

The Council provides invoicing and debt collection services to Newry BID Company Ltd. During the year the Council raised invoices on behalf of the company amounting to £352,557. Payments were made to the company of £200,000. The company also reimburses the Council's reasonable charges and expenses which amounted to £13,089 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £130,000 at 31st March 2017. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2017 of £9,468, this balance is included in Short Term Creditors. No transactions other than the charges noted previously have been reflected in the Comprehensive Income and Expenditure Statement.

The Council provides no other agency services.

29 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 28) these are not deemed to be Related Party Transactions.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows.

Councillors have direct control over the Council's financial and operating policies. In the 2016/17 financial year the Council commissioned no works and services from companies in which Councillors have an interest.

The Council also paid grants of £335,152 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

The Council incurred expenditure of £562,897 to other councils of which £213,599 was outstanding as at 31st March 2017.

The Council has recorded income of £339,502 from other Councils of which £250,995 was outstanding as at 31st March 2017.

Arc 21, a joint committee organisation is a waste amnagement group in Northern Ireland representing Councils in the east of the province. The Council's contribution in the current year was £147,311.

The Council paid an additional £1,021,039 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility.

30 Events after the reporting period

There were no events occurring after 31 March 2017 which require adjustment to the Council's financial statements or additional disclosure.

31 Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 14 September 2017.



Northern Ireland Audit Office

Our purpose ...

Promoting better use of public money, through independent professional scrutiny, underpinned by our commitment to:

- Integrity
- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Department for Communities (the Department), with the consent of the Comptroller and Auditor General for Northern Ireland, has designated Mrs Louise Mason as the Local Government Auditor. She, and the Northern Ireland Audit Office, are totally independent of Local Government. She certifies the accounts of all local government bodies in Northern Ireland and is also responsible for council improvement audits and assessments.

For further information please contact:

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 Northern Ireland Audit Office
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NEWRY, MOURNE AND DOWN DISTRICT COUNCIL

IMPROVEMENT AUDIT AND ASSESSMENT 2017-18

AUDIT STRATEGY

Contents

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1.0 INTRODUCTION

1.1 The purpose of this document is to set out the basis on which the Local Government Auditor (LGA) will conduct her programme of improvement audit and assessment work for 2017-18, as required under Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) and the statutory '*Guidance for Local Government Performance Improvement 2016*', (the Guidance) as issued by the Department for Communities' (the Department) predecessor, the Department of the Environment. It also sets out the respective responsibilities of the LGA (and her staff) and the Council.

1.2 The programme of work will involve an '*improvement information and planning audit*' and an '*improvement assessment*'¹ to ascertain whether the Council has met its statutory performance improvement responsibilities for the year, in line with the Act and the Guidance.

1.3 This letter also sets out the planned timetable, fees and audit team.

2.0 SCOPE OF THE PROGRAMME

2.1 The programme of work will be conducted in accordance with the Act and the supporting Guidance, (which sets out how Part 12 of the Act is to be applied). It will be conducted in accordance with the Local Government Code of Audit Practice 2016 and the LGA's Statement of Responsibilities.

2.2 The LGA will perform the duties listed at section 3 below.

2.3 As well as the reporting requirements set out in the Act, the LGA may decide to include a summary overview of the programme of work carried out during the year in her Annual Report. This report is published in the year after the work is performed.

2.4 The LGA will have no further direct responsibility in relation to the performance improvement framework in 2017-18.

3. RESPONSIBILITIES OF THE LOCAL GOVERNMENT AUDITOR

3.1 The LGA has a statutory responsibility for each financial year:

- to carry out an improvement audit for the purposes of determining:
 - (a) whether the Council has, during the year, discharged its duties under section 92 of the Act; and
 - (b) the extent to which the Council has, during the year, acted in accordance with any guidance issued by the Department about any Council duties under section 92;
- to carry out an improvement assessment for the purpose of determining whether the Council is likely, during the year, to comply with the requirements of Part 12 of the Act; and
- to issue a report, or reports, in respect of the Council to the Council and the Department, under section 95 of the Act; and
- to produce and publish an annual improvement report under section 97 of the Act.

¹ Also referred to as an improvement audit and assessment.

3.2 The Act also sets out that:

- the LGA **may** carry out an assessment for the purpose of determining whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent financial years. The LGA may decide that until the performance improvement framework becomes more established, assessments relating to future years will not be carried out; and
- the LGA **may** carry out a special inspection of a Council's compliance with the requirements of Part 12 if the LGA is of the opinion that the Council may fail to comply with the requirements of Part 12 of the Act.

3.3 In order to maintain her independence the LGA is unable to provide advice to the Council on the application of Part 12 of the Act or the Guidance.

4. THE IMPROVEMENT AUDIT AND ASSESSMENT PROCESS

4.1 The LGA will obtain an understanding of the Council's current performance improvement arrangements and any other evidence that is relevant to enabling the LGA to reach an opinion on the matters outlined above in paragraph 3.1. The audit team shall expect to obtain such appropriate evidence to enable them to perform both the improvement audit and improvement assessment as they consider sufficient to enable the LGA to form her assessment and reach a conclusion on whether the Council has met its performance improvement responsibilities under the Act.

4.2 The nature and extent of our procedures will vary depending upon the nature and complexity of the Council's improvement arrangements. An initial assessment will be performed as part of the planning phase and this will be dependent upon the early provision of relevant documentation by the Council.

4.3 During the fieldwork stage the audit team will request access to all relevant documents and Council officers. We shall review information that supports the Council's improvement plan and self assessment report for consistency and we will bring any inconsistencies to your attention so that they may be resolved prior to concluding and reporting on the audit.

4.4 Auditors are not always able to anticipate all of the documents required to evidence councils' arrangements, or which council staff they will be required to interview. Sharing the 'audit work programme' in advance of the audit should assist councils in preparing for the audit fieldwork. We suggest that councils prepare a file of audit evidence in advance of the fieldwork stage, in order to minimise the need for auditors to gather this evidence independently and thus deliver a more efficient audit.

4.5 The audit and assessment work will be performed by staff of the NIAO.

5. AUDIT STAFFING AND TIMETABLE

5.1 Timetable

5.1.1 Key target dates set out in the table below have been discussed and agreed with the Council's officers. The table incorporates dates set out in the 2014 Act and the Guidance.

Event	Target Date
Planning phase of the improvement audit and assessment	May 2017
Council publishes performance improvement plan	Not later than 30 June 2017 ²
Fieldwork phase – Council should provide a file of audit evidence based on the shared work programme. Lead auditor conducts the improvement audit, forward looking assessment and the retrospective assessment of the Council's Performance improvement responsibilities.	August – mid October 2017
Council to publish an assessment and comparison of a its performance by 30th September in the financial year following that to which the information relates;	Not later than 30 September 2017 ³
Reporting phase – section 95 report drafted and cleared with senior management	October/November 2017
Final report issued to the Council and the Department	Not later than 30 November 2017
Publication of Council's Annual Improvement Report	Not later than 31 March 2018

5.1.2 Completion of the audit and assessment in line with the timetable and by the statutory reporting date and the fee associated with this work programme is dependent upon:

- The Council providing specified deliverables of sufficient quality that have been subject to appropriate consultation, internal review and approval, by the agreed dates.
- The Council delivering good quality supporting documentation and evidence, within the agreed timetable; and
- Appropriate Council officers being available at agreed times during the audit.

² The Act sets out that councils should publish their improvement plan **as soon as practicable after the start of the financial year to which it relates**. The Guidance recommends this be completed by the end of June to enable the LGA to meet the statutory reporting deadline of 30 November.

³ The Act sets out that councils must publish their self assessment by 30 September.

5.2 Staffing

5.2.1 The following NIAO staff will be involved in the audit:

TITLE	NAME
Director	Neil Gray ☎ 028 90254345 and Tomas Wilkinson ☎ 028 90251073
Audit Manager	Karen Beattie ☎ 028 90251003
Lead Auditor	Paddy McCauley ☎ 028 902551070

6. COUNCIL RESPONSIBILITIES

6.1 The Council is responsible for ensuring that it complies with its performance improvement duties under the Act and Guidance.

6.2 The Council is responsible for making available, as and when required, all relevant documents and any related information. We are entitled to require from your officers such other information and explanations as we consider necessary for the performance of the LGA's duties.

7. FEES

7.1 There will be a fee payable for the performance improvement programme of work. Fees will be calculated on the basis of the time spent and on the levels of skill and responsibility involved. At the beginning of each year's audit we will estimate the cost of the work and inform the Council. You will appreciate that this is the first full improvement audit and assessment, with limited cost precedents to determine an accurate forecasted cost. Once the planning phase has been completed we may be in a better position to refine this forecast. For 2017-18, we anticipate that the average fee will be in the region of £20,000. The increase over last year's fee is in relation to the additional work relating to the retrospective audit and assessment of the Council's self assessment of its performance for the 2016-17 financial year.

8. OTHER STATUTORY DUTIES

8.1 Under the Act, the LGA may carry out Special Inspections in relation to the performance improvement framework (see paragraph 3.2). If a Special Inspection is required it will be subject to separate terms of reference, issued in advance of work commencing.

8.2 The costs associated with any special inspection will be in addition to the regular programme of improvement audit and assessment work. Should a special inspection be required it may not be possible to estimate the cost of work to be undertaken in advance.

9. OTHER MATTERS

9.1 Use of Report & Confidentiality

9.1.1 Reports arising from this work will be provided to the Council and Department and must not be provided to third parties without the LGA's prior written consent. Such consent will only be granted on the understanding that the letter is not prepared with the interests of anyone other than the Council in mind and that neither the LGA nor the NIAO accept any

duty or responsibility to any other party. The LGA will publish the annual improvement report and this will be publicly available.

9.2 Ethical standards

9.2.1 The NIAO complies with relevant ethical requirements regarding independence and has developed important safeguards and procedures in order to ensure our independence and objectivity.

9.3 Management representations

9.3.1 As part of our audit process, we may request from management written representations on matters relevant to the audit where other sufficient appropriate evidence cannot reasonably be expected to exist, and where management may have made certain oral representations.

9.4 Communications

9.4.1 Based on our experience of last year's programme of work the LGA believes that it is more efficient to perform the majority of the audit remotely; however some work will be performed at Council premises. We will request information at the relevant times in an appropriate format and this will be supplemented by face to face meetings with relevant officers.

9.4.2 We will provide you with a report setting out the information specified in section 95 (2) of the Act. We will also report any 'proposals for improvement' in areas in which we consider there are opportunities for the Council's improvement framework to be more robust. Our procedures are limited to those considered necessary for the effective performance of the improvement audits and assessment. Therefore, the Local Government Auditor's observations should not be regarded as a comprehensive statement of all weaknesses which exist, or all improvements which could be made.

9.5 Personal Data

9.5.1 The processing of personal data for audit and assessment purposes will be completed in accordance with the requirements of the Data Protection Act 1998. We have procedures in place to ensure that the security of personal data is safeguarded at all stages of the audit process.

9.5.2 Should you wish to discuss any aspects of our work programme, please do not hesitate to contact Kyle Bingham ☎ 028 90254309.



Northern Ireland Audit Office

Local Government Auditor's Report – 2017





Northern Ireland Audit Office

Report on the exercise of the Local Government Auditor's functions

In the year to 31 March 2017

Published 5 July 2017

The Department for Communities may, with the consent of the Comptroller and Auditor General for Northern Ireland, designate a member of Northern Ireland Audit Office staff as the Local Government Auditor.

The Local Government Auditor has statutory authority to undertake comparative and other studies designed to enable her to make recommendations for improving economy, efficiency and effectiveness in the provision of services by local government bodies and to publish her results and recommendations.

For further information about the work of the Local Government Auditor within the Northern Ireland Audit Office please contact:

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This report has been prepared under Article 4 of the Local Government (Northern Ireland) Order 2005.

Louise Mason
Local Government Auditor
5 July 2017

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Our Performance

Our Local Government work at a Glance



20 FINANCIAL AUDITS

11 Local Councils and 9 other local government bodies all certified by 30 September with unqualified audit opinion



OTHER FINANCIAL AUDIT OUTPUTS

- 20 Reports to Those Charged with Governance
- 19 Annual Audit Letters



IMPROVEMENT AUDITS AND ASSESSMENTS

- 11 Audit and Assessment reports issued
- 11 Annual Improvement reports published



WHISTLEBLOWING/ FRAUD

- 12 whistleblowing concerns reported to Local Government Auditor in Year
- National Fraud Initiative – matches advised to councils in January 2017



GOOD PRACTICE GUIDES ISSUED IN YEAR BY NIAO

- Board Effectiveness – November 2016

Part One: Introduction



Part One: Introduction

- 1.1 Following local government reform, 2015-16 was the first year of the new councils, which have now reduced from 26 to 11. For that year in my role as the Local Government Auditor, I was required under statute to audit the accounts and provide audit opinions of the 11 new Councils, 7 joint committees¹, the Local Government Staff Commission, and the Northern Ireland Local Government Officers' Superannuation Committee. In total, audit opinions were issued on 20 sets of financial statements. Also for the first time, the financial statements for the larger local government bodies included a remuneration report.
- 1.2 I am pleased to report that all 20 audit opinions were unqualified. Whilst my report focuses primarily on the accounts and outputs from the 11 councils, it also includes work performed in relation to councils' performance improvement responsibilities and my statutory responsibility to audit and assess these responsibilities (see **Part Six**).
- 1.3 Councils are independent of central government and are accountable to their local electorate and ratepayers. They consider local circumstances as they seek to make decisions in the best interests of the communities they serve. All councils have the same basic legislative powers, although each council has the discretion to place a different emphasis on the services delivered.
- 1.4 In providing such a broad range of services, either directly or in partnership with others, councils require substantial resources. In the 2015-16 financial year they spent almost £860 million, employed over 9,900 full time equivalent staff and utilised assets worth more than £2,200 million.
- 1.5 As outlined in my Code of Audit Practice² published on 31 March 2016, as part of my audit work I also seek to examine that each council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources and that public money is properly accounted for. I can, if considered appropriate, make a report in the public interest on any matter coming to my notice in the course of an audit. No public interest reports were made during the year and my audit findings were issued to each council in their annual audit letter.
- 1.6 The Statement of Responsibilities³, published on 29 July 2016, serves as the formal terms of engagement between the Local Government Auditor and Local Government Bodies.
- 1.7 This report provides my perspective on the audits of local councils based on the key messages from audits performed up to 31 March 2017, covering the local government financial accounting period from 1 April 2015 to 31 March 2016 (the 2015-16 financial year) and the performance improvement period from 1 April 2016 to 31 March 2017 (the 2016-17 financial year).

1 A joint committee is made up of two or more participant councils and may be constituted as a body corporate.

2 <https://www.niauditoffice.gov.uk/publication/code-audit-practice-2016>

3 <https://www.niauditoffice.gov.uk/publication/statement-responsibilities-local-government-auditor-and-local-government-bodies>

Part One: Introduction

- 1.8 My report highlights areas of strength and areas for improvement within local councils. I have also considered several important issues that may affect the new councils in the near future. Both councillors and officers should consider this report and review how their new council is managing the issues I have highlighted.
- 1.9 The annual audit letters which I issue to councils are published on the councils' websites. They highlight important issues that arose during the course of both the financial and proper arrangement audits. These letters detail how the matters I have set out in my annual reports apply locally and where more actions are required. I expect the 11 new councils to take these actions forward, where appropriate. In relation to my improvement audit and assessments, which focus on councils' new performance improvement responsibilities, each council met their 2016-17 responsibilities, both in relation to improvement planning and the publication of improvement information. However, while each council has begun to establish arrangements to secure improvements, it is too early, in this new framework, to determine the extent to which improvements are being made.

Figure 1: New council districts



Source: NIAO

Part Two: Managing Resources



Part Two: Managing Resources

2.1 This section provides information on how councils managed their resources in the 2015-16 financial year.

Income and expenditure

2.2 In the financial year 2015-16 (see **Figure 2**), councils received income of £864 million from rates, charges and grants. Council revenue expenditure in the same year amounted to almost £858 million. (For 2014-15 the total income and expenditure figures for the 26 legacy councils were income of £833 million and revenue expenditure of £818 million).

Figure 2: Councils' Income and Expenditure 2015-16⁴

Where the money came from	£ Million
General revenue funding from government	50
Services including fees and charges	186
Capital grants	62
District rates	566
Total Income	864
How the money was spent	£ Million
Leisure and recreational services	319
Environmental services	287
Planning and development services	111
Highways and transport services	7
Democratic representation and corporate management	58
Other expenditure	35
Finance and Investment	41
Total spending on services	858
Accounting adjustments ⁵	-5
Total expenditure charged to general fund	853

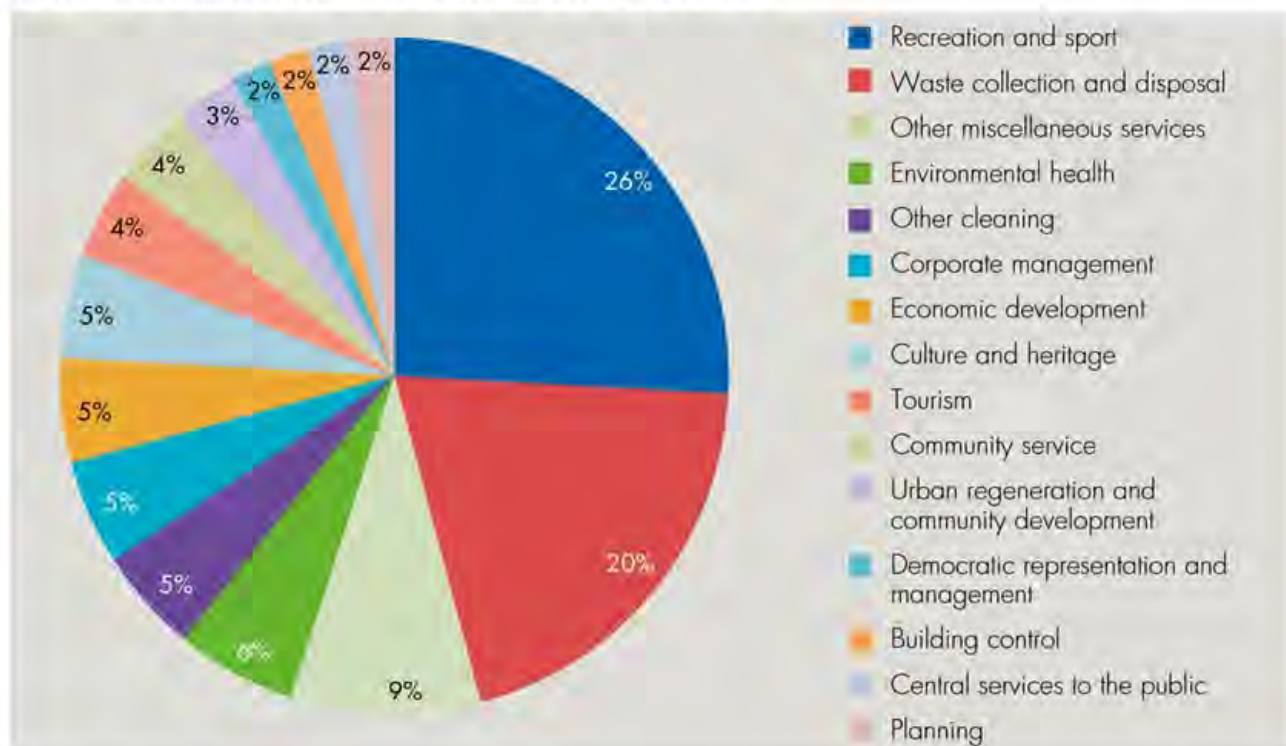
Source: Councils' audited financial statements for 2015-16.

4 **Figure 2** is a high level summary of 11 Councils' 'Comprehensive Income and Expenditure Statements' extracted from the 2015-16 financial statements.

5 Local Authority accounting adjustments, as permitted by the Accounts Direction and the CIPFA Code of Practice for Local Authority Accounting in the UK.

- 2.3 The majority of councils' income, 66 per cent (65 per cent in 2014-15), was received from district rates. Income generated from services accounted for almost 22 per cent (23 per cent in 2014-15). Example services include building control, waste collection, planning and use of leisure facilities. General revenue funding and capital grants accounted for six per cent and seven per cent of income respectively.
- 2.4 While £50.4 million of general revenue funding⁶ from the Department for Communities (the Department) reflected an increase of £4.8million over the total amount paid to the legacy councils in 2014-15, this increase is not being repeated in 2016-17.
- 2.5 **Figure 3** provides additional detail on the categories of expenditure on services incurred by councils in the financial year (excluding Finance and Investment). The largest single area of expenditure related to Recreation and Sport⁷, where councils spent £211 million (£198 million in legacy councils in 2014-15). This category, combined with that of Waste Collection and Disposal which totalled £164 million (£165 million in legacy councils in 2014-15) accounted for 44 per cent of all expenditure incurred on services by councils.

Figure 3: Councils' expenditure by service during 2015-16



Source: Councils' audited financial statements

6 General revenue funding from government is paid to both compensate councils for the statutory de-rating of certain property and to provide additional resources for those councils whose needs exceed their wealth base.

7 By way of example, the 'Recreation and sport' service is one of a number of 'sub' services, which also include 'Culture and heritage', 'Community service' and Tourism, making up the 'Leisure and recreational service's category in **Figure 2**.

Part Two: Managing Resources

- 2.6 Other categories of service expenditure incurred by councils included Environmental Health (£51 million), Tourism (£37 million), and Economic Development (£38 million). In the 2015-16 year, councils had responsibility for the first time for some local planning functions and off-street parking, following the transfer of these functions from central government to local government on 1 April 2015. Expenditure on these services was £12 million (local planning functions) and £7 million (off-street parking).

Loans

- 2.7 Loans outstanding at 31 March 2016 totalled £493.7 million and are shown in **Figure 4**. This represents a decrease of £5 million (1 per cent) in the loans outstanding from the legacy councils at 31 March 2015. £4.5 million of the loan increase in Belfast/decrease in Lisburn and Castlereagh was due to loan transfers on assets arising from boundary changes. Total council borrowing was approximately £264 per person (£275 in 2014-15) based on the estimated Northern Ireland population at June 2017. The loan amounts vary considerably between councils.

Figure 4: Councils' loan position as at 31 March 2016

Council	Loans Outstanding as at 31 March 2016 (£ million)	Loans Outstanding in legacy councils combined as at 31 March 2015 (£ million)	Change (£ million)
Antrim and Newtownabbey Borough Council	57.5	60.7	-3.2
Ards and North Down Borough Council	55.6	58.1	-2.5
Armagh City Banbridge and Craigavon Borough Council	47.3	51.7	-4.4
Belfast City Council	34.8	23.2	11.6
Causeway Coast and Glens Borough Council	69.0	72.8	-3.8
Derry City and Strabane District Council	52.3	52.7	-0.4
Fermanagh and Omagh District Council	11.7	12.8	-1.1
Lisburn and Castlereagh City Council	31.6	37.3	-5.7
Mid and East Antrim Borough Council	64.9	67.3	-2.4
Mid Ulster District Council	10.8	5.2	5.6
Newry, Mourne and Down District Council	58.2	56.9	1.3
Northern Ireland	493.7	498.7	-5.0

Source: Councils' audited financial statements

Capital expenditure

- 2.8 Capital expenditure relates to assets of a long-term nature which are purchased, constructed or improved by the councils. The main sources of capital funding are:

Borrowing and government grants

A large proportion of council's capital expenditure is financed from borrowing. While most of the borrowing is external, there may also be some internal borrowing. Following the implementation of the Prudential Code, while borrowing levels should be prudent and affordable, it no longer has to be matched to specific assets. The capital cost of borrowing is charged to expenditure by way of the minimum revenue provision.

Capital grants and contributions

Capital grants represent funding which has been secured for specific schemes. The funding source may be either from central government departments or other external bodies, such as the Heritage Lottery Fund.

Capital receipts

When councils sell assets, they can use the capital proceeds from the sale to fund in-year or future capital expenditure, or they can repay existing debt if they choose.

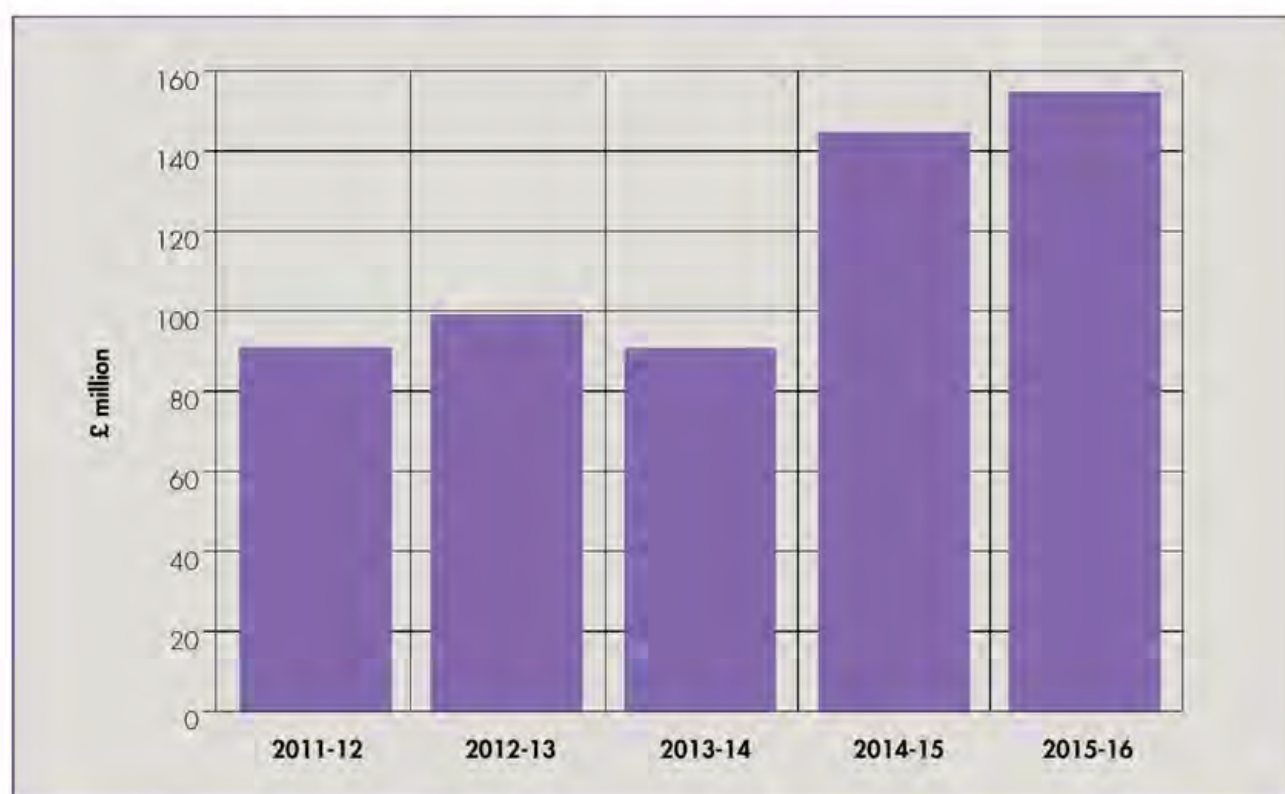
Revenue

Although capital resources cannot be used to fund revenue expenditure, direct revenue financing of capital expenditure is permitted.

- 2.9 **Figure 5** shows that total capital expenditure in 2015 -16 amounted to £155 million (£145 million in 2014-15). This represents an increase of 7 per cent from the final year of the legacy councils. Examples of capital projects, either on-going or completed in year included, Newry leisure centre and the office accommodation upgrade at Belfast City Council.

Part Two: Managing Resources

Figure 5: Councils' capital expenditure from 2011-12 to 2015-16

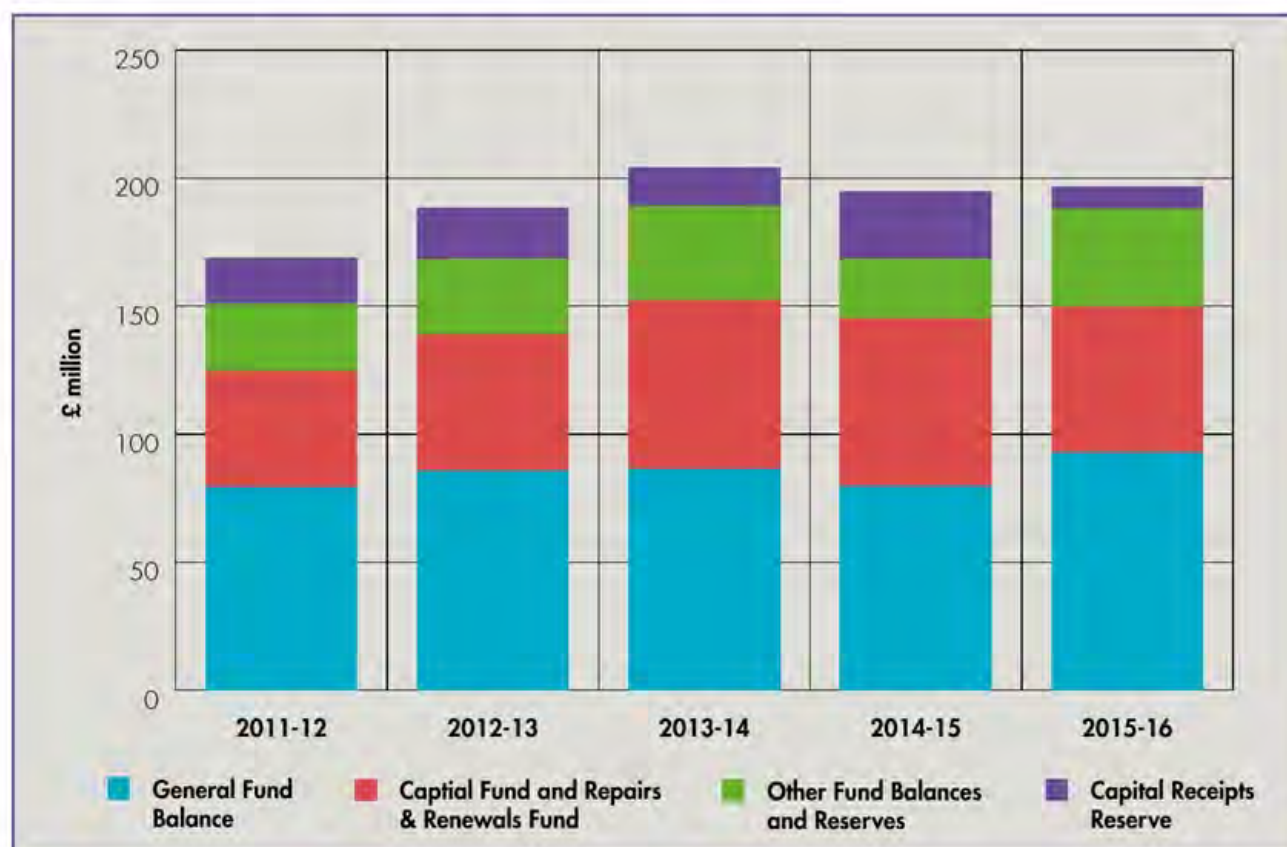


Source: Councils' audited financial statements

Reserves

- 2.10 Councils' financial statements disclose both the level of usable and unusable reserves. Unusable reserves consist of unrealised gains, for example the revaluation reserve, or those relating to timing differences such as pension reserve and capital adjustment account.
- 2.11 **Figure 6** shows the overall level of usable reserves across the councils increased by approximately £1.9 million, a one per cent increase from the legacy councils' usable reserves, in the year to 31 March 2016. Overall usable reserves are now £197 million compared to £195 million in the prior year. **Figure 7** highlights usable reserves for each council at 31st March 2016.

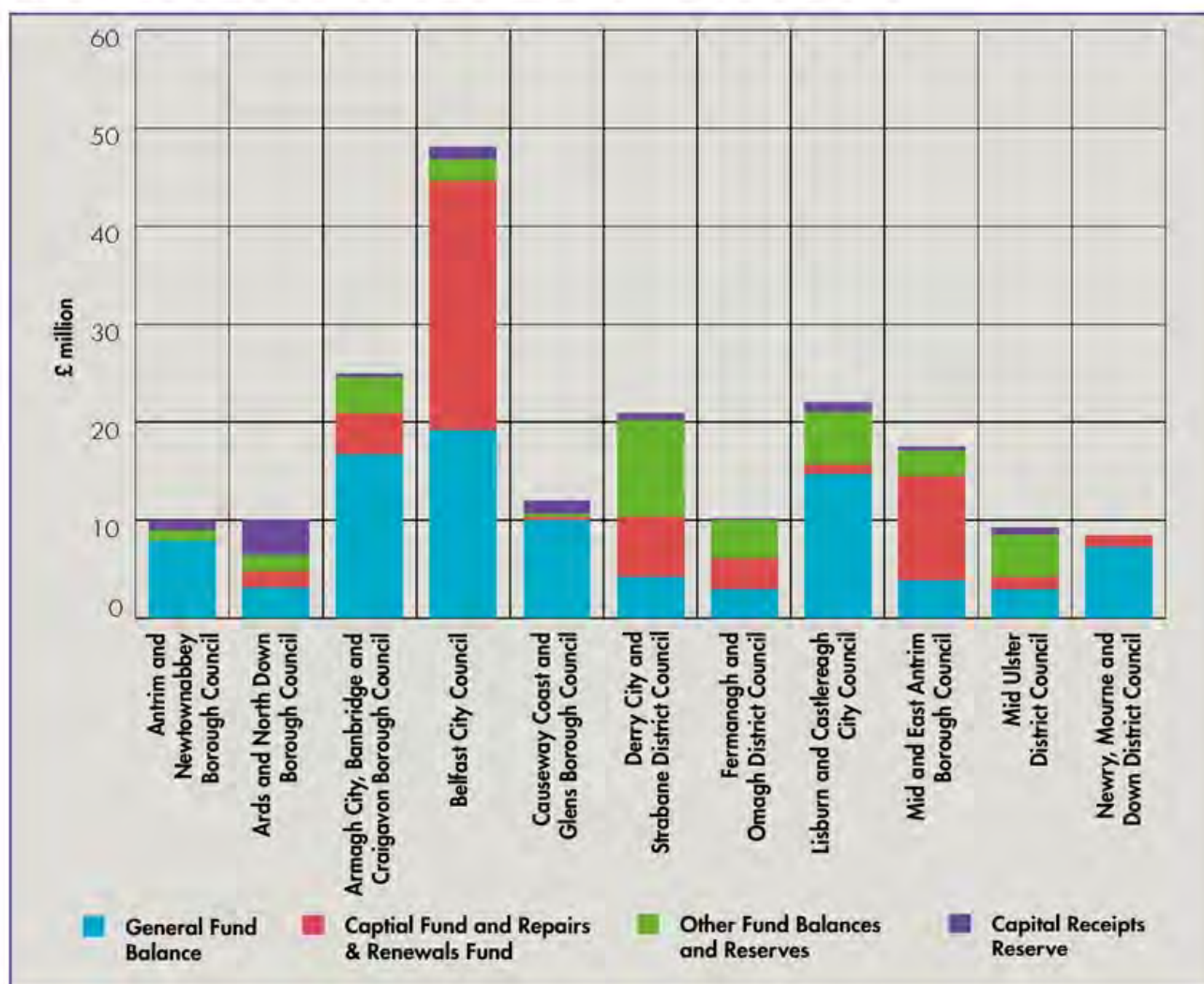
Figure 6: Councils' total usable reserves and balances 2011-16



Source: Councils' audited financial statements

Part Two: Managing Resources

Figure 7: Total usable reserves and balances by individual council 2015-16



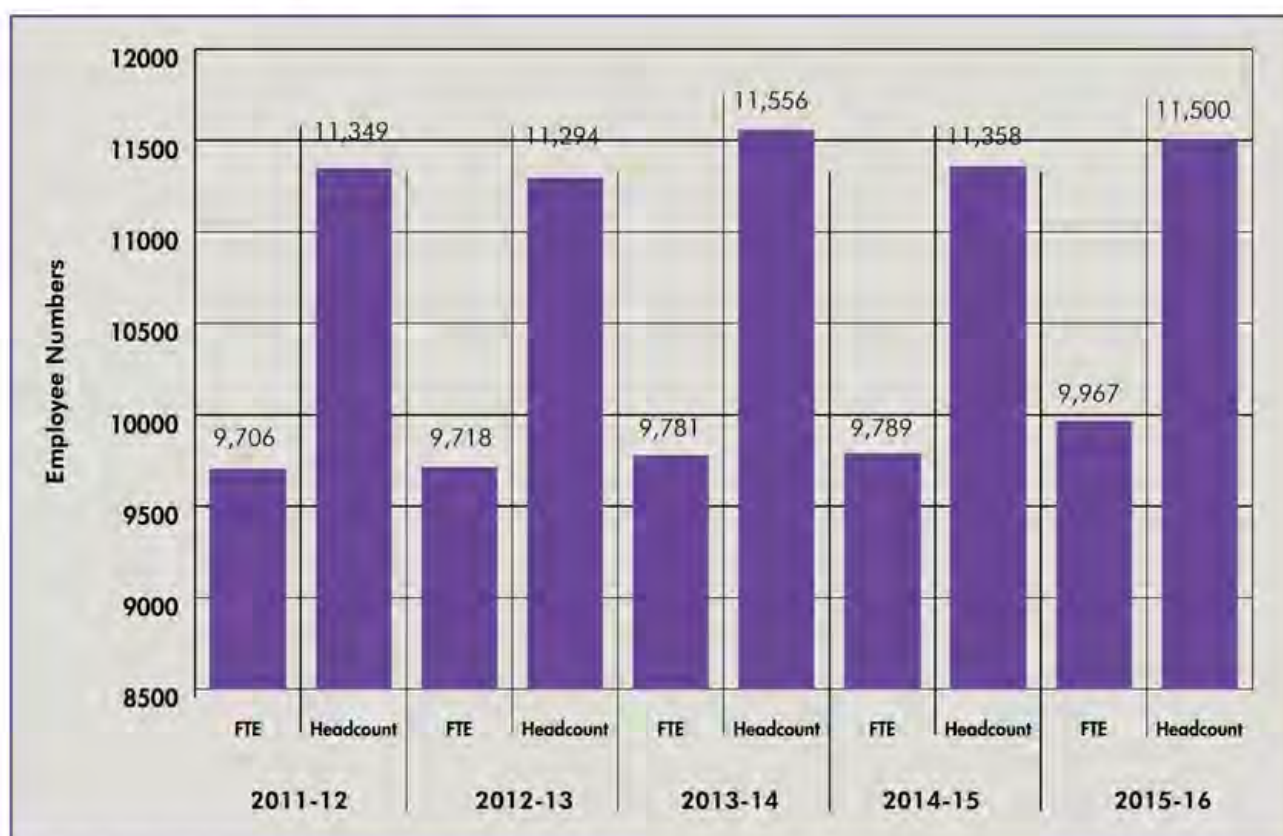
Source: Councils' audited financial statements

- 2.12 The General Fund is the main usable reserve. Overall, the total General Fund balance held by all councils has increased by £13.1 million (16 per cent) compared to the previous year and now totals £92.8 million.
- 2.13 The average balance held by councils in their General Fund is around £8 million, with the level varying considerably across councils from £2.97 million (Fermanagh and Omagh District Council and Mid Ulster District Council) to £19.20 million (Belfast City Council). Councils should continue to monitor/build up as needed the levels of their general fund balance to ensure that they are adequately funded to meet the risk of future liabilities; some of which may be unpredictable at this time.

Workforce

- 2.14 On 1 April 2015, all staff from the 26 legacy councils plus over 400 staff from the Planning Service transferred to the new councils. Despite the impact of the Planning staff transfers from the Northern Ireland Civil Service, for 2015-16 the overall net increase in Full Time Equivalents (FTE) from 2014-15, was only 178 (see **Figure 8**), largely due to the impact of staff leaving under exit packages.

Figure 8: Staff numbers in councils



Source: Councils' audited financial statements

- 2.15 Staff costs represent approximately 41 per cent of gross revenue expenditure in councils, amounting to over £349 million in 2015-16, an increase of 6.4 per cent from 2014-15.

Part Two: Managing Resources

- 2.16 The average cost of staff increased from £33,490 in 2014-15 to £35,029 – an increase of 4.6 per cent. Across councils, changes in average staff costs ranged from an increase of 18 per cent to a decrease of 8 per cent. There are also considerable variations in average staff costs across councils, with the lowest being in Fermanagh and Omagh (£32,478) and the highest being in Causeway Coast and Glens (£41,160). Differences can be influenced by various factors such as the timing of single status settlements, salaries for planning staff and exit packages. Excluding staff severance costs, the average staff cost of Fermanagh and Omagh reduces to £30,113 and Causeway Coast and Glens reduces to £35,282.
- 2.17 Once the new councils become fully established, there should be fewer one-off factors impacting salaries; which should then facilitate more meaningful direct comparison of the average staff salary costs between councils.

Agency staff

- 2.18 Significant expenditure continues to be incurred on the engagement of agency staff, reflecting an ongoing trend over the past number of years. Total expenditure increased by approximately 18 per cent to £20.3 million (2014-15, £17.2 million). Agency costs represent 5.6 per cent of staff costs overall, however, in two councils, these costs amounted to more than 10 per cent of total annual staff costs, with the highest at 14 per cent. Councils must be satisfied that they are receiving value for money from such significant expenditure and that this is the best means of providing the relevant services. I would expect to see the amounts spent on agency staff decrease, particularly as a percentage of total staff costs, as new councils stabilize.

Exit packages

- 2.19 Following the merger of 26 Councils into 11 new councils, the Local Government sector in Northern Ireland is going through a period of significant change and restructuring.
- 2.20 Councils are required to disclose the number and costs of staff exit packages. These costs include compulsory and voluntary redundancy costs, pension contributions and other departure costs. Over the five financial years from 2011-12 to 2015-16 councils have paid a total of £32.1 million in exit packages to staff (see **Figure 9**).

Figure 9: Staff exit packages paid between 2011-12 and 2015-16

	Number of exit packages	Total cost of exit packages £m	Average cost of each exit package £'000	Number of exit packages greater than £100,000
2011-12	71	2.5	35	5
2012-13	55	1.5	27	2
2013-14	49	1.9	39	5
2014-15	172	9.4	54	25
2015-16	208	16.8	81	64
Total	555	32.1	58	101

Source: Councils' audited financial statements

- 2.21 Due to the on-going restructuring process, all 11 councils offered exit packages during 2015-16. There was a total of 208 departures at a cost of £16.8 million. This represents an increase (36) in the number of exit packages from the legacy councils in 2014-15.
- 2.22 We note that 31 per cent of the exit packages agreed in 2015-16 for councils were for amounts greater than £100,000 with the overall average being approximately £80,750. This is significantly more than the NI average of £38,950 across the public sector as a whole⁸.
- 2.23 Further severance costs will be incurred by the councils in the coming years. As councils restructure, the severance schemes have been predominantly targeting more senior staff hence the greater cost per head.

Efficiency savings from reduction in councils from 26 to 11

- 2.24 In 2009 the Department of the Environment published a document "Local Government Service Delivery – economic appraisal of options for local government service delivery in its entirety". Option 5 of this economic appraisal had the highest forecast financial savings. Based on a Transformation with Regional Collaboration model, and after taking account of one off costs of £127million⁹, £439million of net present cost savings were predicted to be achieved over 25 years. A Business Services Organisation (BSO) and a single Waste Disposal Authority (WDA) were key features of this option. It was anticipated that on the formation of the new councils, a BSO would immediately deliver a number of regional services including procurement, large

8 Source: Part 3 - NIAO report on Northern Ireland Public Sector Voluntary Exit Schemes published October 2016. https://www.niauditoffice.gov.uk/sites/niao/files/media-files/VES%20Report_WEB%20PDF.pdf

9 Predicted one off costs consisted of transition costs £36m, additional ICT costs £42m and transformation costs £49m.

Part Two: Managing Resources

capital projects and ICT infrastructure, development and support. Further future regional services that could be progressed included human resources, payroll, finance, property and legal services.

- 2.25 Potential non-financial benefits of the reduction in the number of councils included strong local government focused on adding value to the citizen through the efficient and effective delivery of services and by the comprehensive and coordinated building of strong communities and better places within our society.
- 2.26 While it seems that the intention in 2012 was for the 2009 business case and economic appraisal to be updated, this does not appear to have taken place.
- 2.27 Councils had a number of reservations about this model, including the potential for the predicted level of savings to be achieved. Recognizing the need to ensure that there were sufficient resources to implement RPA and also the importance of collaboration, councils sought to put into effect the Innovation for Competitive Enterprises programme (ICE), effectively through improvement, collaboration and efficiency.
- 2.28 Ultimately the Option 5 model was not implemented. Instead, to date, the new councils appear to have only implemented limited regional collaboration.
- 2.29 In the legacy council period, the impact of the future council mergers e.g. rationalization of management accounts, new staff structures, staff location and IT issues, placed an additional burden on council staff already delivering existing council functions. This strain was further increased by the embargo on recruiting new employees. Hence for most legacy councils, while a number of collaboration initiatives took place between merging councils, the issue of identifying meaningful efficiency savings appears to have been largely left until the actual councils merged. However, I am aware of several councils that did have an on-going efficiency programme for a number of years e.g. Belfast City Council.
- 2.30 Following the council mergers, to date there have been some savings, the most notable of which will be annual savings in staff costs in respect of those staff leaving under voluntary exit schemes. That said, these savings may be difficult to identify from the annual accounts due to:
- additional staff costs, arising post merger e.g. due to councils taking on additional functions such as planning; and
 - an increase in employer national insurance costs from 2016-17 due to cessation of the contracted out rebate of 3.4 per cent for employers.

- 2.31 Councils would also identify that there have been savings arising from some joint working between councils e.g. in the areas of procurement, legal services and job advertising. During 2015-16 I noted a number of councils established efficiency working groups.
- 2.32 As councils develop, I recommend that the Department monitors and reports on efficiency savings gained. I will report again on this.

Part Three: Good Governance



Part Three: Good Governance

- 3.1 Before commenting on specific governance matters, it is pleasing to note that in April 2017 Belfast City Council won the Good Governance category at the inaugural Public Finance Innovation Awards, hosted by the Chartered Institute of Public Finance and Accountancy for the Council's "leadership in spearheading the city's digital reboot programme, Super connected". The Super connected programme has been designed to make the internet as accessible as possible to as many people as possible, whether they live or work in the city or are visitors. This has included assisting businesses and community organisations to get connected, the installation of free wi-fi in all of the Council's public buildings and the development of free wi-fi hotspots across the city.

Review of governance statements within the financial statements

- 3.2 The annual governance statement explains a council's governance arrangements and controls for managing the risk of failure to achieve strategic objectives. It is a key statement by which a council demonstrates to its ratepayers, elected members and other external stakeholders that it is complying with the basic tenets of good governance. The statement should explain the key elements in a council's governance arrangements, the process for reviewing the effectiveness of these arrangements, and outline actions taken to deal with any significant governance issues.
- 3.3 Councils are required to detail significant issues about their governance arrangements. A significant governance issue for one council may not be significant for another. This will depend on an individual council's governance framework, how effectively it is operating and the extent to which the issue has the potential to prevent a council from achieving its strategic objectives.
- 3.4 For the most part, the governance statements were comprehensive and of good quality; however, several statements neither fully explained the implications of the significant risks identified, nor the action plans needed to address them or prevent their re-occurrence. The following examples and my subsequent comments, help demonstrate these incomplete disclosures:

Comment within governance statement	Local Government Auditor's comment – highlighting incompleteness of disclosures
Waste disposal – due to the significant volatility in waste markets which has resulted in a significant increase in current costs, there is a significant ongoing risk to the Council.	This comment does not detail the possible actions being taken by the Council to address this significant risk.
Information technology – ensuring our IT systems and IT security are sufficiently robust and meet the needs of the organisation.	This comment neither details what the significant IT risks are nor what the Council is going to do to address them.

- 3.5 In my view the governance example below is a good demonstration of how to succinctly outline the issue and detail the council-wide actions being taken to address the matter:

Comment within governance statement

Internal Audit report – Limited assurance

Leisure centre – the main recommendations related to income collection systems and documenting procedures

Internal audit recommendations, agreed with Management, are to be implemented within agreed time-frames. A follow up audit is to be completed during 2016-17. Internal audit are working closely with Management to ensure that all of the system improvements made as a result of this audit are replicated across all of Council's leisure facilities.

Significant issues highlighted by councils in governance statements

- 3.6 The common governance themes and their frequency are summarised in **Figure 10** below.

Figure 10: Governance issue themes

Theme	Number of Councils
Waste management	6
Legal Issues	5
Local government reform	5
Contract management	4
Procurement	3
Asset management	4
Community planning	3
Absenteeism	2
Risk management	2
Local development plan delivery	2

Source: Council Annual Audit Letters

- 3.7 Mid and East Antrim Council highlighted a significant issue in respect of time off in lieu payments to certain senior staff during the last year of the legacy Larne Borough Council. This matter was on-going at the time of finalising the accounts in September 2016, but has now been concluded post year-end. I enclose an extract from the annual audit letter issued in May 2017 (**Figure 11**), which summarises the issues, including my concerns that the time off in lieu payments were made without proper consideration of all the facts prior to the closure of the former Larne Borough

Part Three: Good Governance

Council.

Figure 11: Significant Governance Issue at the Legacy Larne Borough Council

Payments to senior staff at the Legacy Larne Borough Council

In my 2014-15 audit of the legacy Larne Borough Council accounts, I included a comment in my Annual Audit Letter relating to payments made to senior staff in the Council, immediately before it ceased to exist. The payments included amounts to the former Larne Borough Council Chief Executive and another senior member of staff in the Council, both of whom would not normally have a contractual entitlement to payments in respect of time off in lieu (TOIL). The new Mid and East Antrim Borough Council arranged to have an investigation carried out by an external consultant and a report was produced.

This investigation considered a number of sources of information and invited the views of the parties most closely involved.

The investigation reported that in March 2015, in the last days of its existence, Larne Borough Council made payments to three members of staff in respect of compensation for accumulated TOIL for additional hours worked beyond the standard working week. Two of the three beneficiaries of these payments were the former Larne Borough Council Chief Executive (£15,317 in respect of 345.5 additional hours) and another former senior member of staff (£12,623 for 393 additional hours). The third beneficiary was a manager who received £2,943 but whose grade meant that it was appropriate to receive a payment in respect of accumulated TOIL.

The contract of the former Chief Executive included a provision on working hours, stating that the 'postholder will be required as and when necessary to attend evening meetings and work in excess of the normal hours in performance of the duties and responsibilities of the post – the remuneration reflects this aspect of the post'. There was a similar clause in the contract of the other senior member of staff stating 'You will be required to attend meetings, both public and private outside normal working hours. This will result in some unsocial working hours and the salary for the post recognises this'. In addition, the former Chief Executive was already in receipt of an honorarium which was intended to compensate for additional work arising from the Review of Public Administration (RPA). The other senior member of staff also received an honorarium payment in respect of work associated with RPA in March 2015.

I asked the former Chief Executive and the former senior member of staff for their comments and they both told me that, in their opinion, the working hours they had to undertake in Larne Borough Council were excessive, involving huge amounts of additional work in evenings, particularly around attendance at evening meetings. They both felt that the hours they claimed in March 2015 were only a fraction of the additional hours worked over several years and were additional to the extra time requirements of RPA. In particular, the former senior member of staff pointed out that her contract only stated a requirement to work 'some unsocial working hours' whereas in her opinion she had been working excessive unsocial hours for several years. She had been seeking entitlement to TOIL for a number of years and had kept detailed records of all additional hours worked which she claimed were well in excess of the actual amount claimed.

The Chief Executive has, however, now told me that she had been unaware of her specific conditions relating to the hours of the post and eligibility for TOIL and that she had felt that this eligibility had been included in an earlier contract she had with the Council. As such she has offered in principle to repay the amount she received to Mid and East Antrim Council. She also pointed out that in March 2015 she had much reduced staff numbers in the former Larne council, no Human Resources support to help her in dealing with this issue and stated that if she had been made aware at any stage of the precise issue regarding her terms and conditions she would not have accepted the payment.

The issue of a payment for TOIL hours was first raised at a Larne Borough Council Policy and Resources Committee meeting on 9 March 2015. Members were told that legal advice had confirmed that it was within Larne Borough Council's remit to make payments for the current financial year. The request was then further discussed and approved at Larne Borough Council's meeting on 16 March 2015. However Mid and East Antrim Council's investigation found that Larne Borough Council's meeting was not provided with sufficient information in relation to several highly relevant and material considerations when it reached a decision on this matter.

Key omissions identified by the Mid and East Antrim Borough Council investigation included:

- No information relating to the numbers of staff or the grades of post(s) involved;
- No information on the terms of the contracts of employment for those who were being paid for additional hours;
- No potential costs of the options being discussed were provided. Given that the decision was to "authorise payments to all officers", this amounted to a blanket approval of unknown costs;
- Although legal opinion was referred to, council members were not provided with any legal advice in writing. Indeed, the solicitors of the former Larne Borough Council have since confirmed that no written advice was issued on this particular matter, although they did provide a handwritten note of a telephone conversation on this issue on 9 March 2015; and
- While the Chief Executive did refer to a potential personal interest, the degree of self-interest was not explicitly made known to members.

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The Chief Executive of the new Mid and East Antrim Borough Council contacted Larne Borough Council before its final meeting on 23 March 2015 asking members not to proceed with a decision on these payments. At this meeting, in response to a specific question, an Officer of the council incorrectly said that there were no stipulations regarding TOIL in the contracts of employment of the individuals to be paid. At the meeting Larne Borough Council decided to defer all new decisions on TOIL payments but to honour the decision already made by the Council on 16th March 2015 in respect of those staff members who had already made applications. This decision triggered the final processing of three such payments; two of which were to the Chief Executive and the other senior member of staff.

The Mid and East Antrim Borough Council's investigation into this issue was completed in February 2016 and concluded that, in its opinion based on all the evidence provided, "the decision reached on this matter was not based on a proper consideration of facts and consequently the payments were inappropriate, irregular and improper".

I am concerned that these payments were made without proper consideration of all the facts prior to the closure of the former Larne Borough Council. I understand that the new Mid and East Antrim Borough Council has already received legal advice on this matter. The former Chief Executive has stated that in principle she intends to repay the payments received and I recommend that this is pursued by the Council. I will follow up on the progress of this matter in due course.

Source – Mid and East Antrim 2015-16 annual audit letter

Proper arrangements to ensure economy, efficiency and effectiveness

- 3.8 The Local Government (Northern Ireland) Order 2005 requires me to be satisfied each year that proper arrangements have been made for securing economy, efficiency and effectiveness (value for money) in the use of resources. Details of the nature of my work in this area are outlined in Chapter 3 of my Code of Audit Practice 2016¹⁰.
- 3.9 In order to assess whether proper arrangements are in place, my staff developed an annual questionnaire (**Figure 12**) to be completed by the councils and returned with supporting relevant documents. This information is then reviewed with further queries raised as needed.

¹⁰ <https://www.niauditoffice.gov.uk/publication/code-audit-practice-2016>

Figure 12: The proper arrangements questionnaire has 17 query headings

Details of the nature of questions raised under each of the 17 headings	
1.	Annual Corporate Plan (published) – practical communication to operational staff/ monitoring and reporting of progress against objectives
2.	Medium Term Financial Strategy – Prudential Code including borrowing levels/Treasury Management/Robustness of rates estimation process and monitoring against outturn/ business continuity plan
3.	Financial Reporting – reporting of relevant, reliable and sufficient financial information to members to inform decision making/formal reporting mechanisms and sound financial systems/ guidance for budget holders/procedures manuals for staff
4.	Procurement – policies and procedures/existence of a contracts register/compliance with legislation
5.	Information Technology – IT security including accreditation
6.	Internal Audit Service – reporting lines/external review/implementation of recommendations/Public Sector Internal Audit Standards
7.	Statutory provisions/Standing Orders – compliance/are legal issues considered as part of decision making/use of general power of competence
8.	Risk Management policy – corporate and operational risk registers/adherence to good practice in Risk Management
9.	Governance Code – Council's approach to Governance/governance arrangements of key partners
10.	Complaints procedure – register of complaints/review for common issues
11.	Anti-fraud and corruption policy – up to date and accessible policy/the arrangements for whistleblowing/registers maintained of all communications/response to National Fraud Initiative
12.	Community Planning LG 28/2015 – governance and management structures/ publication of Community Plan
13.	Constitution of Council (LG 08/2015) and Senior Management Structure – committee and organisation structure

Part Three: Good Governance

- 14. **Asset Management Strategy and Policies** – Asset Management Plan and effective use of resources
 - 15. **Conditions of Employment** – manual for staff setting out terms and conditions of employment
 - 16. **Code of Conduct: Staff and Councillors** – operation of Code of Conduct/Register of Interests/any significant breaches/Gifts and Hospitality Register
 - 17. **Resource Planning** – HR policies including absenteeism, grievance procedures etc/systems for time recording, travel and subsistence etc
- 3.10 I was satisfied that all 11 councils had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of resources for the 2015-16 financial year.

Audit and Risk Committees

- 3.11 The main purpose of an audit committee is to give independent assurance to elected members and the public about the governance, financial reporting and performance of a council. It also scrutinises the council's financial management and reporting arrangements and provides an independent challenge to the council.

Strengthening the role of an Audit and Risk Committee

- 3.12 In recent years, I have highlighted on a number of occasions that the appointment of independent members to an Audit and Risk Committee was a way of strengthening its independence and widening the range of specialist skills. Ten of the new eleven councils have at least one independent member on their Audit and Risk Committee. NIAO published a Good Practice guide on Board Effectiveness in November 2016¹¹ which provides useful guidance on the roles of the board and examples of best practice. Councils may find this useful when considering the composition, roles and responsibilities of their Audit and Risk Committee, where members represent Council on boards or where councils work in partnership with organisations with a board.

11 <https://www.niauditoffice.gov.uk/publication/board-effectiveness-good-practice-guide>

Conflicts of interest

- 3.13 Councils should have in place arrangements to ensure that members and employees are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and should ensure that these arrangements operate effectively.
- 3.14 It is important that members and council staff are aware of their responsibility for managing the risk of a conflict of interest (real or perceived) or, where this is not possible, for ensuring that it is declared and managed properly. Regular induction training and awareness is essential to ensure that the conflicts of interest policy is understood and applied by all staff.
- 3.15 No conflicts of interest issues were reported within any council governance statements in the 2015-16 financial year.

Code of Conduct/Ni Local Government Commissioner for Standards

- 3.16 Under Section 53 of the Local Government Act (Northern Ireland) 2014, the Department issued the mandatory Northern Ireland Local Government Code of Conduct for Councillors (the Code), which came into effect in May 2014 (see **Part Seven** – the Code is likely to be updated within the next year).
- 3.17 The Code of Conduct is based on 12 principles of conduct which are intended to promote the highest standards of behaviour for councillors. These draw on the Nolan principles of public life as well as further principles adopted by the Northern Ireland Assembly, and are listed at **Figure 13**.

Figure 13: Principles of Conduct

Public Duty	Honesty
Selflessness	Leadership
Integrity	Equality
Objectivity	Promoting Good Relations
Accountability	Respect
Openness	Good Working Relationships

Part Three: Good Governance

- 3.18 Under the Code, each Council has to establish and maintain a register of members' interests and a register for gifts and hospitality, along with procedures for dealing with declarations of interests. Further requirements, specifically addressing council members' obligations relating to planning matters, came into force on 1 April 2015.
- 3.19 The Northern Ireland Public Services Ombudsman (NIPSO) has a statutory role as the Northern Ireland Local Government Commissioner for Standards. This includes enforcing mechanisms of the Code, including the investigation of, and adjudication on, alleged failure to comply with it. Where there are any financial implications arising from non-compliance with the Code, I may decide to report this information. In October 2015, I signed a formal protocol with the Northern Ireland Public Services Ombudsman, which sets out arrangements for co-operating and working together in order to fulfil our statutory responsibilities as fully, effectively and efficiently as possible. The protocol will be updated in 2017-18 to take into account the provisions of Section 51 of the Public Services Ombudsman Act (NI) 2016, which came into effect on 1 April 2016. This includes details on the Ombudsman's role in consulting/co-operating with me in respect of investigations.
- 3.20 Since June 2014, the NIPSO in her role as Northern Ireland Local Government Commissioner for Standards, has been responsible for investigating and adjudicating on written complaints that councillors have breached the Code. There have been 81 complaints up to 31 March 2017. There are a wide variety of allegations, including disclosure of interests, lobbying and planning matters. Some complaints contend that some individual councillors have brought their position as councillor of the council into disrepute.
- 3.21 In September 2016, the first hearing and issued adjudication regarding the conduct of councillors was held. To date one councillor has been suspended for 3 months and another disqualified for 3 years. A further two complaints have been resolved by the implementation of the Commissioner's Alternative Action Policy. Further details are available on the NIPSO website, www.nipso.org.uk.
- 3.22 At present the Local Government circulars "Consolidated Guidance on Councillors' allowances" have been silent as to whether councillors should still continue to be paid their allowances in the event of being suspended. This is being considered by the Department in consultation with councils and others.

Reporting suspected and actual fraud

- 3.23 From 1 April 2016, local councils agreed to report any fraud, proven or suspected, using the circulated pro-forma 'Initial Notification of Frauds to the Local Government Auditor'. Two examples which have been reported to us were:
- fraudulent email requests for funding, purportedly from the Chief Executive; and
 - approaches to councils seeking changes to supplier bank details.

Whistleblowing

- 3.24 Whistleblowers have an important role to play in bringing information to light about matters of concern in relation to the proper conduct of public business. The proper and timely investigation of such matters is a vital component of good governance arrangements, which instils confidence that, where wrongdoing exists, those responsible are held to account, mistakes are remedied and lessons learnt.
- 3.25 All councils may receive whistleblowing concerns in line with their own policies. It is important that councils ensure they have procedures in place to deal quickly and robustly with concerns raised. Councils should also ensure that whistleblowers are supported and protected from any form of victimisation.
- 3.26 As the Local Government Auditor within the NIAO, I am a prescribed person to whom protected disclosures can be made under the Public Interest Disclosure (NI) Order 1998. In that capacity I receive whistleblowing concerns relating to local government bodies (see **Figure 14**).
- 3.27 The NIAO website¹² provides guidance on how to raise a concern with the Local Government Auditor. Any concerns raised will be evaluated as audit evidence taking into account a range of factors including:
- professional judgment;
 - audit experience;
 - whether there is a "public interest" element to the issue; and
 - whether the concerns indicate serious impropriety, irregularity or value for money issues.

12 <https://www.niauditoffice.gov.uk/whistleblowing>

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- 3.28 In dealing with concerns, I consider a range of possible actions, from discussing the issues with the audited body to carrying out a full audit investigation and including relevant comments in our audit reports. I am not required to undertake investigations on behalf of individuals.

Figure 14: Whistleblowing concerns reported directly to the Local Government Auditor

	2013-2014	2014-15	2015-2016
Number of concerns reported directly to the Local Government Auditor	21	21	12

Source: Northern Ireland Audit Office

- 3.29 In 2014, the four supreme audit agencies of the UK, including the NIAO, jointly issued a good practice guide on whistleblowing in the public sector¹³. I once again commend this guide to all councils and recommend that it be made available to all council workers via councils' intranets.

National Fraud Initiative (NFI)

- 3.30 The National Fraud Initiative (NFI) is a major two-yearly data matching exercise in which all local councils participate. It helps public bodies identify potentially fraudulent and duplicate transactions using sophisticated computer based data matching techniques. The NFI provides participating organisations with valuable management information which they would not otherwise be able to access. Powers to data match were inserted into the Audit and Accountability (Northern Ireland) Order 2003 by the Serious Crime Act 2007.
- 3.31 Councils continue to participate in the Initiative with the fifth round of the exercise now underway. In January 2017 just over 8,500 matches were released to the 11 councils, around 600 of which were recommended matches to be prioritised for investigation.
- 3.32 There is no requirement to investigate all matches. Councils should adopt a risk based approach, focus on high risk matches and should not continue investigations when no fraud or error is being found. Councils have until early 2018 to complete any planned investigation work.
- 3.33 The Comptroller and Auditor General for Northern Ireland is due to publish the report on the current NFI exercise in mid 2018.

¹³ 'Whistleblowing in the Public Sector: A good practice guide for workers and employers', November 2014.

Part Four:

Significant themes arising from Reports to those Charged with Governance



Part Four:

Significant themes arising from Reports to those Charged with Governance

- 4.1 The Report to those Charged with Governance (RTTCWG) details key issues arising from the audit process including weaknesses in internal controls and the actions agreed by management to address these control deficiencies.
- 4.2 I note below a number of common themes in control weaknesses. Some of these themes have been disclosed by councils within their annual governance statement (see **paragraph 3.6**).

Figure 15: Common themes in RTTCWG

Theme	Number of Councils
Prompt payment performance (see para 4.3)	9
Property, plant and equipment (see para 4.4)	7
Procurement/contract management (see para 4.5)	8
IT issues (see para 4.6)	5
Bank and cash (see para 4.7)	4
Incomplete declarations of interest (see para 4.8)	4
Income (see para 4.9)	4
Management accounts (see para 4.10)	2

- 4.3 As a result of UK and EU legislation, all public bodies are required to pay suppliers for goods or services received within 30 days of receiving an undisputed invoice. Paying within this timeframe is regarded as 'prompt payment'. Poor prompt payment performance has been raised as an issue in 9 of the 11 councils with the worst performance for payment within 30 days of receiving invoice being 63% at Ards and North Down Borough Council.
- 4.4 Property, plant and equipment included incidences of the following key custodial control matters:
- inventories of title deeds being incomplete/insufficiently detailed;
 - multiple fixed asset registers still in operation from the legacy councils instead of one consolidated fixed asset register. Due to the sheer size and complicated nature of some of these spreadsheets, on occasions it could be difficult to easily understand individual asset movements; and
 - no physical existence tests for assets performed in year.

4.5 Key points raised in respect of procurement/contract management included:

- council's own procurement procedures not being adhered to e.g. incidences of purchase orders being raised after receipt of invoice/goods, an individual authorising a payment despite not having the delegated authority required and also no contracts in place despite significant spend in the year;
- a contracts database being incomplete; and
- contracts extended beyond expiry date without being re-tendered.

Financial implications arising from weak procurement processes and contract management include the potential of overpaying e.g. due to not tendering to obtain the best price or non delivery.

In addition the following issues were identified as a result of a review undertaken by separate councils following contact by individual whistleblowers:

- There was an incorrect award of tender; the successful tender was £53k, which was £26k higher than the firm that should have been appointed. Our recommendations included that this council should review its procurement procedures and consider an independent investigation into this issue and a validation audit of other procurement exercises.
- Council did not check the information provided by the supplier to corroborate whether this supplier owed Council any commission. Further it was only after five years that Council discovered that it had not been collecting its annual franchise fee.

4.6 IT issues included:

- lack of documentation of formal IT Strategy/IT Policy, including procedures for:
 - administration of IT security;
 - review of audit logs which record system changes; and
 - allocation of appropriate access rights to each user account.
- non documentation of system configuration changes/updates including testing of these;
- no up to date IT risk register; and
- a significant number of staff with system administration rights.

Part Four: Significant themes arising from Reports to those Charged with Governance

4.7 Issues in respect of bank and cash, included:

- un-reconciled differences;
- a number of councils did not always complete bank reconciliations on a monthly basis nor ensure that these were independently reviewed; and
- a number of legacy bank accounts remained open despite not being used.

A review of bank account reconciliations is important to ensure that the systematic payment/receipt of transactions appears satisfactory and also that any unexplained differences are appropriately investigated and corrected.

4.8 For a number of councils, declarations of interest may be incomplete as there was no formal process to ensure that all annual declarations of interest are received from both Councillors and senior officers.

4.9 Income issues included:

- absence of high level monitoring controls over the completeness of income at outstations – we recommended that monthly/annual reasonableness checks for completeness of income could be performed by reference to say users/occupancy for a number of income areas e.g. leisure/caravan parks/markets/community centres;
- neither stock-takes nor gross profit margin reports being prepared for several external sites e.g. shops; and
- non documentation of income procedures.

4.10 Monthly management accounts are an important high level financial control to assist in monitoring actual spend/income as against budgets and also identify spend/income anomalies. I noted incidences of:

- management accounts not being prepared on a monthly basis; and
- no formal report accompanying the management accounts to provide detailed explanations of variances.

- 4.11 Other important control issues raised for specific councils, which have not been covered above or elsewhere within my report, include:
- the financial closure provision for a landfill site may not be reliable as the final closure plan has not yet been received from the consultants; and
 - a lack of work on risk management including maintaining and updating the risk registers and Director assurance statements. Indeed the risk management policy for one council was only approved just before the year-end, that is on 7 March 2016.

Part Five: General Matters



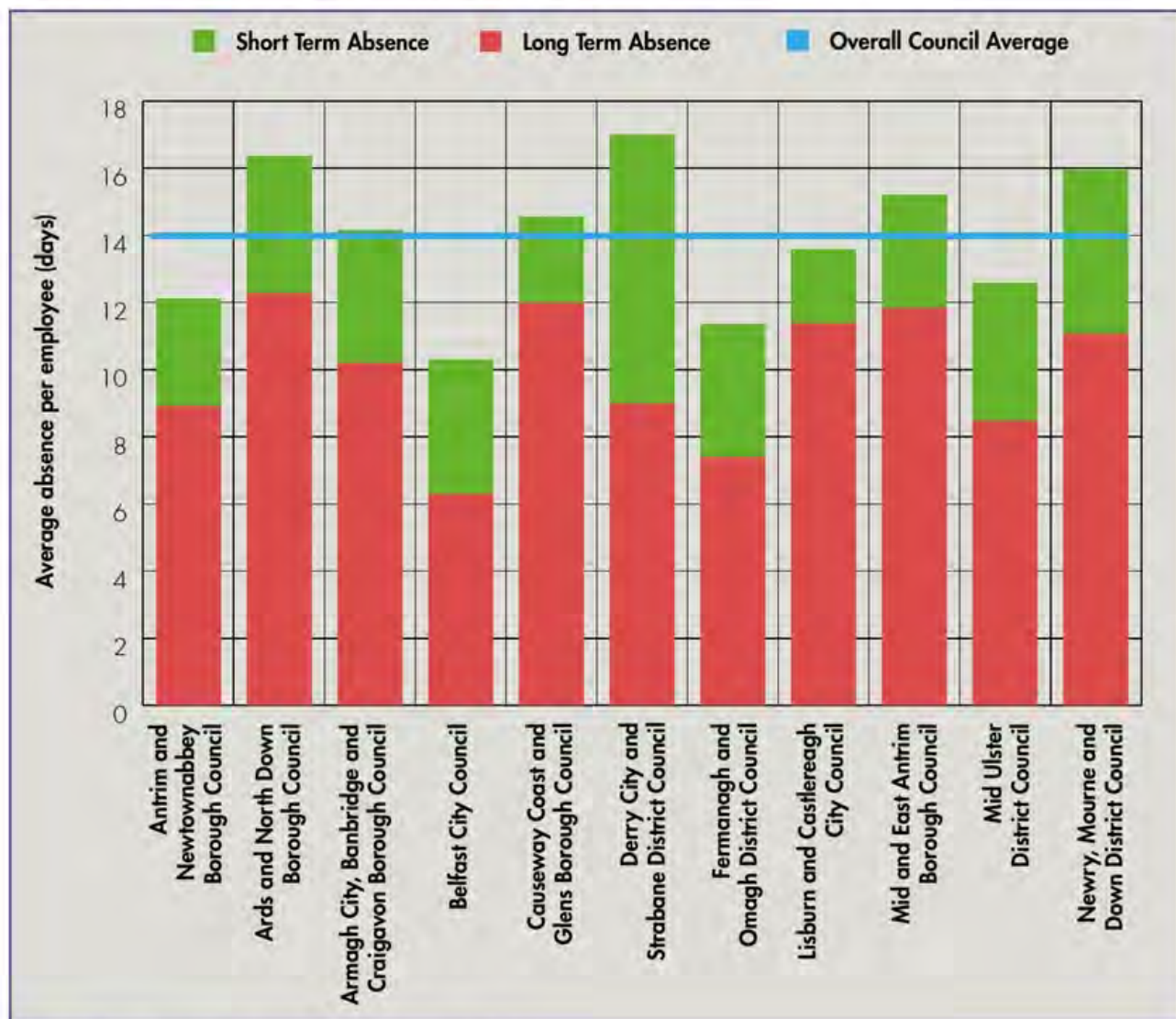
Part Five: General Matters

- 5.1 Following the conclusion of the audit of council accounts, I provide a report to those charged with governance (see **Part Four**) and an annual audit letter. These detail the results of my audit and the actions agreed by management to address the issues raised.
- 5.2 A council is required by the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 to publish the annual audit letter "as soon as reasonably practicable after receipt of the annual audit letter from the local government auditor". Whilst councils normally satisfy this legislative requirement by making the document available on their websites, I would remind all councils of the need to ensure this is completed in a timely manner. In my new local government Code of Audit Practice 2016 which applies from the 2015-16 financial year, I have set out that I may publish council annual audit letters on the NIAO website to enhance the transparency of public reporting.
- 5.3 In my previous reports, I have identified several common themes brought to my attention during the audits of councils, for example procurement and contract management. Some of these themes have been disclosed by councils within the annual governance statement (see **paragraph 3.6**) and are also commented upon in my reports to those charged with governance (see **Part Four**).
- 5.4 There are several on-going matters that, once finalised, I plan to comment upon in my 2018 report. This year the only matter I will briefly mention is absenteeism.

Absenteeism

- 5.5 This year will be a baseline year for the 11 councils going forward; which will enable more meaningful comparison of absenteeism levels between individual councils in my 2018 report.
- 5.6 In 2015-16 the average sickness absence rate for the 11 new councils was 13.93 days a year. This has increased from 12.32 days in 2014-15 for the previous 26 councils.
- 5.7 This year there is a significant range in the number of days lost per employee across the different councils. Belfast City Council recorded the lowest number of days lost, at 10.3 days per employee, while Derry City and Strabane District Council recorded the highest, at 17 days per employee.
- 5.8 It is important that the new councils rigorously manage absence to ensure that staff welfare is protected and that the delivery of front line services is not adversely affected. I will keep under review the benefits of and potential for a further more detailed study on this subject.

Figure 16: Councils' average sickness absence rate 2015-16



Source: Northern Ireland council data (unaudited)

Part Six: Performance Improvement



Part Six: Performance Improvement

Background

- 6.1 The performance improvement framework places a statutory responsibility on councils to make arrangements for, and report on, continuous improvement in their functions or services. Improvement, in the context of the legislation, means more than just quantifiable gains in service output or efficiency, or the internal effectiveness of an organisation. Improvement for councils should mean activity that enhances the sustainable quality of life and environment for ratepayers and communities.
- 6.2 The framework also places a statutory responsibility on me to conduct an 'improvement audit and assessment' each year and report my findings. The councils and I are required to comply with the relevant legislation, as well as the supporting statutory guidance issued by the Department for Communities.
- 6.3 2016-17 was the second year of the three-year phased implementation of the performance improvement framework at the 11 councils. Improvement audits and assessments are performed in-year, whilst financial audits are performed retrospectively. The 2016-17 improvement audit and assessment built on the reduced number of arrangements which councils were required to put in place to deliver continuous improvement in the 2015-16 'introductory' year.
- 6.4 In the introductory year (2015-16) councils were required to consult, select and publish at least one performance improvement objective. I audited these requirements and considered whether councils had plans and timetables in place to develop and progress their performance improvement objective(s). I was content that, with the exception of one council which did not have a satisfactory plan and timetable in place, all councils had met these requirements in 2015-16.

Key observations and messages in 2016-17

- 6.5 In 2016-17 councils were required to select improvement objectives and publish annual performance improvement plans. These set out, for each council, its improvement objectives and how they plan to achieve them. Underlying this, councils were required to put arrangements in place to deliver each objective, as well as collect data and information which would enable them to report on improvements made, as well as identify further opportunities for improvement. Councils were also required to look back to the 2015-16 year and report whether they had met each of the performance standards and indicators set by central government. These related to planning, waste management and economic development.

- 6.6 I was required to assess and report on whether each council:
- had discharged its duties in relation to improvement planning;
 - published the required improvement information;
 - had acted in accordance with the Department's Guidance in relation to those duties; and,
 - was likely to comply with the requirement to make arrangements to secure continuous improvement in the exercise of its duties.
- 6.7 Detailed findings were reported to each council as well as the Department in November 2016. Summaries of findings for each council were later published on the NIAO website on 31 March 2017. All of the councils met their responsibilities in relation to their improvement planning, and publication of improvement information. As 2016-17 was the first year in which councils were required to implement the performance improvement framework, their arrangements to deliver their improvement objectives were at an early stage of development and implementation. This was to be expected at this stage of the overall process. Whilst each council had begun to establish arrangements to secure continuous improvement for 2016-17, it was too early for them to demonstrate, or for me to determine, the extent to which improvements were being made for 2016-17.
- 6.8 Each of the councils reported on the outturn of their performance indicators and standards. All achieved the single economic development standard, whilst eight achieved all three waste management standards. Only one council achieved the three planning standards. Those councils which did not meet all of the waste management and planning standards achieved either one or two of them.
- 6.9 Whilst all councils received the same overall assessment, they were each at different stages of preparedness, with a small number of councils at a more advanced stage than the rest. I anticipate that, with sufficient resources, arrangements to deliver improvement at all councils should begin to mature over time. I did not undertake any special inspections or recommend formal intervention by the Department.
- 6.10 Councils have a wide degree of discretion on their performance improvement arrangements within the overall statutory framework and consequently audit work was focused primarily on compliance with the legislation and guidance, and on identifying and sharing emerging good practice. I have provided feedback to each council on how their arrangements could be improved.

Part Six: Performance Improvement

Looking forward

- 6.11 2017-18 will be the third and final year of the phased implementation of the performance improvement framework. A requirement this year is that councils report publicly on any improvements made and, where relevant, compare themselves against previous years' performance. I will assess and report on this additional requirement. Councils will need to be able to demonstrate that they have arrangements to collect the relevant information, and data to support any claims of improvement. I anticipate that some councils may find this challenging in the first few years.
- 6.12 Some councils may also have difficulty demonstrating improvements later this year, either because their 2016-17 improvement objectives were very strategic and foundational in nature and/or they did not clearly set out in their plans how improvements will be demonstrated and/or measured. I will keep all of these potential issues under review in my future improvement assessments and report on developments next year.
- 6.13 A further additional requirement from this year is that, so far as is practicable, councils must report their performance against other councils in the exercise of the same or similar functions. Due to the absence of an agreed framework, councils will only be in a position to compare their statutory performance indicators and standards. I consider that until an agreed framework is in place to support non-statutory indicators and standards, this requirement will be very difficult to achieve. However, I am encouraged that councils will be working together and with the Department, with a view to developing such a framework to facilitate such comparisons. This should assist them in reporting the results to citizens and other stakeholders in the future.

Part Seven: Looking Forward



Part Seven: Looking Forward

- 7.1 **New Executive:** Following the election in March 2017, there are now 90 MLAs rather than 108. As at the date of publication, there was no Executive in place with the consequence that no central government budget for 2017-18 year had been agreed. This could have an impact on local government funding from central government. Further any uncertainty of funding may result in delays in launching schemes/incurred expenditure and is likely to have an implication on service users within councils.
- 7.2 **New Programme for Government:** The Minister for Communities announced on 22 November 2016 that urban regeneration and community development will no longer transfer to local government as originally planned. Instead the draft Programme for Government 2016-2020 sets out a vision of both central government and local government working together within their respective legislative frameworks to create more vibrant places with more employment opportunities and better housing, addressing poverty and improving the quality of people's lives.
- 7.3 **Impact from Local Government Reform:** The expectation is that councils:
- will begin to achieve some further cost efficiency savings as the Review of Public Administration beds in and voluntary exit schemes are completed. (This is further discussed in **Part Two**);
 - may experience some further changes to staff structures;
 - will find it challenging to optimise estate planning and disposal/utilisation of buildings which are currently either vacant or not fully occupied;
 - will continue to review whether there should be more centralisation of functions to one council site e.g. if we consider finance, for some councils various aspects of finance e.g. payroll/payables and receivables are still dispersed over various legacy council sites; and
 - will have to consider when they can take steps to address the impacts of legacy council staff transferring to the new council under TUPE. As staff transferred under their legacy council terms and conditions of employment then council is faced with the challenge of some staff who all perform similar work, being subject to slightly different pay and employment terms.
- 7.4 **Community Planning:** Community planning is a new responsibility for councils and is designed via a long term plan, to improve the lives and wellbeing of residents throughout the council area. It involves working with a wide range of partners including community and voluntary sector, education, health, Police Service of Northern Ireland and Tourism Northern Ireland. At the time of publication of this report, a number of councils had published their community plans. The Local Government Act (NI) 2014 requires that within two years of the plan being published, the council must publish a statement on outcomes achieved and actions taken;

further, the council and its community planning partners must carry out a review of the plan before its fourth anniversary. Whilst I have no statutory duty in relation to a council's community planning responsibility, as part of my performance improvement duties (**Part Six**), I am required to assess and report on whether a council's improvement objectives have links to its community plan. It is therefore important that all councils have their community plans published as soon as possible.

7.5 **Brexit:** There is uncertainty for local government following the referendum to leave the European Union. This may have significant impacts for local councils in Northern Ireland, particularly those close to the border with Republic of Ireland, both in terms of legislation changes and possible loss of EU funding streams. I note that the border councils have begun discussions with cross-border bodies to consider the impact of Brexit.

7.6 **Consultation on Revised Northern Ireland Local Code of Conduct for Councillors**
One of the representations is that the Code's principles should be revised to be aligned with those applying to MLAs. The deadline for comments on the consultation document was 28 February 2017. The Department for Communities is currently evaluating the feedback received.

7.7 **Financial Statements**

7.7.1 **Telling the Story** – While councils will not have to prepare their 2016-17 financial statements to be in line with a new proposed "Telling the Story" format for the accounts, they will be required to prepare for the implementation of the new reporting requirement in the 2017-18 financial statements.

One of the key aspects of this new proposed format is to record income and expenditure in line with cost centre headings in the management accounts e.g. by directorate/head of service headings. A perceived benefit of this new format is that by stream-lining presentation, key financial messages should not be obscured by too much detail. In turn, this should assist users' understanding of the accounts and potentially facilitate better decision making.

Councils will have to ensure that they have the necessary procedures in place to ensure that the 2016-17 figures can be re-analysed into this new format for comparative purposes in the 2017-18 financial statements and also that the internal reporting results can be reconciled to the statutory accounts.

7.7.2 **Revaluation of Land and Buildings** – due to new accounting rules, 2016-17 is likely to be the last year of proportionate restatement of land and building values by way of the application of indices. Due to the time needed to undertake valuations, this year councils should ensure that they have appropriate procedures in place to ensure that the required level of valuations can be performed for the 2017-18 accounts. Considerations will include a full revaluation/rolling revaluations.

Appendix 1: Potential Lessons from central government Value for Money reports 2016-17



Appendix 1: Potential Lessons from central government Value for Money reports 2016-17

When considering the adequacy of existing governance arrangements, it is also important for councils to consider governance findings from other published sources and evaluate whether their existing internal controls are sufficient to address any key issues arising from these sources, or alternatively whether current controls/risk registers should be enhanced. Such report findings may also be useful when considering the statutory performance improvement responsibilities and also when considering whether proper arrangements have been made for securing economy, efficiency and effectiveness.

A useful source is the value for money reports published by the Comptroller and Auditor General, who is the head of the Northern Ireland Audit Office. He has the statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. During 2016-17 there were a number of findings in his reports which either do, or may, apply to the councils. I have tailored findings to local government circumstances, and would encourage councils to consider these issues.

National Fraud Initiative: Northern Ireland

The National Fraud Initiative (NFI) is a major two-yearly data matching exercise in which all local councils participate. It helps public bodies identify potentially fraudulent and duplicate transactions using sophisticated computer based data matching techniques. The NFI provides participating organisations with valuable management information which they would not otherwise be able to access. Powers to data match were inserted into the Audit and Accountability (Northern Ireland) Order 2003 by the Serious Crime Act 2007. Given that councils received their fifth round of matches from this exercise in January 2017, then the findings from this report should be considered:

- There is no requirement to investigate all matches. Over-investigation of matches is an issue on which resources and time can be wasted; the levels of investigation should be guided by fraud risk assessments and key local fraud risk knowledge.
- There is evidence that many organisations are not reading and responding to shared comments; effective communication would add value to the project.
- The NFI investigation plan should be approved by the Audit Committee before work commences.
- NFI results should be used to inform Internal Audit Plans.

Northern Ireland Public Sector Voluntary Exit Scheme

The findings of this report will have particular interest for local government in light of the reorganisation and restructuring of councils, where similar projects have recently been completed or are on-going. Key messages included:

- The potential impact on staff skills and morale needs to be closely monitored.
- Early departure schemes should be driven by long term organisational needs rather than immediate budgetary concerns.
- The government body responsible should continue to monitor and review the value of savings generated to offset the initial costs of compensation. Bodies should continue to monitor the sustainability of savings, for example as regards payroll savings, councils should review whether paybill costs have been displaced into other categories of spend such as consultancy or agency costs.

Contracted Training Programmes

This report contains guidance on effective programme management which is relevant to councils interaction to, for example rural development programmes, economic development programmes or Active Aging programmes. The key finding from this report was that the programme had no mechanism for adequately reporting overall performance against key targets and this lack of performance reporting makes it difficult to judge if programme objectives and value for money were achieved.

Managing Legal Aid

Two recommendations from this report which should be useful to councils as they complete their restructuring are:

- Benchmarking can play an important role in improving efficiencies. In this report it was noted that, when contrasted with England and Wales, there are significantly more cases requiring two legal counsels in Northern Ireland. While local councils are likely to benchmark against each other, we recommend that, as in this report, wider benchmarking outside Northern Ireland should also be considered e.g. against relevant spend/income categories in other UK councils/other bodies, including those in the Republic of Ireland.

Appendix 1: Potential Lessons from central government Value for Money reports 2016-17

- The arrangements for the appointment of expert witnesses need strengthening and consideration should be given to whether expenditure should be approved in advance. We suggest that councils should satisfy themselves that their current arrangements for the appointment of external professionals and consultants in respect of both revenue and capital spend are satisfactory and in line with their procurement policy.

The Rivers Agency: Flood Prevention and Management

Due to their local nature, councils are very much aware of preventing and managing flood risk in Northern Ireland and have powers for emergency planning under the Local Government (NI) Order 2005. This report was broadly positive on the measures that are being taken by the Rivers Agency. Recommendations that councils should be aware of included:

- The use of online technology should be reviewed to assess its best use to meet public need.
- The number of multi-agency groups involved in flood and water management may be too large for a co-ordinated approach and streamlining where possible is advised.
- There should be a routine review of programme management information to ensure it meets needs, provides detail and considers potential improvements.
- Local councils should be aware of the need to consider the risk of flooding when deciding on planning applications.

In the last five years the Rivers Agency has invested nearly £33 million in the construction of new flood defence assets. However, the majority of projects finished either late, over budget or both. The Rivers Agency has made recommendations on how to improve their delivery and value for money. The Rivers Agency recommendations are important considerations for councils as they seek to optimise value for money and exercise robust project management of their capital projects, including delivery on time and within budget.



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