



January 11th, 2022

Notice Of Meeting

You are requested to attend the Audit Committee Meeting to be held on **Tuesday, 11th January 2022 at 2:00 pm** in **Mourne Room Downshire Offices Downpatrick** and via **Microsoft Teams**.

Committee Membership:

Ms Brona Slevin Independent Chairperson

Councillor P Byrne

Councillor C Casey

Councillor C Enright

Councillor L Devlin

Councillor M Gibbons

Councillor O Hanlon

Councillor A Lewis

Councillor D Murphy

Councillor D McAteer

Councillor K Owen

Agenda

1.0 Apologies and Chairpersons remarks.

2.0 Declarations of Interest.

3.0 Action Sheet: Special Audit Committee Meeting - Monday 13 September 2021. (Attached)

[3. Action Sheet - Special Audit Cmte 13 Sept 2021.pdf](#)

Page 1

4.0 Action Sheet: Audit Committee Meeting - Thursday 23 September 2021. (Attached)

[4. Action Sheet - Audit Cmte 23 Sept 2021.pdf](#)

Page 4

Corporate Services - (OPEN SESSION)

5.0 Corporate Risk Register. (Attached)

[5. Corporate Risk Register Janaury 2022.pdf](#)

Page 11

[5. Appendix 1 - CRR Overview - Jan 2022.xlsx](#)

Page 14

[5. Appendix 2 - Corporate Risk Register - Jan 2022.pdf](#)

Page 17

[5. Appendix 3 - ERT Risk Register January 2022.pdf](#)

Page 40

6.0 Prompt Payment Statistics. (Attached)

[6. Prompt Payments Report Q2.pdf](#)

Page 53

7.0 Members Register of Interests. (Attached)

[Register of Interests Report.pdf](#)

Page 56

NIAO (OPEN SESSION)

8.0 Local Government Auditors Report 2021. (Attached)

[8. Local Government Auditor's Annual Report 2021.pdf](#)

Page 58

9.0 Annual Audit Letter. (Attached)

[9. Newry Mourne and Down AAL.pdf](#)

Page 118

NIAO (CLOSED SESSION)

10.0 (Final) Report to Those Charged with Governance. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 10. NMDDC Final RTTCWG 2020-21.pdf**

Not included

Corporate Services (CLOSED SESSION)

11.0 Update re: Audit Recommendations (Risk Profile). (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 11. Update on Audit Recommendations Jan 2022.pdf**

Not included

 **EXEMPT 11. Appendix 1-6 - Internal Audit Follow Up Tracker.xlsx**

Not included

12.0 Update re: Fraud and Whistleblowing. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 12 - Rpt re Fraud and Raising Concerns update.pdf**

Not included

 **EXEMPT 12 - Appendix 1 - Fraud and Raising Concerns Register.pdf**

Not included

13.0 Quarterly Report re: Single Tender Actions. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 13 - STA Cover Report Q3 2021-22.pdf**

Not included

 **EXEMPT 13 - Appendix 1 - STA Q3 pdf..pdf**

Not included

Internal Audit (CLOSED SESSION)

14.0 ASM Summary Report. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local

Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 14. NMDDC Summary report January 2022 to Audit Committee.pdf**

Not included

15.0 IT Systems and Security. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 15. 202122 NMDDC Review of information systems and security - Final.pdf**

Not included

16.0 Programmes Unit - Financial Assistance. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 16. 2021-22 NMDDC Programmes Unit - final.pdf**

Not included

17.0 Follow up review re: Implementation of IT. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 17. 202122 NMDDC Follow up IT Strategy - final.pdf**

Not included

18.0 Asset Management. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 18. 202122 NMDDC Review of Asset Management - final.pdf**

Not included

19.0 Estates Management and Security. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

 **EXEMPT 19. 202122 NMDDC Estates Management and Security - final.pdf**

Not included

Performance (CLOSED SESSION)

20.0 Performance Improvement Audit and Assessment 2020-21. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may by resolution be excluded during this item of business.

EXEMPT 20. Rpt re Performance Improvement Audit and Assessment 2020-21.pdf	<i>Not included</i>
EXEMPT 20. Appendix 1 Correspondence with Chief Executive.pdf	<i>Not included</i>
EXEMPT 20. Appendix 2 NMD s95 report 20-21.pdf	<i>Not included</i>
EXEMPT 20. Appendix 3 Audit Certificate.pdf	<i>Not included</i>

Performance (OPEN SESSION)

21.0 Mid Year Assessment - Performance Improvement Plan 2021-22. (Attached)

21. Mid Year Assessment PIP 2021-22.pdf	<i>Page 130</i>
21. Appendix 1 Mid Year Assessment of Performance Improvement Plan 2021-22.pdf	<i>Page 133</i>

Circulars

22.0 Circular DAO 07/21 re: Conflicts of Interest. (Attached)

22. daodof0721 - Conflict of Interest.pdf	<i>Page 146</i>
22. Appendix 1 - Conflict of interest guidance.pdf	<i>Page 150</i>

23.0 Circular DFC LG 24/21 re: Capitalisation. (Attached)

23. DFC circular - LG 24-21 - Capitalisation.pdf	<i>Page 187</i>
--	-----------------

Invitees

- Cllr Terry Andrews
.....
- Mr Patrick Barr
.....
- Ms Karen Beattie
.....
- Ms Kate Bingham
.....
- Cllr Patrick Brown
.....
- Cllr Robert Burgess
.....
- Cllr Pete Byrne
.....
- Mr Gerard Byrne
.....
- Mrs Dorinnia Carville
.....
- Cllr Charlie Casey
.....
- Cllr William Clarke
.....
- Cllr Dermot Curran
.....
- Cllr Laura Devlin
.....
- Ms Louise Dillon
.....
- Cllr Cadogan Enright
.....
- Cllr Aoife Finnegan
.....
- Cllr Hugh Gallagher
.....
- Cllr Mark Gibbons
.....
- Ms Leanne Gordon
.....
- Christine Hagan
.....
- Cllr Oonagh Hanlon
.....
- Cllr Glyn Hanna
.....
- Cllr Valerie Harte
.....
- Cllr Roisin Howell
.....
- Mrs Sheila Kieran
.....
- Cllr Mickey Larkin
.....
- Cllr Alan Lewis
.....
- Mr Michael Lipsett
.....
- Cllr Oonagh Magennis
.....
- Mr Conor Mallon
.....
- Cllr Gavin Malone
.....
- Cllr Cathy Mason
.....
- Mr Johnny Mc Bride
.....
- Colette McAteer
.....
- Cllr Declan McAteer
.....
- Cllr Leeanne McEvoy
.....
- Cllr Harold McKee
.....
- Patricia McKeever
.....
- Cllr Karen McKevitt
.....
- Cllr Andrew McMurray
.....
- Cllr Roisin Mulgrew
.....
- Cllr Declan Murphy
.....

Cllr Barra Ó Muirí
.....
Linda O'Hare
.....
Cllr Gerry O'Hare
.....
Cllr Kathryn Owen
.....
Cllr Henry Reilly
.....
Cllr Michael Ruane
.....
Cllr Michael Savage
.....
Cllr Gareth Sharvin
.....
Ms Brona Slevin
.....
Donna Starkey
.....
Cllr Gary Stokes
.....
Sarah Taggart
.....
Cllr David Taylor
.....
Cllr Jarlath Tinnelly
.....
Cllr John Trainor
.....
Cllr William Walker
.....
Mrs Marie Ward
.....

ACTION SHEET
SPECIAL AUDIT COMMITTEE MEETING
MONDAY 13 SEPTEMBER 2021

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/072/2021	Report from ASM Internal Auditors re: Governance Review – Newry City Centre Regeneration Programme (NCCR)	a) To note Report from ASM ‘Governance Review – Newry City Centre Regeneration Programme’.	Dorinnia Carville	Noted	Y
		b) To note the legal advices provided to the Committee.	Dorinnia Carville	Noted	Y
		c) To report the Conclusions of the Report, as outlined in Section 6, to the Strategy Policy & Resources Committee, together with the recommendations contained in the Report, subject to any redactions	Dorinnia Carville	Special SP&R on 27 th September 2021 – noted	Y

		<p>considered necessary by Officers.</p> <p>d) Officers to consider further any updates required to the Governance Statement contained in the draft Statement of Accounts and bring the necessary revisions to the next Audit Committee meeting.</p> <p>e) Officers to consider further any steps to be taken in accordance with Council's Anti Fraud Policy.</p> <p>f) Officers to consider further any additional measures required in the furtherance of Member/Officer relations to enhance governance and bring proposals to a future meeting of the Audit Committee.</p> <p>g) All Members be reminded of the confidentiality of the Report and of their</p>	<p>Gerard Byrne</p> <p>Gerard Byrne</p> <p>Dorinnia Carville</p> <p>Dorinnia Carville</p>	<p>Extract included within the AGS of the 2020/21 Financial Statements – See significant governance concern number 4 - BRCD</p> <p>FRG met on 29 September 2021.</p> <p>A further controlled read has been scheduled for the 17th January 2022 for Members who could not attend the first controlled read.</p> <p>Noted</p>	<p>Y</p> <p>Y</p> <p>N</p> <p>Y</p>
--	--	---	---	--	-------------------------------------

		responsibilities in this regard including their responsibilities with regard to the Code of Conduct.			
--	--	---	--	--	--

ACTION SHEET
AUDIT COMMITTEE MEETING
MONDAY 23 SEPTEMBER 2021

(Action marked N to remain on: arising from Audit Committee Meeting – September 2020)

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/057/2020	(Action Sheet) Corporate Risk Register	To note that Minute No AC/030/2020 regarding Corporate Risk Register remain on the Action Sheet until such times as training is provided for Members regarding changes to The Orange Book Management of Risk – Principles and Concepts.	D Carville	Risk Policy / Strategy tabled at July Audit Committee and then at September SP&R for approval – Training for Members to be completed prior to January 2022 AC meeting.	N
		To note training would be provided in due course regarding changes to The Orange Book Management of Risk – Principles and Concepts.	D Carville	Noted. See above.	N

(Action marked N to remain on: arising from Audit Committee Meeting – July 2021)

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/061/2020	(CLOSED) (A) Procurement Action Plan (B) ASM Investigation – Single Tender Actions	To note the update in relation to Procurement Action Plans for each Directorate as per Report dated 05 July 2021 from Mr G Byrne Audit Services Manager and a comprehensive report to be submitted to the Audit Committee September 2021, at which Members will decide if an update will be tabled on a quarterly or six monthly basis.	G Byrne	Procurement Action plans were tabled at the September 2021 Audit Committee meeting – Members agreed that the action plans would be tabled six monthly, going forward.	Y

Actions: arising from Audit Committee Meeting – 23 September 2021)

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/076/2021	Corporate Risk Register	(a) To approve changes to the Corporate Risk Register as highlighted within the summary at Appendix 1 – full Corporate Risk Register can be evidenced at Appendix 2.	D Carville	Changes Approved	Y
		(b) To note the revised Corporate Services Directorate Risk Register at Appendix 3.	D Carville	Corporate Services Directorate Risk Register noted	Y
AC/077/2021	Prompt Payment Statistics	To note the Quarter 1 2021-22 Prompt Payment statistics.	G Byrne	Noted	Y
AC/078/2021	NMDDC Statement of Accounts YE 31 March 2021 & Annual Governance Statement	To approve the NMDDC Statement of Accounts for year ended 31 March 2021, subject to any further adjustments by Northern Ireland Audit Office (NIAO), and subject to any issues that may arise during consideration of the Northern Ireland Audit Office (NIAO) Draft	G Byrne	Approved	Y

		Report to Those Charged with Governance for Year Ended 31 March 2021.			
AC/079/2021	CLOSED SESSION NIAO Draft Report To Those Charged With Governance	a) To note the findings of the NIAO Draft Report to Those Charged with Governance. b) To approve un-corrected mis-statements.	K Beattie K Beattie	Noted Noted	Y Y
AC/080/2021	CLOSED SESSION Performance	To note update from Northern Ireland Audit Office (NIAO) regarding performance.	K Beattie	Noted	Y
AC/081/2021	CLOSED SESSION Update re Audit Recommendations	To note the update in relation to legacy audit recommendations.	G Byrne	Noted	Y
AC/082/2021	CLOSED SESSION Update re Fraud & Raising Concerns	To note the update in relation to Fraud and Raising Concerns cases.	G Byrne	Noted	Y
AC/083/2021	CLOSED SESSION Quarterly Update re Single Tender Actions (STAs)	To note the 2021-22 Quarter two update in relation to Single Tender Actions as contained in Report dated 23 September 2021 from Mr G Byrne	G Byrne	Noted	Y

		Assistant Director of Finance (Acting).			
AC/084/2021	CLOSED SESSION Procurement Action Plan	<p>a) To note the update contained in the report dated 23 September 2021 from Mr G Byrne Assistant Director of Finance (Acting) relation to Procurement Action Plans for each Directorate</p> <p>b) Procurement Action Plans to be reported to the Audit Committee on a bi-annual basis.</p>	G Byrne	Noted and agreed that report will be tabled bi-annually going forward.	Y
AC/085/2021	CLOSED SESSION Update re Fuel Management	To note the contents of Report dated 23 September 2021 from M McBride Director Neighbourhood Services (Acting) regarding an update on the implementation of the Fuel Management Action Plan.	J McBride	Noted	Y
AC/086/2021	CLOSED SESSION ASM Internal Audit Summary Report	To note the ASM Summary Audit report.	C Hagan	Noted	Y

AC/087/2021	CLOSED SESSION ASM Internal Audit Final Report re Community Planning	To note the ASM Internal Audit Summary Report – Community Planning.	C Hagan	Noted	Y
AC/088/2021	CLOSED SESSION ASM Internal Audit Final Report re PCSP	To note the Report from Mr G Byrne Assistant Director of Finance (Acting) regarding Policing and Community Safety Partnership (PCSP) Expenditure Report.	G Byrne	Noted	Y
AC/089/2021	Annual Assessment of Performance 2020-2021	To note the Assessment of Performance Improvement 2020-21, including the summary document 'Our Performance Looking Back Going Forward'.	G Byrne	Noted	Y
AC/090/2021	Dept of Finance Re Contracts	To note correspondence dated 07 September 2021 DAO (DoF) 05/21) from Department of Finance regarding Contracts Register.	G Byrne	Noted	Y

AC/091/2021	Dept of Finance Re Record of Cllrs & Committee Members Allowances funded By Council 2020/21	To note correspondence dated 07 September 2021 DAO (DoF) 06/21 from Department of Finance regarding revised Policy and Guidance on Best Practice in project delivery and engagement with the Gateway tm/Assurance Review Process – update to DAO (DOF) 02.	G Byrne	Noted	Y

Report to:	Audit Committee
Date of Meeting:	11 January 2022
Subject:	Corporate Risk Register
Reporting Officer (Including Job Title):	Dorinnia Carville – Director of Corporate Services
Contact Officer (Including Job Title):	Gerard Byrne – Assistant Director of Finance (Acting)

Confirm how this Report should be treated by placing an x in either:-

	For decision	X	For noting only	
1.0	Purpose and Background			
1.1	The Corporate Risk Register was reviewed and updated by SMT on 20 December 2021. Quarter 2 Assurance Statements for 2021-22 have been used to inform and update the content of the Corporate Risk Register. Where relevant, Officers have also provided updates in relation to specific controls and action plans.			
2.0	Key issues			
2.1	<p>Corporate Risk Register</p> <p>The Council has identified 10 corporate risks, 1 of which is red, 8 of which are Amber risks and 1 which is yellow. Appendix 1 provides an overview of each risk, risk owner(s), gross and residual risk scores, as well as a summary of changes and updates which have been made to the Corporate Risk Register since September 2021.</p> <p>Several actions have been updated to ensure the Corporate Risk Register is a live document and can be used as a Management tool for decision making.</p> <p>The updated Corporate Risk Register is attached at Appendix 2.</p>			
2.2	<p>Directorate Risk Registers – Enterprise, Regeneration and Tourism (ERT)</p> <p>The Risk Reporting section of the Risk Strategy states that Directorate Risk Registers will be presented to the Audit Committee on a rotational basis. The Risk Register for the ERT Directorate is attached at Appendix 3. The ERT Risk Register was reviewed and updated at a Departmental Management Team meeting on the 6 December 2021.</p>			
2.3	<p>Through the ERT Risk Register, eight risks have been identified, all of which are amber. These risks cover a range of service areas and functions, including the economy, regeneration, external funding, arts and heritage, tourism and planning.</p> <p>A number of amendments have been made to the ERT Risk Register to ensure it is aligned to the revised Risk Strategy. The key revisions include:</p>			

	<ol style="list-style-type: none"> 1. Risk categories have been updated to reflect best practice. However, this is not yet reflected on the template due to a formatting issue and the supplier is currently providing a solution. 2. The risk appetite for each risk has been updated. 3. Controls reflect the 'three lines of defence' model reflected within the strategy. 4. Directorate objectives, as outlined in the ERT Business Plan 2021-22, have been included and each risk is aligned to at least one objective. 5. All action plans have been updated. <p>The ERT Risk Register will be updated on a regular basis and considered by the Audit Committee annually.</p>
3.0	Recommendations
3.1	<p>To approve the updates to the Corporate Risk Register highlighted within the summary at Appendix 1. Full Corporate Risk Register can be evidenced at Appendix 2.</p> <p>To note the revised ERT Directorate Risk Register at Appendix 3.</p>
4.0	Resource implications
4.1	There are no resource implications.
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/></p>
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>
5.3	<p><i>Proposal initiating consultation</i></p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p>

	<p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i> Consultation not required.</p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p>
7.0	Appendices
	<p>Appendix 1: Summary Sheet – Corporate Risk Register</p> <p>Appendix 2: Corporate Risk Register – January 2022</p> <p>Appendix 3: ERT Directorate Risk Register – January 2022</p>
8.0	Background Documents
	None

NMDDC Corporate Risk Register Cover Sheet - January 2022

Risk	Description	Risk Owner(s)	Gross Risk Score	Sep-21	Jan-22	Comments
				Residual Risk Score	Revised Residual Risk Score	
CR01	Failure to develop and deliver the capital investment programme for the District	Dorinnia Carville Michael Lipsett Conor Mallon	25	12	12	One action now completed - NCCR review. Action in relation to supply chain issues / pricing updated.
CR02	Non-compliance with legislative requirements, including procurement	Dorinnia Carville Michael Lipsett Johnny McBride	25	20	20	All actions now updated. New procurement to pay system and sourcing portal to go live in early January 2022.
CR03	Failure to effectively manage waste	Johnny McBride	25	16	16	All actions now updated. Action plan for operators licence to be tabled at NS in January 2022.
CR04	Failure to provide timely planning decisions	Conor Mallon	25	16	16	All actions and statistics now updated. New planning system to be operational in July 2022.
CR05	Failure to adequately plan for the future and deliver efficiencies and improvement	Marie Ward Dorinnia	20	9	9	All actions now updated. Severance calls for tier 3 and administration grade issued in December 2021.
CR06	Failure to adequately react to a major incident which would minimise any negative	Dorinnia Carville	25	12	12	Action now updated. New Omicron variant now included, also progress on BCP scenario planning included.
CR07	Failure to adequately plan an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate, including the NI Protocol	Marie Ward Conor Mallon	20	16	16	All actions now updated - the signing of the City Deal in December 2021 being a key milestone. Also meetings with the FSA in January 2022 to ascertain the funding levels over the coming year for Port posts.
CR08	Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services.	Senior Management Team	25	15	15	One action now completed in relation to mainstreaming the absence management policy.
CR09	Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term	Senior Management Team	25	12	12	Actions now updated - Minister for Communities to meet with Councils in January 2022 to discuss the reduction in RSG.
CR10	Failure to effectively plan for and manage a cyber security attack.	Dorinnia Carville	25	16	16	Actions now updated.

Risk Matrix

NMDDC operate a 5 x 5 risk matrix. The risk matrix will help with making decisions about the significance to the Council of each identified risk and whether each one should be accepted or treated.

IMPACT	Catastrophic Potential immediate or future harmful impact to the Council. SMT required to make major adjustments to plans and/or resource allocations.	5	10	15	20	25
	Major Substantial departure from best practices and standards. Consequences can be managed with moderate additional resources and/or managerial effort.	4	8	12	16	20
	Moderate Limited impact. Consequences can be managed with limited additional resources and/or managerial effort.	3	6	9	12	15
	Minor Very limited impact. Consequences can be managed under normal operating conditions.	2	4	6	8	10
	Not Significant No impact on normal operating procedures.	1	2	3	4	5
		Rare	Unlikely	Possible	Likely	Very Likely
		Has happened rarely or never before.	Has happened rarely or never before.	Likely to happen at some point within the next 2-3 years. Circumstances occasionally encountered (annual).	Likely to happen at some point within the next 1-2 years. Circumstances occasionally encountered (few times a year).	Regular occurrence. Circumstances frequently encountered - Daily / weekly / monthly.
		LIKELIHOOD				

Risks are assessed on a scale of 1-5 in terms of both likelihood and impact, which results on the following risk ratings outlined below;



NMDDC Risk Appetite Statement

NMDDC aims to be risk aware, but not overly risk averse. This is to ensure that the Council takes a balanced approach to risk taking to delivers its corporate priorities and agreed outcomes for the District. The Risk Categories table on the page 7 defines each Risk Category with a risk appetite. This is a guide for management when considering risk actions plans. The Statement has been agreed by SMT, however there can be exceptions to risk appetite in certain circumstances.

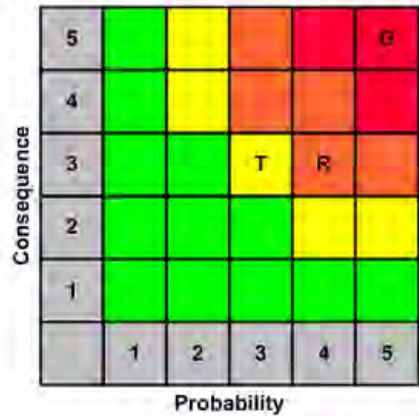
- Averse:** Avoidance of risk and uncertainty is a key organization objective.
- Minimal:** Preference for ultra-safe options that are low risk and only have a potential for limited reward.
- Cautious:** Preference for safe options that have a low degree of risk and may only have limited potential for reward.
- Open:** Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.
- Hungry:** Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.





1. Corporate Risk Register NMDDC

Risk CR. 01 - Failure to develop and deliver the capital investment programme for the District



Risk Categories Buildings / Engineering / Environment
Business operational/reputational

Risk Description Failure to adequately resource the capital programme
Failure to effectively manage capital contracts
Capital programme does not sufficiently deliver on the Corporate Objectives

Potential Root Cause Lack of availability of construction materials and increases in the cost of materials due to - COVID19 / global demand / administration at UK ports and container shortages
Contractors on key projects fail to deliver on time and on budget
Consultant and/or contractor collusion
Procurement delays, failures or legal challenges
Governance Arrangements not being adhered to
Projected timelines too optimistic
Delays due to the statutory approvals process
Lack of awareness in staff and managers
Lack of resources - economic downturn/recession
Funding reduced/withdrawn, timescales extended leading to increased costs

Consequence Impact on service delivery
Financial impact - Loss of funding (i.e. DAERA projects)
Legal challenge / Negative PR
Impact on quality/cost of projects
Future reduction on the capital budget
Reputational damage

Risk Owners Dorinnia Carville; Michael Lipsett; Conor Mallon

Gross/Inherent Risk Red 25 **Last Review** 20/12/2021

Residual Risk Amber 12 **Next Review** 18/03/2022

Target Risk Level Yellow 9 **Risk Appetite** Risk Open

Objectives

- 1. Invest in and support new and growing businesses, job creation and employment skills
- 6. Promote the revitalisation of our city, towns, villages and rural communities.
- 7. Provide accessible, high-quality and integrated services through continuous improvement

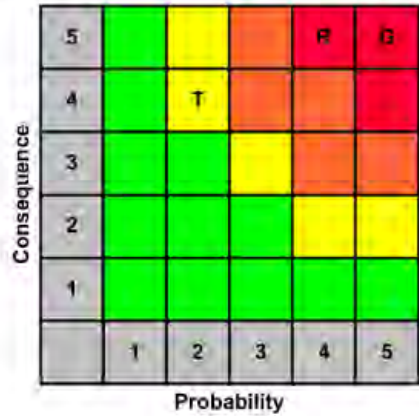
Key Controls Identified

1. Asset Management Strategy in Place to identify surplus assets
1. Monthly review of spend against budget
1. Professionally qualified and experienced staff
- 2 Project risk register in place for major projects
- 2: Capital Plan annually approved at Council
2. Four year Capital Plan
2. Large projects are project managed by external consultants who report to the Estates Team.
- 2: Monthly site progress meetings which are minuted
2. Strategic Finance Working Group scrutinises each Capital Project
3. Internal Audit of Project Governance of Capital projects scheduled for 2022/23.

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Construction Industry - Material Shortages and Price Increases - Potential Impact to our capital Plan	NI central government have informed me that the Dept of Finance is being lobbied by the construction industry to contribute to the unforeseen increase in material costs for those construction projects (large value) which were awarded in advance of the recent price spikes, as well as term service contracts with fixed rates for undertaking works.	In Progress	Dorinnia Carville	01/04/2022	Continue to keep Members updated of rising costs and supply chain difficulties leading to an impact on Councils Capital Plan.

Risk CR. 02 - Non-compliance with legislative requirements, including procurement



Risk Categories	Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)		
Risk Description	Failure to have the necessary policies and procedures in place with staff adequately trained to ensure legislative compliance. This includes complying with Procurement legislation, health and safety and fire risk assessments, best practice. Council not having adequate insurance cover.		
Potential Root Cause	Failure to understand and meet legal requirements in relation to Health and Safety, Information Management, Rural Needs, Disability, Section 75, Performance and Improvement and Safeguarding. Lack of resources and inadequate training provision. Staff not complying with Council's procurement policy. Property and vehicle schedules not being up to date. Absence of effective operational procedures and policies. Fire Risk Assessments at Council buildings not being undertaken and actions not being implemented and managed. Unforeseen events and public negligence/lack of responsibility. COVID19 - increased risks in relation to H&S at properties: statutory inspections required under legislation (i.e - vehicle and plant lifts, lifting equipment, pressurised water systems, local exhaust ventilation) are not taking place due to lack of access. FRA / Legionella / Asbestos etc (are not being reviewed due to front line services being provided). COVID19 - The Finance Act act as amended by the draft COVID regulations could be misinterpreted by staff.		
Consequence	Non-compliance leading to prosecution Personal liability / Corporate Manslaughter Risk of a fatality at a Council site Reputational damage Reduced trust and public confidence Increased number of complaints and queries Increased insurance premiums Loss of income		
Risk Owners	Dorinnia Carville; Michael Lipsett; Johnny McBride		
Gross/Inherent Risk	Red 25	Last Review	20/12/2021
Residual Risk	Red 20	Next Review	18/03/2022
Target Risk Level	Yellow 8	Risk Appetite	Risk Averse

Objectives

- 7. Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

- 1. Asbestos and Legionella Policies and Management Plans in place
- 1. COVID19 - New Governance Arrangements in place in Council. Delegated authority amended through SO.
- 1. COVID19 - New legislation introduced to allow virtual committee meetings
- 1. COVID19 Risk Assessments being completed and reviewed as required
- 1. Dedicated skilled teams in place for:
 - Health and Safety, HR, Legal and Procurement
 - 1. Health and Safety Committees in place and ongoing programme of training in place
- 1. Policies and procedures in place - i.e H&S Policy, Procurement Policy, Access to Information, Records Management
 - 1. Procurement training rolled out to all relevant staff
- 2. Compliance Reporting to SMT and H&S Committees
- 2. Procurement a standing agenda item at Councils Audit Committee
- 3. Internal Audit Completed
 - H&S Check - 2019/20
 - Contract Management - 2019/20
 - Emergency Planning 2020/21
- 3. Internal Audits Scheduled:
 - Contract Management - 2021/22
 - Information Governance - 2022/21

Action Plans

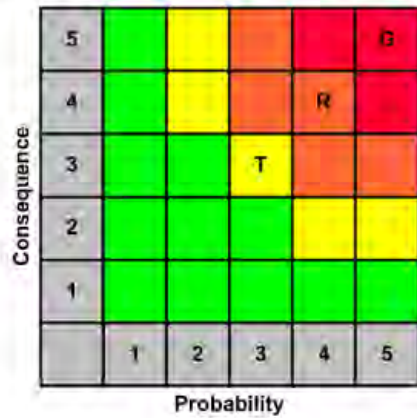
Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
-------------------------	------------------	-------------------	-------------------------	----------

Actions from Fire Risk Assessment Audits	The actions from the Fire Risk Assessments which have been completed need to be actioned as soon as possible for all Council properties by the Facilities Management and Maintenance Department.	In Progress	Kevin Scullion	31/03/2022	<p>The current level of risk regarding fire risks in our buildings is considered Low.</p> <p>The Fire Risk Management Policy has been approved and effective since 12th March 2020, however the associated Fire Safety Management Plan has not progressed. The priority is to seek agreement on a Fire Safety Management Plan which will guide future control of this risk.</p> <p>The Council's Building Control Department conduct the Fire Risk Assessments and pass to Building Managers for review. Building Managers action any issues raised, passing building maintenance requirements to the Maintenance Supervisors</p> <p>The Council has recently appointed a Council wide Contractor/s to undertake annual inspections of fire alarms and firefighting equipment. In relation to fire alarms the initial inspection is likely to highlight a programme of work to upgrade some systems.</p> <p>The Council's Building Maintenance team continue to address work as required. Facility Managers continue to extract relevant works for action by Building Maintenance from individual Fire Risk Assessments. Works are actioned and reported back to Facility Managers.</p>
Advisory Internal Audit Review - Implement the 30 recommendations arising from the Health and Safety	internal audit review of Health and Safety	In Progress	Colin Quinn	31/03/2022	<p>In March 2021, ASM carried out of review of progress in implementing the recommendations. Follow up discussions to take place at Facilities Management Working Group. Progress on implementation reported quarterly to Audit Committee.</p>

Asbestos Policy and Management Plans	Implementation of Asbestos Policies and Management Plans	In Progress	Kevin Scullion	31/03/2022	The current level of risk for asbestos, is considered Low.
					All buildings have been surveyed and no significant risks have been identified which cannot be managed through good building practices.
					A Contractor was appointed in October 2020 for a three-year period to undertake inspections, air sampling, training and related asbestos consultancy work. There was a defined year 1, 2 and 3 work programmes. Year 1 programme would ensure any gaps in our data base concerning existence of asbestos in buildings was, so far as reasonably practicable, addressed.
					Steady progress has been made on this despite issues concerning Covid 19 (access to buildings and Covid related staff issues) and all but a small number of our buildings have now been inspected. Not all reports have been issued to Council at this time, but these are to follow. The inspections have not highlighted any significant issues of concern with the overall approach being recommended is that the asbestos we have in our buildings is not in a condition which requires action from Council other than to manage it in situ.
Conflict of Interest Declarations	All high risk staff to have declaration completed by May 2021. Voluntary declarations to be rolled out to all staff by May 2021. All Elected Members have completed and submitted declarations, which will be reviewed every six months and reported to the Audit Committee.	In Progress	Alison Robb	28/02/2022	Since the inception of the Conflict of Interest policy and the start of this process, approx. 266 employees have been identified as being required to make a mandatory declaration of interest. Responses have been received in approx. 85% of cases. Returns remain o/s from approx. 40 no. employees and efforts are continuing by email contact to finalise the full set of returns. All relevant employees have received a reminder this week and this is due to be followed -up within 7 days.
					In relation to voluntary declarations of interest, correspondence by email was issued during September 2021 to all employees requesting voluntary DOI returns in accordance with the policy.
					A final review of the returns to ensure full compliance will be made in early January 2022.
Insurance	CMT to ensure that Council Properties and Vehicles are adequately covered and schedules are up to date	In Progress	Dorinnia Carville	31/01/2022	Work currently under to validate Councils Operators Licence against Councils fleet insurance schedule. CMT are also leading an exercise to ensure are. Property/Contents schedules are up to date.

Legionella Policy and Management Plan	Implementation of Legionella Policies and Management Plans	In Progress	Kevin Scullion	31/03/2022	The current level of risk for legionella is considered Medium. A Contractor was appointed in August 2020 for three-year period to undertake legionella control measures on behalf of the Council. This comprises monthly, quarterly, six monthly and annual inspections and works. These works are progressing as normal except for risk reviews for each of our buildings which were to be completed in Year 1 of the contract. There were 127 inspections to be completed, however at this stage only 21 of these have been achieved. Officers are of the view that despite a lack of progress in completing the risk reviews in accordance with the programme, the current monthly regime of checks and inspections provides a satisfactory level of assurance that legionella risks are being minimised subject to remedial works being completed to address temperature or mechanical issues identified.
New Procurement to Pay System	Our current supplier is no longer supporting the current system, therefore Council had to tender for a new supplier	In Progress	Gerard Byrne	31/01/2022	Both the Purchase to Pay system and Sourcing Portal will 'go live' in early January 2022.
Procurement Action Plans	Each Directorate have their own Procurement Action Plan which highlights where current spend needs to be regularised	Completed	Senior Management Team	31/01/2022	Procurement Action Plans were presented to the September 2021 Audit Committee. Members agreed that they would be tabled biannually to the Committee to monitor progress.
Social Procurement Policy	Council to consider bringing in a social procurement policy following the guidance issued by the Minister of Finance in June 2021.	Proposed	Gerard Byrne	31/03/2022	Legislation to be reviewed to determine if this is possible while adhering to Public Contract Regulations.

Risk CR. 03 - 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 (availability of HGV drivers)
Market forces enable commercial operators to increase prices
Failure to plan effectively for the future (including financial planning)
Historic contract arrangements which are not providing the Council with VFM
Potential loss of operators licence
Future changes to waste management arrangements
COVID19 - Staff being unavailable or members of their household self isolating
Risk of industrial action
Unable to procure new contracts to process & dispose of our waste

Consequence Reputational Issues
Lower levels of customer satisfaction
impact on service delivery and lost productivity
Failure to meet statutory standards around recycling and waste to landfill

Risk Owners Johnny McBride

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review 20/12/2021

Next Review 18/03/2022

Risk Appetite Risk Cautious

Objectives

- 2. Continue to improve the health and wellbeing of everyone in the district and reduce health inequalities.
- 7. Provide accessible, high-quality and integrated services through continuous improvement

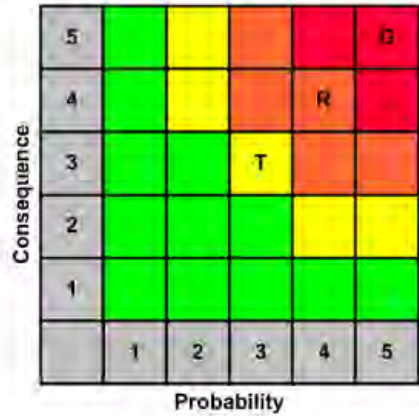
Key Controls Identified

- 1. Contingency Plans in place
- 1. COVID19 - New ways of working identified, i.e. staggered start times
- 1. COVID19 - Screen partitions in all vehicles where there is more than one passenger
- 1. Long term Waste Strategic Plan in place
- 1. Partnership working with key stakeholders
- 3. Internal Audits Completed;
Fleet Management 2020/21
Fuel Management procedures
- 3. Internal Audits Scheduled;
Waste Management - 2021/22

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Operators Licence	Internal Audit carried out a review of the progress in implementing TRU and FTA recommendations in October 2018. A further review took place during November/December 2020 which has provisionally highlighted that limited progress has been made in implementing a number of recommendations from the 2018 audit.	In Progress	Johnny McBride	31/03/2022	An action plan in relation to compliance to the Council's Operators licence was presented to NS in October 2021. A further update will be provided in January 2022.
Waste Management Plan	The Waste Management Plan is organised by ARC 21. The Council is required to feed into and approve ARC 21s Waste Management Plan.	In Progress	Johnny McBride	30/06/2022	A review of the arc21 Waste Management Plan (including NMDDC) has been completed by WRAP, however Chapter 6 of the Plan remains outstanding as this requires data to be provided by DAERA. Councils are now collaborating on the procurement of technical expertise to produce an Addendum for the Plan (in the absence of a Department-led Waste Management Strategy for NI) and are also clarifying the status of the outstanding Chapter with the Department.

Risk CR. 04 - Failure to provide timely planning decisions



Risk Categories Business operational/reputational
Financial
Quality of Service

Risk Description Failure to provide timely planning decisions

Potential Root Cause Ineffective and/or inadequate resources
Ineffective technology - EPIC system changes

Consequence Litigation
Reputational issues
Lower levels of customer satisfaction
Impact on service delivery and lost productivity
Financial implications resulting in budget constraints
Failure to achieve the statutory standards around local / major planning applications and enforcement cases

Risk Owners Conor Mallon

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review 20/12/2021

Next Review 18/03/2022

Risk Appetite Risk Open

Objectives

- 3. Enhance, protect and promote our environment
- 6. Promote the revitalisation of our city, towns, villages and rural communities.

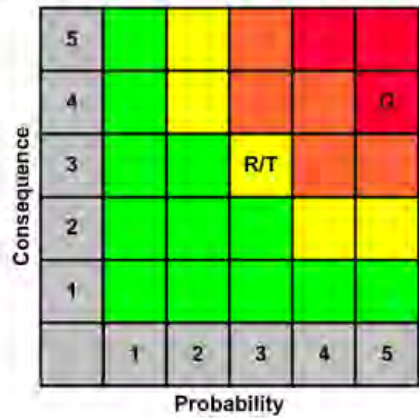
Key Controls Identified

- 1. Action plan in place to reduce backlog
- 1. Increase in employee numbers
- 1. Ongoing training for officers and members
- 2. Dedicated Planning Committee in operation
- 2. Local Development Plan developed and timetable agreed
- 2. Planning Consultant in place since January 2020 to bring about performance improvements
- 2. Scheme of Delegation in place to facilitate timely planning decisions

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	31/03/2022	Live applications at 22/12/21 are at 1106, down from 1221 on 8/06/21. Numbers of live applications across Northern Ireland are up 12.4% from the same period last year. They are at their highest level since 2012. NMD receives the highest number of planning applications of any Council. NMD issues the largest number of planning decisions of any Council. Average processing times for planning applications across all Councils is 16.0 weeks. Average processing time for NMD is 17.4 weeks. The filling of new and vacant posts is ongoing. NMD continues to experience turnover of staff through resignations / maternity leave etc.
Complaints	Respond to complaints in relation to the Planning service within the corporate reporting timeframe and implement the relevant recommendations arising from the internal audit of complaints handling and management.	In Progress	Conor Mallon Anthony Mckay	31/03/2022	An internal audit of complaints handling and management was carried out during Q2 2020-21. The audit focused on complaints across a range of departments, including Planning. Performance levels have fluctuated, driven by increasing volumes of work / competing priorities on senior officer time. Process improvements have been identified and rolled out. The Corporate Complaints procedures are now implemented and embedded within the planning department.
IT infrastructure	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony Mckay	31/07/2022	Council has agreed to the procurement of a replacement planning computer system, in a joint arrangement with the other 10 Councils and DfI. The contract has been awarded and is to be operational by July 2022.
Specialist Planning Consultant	Business case to appoint a specialist planning consultant was approved at the December 2019 SP&R Committee.	In Progress	Conor Mallon	31/03/2022	The specialist planning consultant commenced January 2020 and has been reviewing processes and procedures to help improve the performance of the planning service and facilitate transformational change. The Consultant provides progress updates to the Planning Committee and is due to give a further update in January 2022.

Risk CR. 05 - Failure to adequately plan for the future and deliver efficiencies and improvement



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

Risk Description
 Failure to adequately plan for the future and deliver efficiencies and improvement
 Differences in respect of terms and conditions of employment arising from, or as a consequence of, the formation of the new Newry Mourne and Down District Council on 1 April 2015 and as a result of the re-organisation of public administration.

Potential Root Cause
 The requirement to transform the Council is a direct consequence of the merger of the two predecessor Councils arising from LGR and will support the realisation of organisational improvement and efficiencies.
 The Council has not defined the business changes it wants from transformation to support investment in new IT and the resolution of fundamental business differences arising from legacy arrangements (i.e. T&Cs)
 Corporate efficiency projects and other improvement activities are not currently joined-up with wider transformational activity
 The Council is currently unable to track the realisation of benefits (financial or non-financial) arising from investment in new IT systems (i.e. Legend)
 A lack of corporate capacity currently exists to support transformational activity
 The impact of COVID19 on the overall affordability of the Councils long term plans

Consequence
 We are not fundamentally addressing the merger (aka LGR) leading to reputational damage
 The budget situation will continue to get worse (salaries and wages) therefore not providing VFM
 Our ability to provide citizens / customers with the services they require will be significantly constrained
 We will potentially lag behind other Councils & other public sector organisations

Risk Owners
 Dorinnia Carville; Marie Ward

Gross/Inherent Risk
 Red 20

Residual Risk
 Yellow 9

Target Risk Level
 Yellow 9

Last Review
 20/12/2021

Next Review
 18/03/2022

Risk Appetite
 Risk Hungry

Objectives

7. Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

1. Severance Rate agreed by Unions and Members
2. IT Project Group in place and meets monthly
2. Specialist independent IT consultants have been tasked with implementing the IT strategy

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
CMT Working Groups	Three CMT Working Groups have been established to progress key transformational projects around 'Ways of Working', 'Customer Engagement', 'Information Strategy' and 'Overtime'	In Progress	Eoin Devlin Colum Jackson Andy Patterson Kevin Scullion	31/03/2022	Work is ongoing across the four Working Groups: a detailed update was provided to SMT on the 8 September 2021 from each Working group lead. Presentation on the work of the Overtime Working Group to be presented to the SFWG in October 2021. A further update from each working group will be provided to SMT in Q4 2021/22.
Service Reviews	Service Reviews are currently being completed across Directorate in line with paper which was approved at SP&R	In Progress	Senior Management Team	31/03/2022	Further Service Reviews of Accounts Payable and Accounts Receivable were agreed in December 2021.
Terms and Conditions	A work plan is now in place between management side and trade unions - timetable has been agreed	In Progress	Senior Management Team	31/03/2022	A paper on T&C's was brought to SP&R in Q3 2021/22. To be completed by March 2022.
Voluntary Severance Call	Roll out of a voluntary severance call to communicated to staff	In Progress	Senior Management Team	31/03/2022	Communications in relation to severance issued to Tier 3 and Administrative grades in December 2021.

Risk CR. 06 - Failure to adequately react to a major incident which would minimise any negative consequences/impact

Consequence	5					E
	4		T	R		
	3					
	2					
	1					
		1	2	3	4	5
		Probability				

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, localised flooding, Harbour disasters, Fire
Pandemics - COVID 19
Significant IT failure
Inadequate preparedness to be able to respond in the event of an emergency

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; Marie Ward

Gross/Inherent Risk Red 25

Residual Risk Amber 12

Target Risk Level Yellow 8

Last Review 20/12/2021

Next Review 18/03/2022

Risk Appetite Risk Averse

Objectives

7. Provide accessible, high-quality and integrated services through continuous improvement

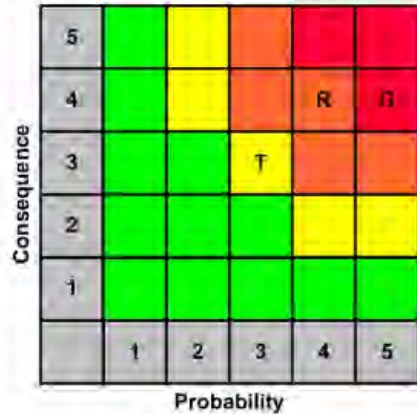
Key Controls Identified

- 1. Emergency planning measures in place, including:
 - Flood risk plan
 - Inter-agency group
- 1. Annual Winter Resilience Plan in place
- 1. Business Continuity scenario plans in place
- 1. Dedicated Emergency Planning team and professionally trained and experienced staff
- 1. Emergency Plan Activated in March 2020 due to COVID19
- 1. Ferryman test exercise completed (May 2019) -Security alert in February 2021 - Lessons learned
- 2. Member of Southern Region Emergency Planning Group
- 2. New regional local government regional model
- 3. Internal Audits Completed;
 - Health and Safety Checks 2019/20
 - Emergency Planning 2020/21

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Documenting Business Continuity Plans	BCPs to be documented for each Service Area	In Progress	Dorinnia Carville	31/03/2022	Work is underway - being led by the SHEP unit.
Northern Ireland Emergency Planning Structures	Officers will continue to attend and contribute to the NI Emergency Planning Structures.	In Progress	Senior Management Team	31/03/2022	Ongoing -The Omicron variant is currently an area of concern across all Council areas.

Risk CR. 07 - Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate, including the NI Protocol



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 due to financial uncertainties caused by the current economic and political climate, including the NI Protocol.

Potential Root Cause Failure to engage stakeholders (public and private sector)
FFNI - NMDDC is lead Council with operations team - increased risk
Impact of the City Deal
The weakness in sterling driving inflation expectations higher
Issues around the NI Protocol including:
-Loss of EU funding
-Disruption of food and medical supplies
-Community tension and public disorder
-Changes in regulations, border controls, cross border trade and movement of goods and people
-Uncertainty amongst the business community in relation to food standards, trading standards and exports
-Lack of employees with the required expertise and experience, eg Environmental Health Officers

Consequence Lack of investment in the District and lower levels of economic activity
Lack of confidence from the private sector
Some services, which were funded externally, not being delivered
Lack of leadership and direction from the NI Executive and UK Government
Inadequate levels of service provision
COVID19 - Increase in the District rate

Risk Owners Conor Mallon; Marie Ward

Gross/Inherent Risk Red 20 **Last Review** 20/12/2021

Residual Risk Amber 16 **Next Review** 18/03/2022

Target Risk Level Yellow 9 **Risk Appetite** Risk Hungry

Objectives

1. Invest in and support new and growing businesses, job creation and employment skills
4. Support sustainable forms of tourism which value our environment and cultural heritage.
6. Promote the revitalisation of our city, towns, villages and rural communities.
7. Provide accessible, high-quality and integrated services through continuous improvement

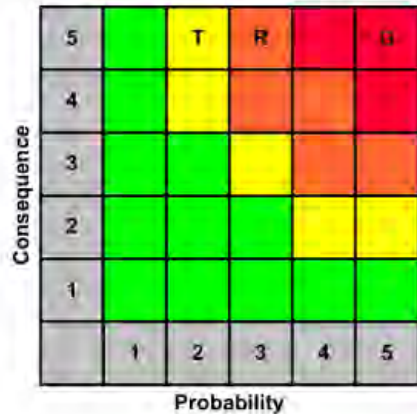
Key Controls Identified

1. FFNI Operations team in place. Operations group established with other Councils. Project Risk Register established
1. Regeneration and Economic Development Strategy 2020-25 in place
1. Rural Development Programme in place
2. Brexit Forum and Brexit Task and Finish Working Group operational
2. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce
2. Establishment of Economic Forum including public and private sector stakeholders
2. Internal Brexit Working Group established and meeting regularly to plan for an respond to organisational impacts
2. Participation in Cross Council Brexit Working group, Liaising with the NI Executive Office.
3. Internal Audits Completed;
FFNI - 2019/20

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
City Deals	Actively engage in Belfast Region City Deal	In Progress	Marie Ward	30/06/2022	The Head of Terms have been signed (March 2019). OBCs for NMD projects have been approved by BRCD Board and have been submitted to NI Executive lead Departments. On the 15 December 2021, The Belfast Region City Deal was signed and unlocks £1 billion of transformative co-investment which will deliver more than 20 highly ambitious projects and programmes, create up to 20,000 new and better jobs and help make the region a global investment destination over the next decade. Council is now in delivery mode for key projects.
Full Fibre Network NI (FFNI)	Local Full Fibre Network to improve connectivity across all of Northern Ireland.	In Progress	Conor Mallon	31/03/2022	As lead partner, the Council continues to deliver the FFNI project which is on track to complete by 31 March 2022. Phase one was completed in December 2021.
Support local businesses in operating under the new NI protocol	The Council continues to closely monitor the impact of Brexit on funding streams and service provision at a local level. The Council is also providing support, advice and guidance to local businesses as they anticipate and manage the changes associated with Brexit.	In Progress	Conor Mallon	31/03/2022	The Council is engaging stakeholders through the Brexit Forum and internal Brexit Working Group, which meet regularly and continue to provide support, advice, guidance and signposting to Government agencies through the website, social media channels and ezines. The Council is also holding Brexit preparation workshops through existing mentoring programmes and will seek to develop additional support and interventions, as identified through ongoing engagement with the business sector. Trade deal negotiations need to be monitored. Issue are arising around skills shortages in a range of sectors and Council is working with key partners to help address these problems. The Council is also working with key stakeholders in relation to future EU funded programmes.
Warrenpoint Port	To ensure efficient delivery of statutorily required of food import checks on relevant Agri-Food goods entering Northern Ireland at Warrenpoint port	In Progress	Michael Lipsett	31/03/2022	Required checks are being completed at Warrenpoint Port on an on-going basis by trained and authorised staff, working flexible shifts aligned with changeable sailing arrival times. Regular meetings with relevant partners, DAERA, FSA, Border force, Seatruck, Warrenpoint Port, to continue to share learning and work through operational issues as they arise. Officers continue to contribute to the Project Steering group, led by DAERA. Negotiations to commence in January 2022 around the FSA providing certainty of funding for a longer period.

Risk CR. 08 - Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services.



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

Risk Description Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services.

Potential Root Cause Increased levels of sickness absence
Failure to adequately manage sickness absence
Failure to complete Return to Work interviews following instances of absenteeism
Period of change, uncertainty and increased stress

Consequence Increase in sickness absence
Critical services failing to be delivered
Reputation damage
Increased cost to Council due to the use of agency staff/overtime

Risk Owners Senior Management Team

Gross/Inherent Risk Red 25 **Last Review** 20/12/2021

Residual Risk Amber 15 **Next Review** 18/03/2022

Target Risk Level Yellow 10 **Risk Appetite** Risk Minimal

Objectives

- 2. Continue to improve the health and wellbeing of everyone in the district and reduce health inequalities.
- 8. Advocate with others for the benefit of all people of the district.

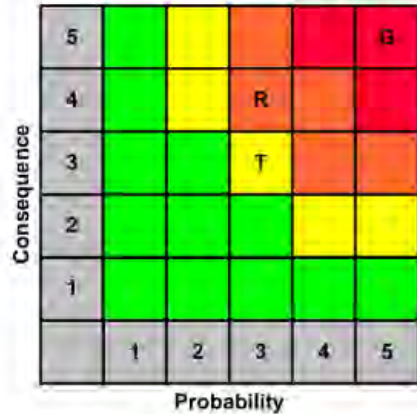
Key Controls Identified

- 1. Employee Health Cash Plan
- 1. Human Resources Team
- 1. Managing Attendance Policy
- 2. Health and Wellbeing Working Group/Team
- 2. Occupational Health Service
- 3. Internal Audits completed;
HR Policy Review 2020/21
Leisure Services - review of Flexi/Toil -2019/20

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Mainstream absence management across the organisation	Completed	Senior Management Team	31/01/2022	Completed - action to be removed
Training All Managers must complete Managing Attendance training on the Councils e-learning platform	In Progress	Catrina Miskelly	31/03/2022	In progress and regular reminders sent to staff to ensure their training records are up to date.

Risk CR. 09 - Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term



Risk Categories	Business operational/reputational Financial Quality of Service Statutory Duty (Legal/Regulatory)		
Risk Description	Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term		
Potential Root Cause	Government guidelines and PHA guidelines in relation to public health Environmental Services - Loss of income (SEUPB/PHA) Leisure - significant loss of Leisure centre income and members going forward Community - Loss of income at community centres / difficulty in progressing financial assistance claims / uncertainty over PEACE funding Impact on Capital Projects - funding reduced/withdrawn, timescales extended / increased costs - capital budget may be reduced going forward Building Control and Planning fee income reduced Loss of income from Tourism locations Lack of borrowing capacity Loss of Ratepayers income Lack of planning for the medium to long term		
Consequence	Council income reducing Going concern issues Large increase in District Rate going forward - negative publicity Council Reserves reducing inadequate levels		
Risk Owners	Senior Management Team		
Gross/Inherent Risk	Red 25	Last Review	20/12/2021
Residual Risk	Amber 12	Next Review	18/03/2022
Target Risk Level	Yellow 9	Risk Appetite	Risk Open

Objectives

1. Invest in and support new and growing businesses, job creation and employment skills
2. Continue to improve the health and wellbeing of everyone in the district and reduce health inequalities.
6. Promote the revitalisation of our city, towns, villages and rural communities.
7. Provide accessible, high-quality and integrated services through continuous improvement
8. Advocate with others for the benefit of all people of the district.

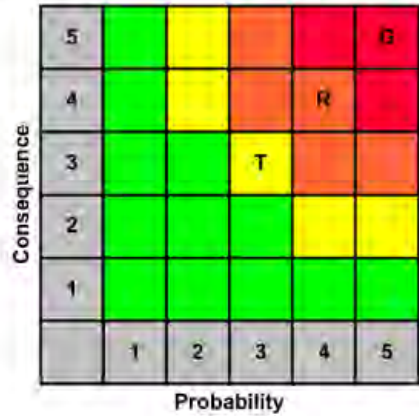
Key Controls Identified

1. Monthly Management Accounts completed by Finance
1. Public Health guidance being followed in relation to the closure of facilities and buildings
2. Multi agency Community Hub
2. NMDDC COVID-19 Recovery Group
- 2: Service and Business plans now in place
2. Working with ALFCO around a Council wide position to DfC and DoF
3. Internal Audits Completed;
Emergency Planning with a focus on COVID19 - 2020/21

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Central Government	Finance officers and Chief Executive lobbying central government for additional financial support package for Councils	In Progress	Senior Management Team	31/03/2022	Bids to DfC have been successful and funding is continuing for the 2021/22 period. DEARA are not providing any further funding to Councils.
COVID-19 Recovery Revitalisation Programme and virtual support for local businesses	Continued support for local businesses to re-open, survive and thrive in the current and post COVID-19 environments, through a range of programmes and initiatives.	In Progress	Conor Mallon	31/01/2022	Numerous events, direct business engagement and mentoring initiatives have been delivered and advertised through online social media platforms, including the NMD Business Twitter and facebook Pages. The delivery of the COVID-19 Recovery Revitalisation Programme is nearing completion, providing grant aid to urban and rural businesses and addressing issues around dereliction. The Council has issued letters of offer, with a combined value of £3.2m, to assist local businesses as they navigate the impact of COVID-19. A report is to be brought to Committee in January 2022 detailing how this funding was spent.
COVID-19 Recovery Working Group	Councillor / Officer Working Group to provide over-arching strategic direction by planning ahead to support the Council's response to and recovery from COVID-19, resuming normal business and service provision across all departments and continuing to provide support and guidance to local businesses and the community/voluntary sector.	In Progress	Conor Mallon	31/01/2022	The Working Group was established in January 2021. Meetings were held with key stakeholders to facilitate the development of integrated action plans to assist the organisation in planning ahead and recovering from the impact of the pandemic. Support to local businesses is ongoing. A number of council led initiatives have been funded to assist recovery focusing on events and enhancement to capital assets.
Rates Support Grant	Director of Corporate Services to write to the Minister of Finance and Communities about the reduction of the Rates Support Grant and to ascertain the grant will not be reduced going forward	In Progress	Dorinnia Carville	31/01/2022	Director sent letter to Minister in August 2021 - SP&R Committee received response from Minister who declined to review the RSG. Minister has now agreed to meet with a delegation of CEO/Finance Directors of affected Councils on the 19 January 2022. SP&R Committee will be kept informed of progress.

Risk CR.10 - Failure to effectively plan for and manage a Cyber Security Attack



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

Risk Description Risk of a cyber security event causing significant operational, financial and reputational damage to the Council

Potential Root Cause Cyber attack
Accidental breach of security
Breach of people, process, physical or technical controls
Failure to respond to and recover from a cyber incident within, or impacting upon, Council
Lack of skills and competencies
System vulnerabilities

Consequence Threat to availability, integrity and confidentiality of Council information and systems
Failure to deliver Council services (including statutory and regulatory services)
Financial loss
Reputational damage
Extended period to recover services to Business as Usual (BaU)
Destruction of systems and data
Theft of data for criminal use
Political impact
Environmental impact

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review 20/12/2021

Next Review 18/03/2022

Risk Appetite Risk Averse

Objectives

7. Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

- 1. Back up arrangements
- 1. Business Continuity Scenario Planning
- 1. Participation in threat intelligence networks
- 1. Penetration testing and vulnerability scanning
- 1. Phishing simulation and learning exercises
- 1. Technical security controls and arrangements
- 2. Engagement with Cyber bodies
- 3. Internal Audits Scheduled;
IT Systems and Security - 2021/22
IT Strategy 2021/22

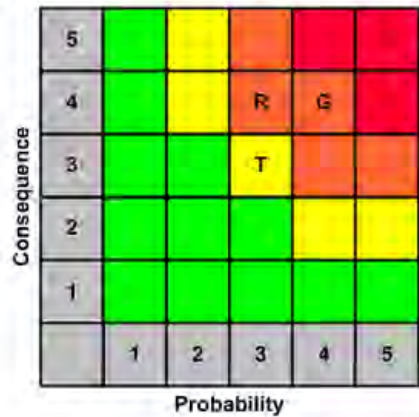
Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Business Continuity Plans	BCP plans to be updated to reflect the cyber risk	In Progress	Gavin Ringland	31/01/2022	Critical and Priority Services currently being prioritised.
Cyber Incident Response/Disaster Recovery IT Strategy	Establish and test cyber incident response and disaster recovery capabilities Implement additional security tools including multifactor authentication, conditional access and modern authentication where possible and appropriate	In Progress	Gavin Ringland	31/03/2022	Incident Response Plan under development.
Training/Development Plans	Increase User resilience Continue to engage with and follow guidance from the National Cyber Security Centre (NCSC) Continue to use Active Cyber Defence tools from NCSC and supplement with vulnerability scans, actioning recommendations resulting therefrom where possible and appropriate	In Progress	Gavin Ringland	28/02/2022	Currently implementing multifactor authentication and conditional access to Office 365. Privileged access accounts being prioritised. In discussion with Cyber Insurance Provider around services that they might provide to improve user resilience. Council is now subscribed to the NSCS Early Warning Network Vulnerability scanning solution currently being deployed

Enterprise, Regeneration and Tourism Directorate

16/12/2021 20:33:57

Risk 01. Failure to sustainably grow the tourism industry across the District



Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service	
Risk Description	Failure to sustainably grow the tourism industry across the District	
Potential Root Cause	NMD has a high dependency on one day domestic visitors Impact of COVID-19 and social restrictions on the hospitality industry, visitor numbers and visitor spend Impact of Brexit on international tourism Lack of investment in tourism sites and opportunities Poor collaboration with tourism industry	
Consequence	Reputational damage for the District and Council Financial impact on the District and local tourism industry Negative impact on the local economy and jobs	
Risk Owners	Andy Patterson	
Gross/Inherent Risk	Amber 16	Last Review 06/12/2021
Residual Risk	Amber 12	Next Review 31/03/2022
Target Risk Level	Yellow 9	Risk Appetite Risk Open

Objectives

Work with partners to lead the implementation of the Tourism Strategy

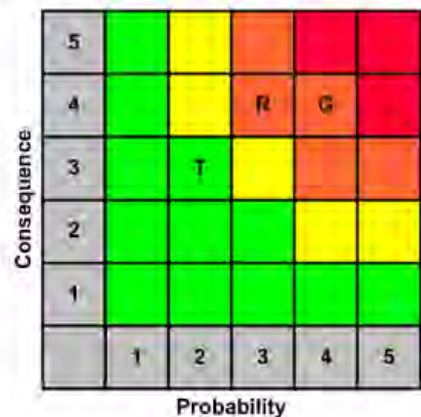
Key Controls Identified

- Belfast Region City Deal tourism projects
- Destination website
- Effective partnership working between TourismNI and NMDDC
- Flagship events programme
- Tourism Strategy 2017-22

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Mournes Gateway Project	Progress the Mournes Gateway Project as part of the Belfast Region City Deal investment programme.	In Progress	Andy Patterson	31/03/2022	Outline Business Case submitted as part of BRCD programme. The full Business Case will be developed over the next 2 years.
Tourism Strategy	Continue to deliver the Tourism Strategy 2017-22 and commence the development of new Tourism Strategy 2022-26.	In Progress	Andy Patterson	31/03/2022	The implementation of the Tourism Strategy 2017-2022 is ongoing and support programmes are in place to help the tourism industry to recover from the impact of the COVID-19 pandemic. The new Tourism Strategy 2022-27 is currently being developed, and plans are in place to engage key stakeholders during Q1 2022-23.
UNESCO Global Geopark	Continue to work towards UNESCO Global Geopark status for Mourne, Gullion, Strangford.	In Progress	Andy Patterson	31/03/2022	The Geopark Assessment has taken place and the Council is currently awaiting feedback. The Geopark Development Plan focuses on Sustainable Tourism as a key theme.
Visitor Experiences	Develop the tourism proposition for the district and new visitor experiences in line with the Tourism NI Experience Brand, including Coastal Flavours Cluster proposition.	In Progress	Andy Patterson	31/03/2022	The Coastal Flavours Cluster has representation of 25 food and drink businesses within the region. The development of 16 new bookable, saleable experiences by March 2022 is ongoing.

Risk 02. Failure to invest in towns and villages through urban and rural regeneration initiatives



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

Risk Description Failure to invest in towns and villages through urban and rural regeneration initiatives

Potential Root Cause Lack of timely and appropriate planning
Lack of planning policy and adherence to existing policies
Poor identification /needs analysis
Failure to utilise existing assets
Insufficient funding and resources

Consequence Poor and inadequate service delivery by the Council
Reputational damage for the Council and District
Impact on the quality of life and environment for urban and rural communities
Low levels of investment in urban and rural areas

Risk Owners Jonathan McGilly

Gross/Inherent Risk Amber 16

Residual Risk Amber 12

Target Risk Level Green 6

Last Review 06/12/2021

Next Review 31/03/2022

Risk Appetite Risk Open

Objectives

- Deliver a programme of urban and rural regeneration initiatives/projects
- Work with partners to support the economic recovery of the District

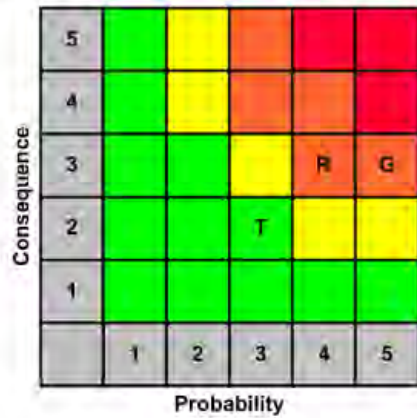
Key Controls Identified

- Baseline information on regeneration issues updated on an continuous basis
- Collaboration with the Planning Department
- Masterplans
- Partnership working with public and private sector partners
- Regeneration and Economic Development Strategy 2020-23
- Rural Development Programme
- Village Plans

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Forward Plan of regeneration initiatives	Progress the development and delivery of the following capital projects: Downpatrick Regeneration, Warrenpoint Baths, Warrenpoint Marina, Forkhill, Castlewellan Park (in partnership with NHLF and DAERA) and Carlingford Lough Greenway.	In Progress	Jonathan McGilly	31/03/2022	All 2021-22 regeneration initiatives are progressing as planned. During 2020-21, a number of projects completed, including the Derrymore Estate, Newry Lower Hill Street and 7 rural environmental improvement schemes.
Masterplans and Village Plans	Review and update Masterplans, taking into account new and emerging priorities. Continue to implement Village Plans and develop new initiatives in rural areas.	In Progress	Jonathan McGilly	31/03/2022	The review of Masterplans and continued delivery of Village Plans are both underway.
Rural Development Programme	Complete the delivery of the Rural Development Programme and progress the Small Settlement Scheme.	In Progress	Jonathan McGilly	31/03/2022	The delivery of the Rural Development Programme is scheduled to complete in 2022 and will be replaced by the Small Settlement Scheme.
SEAFLAG	Ongoing delivery of SEAFLAG in the coastal areas of Annalong, Ardglass and Kilkeel.	In Progress	Jonathan McGilly	31/03/2022	SEAFLAG has been extended until 2023 and the targets for the number of new businesses and jobs created have been exceeded. To date, 9 new jobs have been created and a further 12 will be created through the programme. 2 new businesses have also been created in Ardglass and Kilkeel.

Risk 03. Failure to support the recovery of the arts and heritage sector across the District



Risk Categories
Risk Description Failure to support the recovery of the arts and heritage sector across the District.
Potential Root Cause Failure to manage the Council's heritage assets, including buildings and collections
 Lack of training and resources
 Poor engagement and partnership working with key stakeholders
 Impact of the COVID-19 pandemic and social restrictions
 Lack of investment in arts and heritage
Consequence Reputational damage to the Council and District.
 Financial impact on the District and potential loss of jobs.
 Low levels of customer satisfaction and potential impact on community wellbeing.
Risk Owners Andy Patterson
Gross/Inherent Risk Amber 15
Residual Risk Amber 12
Target Risk Level Green 6
Last Review 06/12/2021
Next Review 31/03/2022
Risk Appetite Risk Open

Objectives

Lead the development and implementation of the Culture and Arts Strategy

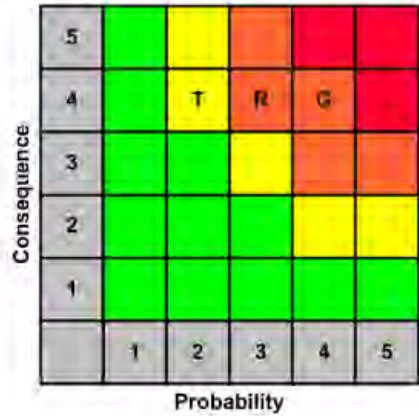
Key Controls Identified

- COVID-19 grants support programme
- Draft Arts, Culture and Heritage Strategy
- Forward Plan to manage heritage assets

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Arts Centres	Progress the reopening plans for the Council's Arts Centres in line with COVID-19 recovery, to include proposals to maximise the use of outdoor performance spaces and other alternative venues.	In Progress	Andy Patterson	31/03/2022	The reopening of Arts Centres ongoing in line with revised Covid regulations. The COVID-19 recovery grant support programme for arts events will take place during Q3/Q4 2021-22.
Arts, Culture and Heritage Strategy	Review the Arts, Culture and Heritage Strategy in line with the COVID-19 recovery and revised priorities for the sector.	In Progress	Andy Patterson	31/03/2022	Review of Arts, Culture and Heritage Strategy underway with launch scheduled to take place during Q4 2021-22.
Museums Forward Plan	Deliver the objectives of the Museums Forward Plan, to include a review of commercial return to the museums and engagement with local communities.	In Progress	Andy Patterson	31/03/2022	The delivery of Museums Forward Plan is ongoing.

Risk 04. Failure to effectively support the recovery and growth of the local economy



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

Risk Description
 Failure to effectively support the recovery and growth of the local economy

Potential Root Cause
 Inadequate identification of the needs of local businesses and other key stakeholders
 Ineffective partnership arrangements with the private sector and local employers
 Failure to effectively engage with the education sector
 Poor collaboration with Government departments, specifically the Departments for Economy and Education
 Lack of resources and poor leadership
 Economic factors and government policy, particularly in relation to COVID-19 and Brexit

Consequence
 Financial impact on the Council and District
 Reputational impact on the Council and District
 Lack of investment in the District
 Local communities do not reach their full potential
 Socio-economic inequalities emerge and deepen across the District

Risk Owners
 Jonathan McGilly

Gross/Inherent Risk
 Amber 16

Residual Risk
 Amber 12

Target Risk Level
 Yellow 8

Last Review
 06/12/2021

Next Review
 31/03/2022

Risk Appetite
 Risk Open

Objectives

- Deliver a programme of urban and rural regeneration initiatives/projects
- Work with partners to support the economic recovery of the District

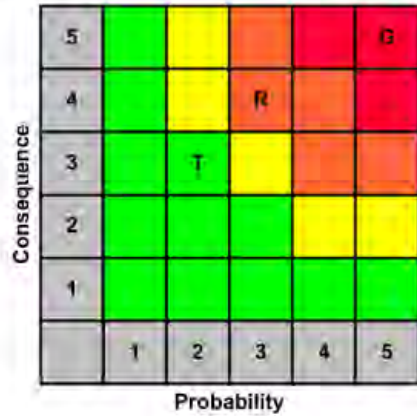
Key Controls Identified

- Baseline data collation to identify skills gaps
- City Deal Skills and Employability Programme
- Community Plan and Corporate Plan 2021-22
- Council led 'Employability and Skills Forum'
- NI Business Start Programme and ERDF programmes
- Partnership working with Chambers of Commerce and Newry BID
- Regeneration and Economic Development Strategy 2020-25

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Belfast Region City Deal	Progress the Belfast Region City Deal and develop programmes of activity around 'Skills and Employability' and 'Digital and Innovation'.	In Progress	Jonathan McGilly	31/03/2022	The Outline Business Case has been submitted and the delivery arrangements are currently being developed.
Business mentoring and support	Deliver a range of business mentoring and support programmes across the District	In Progress	Jonathan McGilly	31/03/2023	The delivery of a range of programmes is underway, including the NI Business Start programme, NMD Growth, Digital Growth, Sales and Trade and Tender for Growth. Between April-September 2021, 190 entrepreneurs were supported with an approved Business Plan, 114 new businesses and jobs were created and 213 local businesses were supported.
COVID-19 and Brexit	Complete the implementation of the COVID-19 Recovery Action Plan	In Progress	Jonathan McGilly	31/03/2022	The continued delivery of the £1.9m COVID-19 Recovery Revitalisation Programme is underway, through which 788 letters of offer, with a total value of £1.1m have been issued to local businesses. The shop front grants claims is currently being finalised and the implementation of the open space and active travel works ongoing.
Full Fibre NI (FFNI)	Local Full Fibre Network to improve connectivity across Northern Ireland.	In Progress	Jonathan McGilly	31/03/2022	As lead partner, the Council continues to deliver the FFNI project which is on track to complete by March 2022.
Industry Engagement Events	Delivery of industry engagement events: Enterprise Week – Q3 / NI Apprenticeship Week – Q4 / Small Business Conference – Q2 / Agenda NI Conference – Q3	In Progress	Jonathan McGilly	31/03/2022	Delivery of events is ongoing.
Regeneration and Economic Development Strategy	Continue to deliver the Regeneration and Economic Development Strategy 2020-25.	In Progress	Jonathan McGilly	31/03/2022	The implementation of the Regeneration and Economic Development Strategy is well underway. The 3 Working Groups have been established and are meeting at least quarterly. An overview of progress to date was presented to the Economic Forum in September 2021.

Risk 05. Failure to secure, retain and maximise external funding opportunities to invest in the District



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

Risk Description
 Failure to secure, retain and maximise external funding opportunities to invest in the District

Potential Root Cause
 Failure to identify and promote investment opportunities
 Failure to develop professional networking opportunities
 Ineffective partnership working with Government Departments and private sector
 Lack of infrastructure and match funding
 Non-compliance with Letters of Offer
 Possible reduction in staff due to the loss of EU funding

Consequence
 Reduced funding in future years, specifically EU funding
 Reduced levels of service provision
 Loss of employment within the Council and broader District
 Negative impact on the overall investment in the local area and local communities
 Socio-economic inequalities emerge and deepen

Risk Owners
 Jonathan McGilly

Gross/Inherent Risk
 Red 25

Residual Risk
 Amber 12

Target Risk Level
 Green 6

Last Review
 06/12/2021

Next Review
 31/03/2022

Risk Appetite
 Risk Open

Objectives

- Deliver a programme of urban and rural regeneration initiatives/projects
- Work with partners to support the economic recovery of the District

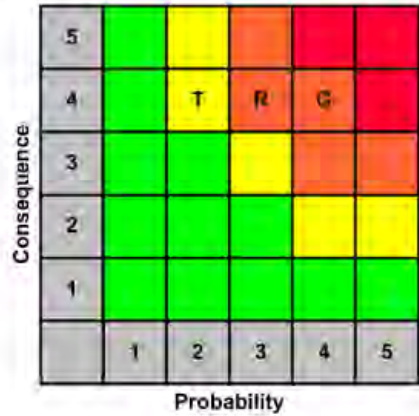
Key Controls Identified

- Brexit Forum
- Cross border partnerships and European partnerships through EBR
- Funding information bodies / bulletins
- International Relations activity is ongoing
- Partnership working with Invest NI and Government Departments
- Regeneration and Economic Development Strategy in place
- University of Ulster School of Economics Service Level Agreement

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Emerging programmes	Research and develop proposals for future funded programmes, including the Shard Prosperity Fund, Peace Plus, Levelling Up Fund, Community Renewal Fund, Rural Development and SEAFLAG.	In Progress	Jonathan McGilly	31/03/2022	The development of potential funding applications is underway.
Existing programmes	Continued delivery of the ERDF, ESF, Rural Development and SEAFLAG programmes.	In Progress	Jonathan McGilly	31/03/2022	The Rural Development Programme will complete in 2022 and SEAFLAG will complete in 2023. The delivery of all EU funded programmes is ongoing, in line with the requirements of each Letter of Offer.

Risk 06. Failure to effectively implement the new Planning system (EPIC replacement).



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

Risk Description Failure to effectively implement the new Planning system (EPIC replacement).

Potential Root Cause The new system is not fit for purpose for all Councils across NI.
Lack of capacity and employees not effectively participating in training on how to use the new system.
IT infrastructure within the Council does not support the new system.

Consequence Financial cost in procuring a new system.
Teething problems with the new system could have a negative impact on the Council's ability to achieve the statutory standards for processing planning applications and enforcement cases.
Low levels of customer satisfaction and reputational damage.

Risk Owners Anthony Mckay

Gross/Inherent Risk Amber 16

Residual Risk Amber 12

Target Risk Level Yellow 8

Last Review 06/12/2021

Next Review 31/03/2022

Risk Appetite Risk Minimal

Objectives

Provide a robust, efficient and responsive development management service within the Council Planning Department

Key Controls Identified

Departmental Working Group
NMD representation on Working Groups
Partnership working Councils and the Department for Infrastructure

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Replacement System	Upgrade the existing IT planning infrastructure across NI.	In Progress	Anthony Mckay	31/07/2022	The Council has agreed to the procurement of a replacement planning system, in collaboration with the other 10 Councils and DFI. The discovery phase and joint procurement exercise are complete, the contract has been awarded and the replacement system will be operational by July 2022.

Risk 07. Failure to meet the statutory and corporate performance standards for processing planning applications, enforcement cases and complaints.

Consequence	5					8
	4		T		R	
	3					
	2					
	1					
		1	2	3	4	5
		Probability				

Risk Categories	Business operational/reputational Quality of Service Statutory Duty (Legal/Regulatory)	
Risk Description	Failure to meet the statutory and corporate performance standards for processing planning applications, enforcement cases and complaints.	
Potential Root Cause	Complaints not being logged, monitored and responded to within the corporate timescales. Lack of resources within the Planning Department. Impact of COVID-19 and social distancing on the time taken to make planning decisions and deal with complaints. Backlog of planning applications linked to the high volume of applications received by the Council.	
Consequence	Complaints not being dealt with within the agreed corporate timescales. Failure to achieve the statutory standards for processing planning applications and enforcement cases. Low levels of customer satisfaction and reputational damage. Poor staff morale and low levels of productivity.	
Risk Owners	Anthony Mckay	
Gross/Inherent Risk	Red 25	Last Review 01/02/2021
Residual Risk	Amber 16	Next Review 31/03/2021
Target Risk Level	Yellow 8	Risk Appetite Risk Minimal

Objectives

Provide a robust, efficient and responsive development management service within the Council Planning Department

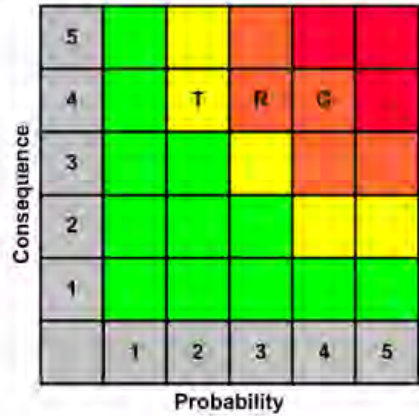
Key Controls Identified

- Benchmarking performance across NI
- Corporate Complaints Handling Policy and Procedures
- Internal correspondence tracking system
- Planning Consultant in place to deliver improvements in processing times
- Regular performance reports considered by the Planning and ERT Committees
- Statutory standards set for Councils in NI

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Internal Audit of Complaints Handling	Review why the Planning Department is not meeting the corporate processing timescales for handling complaints, to be reported to and monitored by SMT.	In Progress	Anthony Mckay	31/03/2022	The Planning Department continues to review complaints handling and has identified a number of issues in relation to the differentiation between a planning objection and a complaint, as well as consultee backlogs. The corporate complaints procedure is now embedded within the Planning Department with all complaints being dealt with accordingly.
Processing times of planning applications and enforcement cases	Achieve the statutory targets for major and local planning applications and enforcement cases.	In Progress	Anthony Mckay	31/03/2022	Whilst performance has been improving, the statutory standards have still not been achieved. Major applications; Q1/Q2 average processing time of 42.6 weeks (target is 30 weeks). Local applications; Q1/Q2 average processing time 17.4 weeks (target is 15 weeks).
Review complaints and correspondence	A senior planner will review complaints and correspondence on a weekly basis to ensure they are being responded to in accordance with the timescales within the corporate Complaints Policy.	In Progress	Anthony Mckay	31/03/2022	This process began in January 2019 and is ongoing. Performance levels have fluctuated, driven by increasing volumes of work / competing priorities on senior officer time / quality (lack of quality) of submissions. Process improvements have been identified and rolled out. The corporate Complaints procedures are now implemented and embedded in the Planning Department.
Specialist Planning Consultant	The specialist Planning Consultant has been in place since January 2020 and is reviewing the processes and procedures within the Planning Department to deliver improvements.	In Progress	Anthony Mckay	31/03/2022	There have been improvements to the processing times for planning applications and enforcement cases and the backlog of cases has reduced. Update reports are considered by the Planning and ERT Committees.

Risk 08. Failure to develop and deliver the Local Development Plan within agreed timescales



Risk Categories Business operational/reputational
Quality of Service
Statutory Duty (Legal/Regulatory)

Risk Description Failure to develop and deliver the Local Development Plan within agreed timescales.

Potential Root Cause Ineffective or inadequate resources.
Slippage in the timetable for developing the plan.
Inadequate software system to manage representations.

Consequence Local Development Plan not produced in a timely way, leading to reputational damage:
Impact on the future development of and investment in the District.
Political reaction.

Risk Owners Anthony Mckay

Gross/Inherent Risk Amber 16

Residual Risk Amber 12

Target Risk Level Yellow 8

Last Review 01/02/2021

Next Review 31/03/2021

Risk Appetite Risk Averse

Objectives

Progress the preparation and delivery of the Local Development Plan (LDP) in accordance with the agreed timeframe to dir

Key Controls Identified

- Holding regular progress review meetings
- LDP progress against the revised timetable reported to Committee on a quarterly basis
- Local Development Plan Steering Group
- Local Development Plan Team
- Ongoing collaboration with specialist experts and DfI
- Progress reported to the Planning Committee on a monthly basis
- Stage 1 Preferred Options Paper

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Local Development Plan	Develop and deliver the Local Development Plan within the timescales agreed with the Department for Infrastructure.	In Progress	Anthony Mckay	31/03/2022	The Council continues to progress the preparalbrn of the draft Plan Strategy for Council approval and publication, in line with the agreed timeframe.

Report to:	Audit Committee
Date of Meeting:	11 January 2022
Subject:	Prompt Payment Statistics – Quarter 2
Reporting Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance (Acting)
Contact Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance (Acting)

Confirm how this Report should be treated by placing an x in either:-

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
---------------------	--------------------------	------------------------	-------------------------------------

1.0	Purpose and Background
1.1	<p>'Prompt payment' is the payment of valid supplier invoices by public bodies, as set in government targets.</p> <p>This dataset contains the:</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>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>The COVID-19 pandemic has had a clear impact on the payment of invoices at Newry, Mourne and Down District Council. In 2019/20 the Council paid 90% of invoices within the payment period of 30 calendar days, compared to 86% for 2020/21.</p> <p>Q1 2021-22: The Council paid 5,085 invoices in total, 92% were paid within the 30-day period, with 8% of which were paid outside the payment period of 30 calendar days. The average number of days to pay suppliers decreased to 20 days.</p>

2.2	<p>Quarter 2 - 1 July 2021 to 30 September 2021</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>699</td> <td>3,565</td> <td>485</td> <td>4,050</td> </tr> <tr> <td>Percentage</td> <td>17%</td> <td>88%</td> <td>12%</td> <td>100%</td> </tr> <tr> <td>Value</td> <td>£1,744,920.92</td> <td>£7,607,681.84</td> <td>£1,621,935.37</td> <td>£9,229,617.21</td> </tr> <tr> <td colspan="3">Average number of days to pay suppliers: 23</td> <td colspan="2">Performance trend: ↓</td> </tr> </tbody> </table>		Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices	Number of Invoices	699	3,565	485	4,050	Percentage	17%	88%	12%	100%	Value	£1,744,920.92	£7,607,681.84	£1,621,935.37	£9,229,617.21	Average number of days to pay suppliers: 23			Performance trend: ↓	
	Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices																						
Number of Invoices	699	3,565	485	4,050																						
Percentage	17%	88%	12%	100%																						
Value	£1,744,920.92	£7,607,681.84	£1,621,935.37	£9,229,617.21																						
Average number of days to pay suppliers: 23			Performance trend: ↓																							
3.0	Recommendations																									
31	<p>To note:</p> <ul style="list-style-type: none"> The Q2 2021-22 Prompt Payment statistics. 																									
4.0	Resource implications																									
4.1	The Accounts Payable Team provide statistics to the Department for Communities on a quarterly basis.																									
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)																									
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/></p>																									
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>																									

5.3	<p>Proposal initiating consultation</p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i></p> <p>Consultation not required.</p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p>
7.0	Appendices
	None
8.0	Background Documents
	None

Report to:	Audit Committee
Date of Meeting:	11 January 2022
Subject:	Register of Interests
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Sarah Taggart, Democratic Services Manager (Acting)

Confirm how this Report should be treated by placing an x in either: -

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
---------------------	--------------------------	------------------------	-------------------------------------

1.0	Purpose and Background
1.1	For Elected Members it is likely that from time to time private matters will impinge on public duties. In such circumstances Members should be aware that it is not appropriate to use public position or resources to deal with private matters or to pursue private interests. The Council has established a Register of Interests and by recording interests openly, any actual or potential conflicts of interest can be identified more easily.
2.0	Key issues
2.1	Councillors have a responsibility to regularly review their circumstances and determine if any change has occurred which should rightly result in a change to their declaration or facilitate the need for a new declaration. If this is the case, they should contact Democratic Services to have their form updated.
2.2	At the Audit Committee meeting in January 2021, it was agreed that Members should regularly review their Register of Interest Forms and that a six-monthly report be brought forward to the Audit Committee to ensure compliance.
2.3	An email was sent to Members on 17 December 2021 asking them to review and, if required, update their Register of Interest forms via Democratic Services.
2.4	As of 4 January 2022, 4 Members have replied stating there has been no change to their forms and 5 have advised of amendments.
3.0	Recommendations
3.1	That Members: a. Note the six-month review report.
4.0	Resource implications
4.1	None identified
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i>

	It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/>
5.2	<p>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>
5.3	<p>Proposal initiating consultation</p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i></p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p> <p>If no, please complete the following:</p> <p>The policy / strategy / plan / public service is not influenced by rural needs <input checked="" type="checkbox"/></p>
7.0	Appendices
	None
8.0	Background Documents



Local Government Auditor's Report – 2021





Northern Ireland Audit Office

Report on the exercise of the Local Government Auditor's functions

In the year to 31 March 2021

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:

Northern Ireland Audit Office
1 Bradford Court
GALWALLY BELFAST BT8 6RB
Telephone: 028 9025 1100
Email: info@niauditoffice.gov.uk
Website: www.niauditoffice.gov.uk
© Northern Ireland Audit Office 2021

This report has been prepared under Article 4 of the Local Government (Northern Ireland) Order 2005.

Colette Kane
Local Government Auditor
21 December 2021

Contents

Contents	5
Definitions and Abbreviations	8
Local Government Auditor's Introduction	9
Council districts	11
Key Facts	12
Part One:	13
Financial Performance	13
Key messages	14
Income and expenditure	14
Councils continued to receive the majority of their income from district rates	14
Expenditure continued to exceed income	16
Staffing levels and costs	17
Some councils have increased their expenditure on agency staff	17
Exit Packages	18
The number and cost of exit packages continues to be high	18
Capital expenditure and financing	19
Councils continued to commit significant sums to capital projects	19
Borrowing	20
Borrowing levels continued to increase in most councils	20
Pensions	21
The overall pension liability has increased by more than 25 per cent in 2019-20	21
Reserves	22
Usable reserves fluctuate across councils	22
Financial Resilience	24
Councils' financial resilience has been challenged by the pandemic	24
Robust financial planning and management processes will be essential to ensure councils' continued financial sustainability	24
Conclusion	25
Part Two:	27
Good Governance	27
Key messages	28
Proper arrangements to secure economy, efficiency and effectiveness	28
Each council had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of resources	28
The Governance Framework	28
The pandemic has required councils to make changes to governance structures and processes	28

Contents

	Audit and Risk Committees	29
	Audit and Risk Committees should review and assess their processes and ensure they are in line with best practice	29
	Governance Statements	30
	Governance statements continue to be comprehensive and of good quality	30
	Covid-19 has led to changes in the working environment across the public sector and an increased reliance on digital technology	30
	Issues with procurement and contract management continue to be raised during my audits	31
	Raising concerns	31
	Concerns continue to be raised with me about the planning system	31
Part Three:	Performance Improvement	33
	Key messages	34
	Performance Improvement audits and assessments	34
	Councils have a statutory responsibility to make arrangements for, and report on, continuous improvement in their functions or services	34
	Councils met their responsibilities to report performance improvement information arrangements in the year	35
	Impact of Covid-19 on performance improvement arrangements over the next two years	36
	Conclusion	36
Part Four:	Response to the Covid-19 pandemic	37
	Key messages	38
	The Covid-19 pandemic is likely to continue to present challenges for local government	38
	Councils have received significant sums of central government funding to support their financial recovery	38
	Most councils have set up specific reserves to aid their recovery from the pandemic, and these will need to be managed carefully	39
	Councils have provided essential support to local communities throughout the pandemic	40
	Conclusion	45
Part Five:	Other matters	47
	Key messages	48
	Efficiency Savings	48
	The Department's review of efficiency savings has been postponed for the second year	48

City and Local Growth Deals	49
Every part of Northern Ireland is now covered by an economic growth deal	49
Belfast Region City Deal	49
Derry City and Strabane Region City Deal	50
Mid, South and West and Causeway Coast and Glens Local Growth Deals	51
These city and local growth deals bring great opportunities as councils assist in rebuilding the economy	52
Absenteeism	52
Sickness absence levels remained consistently high, with an average of over 14 days lost per employee	52
Prompt Payment	53
Whilst performance has improved slightly, some councils still struggle to meet prompt payment targets for suppliers	53
Asset management	55
Councils should ensure that their asset management practices are in line with recent guidance	55
Brexit considerations	55
NIAO Reports 2020 and 2021	56

Definitions and Abbreviations

BRCD:	Belfast Region City Deal
C&AG:	Comptroller and Auditor General
Capital receipts:	Income received when assets (such as land or buildings) are sold. Capital receipts can only be used to buy new or improve existing assets. These assets could be land, buildings or large pieces of equipment such as vehicles.
Capital grants:	Sums of money given to councils by the government. This money can only be used as capital expenditure, to buy or improve assets of lasting value.
CIPFA:	Chartered Institute of Public Finance and Accountancy
DAERA:	Department of Agriculture, Environment and Rural Affairs
Earmarked reserves:	Money that has been set aside for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings.
Emphasis of matter:	A paragraph that is included by the Local Government Auditor in her audit report to direct the attention of users of financial statements to a matter that has been discussed appropriately in the financial statements (usually a disclosure). It is a professional judgement that the matter is of such importance that users should know about it in order to completely understand the financial statements.
FTE:	Full-time equivalent
General fund balance:	This is a contingency fund – money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs.
Going concern:	Financial statements are prepared on a going concern basis when, under the going concern assumption, the organisation is viewed as being able to continue in business for the foreseeable future.
NIAO:	Northern Ireland Audit Office
Single Tender Action:	Also known as Direct Award Contracts (DACs), Single Tender Actions occur when a contract is awarded to a contractor without a competition, or where there is a material change to an existing contract.
SOLACE:	Society of Local Authority Chief Executives
PSNI:	Police Service of Northern Ireland
Treasury management:	The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
Usable reserves:	These relate to accumulated, unspent money that each council has set aside from previous years to provide services or buy assets now or in the future.
Unusable reserves:	These relate to accounting treatment balances, rather than real usable money. They include, for example, balances relating to 'unrealised gains or losses' in respect of assets, such as buildings, whose value changes over time. There may also be commitments linked to these assets, such as loans or maintenance needs. The funds held in the unusable reserves fund can only be unlocked and turned into usable money if the assets are sold.

Local Government Auditor's Introduction

The Department for Communities (the Department), with the consent of the Comptroller and Auditor General for Northern Ireland (the C&AG), designated me as the Local Government Auditor in March 2021. As Local Government Auditor, it is my responsibility to audit and provide an opinion on the financial statements of the 11 councils in Northern Ireland. I am also required to prepare an annual report on the exercise of my functions.

This report provides my perspective on the audits of local councils, based on the key messages from audit work completed by 31 March 2021. My work includes the audit of the financial statements for 1 April 2019 to 31 March 2020 (the 2019-20 financial year). As a result, parts of my report are based on the circumstances that councils were operating in before the pandemic took hold, and the associated financial impact of Covid-19 was limited. Throughout my report I have sought to highlight areas of strength and areas for improvement within local councils. Both councillors and officers should consider this report and review how their council is managing the issues I have highlighted.



Colette Kane
Local Government Auditor

Part One of my report details the financial performance of the councils during 2019-20, using figures from the 2019-20 audited financial statements and comparing against prior year figures to highlight trends and movements. In addition to providing an opinion on the financial statements of the 11 councils, I am responsible for the audit of two joint committees¹, the Local Government Staff Commission and the Northern Ireland Local Government Officers' Superannuation Committee. In total, audit opinions are issued on 15 sets of financial statements. I am pleased to report that all 15 audit opinions for the 2019-20 financial statements were unqualified.

Part Two of my report comments on my work to consider whether 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. **Part Two** also considers the governance arrangements councils have in place, and the changes made to these as a result of Covid-19.

In addition to the audit of 2019-20 local government financial statements, I am responsible for the audit and assessment of the councils' performance improvement responsibilities. The work carried out during the year in this area is summarised in **Part Three**. All councils met their key performance improvement responsibilities for publishing a self-assessment report during the year. Given the impact of the pandemic on council services, however, I was unable to conclude on an assessment of whether the councils were likely to meet their performance improvement responsibilities under legislation for the 2020-21 year.

The Covid-19 pandemic has impacted on all aspects of our lives. Councils have demonstrated flexibility and versatility in responding to the pandemic. **Part Four** of my report provides an overview of the substantial funding provided by central government to assist councils in their financial recovery and includes some examples of how councils have responded to the pandemic in terms of innovation, collaborative working and support provided to local communities.

Part Five highlights other matters affecting councils that continue to present challenges and opportunities in the coming years.

¹ A joint committee is made up of two or more participant councils and may be constituted as a body corporate. The two joint committees are arc21 and the North West Region Waste Management Group.

Local Government Auditor's Introduction

In November 2020, the Minister for Communities directed me to hold an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements and related asset management policies and procedures. This audit is still ongoing.

As the Local Government Auditor, I can also undertake comparative and other studies designed to make recommendations for improving economy, efficiency and effectiveness in the provision of services by local government bodies. In 2022 I will publish my report on the Planning System in Northern Ireland.

I would like to thank elected members, Chief Executives and staff of the 11 councils and other local government bodies audited, for the assistance provided to audit staff in completing this year's audits. I also wish to thank those members of staff of the NIAO who assisted me in the performance of the Local Government Auditor's functions.



Colette Kane
Local Government Auditor

21 December 2021

Council districts



Source: NIAO

Key Facts

During 2019-20:



£945 million
Income received,
£638 million of which
was from district rates



£1 billion
Expenditure incurred,
with £143 million spent on
capital projects



£580 million
Outstanding **loan**
balances



£266 million
Usable reserves
held



£689 million
Net **pension liability**,
an increase of over 25%
from 2018-19

Covid-19 funding

At 31 March 2021:



£117 million
Funding received
from the Department for
Communities



£12.5 million
Funding received from
DAERA to help cover higher
waste collection, treatment
and disposal costs



£405 million
Total **usable**
reserves, an
increase from £266
million in 2019-20

Part One: Financial Performance



Part One: Financial Performance

1.1 This section provides a summary of the councils' financial performance in the year 2019-20.

Key messages

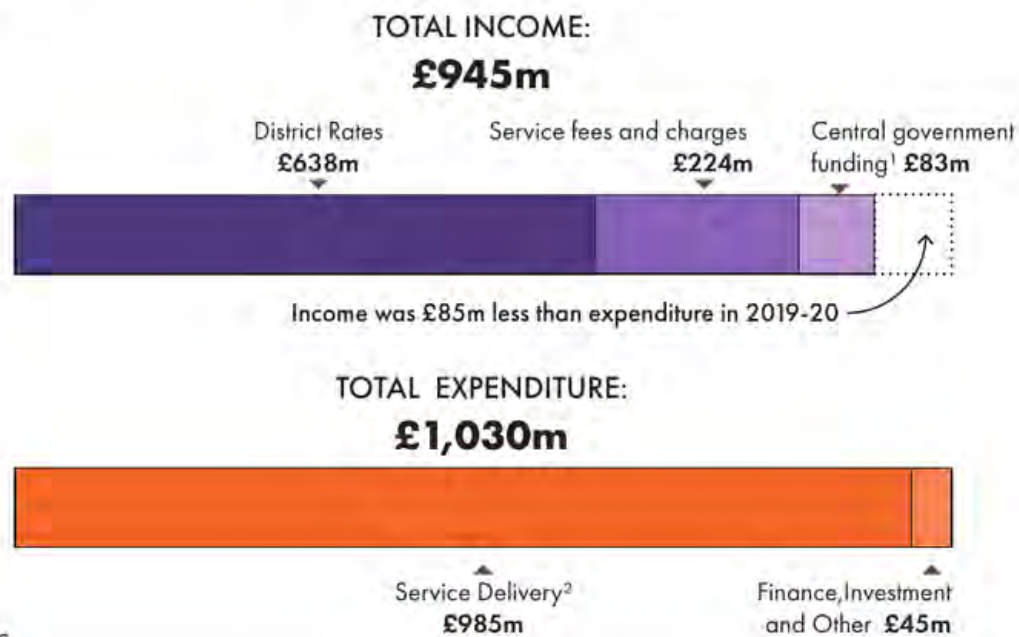
1. The majority of councils' income continues to come from district rates.
2. Expenditure continues to exceed income, however the gap has narrowed slightly.
3. Some councils continue to rely heavily on agency staff. In addition, the number and cost of exit packages remains high. Progress must be made to stabilise the staffing structures across councils.
4. Borrowing levels have increased for a second consecutive year as councils continue to fund major capital projects.
5. Usable reserves should be managed carefully and will be an important resource as councils recover from the financial impact of Covid-19. Councils should have clear plans setting out how these reserves will be used.

Income and expenditure

Councils continued to receive the majority of their income from district rates

1.2 In 2019-20, councils received income of £945 million (£917 million in 2018-19) from district rates, fees charged for services, grants and investment income and spent £1,030 million (£1,023 million in 2018-19) (see **Figure 1**). Of the total income figure, the vast majority (£914 million) is revenue-based, which councils use to deliver key functions and services, and the remainder (£31 million) is capital income, which is spent on buying or improving assets, for example leisure centres and play parks. Councils can also spend money from their usable reserves and supplement their income by borrowing money to support capital projects.

Figure 1. Council income and expenditure in 2019-20



NOTES

- ¹ Central government funding consists of £52m revenue funding and £31m capital funding.
- ² Service delivery includes, for example, the provision of leisure facilities, civic amenities and waste management.

Source: Councils' audited financial statements

- 1.3 Councils continue to receive the majority of their income, 68 per cent (68 per cent in 2018-19), from district rates. Councils charge fees to use their facilities including leisure centres, or for the provision of services, such as planning fees. These fees, along with other income², accounted for almost 24 per cent of total income (23 per cent in 2018-19) and general revenue funding from central government³ accounted for around 5 per cent. Capital grants fluctuate from year to year, depending on investment decisions, and in 2019-20 accounted for just over 3 per cent of total income.
- 1.4 Overall, the local government sector has experienced an increase in revenue-based income over the past five years, although the rate of increase slowed in 2019-20 (see **Figure 2**).

² For example, income from investments and bank interest.

³ General revenue funding, from the Department for Communities, is paid to compensate councils for the statutory de-rating of certain property, to provide additional resources for those councils whose needs exceed their wealth base and to support councils in emergency planning. It also compensates for the cost of functions transferred in 2015-16. Other government departments pay specific grants to councils which help with the financing of certain revenue and capital expenditure.

Part One: Financial Performance

Figure 2. Councils' revenue funding has increased over the last five years

Year	£ MILLION			TOTAL INCOME	Change from previous year	%
	District rates	Service fees, charges and other income	Revenue funding from central government			
2015-16	566	186	50	802	-	-
2016-17	579	194	50	823	+2.6	
2017-18	601	189	50	840	+2.1	
2018-19	625	210	61	896	+6.7	
2019-20	638	224	52	914	+2.0	

NOTE

These figures exclude capital funding which is included in Figure 1

Source: Councils' audited financial statements

- 1.5 Overall income levels have begun to flatten, and whilst there are variations across councils, all continue to be heavily reliant on income from district rates. It is important that councils continue to explore options to maximise the income generated from services, and where possible reduce costs, including considering the potential for more efficient service delivery such as online facilities, automated processes and the sharing of services across councils.
- 1.6 In 2019-20, seven of the eleven councils were entitled to a Rates Support Grant at varying levels⁴. It is designed to provide additional finance to those councils whose total rateable value, per head of the population, falls below a standard determined by the Department. The total amount available varies annually, depending on the Department's spending priorities. As a result of funding pressures, the total annual amount allocated to the councils (£16 million in 2019-20) has been reducing (£17.2 million in 2018-19).

Expenditure continued to exceed income

- 1.7 Expenditure levels vary across each council. Overall there has been a very small increase in expenditure in 2019-20 (see **Figure 3**). The main areas of council expenditure include the provision of leisure facilities, civic amenities, and waste management.

4 The seven councils in receipt of the Rates Support Grant are Armagh City, Banbridge and Craigavon, Derry City and Strabane, Mid Ulster, Causeway Coast and Glens, Newry, Mourne and Down, Fermanagh and Omagh, and Mid and East Antrim.

Figure 3. Councils' expenditure has increased over the last five years

Year	£ MILLION				% Change from previous year
	Cost of delivering services	Finance and investment expenditure	Other operating expenditure	TOTAL EXPENDITURE	
2015-16	782	41	35	858	-
2016-17	800	39	39	878	+2.3
2017-18	885	44	7	936	+6.6
2018-19	982	40	1	1,023	+9.3
2019-20	985	42	3	1,030	+0.7

Source: Councils' audited financial statements

Observation

Expenditure continues to exceed income for all councils. Councils will need to consider their long-term financial management plans and, as noted at **paragraph 1.5**, continue to explore ways to maximise income and reduce costs. Councils' financial resilience is considered in more detail at the end of **Part One**.

Staffing levels and costs

Some councils have increased their expenditure on agency staff

- 1.8 Council services across Northern Ireland are primarily delivered by a combination of council employees and, to a lesser extent, agency staff⁵. Whilst some agency staff are temporary, seasonal workers, some councils rely on agency staff on a longer-term basis to operate services such as leisure centres and civic amenity sites.
- 1.9 There were 10,113 full-time equivalent (FTE) staff in 2019-20, which is consistent with the prior year (10,136 in 2018-19). In 2019-20, total employee costs were almost £396 million, representing over 38 per cent of councils' operating expenditure.
- 1.10 Spending on agency staff accounted for around three per cent of councils' operating expenditure. The overall increase in spend on agency staff from 2018-19 was modest at £474,000, and agency costs decreased in just over half the councils. Whilst I recognise that there will always be a need for agency staff to cover temporary posts and absences, during my financial audits I noted with concern the continued reliance on agency staff in two councils during 2019-20. In Causeway Coast and Glens, agency staff costs accounted for one third of total salary costs. In Mid and East Antrim, agency staff costs accounted for over 20 per cent of

⁵ Some services, such as leisure centres, are contracted to private sector contractors. This varies by council and therefore staff numbers across councils are not directly comparable.

Part One: Financial Performance

total salary costs. I have continued to recommend that progress needs to be made to recruit and permanently fill posts in the councils affected.

Exit Packages

The number and cost of exit packages continues to be high

1.11 Councils are required to disclose the number and cost of staff exit packages each year. The costs include compulsory and voluntary redundancy costs, pension contributions and other departure costs. Over the five financial years from 2015-16 to 2019-20, councils have paid a total of £51.6 million in exit packages to staff (see **Figure 4**). My predecessor reported the significant cost and number of exit packages in 2018-19, and this trend has continued in 2019-20, when councils agreed 166 packages at a cost of £10.2 million (in 2018-19 councils agreed 152 exit packages at a cost of £10.7 million). In 2019-20, two councils accounted for almost half the exit packages. Causeway Coast and Glens reported 34 exit packages at a cost of £2.4 million, and Lisburn and Castlereagh reported 36 exit packages at a cost of £2.2 million.

Figure 4. Councils agreed a total of 166 exit packages in 2019-20, at a cost of £10.2 million

The number of exit packages in 2019-20 was higher than in any of the previous three years



Source: Councils' audited financial statements

Observation

The continuing trend of exit packages, coupled with a reliance on agency staff, indicates that staffing is still not in a steady state in some councils five years on since the councils were formed. I would therefore strongly encourage councils to progress work to stabilise staffing structures, ensuring the necessary capacity and capabilities are secured.

Capital expenditure and financing**Councils continued to commit significant sums to capital projects**

- 1.12 Capital expenditure relates to assets which are purchased, constructed or improved by the councils, to support the delivery of their services. These range from one-off purchases in-year, to larger projects which can take several years to complete.
- 1.13 Councils finance capital expenditure in a number of ways including revenue funding, borrowing (from the government or commercial lenders), capital receipts, grants and other contributions. Councils are required to be prudent and consider the affordability of their capital expenditure programme and its impact on the day-to-day running of their services.
- 1.14 Capital expenditure in 2019-20 was £143 million (£131 million in 2018-19), which was the highest level of capital expenditure in the last five years (see **Figure 5**).

Figure 5. Capital expenditure increased in most councils

Council	2018-19 Capital Expenditure £ million	2019-20 Capital Expenditure £ million	Movement £ million
Total Capital Expenditure	130.6	143.3	+12.7
Armagh City, Banbridge and Craigavon	12.9	32.3	+19.4
Belfast City	38.9	43.9	+5.0
Mid Ulster	5.0	9.4	+4.4
Mid and East Antrim	4.0	8.1	+4.1
Antrim and Newtownabbey	4.6	8.5	+3.9
Derry City and Strabane	7.1	8.6	+1.5
Causeway Coast and Glens	9.1	10.1	+1.0
Lisburn and Castlereagh City	7.2	7.9	+0.7
Fermanagh and Omagh	5.6	5.2	-0.4
Newry, Mourne and Down	16.9	6.5	-10.4
Ards and North Down	19.3	2.8	-16.5

Source: Councils' audited financial statements

Part One: Financial Performance

- 1.15 Some of the significant projects which contributed to councils' capital expenditure in 2019-20 are outlined below:
- South Lake Leisure Centre (Armagh City, Banbridge and Craigavon) - £26m
 - Andersonstown Leisure Centre (Belfast City) - £11.9m
 - Brook Activity Centre (Belfast City) - £7.3m
 - Coalisland public realm (Mid Ulster) - £4.3m
 - Portrush public realm and North Pier (Causeway Coast and Glens) - £3.1m
- 1.16 Councils' total 'Capital Financing Requirement' increased from £713 million in 2018-19 to £781 million in 2019-20. This demonstrates how much councils need to borrow to fund their capital expenditure. The financing mix (using council reserves or obtaining loans) will be determined by each individual council, depending on its treasury management strategy and capital investment strategy.
- 1.17 At 31 March 2020, councils had committed to ongoing or approved future capital schemes with an estimated cost of almost £284 million, much of which will be obtained from external sources and borrowing. In their Annual Reports, a number of councils highlighted that their capital plans might need to change as less funding is available due to the impact of Covid-19.

Borrowing

Borrowing levels continued to increase in most councils

- 1.18 Councils decide how much borrowing is required to deliver services. The costs of servicing this debt (repayment of principal amount and interest charges) should not adversely impact on service delivery.
- 1.19 The majority of debt relates to external borrowing which contributes to the financing of capital expenditure and consists of a mix of short-term and long-term loans, mostly from central government. Councils can also use overdrafts to assist with working capital balances.
- 1.20 Borrowing varies widely across councils and is based upon individual treasury management strategies and local priorities. It also reflects historical decision-making, as the level of borrowing includes inherited loan balances from the legacy councils. Each council is required to maintain its long-term borrowing balance below the level of its Capital Financing Requirement. All councils complied with this requirement in 2019-20.
-

- 1.21 Loans outstanding at 31 March 2020 totalled £580 million, an increase of £53 million from 2018-19 (see **Figure 6**). This increase was driven mainly by significant borrowing in Armagh City, Banbridge and Craigavon to enable substantial capital expenditure during the year (see **paragraph 1.15**).

Figure 6. Total borrowing continued to increase across councils

Council	2018-19 Loan Balance £ million	2019-20 Loan Balance £ million	Movement £ million
Total Borrowing	527.7	580.4	+52.7
Armagh City, Banbridge and Craigavon	40.7	73.0	+32.3
Belfast City	62.9	72.7	+9.8
Antrim and Newtownabbey	49.7	56.0	+6.3
Newry, Mourne and Down	69.8	74.8	+5.0
Mid and East Antrim	62.8	65.6	+2.8
Ards and North Down	78.9	81.2	+2.3
Causeway Coast and Glens	71.2	72.1	+0.9
Mid Ulster	6.7	6.1	-0.6
Fermanagh and Omagh	7.2	6.2	-1.0
Lisburn and Castlereagh City	27.6	25.9	-1.7
Derry City and Strabane	50.2	46.8	-3.4

Source: Councils' audited financial statements

- 1.22 The annual costs committed to repaying loans reduce the amount councils have available to spend each year on delivering services. The amounts paid during the year, and the extent to which this impacts services, depend on the period over which councils agree to repay their loans, as well as any impact from interest rate fluctuations and future inflation. In 2019-20, councils paid almost £99 million towards the principal outstanding balances (£78 million in 2018-19) and over £24 million in interest costs (£23 million in 2018-19).

Pensions

The overall pension liability has increased by more than 25 per cent in 2019-20

- 1.23 The vast majority of council pension liabilities are the responsibility of the Northern Ireland Local Government Officers' Superannuation Committee, which operates a pension scheme fund for the local councils and other similar bodies in Northern Ireland. In 2019-20, councils' total net pension liabilities increased by over 25 per cent, to £689 million.

Part One: Financial Performance

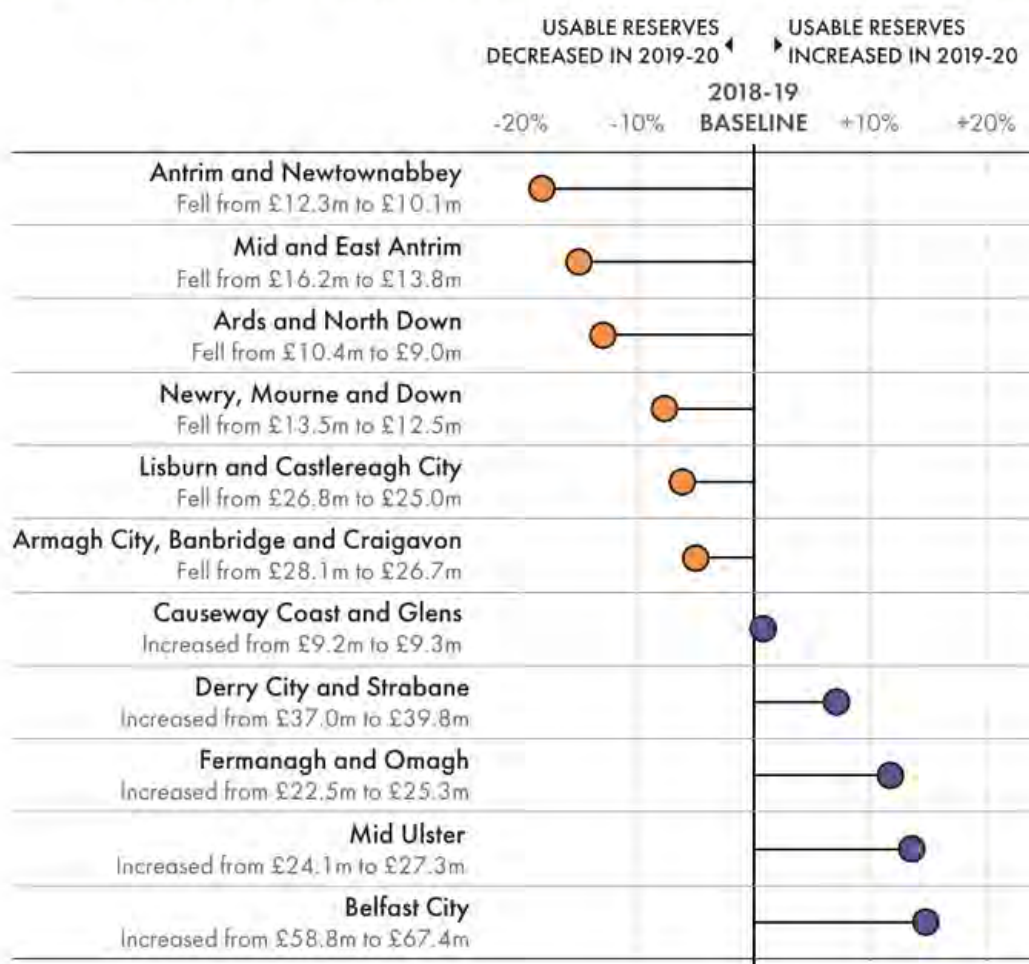
- 1.24 Pension liabilities include the potential liability from recent legal case developments, including the McCloud judgement and developments related to the Guaranteed Minimum Pension Scheme indexation and equalisation. There was a sharp reduction in the value of the fund in March 2020 which has impacted the liability for employers. Covid-19 has also led to changes in the underlying assumptions used to calculate pension liabilities.
- 1.25 Every three years an independent review is undertaken to calculate how much each council should contribute to the pension scheme fund. Councils contribute a percentage rate plus deficit recovery contributions. The percentage contribution rate in 2019-20 was 20 per cent of employees' gross salary. A review in 2021 will set new contribution rates. Councils are content that pension liabilities will be met from future contributions from scheme members.

Reserves

Usable reserves fluctuate across councils

- 1.26 All councils hold invested funds, the majority of which are liquid cash reserves which generate small amounts of interest-based income. Other forms of long-term investment portfolios can include commercial property rental, and investments in associated companies, charities and trust funds, however, these type of investments are uncommon in Northern Ireland.
- 1.27 Usable reserves play an important role in councils' financial management. The overall level of usable reserves across councils increased by three per cent, from £258 million in 2018-19 to £266 million in 2019-20. **Figure 7** shows that levels fluctuate across individual councils, with usable reserve balances decreasing in six councils during 2019-20, and increasing in five councils.

Figure 7. Councils' usable reserves fluctuated between 2018-19 and 2019-20



Source: Councils' audited financial statements

- 1.28 The main usable reserves include the General Fund (£101 million), Capital Reserves (£109 million) and the Renewal and Repairs Fund (£14 million). These reserves can be used to respond to unexpected events, or supplement income where necessary, and to finance major projects.
- 1.29 Last year, my predecessor reported that some councils' General Fund balances had declined rapidly, however the position appears to have stabilised in 2019-20. Overall, the total General Fund balance held by all councils reduced by around £8 million, however there were varying increases and decreases across councils. During 2019-20, six councils increased their General Fund balance while the others made use of the reserve. The changes in General Fund levels were individually very small, with no repetition of the significant fluctuations seen in 2018-19.

Part One: Financial Performance

Observation

Usable reserves should be managed carefully and will be an important resource as councils recover from the financial impact of Covid-19. Councils should have clear plans setting out how these reserves will be used.

Financial Resilience

Councils' financial resilience has been challenged by the pandemic

- 1.30 My predecessors and I have consistently commented on the significant financial pressures facing councils. The Covid-19 pandemic has added an additional layer of financial pressure. In recognition of the financial pressures councils are facing, my 2019-20 financial audits considered the risk that councils might be unable to continue as financially resilient entities. My audit work considered the Chief Financial Officers' assessment of the going concern basis for the preparation of the accounts and the detailed disclosures regarding the financial position included within the 2019-20 financial statements. I also examined the recovery plans councils had produced as a consequence of the Covid-19 pandemic.
- 1.31 I was satisfied that, for all 11 councils, the Chief Financial Officers' assessment of the going concern basis for the preparation of the accounts was appropriate and that sufficient disclosures had been made in the accounts regarding councils' financial position. I was content that councils had put in place recovery plans to help address the issues arising from the Covid-19 pandemic and that these are monitored on an ongoing basis.

Robust financial planning and management processes will be essential to ensure councils' continued financial sustainability

- 1.32 Looking forward, there are a number of financial challenges that councils need to consider and plan for:
- **Changing or unpredictable income streams** – many income generating services had to cease during lockdown and some continue to be impacted by ongoing social distancing requirements.
 - **Increasing costs of providing services** – councils will need to plan for continuing additional costs associated with service provision, such as the provision of personal protective equipment to keep staff safe, and additional cleaning, maintenance and waste disposal costs, to adhere to public health guidance.

- **Risks and opportunities for fraud** – increased digitisation and pressures on personal finances, may create motivation and opportunities for fraudsters. A strong focus on fraud prevention is vital to ensuring financial resilience. More on this can be found in **paragraph 2.6**.

1.33 In 2017, CIPFA published guidance on building financial resilience for local authorities⁶. Whilst this predates the pandemic, many of the key messages remain relevant:

- **Getting routine financial management right** - financial managers and their teams must have a clear understanding of the council's financial position and understand the long-term financial strategy and how it will be delivered.
- **Benchmarking** - comparing performance against other councils should be a routine part of financial management. **Part Three** of my report, which focuses on Performance Improvement, highlights that significant progress is needed to allow a broader range of functions to be benchmarked (see **paragraph 3.7**).
- **Clear plans for delivering savings** - savings plans must be realistic and constantly updated.
- **Managing reserves** - councils should have a defined program for managing reserves. As noted above, I encourage councils to have clear plans for their usable reserves, including those set up to manage the impact of Covid-19 (see also **Part Four**).

Conclusion

1.34 Councils continue to face challenges in respect of financial sustainability and the pressure to maintain service levels with reducing resources. Robust financial planning and management will be essential to aid decision-making and ensure continued financial resilience.

⁶ *Building financial resilience: managing financial stress in local authorities*, CIPFA, June 2017.

Part Two: Good Governance

Part Two: Good Governance

Key messages

1. Covid-19 has impacted on councils' governance arrangements and processes. Councils should be alert to the associated risks including IT security and increased opportunities for fraud.
2. Councils' governance statements complied with relevant guidance and continue to be comprehensive and of good quality.
3. All councils should report actual, suspected and attempted frauds to the Local Government Auditor.
4. All councils are encouraged to review the effectiveness of their Raising Concerns policies.

Proper arrangements to secure economy, efficiency and effectiveness

Each council had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of resources

- 2.1 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 2021⁷. In order to assess whether proper arrangements are in place, my staff require councils to complete an annual questionnaire and provide supporting documentation on a wide range of corporate activities including financial planning and reporting, IT security, procurement policy and procedures, risk management and governance arrangements.
- 2.2 As a result of my audit work in this area, I was satisfied that all 11 councils, the 2 joint committees and the Local Government Staff Commission had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of resources for the 2019-20 financial year. No public interest reports were made during the year and my audit findings were issued to each council in their annual audit letter.

The Governance Framework

The pandemic has required councils to make changes to governance structures and processes

- 2.3 In response to the Covid-19 pandemic, councils made changes to their governance and decision-making processes. An amendment to the Standing Orders⁸ allowed the committee decision-making process to be temporarily delegated to council Chief Executives.

⁷ <https://www.niauditoffice.gov.uk/publications/code-audit-practice-local-government>

⁸ In accordance with Section 37 of the Local Government Act (Northern Ireland) 2014, councils are required to make Standing Orders for the regulation of the proceedings and business of the council.

- 2.4 With social distancing guidelines in place, councils moved to revise their schedule of meetings, focusing on dealing with urgent matters. As the pandemic continued, councils moved to virtual meetings, and as restrictions eased, many have implemented a hybrid arrangement. Meetings are often livestreamed, allowing the public to have access to democratic processes. As recovery continues, councils will have to consider the security of digital platforms, and ensure that virtual meetings do not exclude citizens.
- 2.5 Many council employees were redeployed to new business areas to ensure delivery of essential services throughout the pandemic. I commend the flexibility and dedication of council staff during the crisis. In some councils this included Internal Audit staff and whilst this was necessary to ensure that essential services continued to operate, councils must now ensure that a full Internal Audit service is able to resume, and consider the impact of Covid-19 risks to its work programme. It is also important to highlight that the Internal Audit function must remain independent and councils should ensure that Internal Audit staff are not asked to take on any duties which could impact on their independence.
- 2.6 It is widely accepted that fraud risks increase in times of change or crisis. Councils must be alert to the risk that internal controls may suffer due to staff and process changes. Councils should ensure that staff reassigned to unfamiliar work are given an appropriate level of training, guidance and supervision. In August 2020 the NIAO produced a guide to Covid-19 fraud risks⁹ which highlights the key risks and sets out the controls that can mitigate those risks. Two additional guides have also been published with a focus on procurement fraud risk¹⁰ and grant fraud risks¹¹. These guides are a useful reminder to all public sector organisations about the increased risk of fraud and how those risks can be mitigated.

Audit and Risk Committees

Audit and Risk Committees should review and assess their processes and ensure they are in line with best practice

- 2.7 The main purpose of an Audit and Risk Committee is to give independent assurance to elected members and the public about the governance, financial reporting and financial management of a council. It also scrutinises the council's financial management and reporting arrangements and provides an independent challenge to the council. All councils have Audit and Risk Committees in place and my staff attend meetings of these committees on a regular basis.
- 2.8 As previously noted, Covid-19 has been a catalyst for increased digitalisation of governance structures in many councils. Audit and Risk Committees continue to operate virtually in many areas, or in a hybrid model. Changing audit committee arrangements provides councils with an opportunity to review their governance processes and ensure that they are in line with best practice.

⁹ <https://www.niauditoffice.gov.uk/publications/covid-19-fraud-risks-niao-august-2020>

¹⁰ <https://www.niauditoffice.gov.uk/publications/procurement-fraud-risk-guide>

¹¹ <https://www.niauditoffice.gov.uk/publications/grant-fraud-risks>

Part Two: Good Governance

- 2.9 Councils should provide an induction programme for new Audit and Risk Committee members. This should cover the role of the Audit and Risk Committee, including its terms of reference and expected time commitment by members, and an overview of the council's strategies, identifying the main financial and governance risks. It could also include meeting some of the key council staff. Training should also be provided to members of the Audit and Risk Committee on an ongoing and timely basis and should include an understanding of the principles of, and developments in, financial reporting and relevant legislation.

Governance Statements

Governance statements continue to be comprehensive and of good quality

- 2.10 The annual governance statement accompanies a council's financial statements and explains its governance arrangements and controls for managing the risk of failing 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.
- 2.11 The statement explains the process for reviewing the effectiveness of those arrangements, and outlines actions taken to deal with any significant governance issues. What is considered significant 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. The number of individual significant issues raised varied considerably between councils, ranging from zero to eight. I found the governance statements to be comprehensive and of good quality.

Covid-19 has led to changes in the working environment across the public sector and an increased reliance on digital technology

- 2.12 In response to the pandemic, councils have adopted changes in working practices and there has been an increased reliance on digital technology. These changes bring corresponding risks which councils must consider. In line with government guidelines, significant numbers of council staff have been working from home. This may increase opportunities for breaches of IT security and if staff are accessing personal data at home they must consider its security. Video conferencing and virtual meetings are also potentially more susceptible to security breaches.
- 2.13 In their governance statements, some councils identified that their IT policies and procedures required updates and improvements. Given the increased reliance on digital services, I would encourage councils to ensure this work is taken forward as soon as possible.

Issues with procurement and contract management continue to be raised during my audits

- 2.14 During the audit of the 2019-20 financial statements, I raised issues and made recommendations relating to procurement and contract management processes in a number of councils. My audit teams identified issues common to several councils including: a lack of open tender processes; the routine use and reliance on Single Tender Actions; and incomplete contract registers. In many cases, the issues identified had also been brought to the councils' attention in the 2018-19 year, and I am concerned that there has been little evidence of sustained progress towards resolving these issues. I will continue to monitor councils' progress on my recommendations.
- 2.15 In my report on Derry City and Strabane District Council, I included an emphasis of matter paragraph, drawing attention to disclosures included in the Council's financial statements in relation to the City of Derry Airport. The key concern is a potential funding shortfall post December 2021. Government funding has now been secured until March 2023.

Raising concerns

Concerns continue to be raised with me about the planning system

- 2.16 Effective arrangements for raising concerns are an important element of good governance arrangements and are essential for helping to bring to light matters of concern in an organisation. Where wrongdoing exists, those responsible must be held to account, mistakes must be remedied and lessons must be learnt.
- 2.17 All councils may receive concerns in line with their own policies. Councils must have procedures in place to deal promptly and robustly with concerns raised and must ensure that those raising concerns are supported and protected from any form of detriment or victimisation. I encourage all councils to review the effectiveness of their Raising Concerns policies.
- 2.18 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 relation to the proper conduct of public business, fraud and corruption and value for money. In that capacity, I receive concerns relating to local government bodies (see **Figure 8**).

Figure 8. Concerns reported directly to the Local Government Auditor

	2016-17	2017-18	2018-19	2019-20	2020-21
Number of concerns reported directly to the LGA	15	23	23	18	19

Source: NIAO data

Part Two: Good Governance

- 2.19 In June 2020, NIAO published a good practice guide on raising concerns¹². The guide encourages organisations to put in place effective arrangements for receiving concerns from the wider public and ensuring that they are properly considered and appropriately acted upon. The guide also suggests organisations appoint a speak-up guardian or raising concerns champion who can be a source of advice and support for staff and a key resource for connecting the organisation to service users and the wider public.
- 2.20 The NIAO website¹³ provides contact details for those wishing to raise a concern with the Local Government Auditor. 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.
- 2.21 I consider a number of possible actions when dealing with concerns. These range from discussing the issues with the audited body, to carrying out a full audit investigation and including relevant comments in my audit reports. I am not required to undertake investigations on behalf of individuals.
- 2.22 I note that most open cases continue to relate to concerns about the planning process. Whilst I am unable to reverse the outcome of a planning decision, I continue to urge councils to ensure consistency in the approval, or rejection, of planning applications, as well as the retention of documentation to support the rationale for planning decisions. In collaboration with the C&AG, I will publish a report on the Planning System in both central and local government in early 2022.

12 <https://www.niauditoffice.gov.uk/publications/raising-concerns-good-practice-guide-northern-ireland-public-sector>

13 <https://www.niauditoffice.gov.uk/fraud-and-raising-concerns>

Part Three: Performance Improvement



Part Three: Performance Improvement

Key messages

1. All councils met their key performance improvement responsibility to publish a self-assessment report during the year.
2. Due to the impact of the Covid-19 pandemic, the requirement to publish annual performance plans for 2020-21 was set aside. My work therefore focused on the 2019-20 performance reports and my findings were reported to each council and the Department in November and December 2021.
3. Progress is still required by all councils on benchmarking a broader range of functions.

Performance Improvement audits and assessments

Councils have a statutory responsibility to make arrangements for, and report on, continuous improvement in their functions or services

- 3.1 The performance improvement framework has been phased in since 2015-16 and became fully operational in 2017-18. It places a statutory responsibility¹⁴ on councils to make arrangements for, and report on, continuous improvement in their functions or services. Improvement should be more than gains in service output or efficiency, or the internal effectiveness of an organisation. The activity should enhance the sustainable quality of life and environment for ratepayers and communities. The framework also places a statutory responsibility on me to conduct an 'improvement audit and assessment' each year and report my findings.
- 3.2 With the exception of 2020-21, councils are required to select and consult on improvement objectives and then publish these in annual performance improvement plans, along with details of how they plan to achieve them. Underlying this, councils are required to make arrangements to deliver each objective and collect data to enable them to report on the achievement of improvements. Councils had to publish details of this information for 2019-20 in their annual self-assessment report in September 2020. This report considered their performance against the objectives they had set. It also reported performance against planning, waste management and economic development standards and indicators set by central government, and made comparisons with other councils.
- 3.3 I am required to assess and report on whether each council:
 - discharged its duties in relation to improvement planning;
 - published the required improvement information;

¹⁴ Section 93 of the Local Government Act (NI) 2014, together with the supporting statutory guidance issued by the Department for Communities.

- acted in accordance with guidance issued by the Department in relation to those duties; and
- was likely to comply with legislative requirements for performance improvement.

3.4 In accordance with The Local Government (Meetings and Performance) Act (Northern Ireland) 2021, the requirement to publish an improvement plan for 2020-21 was set aside due to the pandemic. My work therefore focused on the 2019-20 performance reports and my findings were reported to each council and the Department in November and December 2021, due to further time being required to enact this legislation. I will subsequently publish summaries of my findings for each council on the NIAO website in March 2022. I did not undertake any special inspections or recommend formal intervention by the Department.

Councils met their responsibilities to report performance improvement information arrangements in the year

- 3.5 All of the councils met their key performance improvement responsibilities for publishing a self-assessment report during the year. Given the impact of the pandemic on council services, however, I was unable to conclude on an assessment of whether the councils were likely to meet their performance improvement responsibilities under legislation for the 2020-21 year.
- 3.6 Councils have a wide degree of discretion on their performance improvement arrangements within the overall statutory framework. As a result, my audit work in 2020-21 continued to focus primarily on compliance with the legislation and guidance.
- 3.7 This was the fourth year that councils were required to report on their performance against that of other councils in delivering the same or similar functions, where it was reasonably practicable to do so. Whilst comparisons had been made in prior years on statutory indicators set by central government on planning, waste management and economic development, comparisons relating to self-imposed indicators were very limited. During 2019, the Department advised that comparisons should be published in the 2018-19 self-assessment reports on at least two self-imposed indicators, for prompt payment and sickness absence, relating to the 'General Duty' to improve. However, I noted in my previous reports that significant progress by all councils was needed to enable a broader range of functions to be benchmarked in future. During 2019, a sub-group of SOLACE's performance improvement working group prepared a paper on establishing a regional performance framework for benchmarking, but a considerable amount of work would be necessary to take this forward. The impact of the pandemic has undoubtedly affected progress on this issue.

Part Three: Performance Improvement

Impact of Covid-19 on performance improvement arrangements over the next two years

- 3.8 Performance improvement arrangements for councils for the 2021-22 year remain unchanged with the exception that:
- The date by which a council should publish the performance improvement plan has been moved from the end of June 2021 to the end of September 2021. The Department also suggested that councils focus their performance improvement arrangements for 2021-22 on those aspects of improvement that best reflect what councils have listed in their Covid-19 recovery plans.
 - The content of a council's annual self-assessment report has been amended, largely due to the requirement for an improvement plan to report against being set aside for 2020-21.
 - The date by which I must report my findings for 2021-22 performance improvement audit and assessment work has been extended to 28 February 2022.

Conclusion

- 3.9 I will continue to discuss the way forward for the performance improvement arrangements with the councils and the Department in the months ahead, with a focus on benchmarking a broader range of functions.

Part Four: Response to the Covid-19 pandemic



Part Four: Response to the Covid-19 pandemic

Key messages

1. Councils have received significant funding from central government to support their financial recovery from Covid-19.
2. Councils must ensure that they have robust financial management plans in place for spending these funds.
3. Lessons learned from collaboration and innovation in response to Covid-19 should be shared and built upon as recovery continues.

The Covid-19 pandemic is likely to continue to present challenges for local government

- 4.1 The Covid-19 pandemic has had a significant impact on society and on the economy. Councils have had to adapt quickly to ensure continued provision of their key critical services such as waste collection and disposal, community support, registrations of deaths and burial services. Additionally, councils lost income from the closure of their income-generating facilities and services such as leisure centres. Councils have demonstrated flexibility and versatility. As councils begin to plan for longer-term recovery, it is important that the lessons learned from the pandemic are carried forward.
- 4.2 NIAO's public reporting programme has included a number of reports illustrating the scale of the public sector financial response to Covid-19. In June 2021, the C&AG's second report on the NI Executive's response to the pandemic set out that the total cost of Covid-19 spending was £6.2 billion at 31 March 2021. Of this, £3.9 billion reflected the cost of central government measures to combat Covid-19.

Councils have received significant sums of central government funding to support their financial recovery

- 4.3 At 31 March 2021, the Department for Communities had provided councils with £117 million to support a range of services and responses delivered during the pandemic, including:
 - **£85.3 million** to mitigate councils' projected losses as a result of the pandemic;
 - **£19.3 million** Recovery Revitalisation Fund – to ensure a safe environment for visitors as towns and cities began to reopen, for example to fund outside awnings, furniture, tannoy systems and signage. The Department contributed £12 million towards the Fund, with additional contributions of £5 million and £2.3 million from the Department for Infrastructure and the Department of Agriculture, Environment and Rural Affairs (DAERA) respectively;

- **£6 million** Community Support Fund – to support voluntary and community groups under the categories of finance, food and connectivity; and
- **£3.5 million** Food and Essential Supplies Fund to support the most vulnerable with the dual challenges of the Christmas period and Brexit.

DAERA also provided £12.5 million to councils to help cover higher waste collection, treatment and disposal costs.

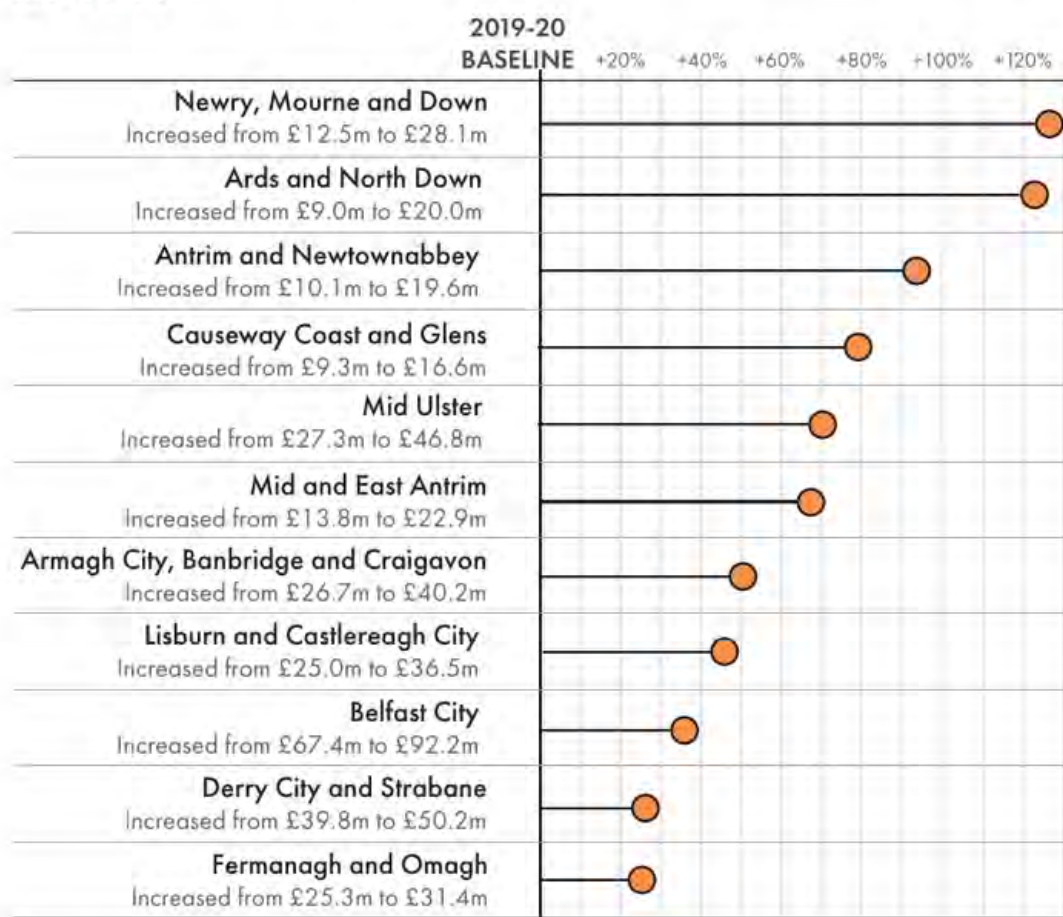
- 4.4 The amounts received by each council were based on estimates of increased pressure and loss of income, and ranged from £6 million to £25 million. The Department told me that expenditure was then compared against these estimates at the end of each quarter, to ensure that the funding was being used only to mitigate the financial impact of Covid-19, and future funding was adjusted as necessary.
- 4.5 Whilst most of the short-term financial impact has been offset by extra support from central government, the effects of the pandemic will extend into the foreseeable future. Even though many of councils' revenue generating services have reopened, their ability to generate income may be impacted by continuing social distancing requirements, and potentially less demand as a result of the impact of the pandemic on disposable incomes.

Most councils have set up specific reserves to aid their recovery from the pandemic, and these will need to be managed carefully

- 4.6 Most councils have set aside funds into Earmarked Reserves to support their recovery plans and to mitigate the ongoing financial risks as result of Covid-19. **Figure 9** shows the level of usable reserves, which include these Earmarked Reserves, held by each council at 31 March 2020 and then at 31 March 2021, illustrating significant increases in usable reserves.
- 4.7 Managing reserves over the medium-term is one of CIPFA's key pillars of financial resilience (see **paragraph 1.33**). Councils must ensure that they have clear and robust plans in place for using these reserves.

Part Four: Response to the Covid-19 pandemic

Figure 9. Usable reserves increased significantly across all councils in 2020-21



Source: Councils' audited financial statements

Councils have provided essential support to local communities throughout the pandemic

- 4.8 All councils have had to adapt quickly to the challenges of Covid-19. Councils have shared with me many interesting examples of how they have responded in terms of innovation, collaborative working and support provided to local communities. Working in partnership with other public sector organisations, as well as the community and voluntary sector, councils have delivered essential services and supported local people, communities and businesses with a range of interventions.
- 4.9 I have included an example provided by each of the councils below and I encourage all councils to ensure that lessons can be learned and built upon as recovery from Covid-19 continues.

Supporting communities

Councils have played a lead role in coordinating partnerships that provided support and help for local communities during the pandemic. Partnerships with community and voluntary sector organisations have been particularly important. There have been positive examples of partnership working at every council.

Community Support Hubs were established in all 11 council areas, to support the local community and voluntary sector, and individuals in need during the peak of the pandemic. Councils worked in partnership with Health and Social Care Trusts, central government departments, PSNI and local community and voluntary groups.

Case examples:

Ards and North Down Borough Council's Community Development and Environmental Health Services provided a comprehensive support service, particularly for people who required more than food parcels. By using the Home Safety and Affordable Warmth databases, the team identified and contacted over 600 older people potentially in need of support. Assistance was given with practicalities such as accessing food and pharmacy deliveries and referrals were made to other agencies as necessary. Mental health and emotional wellbeing needs were considered, along with the ability to keep active and a focus on Falls Prevention and nutritional advice.

In **Causeway Coast and Glens**, the Flowerfield Arts Centre in Portstewart was converted into an Emergency Support Coordination Hub that controlled the distribution of food parcels. The operating model for the hub was developed by the Council in partnership with the Health Trusts, and adopted across other council areas. This initiative enabled support to be delivered to those who needed it most.

Fermanagh and Omagh District Council worked in partnership with the Western Health and Social Care Trust and South West Age Partnership to support the 'Happy at Home' campaign through the production of a series of booklets over the winter period.

Booklets delivered to over 6,000 older people across the district during the winter lockdown provided a range of short activities, helpful contact details and information on a variety of topics including shopping safely online, efficient home heating and winter warmer recipes. In recognition of the isolation experienced by older people, the Council also launched a Christmas Cheer initiative, which delivered 1,850 small gifts to those aged over 65 and living alone or a lone carer.

Part Four: Response to the Covid-19 pandemic

Service delivery and staff redeployment

Homeworking and increased reliance on IT presented challenges for council workforces. Working from home has become the new normal for a significant number of council staff.

Councils have demonstrated flexibility, redeploying staff from services which were closed or curtailed to front-line service delivery or to provide support in the community.

As recovery continues, council workforces will need to continue to adapt to new working arrangements.

Case example:

Antrim and Newtownabbey Borough Council: When non-essential council services were suspended and significant numbers of staff from the Leisure and Arts and Culture sections were unable to work from home, this presented an opportunity.

Each day, staff attended the Civic Headquarters to be assigned to a specific community group and provide much needed support on the ground. This initiative had significant mutual benefits, with the staff having a vital role to play and the community having access to skilled and committed additional support to aid their efforts. Many of the council staff who were involved have continued working with groups, and are now community volunteers.

Jobs and skills

Many councils set up schemes providing support with jobs and skills, as well as access to financial advice and expertise.

Case example:

During the initial stages of the Covid-19 pandemic, and prior to the furlough scheme, **Derry City and Strabane District Council** provided support to three advice agencies as they helped a range of people affected by the lockdown.

Further development of this initiative resulted in a Financial Inclusion Partnership launched in November 2020, utilising funding from the Department for Communities to address the financial implications of Covid-19. The Partnership was made up of Advice NW, Dove House and the Resource Centre Derry, working with the Council and other stakeholders.

From November 2020 to March 2021, the advice agencies provided support to over 2,700 individuals across the Council area on a range of issues including benefit maximisation, financial advice, debt advice and employment/furlough support.

Case example:

Mid and East Antrim Borough Council instigated its Rapid Redundancy Response Programme to support companies who closed their businesses and employees impacted by redundancy. Working with key partners including the local Jobs and Benefits Office and the MEA Manufacturing Task Force, the Council provided support via three Job Fairs, two Redundancy Clinics and a careers webinar. Over 60 employers engaged through these events and regular job sheets were promoted on the Council's website with over 600 employment opportunities showcased and 260 Job Seekers supported.

The Council also initiated a range of new employability academies to prepare job seekers and those who were made redundant to enter new career pathways. These academies in Welding, Health and Social Care, Tourism and Hospitality, Childminding, HGV Driving and Retail Start have engaged 135 participants as at the end of September 2021 with employment, self-employment, further education and training outcomes.

Virtual events

During lockdown, council-run venues such as museums, arts centres and leisure facilities had to close for a significant period of time. Many councils took the opportunity to adopt innovative and creative use of digital technology to keep citizens connected, including online art collections, virtual fitness classes and live-streamed cultural events.

Case examples:

Armagh City, Banbridge and Craigavon Council's Arts, Culture and Heritage facilities continued to engage with audiences with online and digital programmes. Market Place Theatre delivered online workshop programmes and streamed live music events. Armagh County Museum made its collections accessible online through Flickr and Art UK. Signature Tourism Events: Food and Cider Festival, Georgian Festival and Home of St Patricks Festival were adapted to enable them to be delivered safely within the restrictions of Covid-19.

Lisburn and Castlereagh City Council's virtual museum delivered a range of exhibitions and programmes including VE75, VJ Day, The Swanzy Riots 1920 and Planting a Parliament: The Foundation of Northern Ireland. The Museum's 'Covid-19 and Me', in which citizens shared their stories, photos, thoughts and memories, has been recognised by the House of European History in Brussels and it received Thrives Audience Delight Award.

Part Four: Response to the Covid-19 pandemic

Other initiatives

Personal Protective Equipment

Case example:

Mid Ulster District Council repurposed Meadowbank Sports Arena to facilitate the work of a local company that had gone into production of frontline Personal Protective Equipment, following the creation of a proto-type.

The production line was able to produce more than 22,000 face shields per day for those clinicians working in acute front line settings and it provided temporary employment for many people who were not in receipt of financial support from the government.

CovidConnectNI.com

Case example:

Belfast City Council's City Innovation Team managed the Covid Connect NI project. The Council worked with government, universities, and the community and voluntary sector to support a coordinated contribution by the innovator community to solving Covid-19 challenges across Northern Ireland. It aims to connect organisations and match challenge owners with potential digital solutions. The Covid Connect website lists a range of offers and requests for digital support.

The site encourages local businesses, universities and innovators to use their digital expertise, capacity and resources to help tackle challenges during the Covid-19 crisis, and, where possible, to do so on a pro bono or discounted basis. Examples include data analytics and visualisation, support for remote working and learning, 3D printing, software and database development, contact relationship management, web services, connectivity and telecoms support, project management, and support for social distancing and contact tracing.

Business support

Case example:

During the first lockdown, **Newry, Mourne and Down District Council** identified an urgent need to ensure information flow to businesses. The Council responded directly to businesses' new needs arising from Covid-19, by launching a range of focused and tailored programmes, such as 'Get Your Business Online', a "Business Resilience Programme", a "100 Day Consolidation programme" and a "Business Reboot programme". All business support was delivered online, on a one-to-one basis, and through strategic workshops, events and virtual networking opportunities.

Business support programmes have been complemented by an ongoing and sustained 'Make It Local' campaign, aimed at encouraging safe trading and customer practices and the need to support local businesses through commitments to shop local, both online and, more recently, through click and collect.

The Council also held a relaunch summit, securing advice from world renowned strategists to help businesses through the economic crisis. This was complemented by Newry, Mourne and Down Enterprise Week 2020 which focused on the early stage of developing a business idea, as well as economic support and recovery interventions across key business sectors of the local economy.

Conclusion

- 4.10 There is no doubt there will continue to be wide-reaching impacts from the pandemic for many years to come. There will be continuing challenges for councils to deliver a balanced budget, even with central government support, and therefore it is extremely important that the councils have detailed medium-term financial plans which are regularly monitored and updated. The wider work of the NIAO will continue to highlight the response to the pandemic across central and local government. I encourage all councils to ensure that lessons learned from collaboration and innovation in response to Covid-19 are shared, and built upon, as recovery continues.

Part Five: Other matters

Part Five: Other matters

Key messages

1. Due to the impact of Covid-19, the planned review of efficiency savings has been postponed for the second year.
2. Economic growth deals have continued to progress, and represent considerable opportunities for councils in the coming years.
3. Staff sickness absence levels continued to be very high in 2019-20.
4. Prompt payment of suppliers varies significantly across councils, with continuing poor performance in some councils.

Efficiency Savings

The Department's review of efficiency savings has been postponed for the second year

- 5.1 In the LGA 2018 report, my predecessor recommended that the Department should give early consideration to, and clear guidance to councils on, devising an appropriate methodology for measuring efficiency savings and reporting outcomes relating to the reduction in the number of councils in 2015.
 - 5.2 The Department intended to complete a review of the cost benefit analysis of local government reform during 2019-20, however this was delayed until 2020-21. As a result of the Covid-19 pandemic, work has been further postponed until 2021-22. A working group has been established, and work on the review has re-commenced, with an expected completion date of March 2022.
 - 5.3 Whilst I recognise the impact of the Covid-19 pandemic and the necessary shift in priorities, six years have now passed since the number of councils reduced in 2015. It is disappointing that there has been limited progress in completing this review and as it is an important piece of work further slippage in the timetable must be avoided. I will continue to monitor and engage with the Department in relation to this project and may decide to report on this matter in more detail in the future.
-

City and Local Growth Deals

Every part of Northern Ireland is now covered by an economic growth deal

5.4 Councils are partners in the City Region and Growth Deals. Over £1.4 billion has been committed to date to support economic growth and development, by promoting a range of measures and projects designed to increase the skills, productivity and competitiveness of each region. Four deals have now been agreed covering all 11 council areas:

- Belfast Region City Deal - £850 million
- Derry City and Strabane Region City Deal - £250 million
- Mid, South and West Growth Deal - £252 million
- Causeway Coast and Glens Growth Deal - £72 million

Belfast Region City Deal

5.5 In its 2018 autumn budget, the UK Government committed £350 million of funding to the Belfast Region City Deal (BRCD). In May 2020, the NI Executive committed to match the £350 million of UK Government funding, with the six participating councils and the two universities committing a further £150 million in total.

5.6 The BRCD programme is focused on delivering inclusive growth across the region through the following pillars of investment:

<p>Pillar 1: Innovation and Digital</p> <p>Achieving world leading competitive advantage in key sectors: building innovation and digital capability - facilitating invention, commercialisation and widespread adoption as a driver of economic prosperity and increased wellbeing.</p>	<p>Pillar 2: Tourism and Regeneration</p> <p>Boosting tourism and regenerating our region – creating world-class visitor attractions and investing in towns and cities to provide a year-round destination that will stand out in international markets.</p>
<p>Pillar 3: Infrastructure</p> <p>Connecting the region – connecting people to opportunity and services through enhanced and sustainable infrastructure.</p>	<p>Pillar 4: Employability and Skills</p> <p>Putting in place arrangements to enable a constant pipeline of talent to support the growth created by the BRCD investments and ensure that the right skills are available within the region to support the emerging job opportunities.</p>

Part Five: Other matters

- 5.7 In March 2019, the Secretary of State, BRCD partners and the Northern Ireland Civil Service signed a Heads of Terms document, enabling business cases to be prepared for the projects proposed.
- 5.8 The BRCD partners have been working with the UK and NI departments to develop and approve Outline Business Cases for their individual projects. The final deal was signed by BRCD partners and both governments in December 2021, to allow funding to flow to the most advanced projects which have approval. The next steps are for the BRCD partners and the governments to establish supporting governance and finance frameworks to enable the delivery of the deal.

Derry City and Strabane Region City Deal

- 5.9 In February 2021, the Heads of Terms for the Derry City and Strabane Region City Deal and Inclusive Future Fund Investment Plan were signed. They set out a commitment to a £250 million City Deal and Inclusive Future Fund Investment Plan to deliver on a suite of integrated and complementary catalyst projects in the areas of Innovation, Digital and Health, together with a number of major transformational Regeneration, Tourism and Renewal projects. Delivery partners have committed to maximising the opportunities brought by this investment to create jobs and enhance skills.
- 5.10 The investment package comprises a funding commitment by the UK Government of £105 million; £105 million match funding by the Northern Ireland Executive; and contributions by Derry City and Strabane District Council and project delivery partners of a minimum of £40 million. The Inclusive Future Fund element of the investment plan is an exclusive fund for the city and region. It recognises the unique circumstances facing the region and will help create new opportunities for the whole of the community.

5.11 The programme is focused on the following pillars of investment:

Pillar 1: Innovation, Digital and Health	Pillar 2: Regeneration, Tourism and Renewal
<ul style="list-style-type: none"> • Centre for Industrial Digitisation, Robotics and Automation (CIDRA) • Cognitive Analytics Research Laboratory (CARL) • The Transformation Healthcare Research Innovation Value-based Ecosystem (THRIVE) • Northern Ireland Graduate Entry Medical School • Digital Enabling Infrastructure Programme • SMART Cities Initiatives 	<ul style="list-style-type: none"> • Major Strabane Town Centre Regeneration project • Derry Central Riverfront Regeneration (including Queens Quay) • DNA Museum Ebrington • Walled City Tourism/Economic Investment

5.12 This investment will be underpinned by the principles of sustainability and inclusivity as well as working with government to develop an integrated programme for employability and skills interventions. The deal will result in the single biggest ever combined and integrated funding injection in the city and region, that will enable progress and delivery of a number of key infrastructure, tourism and regeneration projects.

Mid, South and West and Causeway Coast and Glens Local Growth Deals

5.13 In October 2019, the UK Government announced that Northern Ireland regions would benefit from an additional £163 million of funding to support local economic growth, create jobs and invest in local projects. The 2020 budget announced two new local growth deals:

- £126 million for the Mid, South and West of Northern Ireland Deal; and
- £36 million for the Causeway Coast and Glens Deal.

Part Five: Other matters

In May 2020, the NI Executive announced match funding for both growth deals, bringing the total values to £252 million and £72 million respectively. The Executive also announced a £100 million complementary fund in relation to the city and growth deals and councils are awaiting information on this package of support.

- 5.14 In September 2020, a Regional Economic Strategy for the Mid, South and West region was published, highlighting the strategic interventions for progressing the growth deal.

These city and local growth deals bring great opportunities as councils assist in rebuilding the economy

- 5.15 The capacity of councils and their development partners to deliver large scale projects against a challenging public sector backdrop represents a significant risk. Councils will need to strike a balance between maximising opportunities and carefully managing the risks at all stages of the projects they embark upon.
- 5.16 Councils will have to ensure that robust accountability and governance arrangements are put in place, as well as considering how the long-term success of economic growth deals will be measured, including how they have contributed to Programme for Government outcomes. This will be key to determining the extent of economic growth and the extent to which value for money has been delivered. These city and local growth deals are now more important than ever as councils assist in rebuilding the economy. The C&AG and I will continue to monitor the deals as they progress.

Absenteeism

Sickness absence levels remained consistently high, with an average of over 14 days lost per employee

- 5.17 Absence rates rose from 13.9 days per employee in 2018-19, to 14.2 days in 2019-20. Mid and East Antrim Council recorded the lowest number of days lost at 10.6 days (14.05 days in 2018-19), while Armagh City, Banbridge and Craigavon Council recorded the highest rate at 18.3 days (16.7 days in 2018-19). In five councils, absence levels have reduced since the previous year, while they have increased in the other six. I am aware that during the 2020-21 year, sickness absence levels improved considerably as staff worked from home.

- 5.18 In November 2020, I published a good practice guide on *Managing Attendance in Central and Local Government*¹⁵ which provides an overview of sickness absence across central and local government in Northern Ireland and sets out key principles for managing attendance that are consistent across the public sector. I continue to emphasise the importance of closely monitoring and actively managing sickness absence levels.

Prompt Payment

Whilst performance has improved slightly, some councils still struggle to meet prompt payment targets for suppliers

- 5.19 Councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the commitment made by the Northern Ireland Executive to pay the majority of valid invoices within 10 days. The average number of days taken to pay a supplier varies considerably across the councils.
- 5.20 In 2019-20, seven councils paid at least half of their valid invoices within 10 days, a slight improvement from the six that met the target in 2018-19. However, most councils' performance continues to be significantly poorer than that of central government (see **Figure 10**).

¹⁵ <https://www.niauditoffice.gov.uk/publications/managing-attendance-central-and-local-government>

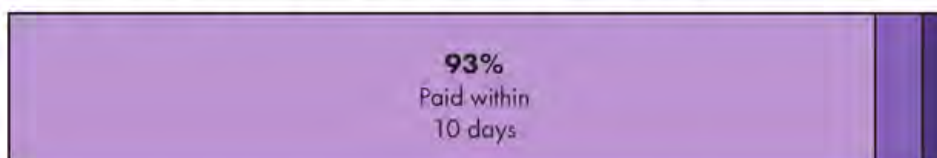
Part Five: Other matters

Figure 10. Overall prompt payment performance is significantly slower than central government performance

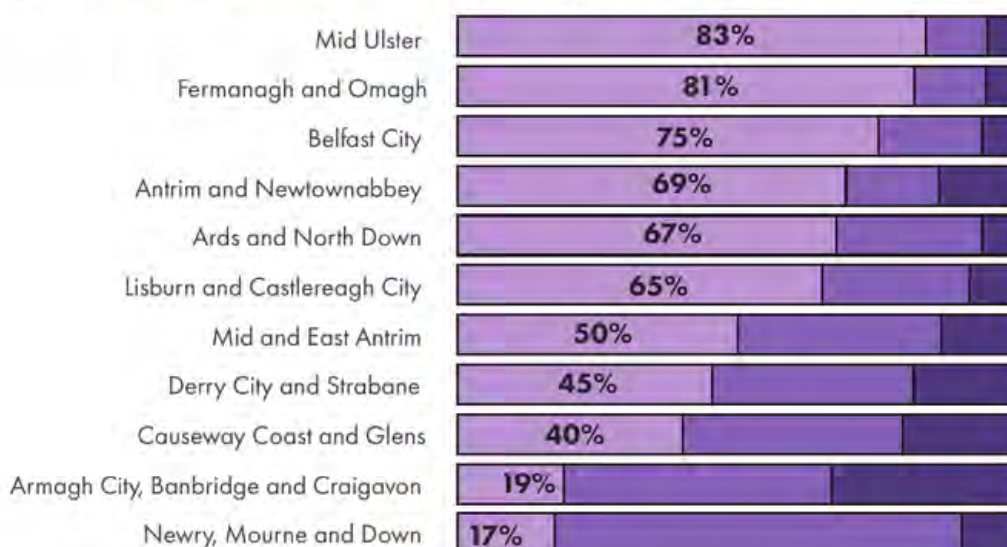
In 2019-20, **councils** paid just over half of invoices within 10 days



Central government paid over 90% of invoices within 10 days over the same period



However, there was substantial variation in performance between councils



Source: Councils' management information; Department of Finance NICS Prompt Payment tables

Observation

Prompt payment of invoices helps business cash flow and it is important that councils endeavour to support their suppliers in the current challenging economic climate.

Asset management

Councils should ensure that their asset management practices are in line with recent guidance

- 5.21 Councils own and manage a significant number and range of public assets which are used to support the delivery of their services. The value of these assets at 31 March 2020 was in excess of £2.7 billion,¹⁶ with a small proportion (with an approximate value of £3.1 million) currently surplus to requirements, or being held for future development.
- 5.22 In the current economic climate there is increasing pressure on councils to consolidate, replace and maintain ageing public sector assets, as well as manage the risks associated with operating ageing assets. It is therefore essential that councils ensure their asset management practices are sufficient to help deliver sustainable public services. In partnership with the Strategic Investment Board, I have produced guidance on the use of public sector assets. A Strategic Approach to the Use of Public Sector Assets - A Good Practice Guide for Local Government in Northern Ireland¹⁷ was launched in October 2021. This guide expands upon the existing principles of good asset management and is designed to bring forward modern public sector asset management practices, and ultimately enhance the health and wellbeing of the citizens of Northern Ireland.

Brexit considerations

- 5.23 The United Kingdom left the EU on 31 January 2020, and completed the transition period on 31 December 2020. Issues affecting councils to date have included funding of council programmes, cross-border trade, tourism, imports and exports, employment, local supplies and local business. These issues and other related matters are considered at the monthly SOLACE meetings to ensure that all councils are taking a consistent approach. Council officers are continuing to work with colleagues across the 11 councils to ensure that areas of risk are identified and appropriate measures are in place to manage these risks where possible.

16 Excluding heritage assets, investment properties and intangible assets.

17 <https://www.niauditoffice.gov.uk/publications/strategic-approach-use-public-sector-assets-good-practice-guide-local-government>

NIAO Reports 2020 and 2021

Title	Date Published
2020	
Reducing costs in the PSNI	28 April 2020
The National Fraud Initiative: Northern Ireland	11 June 2020
The LandWeb Project: An Update	16 June 2020
Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector	25 June 2020
Addiction Services in Northern Ireland	30 June 2020
Workforce planning for nurses and midwives	31 July 2020
Overview of the Northern Ireland Executive's Response to the COVID-19 Pandemic	02 September 2020
Impact Review of Special Educational Needs	29 September 2020
Generating electricity from renewable energy	13 October 2020
Capacity and Capability in the Northern Ireland Civil Service	17 November 2020
Managing Attendance in Central and Local Government	23 November 2020
Managing Children who Offend: Follow-up Review	01 December 2020
2021	
Management and Delivery of the Personal Independence Payment Contract in Northern Ireland	23 March 2021
Closing the Gap - Social Deprivation and links to Educational Attainment	05 May 2021
Second Report – Overview of the Northern Ireland Executive's Response to the COVID-19 Pandemic	08 June 2021
Broadband Investment in Northern Ireland	17 June 2021
Sports Sustainability Fund	22 June 2021
The NI Budget Process	29 June 2021
Continuous improvement arrangements in policing	12 October 2021
A Strategic Approach to the Use of Public Sector Assets	21 October 2021
Grant Fraud Risks	28 October 2021
Design and Administration of the Northern Ireland Small Business Support Grant Scheme	08 December 2021
Contract award and management of Project Stratum	14 December 2021



Published and printed by CDS

CDS 264052





Annual Audit Letter

Newry, Mourn and Down District Council 2020-2021



Colette Kane
Local Government Auditor
Northern Ireland Audit Office
January 2022

Contents

	Page
Key Messages	3
Introduction	4
Audit of Financial Statements	5
Audit work on economy, efficiency and effectiveness	7
Governance	8
Other areas of audit interest	9
Outlook	11

Key messages

Audit of Financial Statements

- The 2020-21 financial statements were certified without qualification as noted in my audit report. Key statistics from the accounts are outlined on page 6.

Work on economy, efficiency and effectiveness

- The Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

Governance

- The governance statement reflects compliance with relevant guidance and standards.

Other areas of audit interest

- Absenteeism figures for 2020-21.
- The latest National Fraud Initiative.
- The Local Government Auditor's Report for the year to 31 March 2021 was published on 21 December 2021.

Outlook

- Brexit considerations.
- COVID-19 considerations.

Introduction

1. As Local Government Auditor, I have a statutory responsibility to provide an opinion on the Council's financial statements. The results of my audit of the 2020-21 Statement of Accounts are summarised in this report.
2. The legislative role for the Local Government Auditor is contained in the Local Government (Northern Ireland) Order 2005 and the Local Government (Northern Ireland) Act 2014. In addition, the Code of Audit Practice, published on 1 April 2021, prescribes the ways in which statutory audit functions are to be carried out. The Code of Audit Practice is supported further by a Statement of Responsibilities of Local Government Auditors and Local Government Bodies. Both of these documents are published on the NIAO website.
3. Management have specific responsibilities regarding the production of financial statements and are expected to have effective governance arrangements in place to deliver the Council's corporate objectives. The publication of the financial statements is an essential means to account for the stewardship and use of public money each year.
4. As external auditor, it is my responsibility to form an opinion on whether:
 - the financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year then ended;
 - the financial statements have been prepared in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other directions thereunder;
 - the parts of the remuneration report to be audited have been properly prepared in accordance with the Department for Communities' directions; and
 - the information given in the Narrative Report is consistent with the financial statements.
5. There is a range of various other matters which can be reported by exception and they are outlined in the Code of Audit Practice. One of these items relates to the information published with the audited financial statements, such as the governance statement. I report if the governance statement is not consistent with the information gathered during the audit including that gained from carrying out work on the Council's arrangements for securing economy, efficiency and effectiveness of resources, and our work on performance improvement.
6. This report is solely based upon those matters that have come to my attention as a result of normal audit procedures. Consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or all improvements that could be made.

Audit of Financial Statements

Statement of Accounts

1. The accounts should be prepared in accordance with International Financial Accounting Standards as interpreted for Local Government in the, 'Code of Practice on Local Authority Accounting in the United Kingdom'.
2. The financial statements were signed by the Chief Financial Officer and submitted for audit on 30 June 2021. Following the audit, the Statement of Accounts were approved by the Council and certified by me within the statutory deadline of 30 September 2021. The Statement of Accounts are published on the Council's website.
3. On conclusion of the audit, the 2005 Order requires me to issue a certificate stating the audit is complete and to give an opinion on the statement of the accounts. The audit certificate and opinion are contained within the Statement of Accounts.

Audit Certificate and Opinion

4. For the year ended 31 March 2021, I gave the following unqualified opinion on the financial statements.

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, of the financial position of the Council as at 31 March 2021, and its income and expenditure for the year then ended; and
 - the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.
5. At the end of the audit I issue a Report to those charged with Governance, addressed to the Chief Executive of the Council, on the results of the audit, noting the most significant issues, making recommendations and seeking comments. That report is presented separately to the Audit Committee.
 6. Council's usable reserves have increased from £12,456,478 at 31 March 2020 to £28,130,629 at 31 March 2021, an increase of £15,674,151, largely due to COVID-19 support funding. It is important that there are clear plans to utilise these reserves in the future.

Audit of Financial Statements

Key Statistics

Income/Expenditure	2020-21 £	2020-21 £	Variance £
Total Income	91,708,966	74,965,394	↑ 16,743,572
Total Expenditure	(85,813,045)	(85,927,186)	↓ 114,141
Net Expenditure chargeable to the General Fund (reflects adjustments between Accounting Basis and Funding Basis)	(15,674,151)	1,028,137	↑ 16,702,288

Capital Expenditure in year	4,424,540	7,781,544	↓ 3,357,004
-----------------------------	-----------	-----------	-------------

Capital/Reserves/Staff Costs	2020-21	2020-21	Variance
Useable Reserves	28,130,629	12,456,478	↑ 15,674,151
Long Term Assets	186,758,321	189,534,438	↓ 2,776,117
Loans Outstanding	(74,123,875)	(74,844,567)	↓ 720,692

Staff	2020-21	2020-21	Variance
Staff numbers (FTE)	871	908	↓ 37

Staff Costs (including Agency costs)	34,027,666	35,900,300	↓ 1,872,634
--------------------------------------	------------	------------	-------------

Staff Absence Total	13.6	15.8	↓ 2.2 days
- short term	2.4	4.1	↓ 1.7 days
- long term	11.2	11.7	↓ 0.5 days

Work on economy, efficiency and effectiveness

Proper Arrangements

1. The Local Government (Northern Ireland) Order 2005 requires me to be satisfied that the Council has in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.
2. The Council is required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives, while safeguarding and securing value for money from the public funds and other resources at their disposal.
3. My review of the Council's arrangements for securing value for money covered a wide range of areas including:
 - Strategic priorities, financial strategies and policies;
 - Financial reporting systems and sound financial internal controls;
 - Procurement strategies and policies to deliver sustainable outcomes and value for money;
 - Promoting a good governance environment including managing risks and systems of internal control;
 - Asset management strategies and policies to safeguard assets, deliver objectives and generate value for money; and
 - A framework to manage the workforce to effectively support the achievement of strategic priorities.
4. On the basis of my review this year, I am satisfied the Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

Governance

Annual Governance Statement

1. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Council to conduct a review, at least once in a financial year, of the effectiveness of its governance framework (including its system of internal control) and to then approve an Annual Governance Statement.
2. I am required to report if the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
 - does not comply with proper practices specified by the Department for Communities; or
 - is misleading or inconsistent with other information I am aware of from my audit.
3. My review did not highlight any inconsistencies.

Internal Audit

4. The 2015 Regulations also require councils to undertake an adequate and effective internal audit of its accounting records and of its systems of risk management, internal controls and governance processes using current internal auditing standards. The Council has an outsourced Internal Audit function that conducted a review on the effectiveness of the systems of internal controls in place during 2020-21. The findings of this work were presented to the Council's Audit Committee for review and considered by me as part of the audit process.

Audit Committee

5. It is essential that Members exercise effective scrutiny of the internal controls processes and procedures in place within the Council. One way that Members carry out this function is through the Audit Committee.
6. The Audit Committee is also invited to review my audit reports and my staff attend meetings to present audit findings.

Other areas of audit interest

Absenteeism

1. For the twelve months to the end of March 2021, the average number of day's sick absence in the Council was 13.6 days per full time employee as compared to 15.8 days in 2020-21. The Council has told me that the decrease of 2.2 days was mainly due to the number of people being out of the workplace due to Working From Home and Furlough as well as other restrictions during the pandemic, people were mixing less and coming into contact with fewer people, meaning transmission of infection was reduced.
2. The Local Government Auditor produced a good practice guide on Managing Attendance in Central and Local Government on 23 November 2020. The report provides an overview of sickness absence across central and local government in Northern Ireland and sets out key principles for managing attendance that are consistent across the public sector.

Local Government Auditor's Report – 2021

3. The annual Local Government Auditor's Report was published on 21 December 2021 and is available on the NIAO website. The report summarises my perspective on financial audits and performance improvement work in the year to 31 March 2021.
4. The Report highlights areas of strength and areas for improvement within local councils. It also considers important issues that may affect councils in the medium term. The Council and its members should consider this report in the context of its own activities for any improvements that could be made.

Performance improvement audit and assessment

5. Under the Local Government (Northern Ireland) Act 2014 the Council has a statutory duty to make arrangements to secure continuous improvement in the exercise of its functions and to set improvement objectives for each financial year.
6. Under the current legislation each year councils are required to produce an Annual Improvement Plan for the year ahead and a self-assessment report for the year just past. The Local Government Auditor is required to audit the prior year self-assessment report and the incoming Annual Improvement plan and assess whether the Council is likely to have complied with the legislation.
7. The onset of the COVID-19 pandemic led the Department to propose a reduction in the performance improvement work undertaken by councils, and consequently the improvement audit and assessment work to be carried out in 2020. Councils were still required to produce a self-assessment of their performance in 2020-21 but did not have to produce an Annual Improvement Plan for 2020-21. The Local Government Auditor was required to audit the 2020-21 self assessment report. Given the impact of the COVID-19 pandemic on normal

council services I concluded that I am unable to assess whether the Council was likely to comply with Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) during 2020-21.

8. My Annual Improvement Report summarising the audit of the 2020-21 self assessment report will be published in March 2022.

WGA

9. Whole of Government Accounts (WGA) are consolidated financial statements for the whole of the UK public sector. The National Audit Office audits these accounts and sets the overall audit approach. As such the Council is within the band of organisations in 2020-21 where additional audit procedures were not required.
10. The Whole of Government Accounts annual return has been submitted for HM Treasury's consolidation process.

NFI

11. The Council participates in the National Fraud Initiative, a UK wide data matching exercise undertaken every two years that is designed to highlight savings for the public sector as a whole.
12. Data matching for the period 1 April 2020 to 31 March 2022 is currently underway and the results are due to be published in June 2022.

Audit Fee

13. The audit fee for the financial audit is in line with the estimate and the performance improvement audit fee has been decreased to reflect a reduced audit requirement in light of the pandemic.

Outlook

Brexit considerations

1. The United Kingdom left the EU on 31 January 2020, and completed the transition period on 31 December 2020. Issues affecting Councils to date have included funding of Council programmes, cross border trade, tourism, imports and exports, employment, local supplies and local business. These issues and other related matters are considered at the monthly SOLACE meetings to ensure that all councils are taking a consistent approach. Council officers are continuing to work with colleagues across the 11 councils to ensure that areas of risk are identified and appropriate measures are in place to manage these risks where possible.

COVID-19 considerations

2. The COVID-19 pandemic has had a significant impact on society and on the economy. Councils have had to adapt quickly to ensure continued provision of their key critical services such as waste collection and disposal, community support, and registrations of deaths and burial services. Additionally, Councils will have suffered losses in income from the closure of their income-generating facilities and services such as leisure centres.
3. In May 2020, the Minister for Communities in Northern Ireland announced that the Executive was allocating £20.3 million¹ to councils to assist them with their financial pressures up to the end of June 2020 as a result of COVID-19. This funding was to allow councils to continue to provide essential services. An additional £40 million² was announced in September 2020 to support the operation of all 11 councils. In October 2020, the Executive allocated a further £15 million³ to councils to ensure that they continued to positively contribute to the response to, and recovery from COVID-19.
4. In a Written Statement to the Assembly⁴ on 20 May 2021 the Finance Minister announced further COVID-19 funding to address a range of pressures. This included £10 million to Councils to ensure the continued delivery of local public services, as well as £3 million to support council-managed community development and advice services via the Community Support Programme.
5. There is no doubt there will continue to be wide reaching impacts from the pandemic for many years to come. There will be continuing challenges for councils to deliver a balanced budget, even with central government support and therefore it is extremely important that the Council has detailed medium term financial plans which are regularly monitored and updated.

1 https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Covid-19%20funding%20allocations_0.pdf

2 <https://www.communities-ni.gov.uk/news/ps40m-allocated-help-address-pressures-faced-by-local-councils>

3 <https://www.communities-ni.gov.uk/news/ni-chuilin-welcomes-further-funding-councils>

4 <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/May%202021-22%20COVID%2019%20Funding%20-%20WMS.pdf>

6. A report by the Comptroller and Auditor General was published on 2 September 2020 on the NI Executive's response to the COVID-19 Pandemic including support for Councils. A second report on the NI Executive's Response to the COVID-19 Pandemic was published on 8 June 2021.

And Finally.....

7. I would like to thank the Council for its continued co-operation during the audit. My staff and I look forward to working with Council during the year in preparation for next year's audit.

Report to:	Audit Committee
Date of Meeting:	11 January 2022
Subject:	Mid Year Assessment - Performance Improvement Plan 2021-22
Reporting Officer (Including Job Title):	Dorinnia Carville – Director: Corporate Services
Contact Officer (Including Job Title):	Kate Bingham – Head of Performance and Improvement

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	X
1.0	Purpose and Background	
1.1	<p>Through the Performance Improvement Plan 2021-22 and Business Planning and Performance Management Framework, the Council makes a commitment to monitor, review and report performance on a regular basis.</p> <p>This report provides an overview of the Council's progress in implementing the performance improvement objectives between April-September 2021. Where possible, performance has been tracked against the targets set within the Performance Improvement Plan 2021-22. The report was considered and approved by the Strategy, Policy and Resources Committee in November 2021.</p>	
2.0	Key issues	
2.1	<p>The majority of 'supporting actions' and 'measures of success' within the Performance Improvement Plan 2021-22 are on track to be achieved. However, progress against the following has been limited:</p> <ul style="list-style-type: none"> • Whilst the number of businesses supported through 'Digital Growth' and 'Tender for Growth' falls slightly below target, the annual targets are on track to be achieved. • There was a decrease in the rate of recycling and an increase in the amount of waste sent to landfill. However, the current statutory standards have been achieved. • There was a slight reduction in the percentage of successful applications to the Financial Assistance Scheme and the 2021-22 target was narrowly missed. • Whilst the statutory standards for processing major planning applications and enforcement cases were not achieved, performance has improved. 	
2.2	<p>It should be noted that the information contained within this report may be subject to change when the results are verified, validated and reported through the annual Assessment of Performance which will be published by 30 September 2022.</p>	
3.0	Recommendations	
3.1	To note the:	

	<ul style="list-style-type: none"> Mid Year Assessment of the Performance Improvement Plan 2021-22
4.0	Resource implications
4.1	There are no financial resource implications within this report.
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/></p>
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>
5.3	<p><i>Proposal initiating consultation</i></p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i> Consultation not required.</p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If yes, please complete the following:</p>

	Rural Needs Impact Assessment completed	<input checked="" type="checkbox"/>
7.0	Appendices	
	<ul style="list-style-type: none"> • Appendix 1 – Mid Year Assessment - Performance Improvement Plan 2021-22 	
8.0	Background Documents	
	Performance Improvement Plan 2021-22	

Performance Improvement Plan 2021-22

Mid Year Assessment



Comhairle Ceantair
**an Iúir, Mhúrn
agus an Dúin**

**Newry, Mourne
and Down**
District Council

Contents

	Page
Introduction	3
Progress at a Glance	4
Performance Improvement Objective 1 We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces	5
Performance Improvement Objective 2 We will grow the economy by supporting local businesses and creating new jobs	7
Performance Improvement Objective 3 We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents	9
Performance Improvement Objective 4 We will build the capacity of local communities through the Financial Assistance Scheme	11
Performance Improvement Objective 5 We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme	12







Introduction

This report provides an overview of the Council's progress in implementing the performance improvement objectives between April-September 2021. Where possible, performance has been tracked against the targets set within the Performance Improvement Plan 2021-22.

Performance Improvement Objectives 2021-22

1. We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces
2. We will grow the economy by supporting local businesses and creating new jobs
3. We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents
4. We will build the capacity of local communities through the Financial Assistance Scheme
5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme

Legend

Status		Legend	
	Target or objective achieved / on track to be achieved		Performance has improved since Q1/Q2 2020-21
	Target or objective partially achieved / likely to be achieved / subject to delay		Performance is similar to Q1/Q2 2020-21
	Target or objective not achieved / unlikely to be achieved		Performance has declined since Q1/Q2 2020-21

It should be noted that:

- For the statutory performance indicators for economic development, planning and waste management, performance has been compared to the same period in 2020-21.
- The information contained within this report may be subject to change when the results are verified, validated and reported through the annual Assessment of Performance which will be published by 30 September 2022.

Progress at a glance

Performance Improvement Objective	Progress	Status Trend
We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces	1.6m visits recorded at Kilbroney Park, Slieve Gullion Forest Park and Warrenpoint Municipal Park	
	102,177 visits recorded at 8 community trails	
	Green flag accreditation for 5 parks, including Slieve Gullion Forest Park and Delamont Country Park	
	Blue flag accreditation for Cranfield, Murlough and Tyrella beaches	
	Two new play parks complete and open	
We will grow the economy by supporting local businesses and creating new jobs	114 new jobs promoted through business start activity	
	6 new social enterprises supported and 8 new social enterprise jobs created	
	213 businesses supported and 1,718 mentoring hours delivered through 'NMD Growth', 'Digital Growth', 'Tender for Growth' and 'Sales and Trade'	
	9 new jobs and 2 new businesses created through SEAFLAG 2	
We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents	74 fixed penalty notices issued and 56 paid	
	Assistance provided towards 66 community clean ups	
	£13k awarded towards 17 environmental projects through the NI 'Live Here Love Here' scheme	
	Decrease in the rate of recycling	
	Increase in the amount of waste sent to landfill	
We will build the capacity of local communities through the Financial Assistance Scheme	£1.4m awarded towards 365 successful applications through the Financial Assistance Scheme	
	£844k awarded towards Sport and Community Facilities Capital projects	
	£44k awarded towards 24 COVID-19 Transition projects	
	6 online capacity building sessions delivered to external and internal stakeholders	
	2,604 participants have taken part in completed projects funded through the Financial Assistance Scheme	
We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme	The average processing time for local planning applications improved to 16.8 weeks	
	The average processing time for major planning applications improved to 43 weeks	
	54.4% of enforcement cases processed within 39 weeks	
	Reduction in the number of planning applications in the system for 12 months or more	
	Increase in the number of enforcement cases in the system for 12 months or more	

Performance Improvement Objective 1







We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces

Senior Responsible Officer: Director of Enterprise, Regeneration and Tourism

Progress:

- The Council continued to work towards UNESCO Global Geopark designation for Mourne, Gullion, Strangford, and it is anticipated that the evaluation will take place during Q3 2021-22.
- The Fallows phase 1 trail at Kilbroney Park is almost complete and phase 2 is scheduled to commence in November 2021. The planning application for the new visitor facilities at Tyrella beach has been submitted and the outdoor performance and interpretive space at Slieve Gullion Forest Park is scheduled to complete during Q3 2021-22.
- The draft proposals for the viewpoint upgrade, walking trails and visitor information centre at Delamont Country Park are currently being finalised and the consultation process will commence during Q4 2021-22.
- Three new community trails opened at Daisy Hill (Newry), Aughrim Hill (Attical) and Corry Wood (Castlewellan).
- The Council delivered a Social Sustainability campaign which focused on good visitor management by encouraging people to be mindful of their surroundings and consider the impact of their actions on others. This included the #LeaveNoTrace campaign which promoted 7 handy tips to preserve the local area and respect the natural environment.
- A diverse range of activities have been delivered at Warrenpoint Park, including a heritage led programme for the Warrenpoint Youth Forum, regular 'art in the park' exhibitions, tai chi and puppy socialisation classes as well as a digital, traditional and performing arts programme for young people.

Measure of Success	2021-22		Status	Explanatory note
	Target	Q1/Q2 Actual		
Number of recorded visits at:				
Kilbroney Park*	No target	982,812	😊	982,812 visits were recorded at the main car park at Kilbroney Park. Additional visits have been recorded at the Narnia Trail, Fairy Glen and Mountain Bike run.
Slieve Gullion Forest Park*	No target	469,940	😊	469,940 visits were recorded at the main car park at Slieve Gullion Forest Park. Additional visits have been recorded at the Kissing Gate.
Carlingford Lough Greenway	No target	Data not available	-	The number of visits recorded at the Carlingford Lough Greenway will be reported through the Assessment of Performance 2021-22.

Warrenpoint Municipal Park	143,500	139,845		139,845 visits were recorded at Warrenpoint Municipal Park, achieving 97.5% of the annual target. The majority of visits (54.7%) were recorded during Q2 2021-22.
Community trails	No target	102,177 visits		102,177 visits were recorded at 8 community trails. Bunkers Hill recorded the most visits (21,715) and April/May 2021 were the busiest months.
Number of parks with green flag accreditation	5	5		The Council was recently awarded green flag accreditation for five parks, including Kilbroney Park and Slieve Gullion Forest Park and green flag heritage accreditation for Warrenpoint Municipal Park, Newry Canal and Delamont Country Park.
Number of parks with green flag heritage accreditation	2	3		
Number of beaches with blue flag accreditation	3	3		The Council was awarded blue flag accreditation for Cranfield, Murlough and Tyrella beaches in Q1 2021-22.
Level of satisfaction with the Council's forest parks	-	-	-	During September 2021, the Council carried out Visitor Satisfaction Surveys for the Council's main parks and beaches. The results of both surveys are currently being analysed and will be reported in due course.
Number of new/upgraded play parks	5	2		The Council opened two new play parks at Martins Lane (Newry) and Mourne Esplanade (Kilkeel). Building work at the new play parks in Downs Road (Newcastle) and Mullagh Close (Ballymartin) has been temporarily suspended due to the implications of Brexit on accessing materials. However, the Council is on track to complete the remaining three new/upgraded play parks by March 2022.

*New counter systems have been installed across selected Council parks and work is underway to verify the quality of the data for accuracy. It should be noted that the baseline data records the number of vehicles entering the parks which is multiplied by 4 to calculate the number of individual visits.

Performance Improvement Objective 2









We will grow the economy by supporting local businesses and creating new jobs

Senior Responsible Officer: Director of Enterprise, Regeneration and Tourism

Progress:

During Q1 and Q2 2021-22, the Council:

- Delivered the 'Make it Local' marketing campaign to stimulate footfall and the re-opening of businesses across the District, using local publications and social media platforms, billboard advertising and promotional videos.
- Continued to deliver the £1.9m COVID-19 Recovery Revitalisation Programme, through which 788 letters of offer, with a total value of £1,137,633, have been issued to local businesses.
- Supported 190 entrepreneurs with an approved Business Plan, creating 114 new businesses and promoting 114 new jobs.
- Supported 213 local businesses and delivered 1,718 mentoring hours, 6 workshops, 2 thematic programmes and 1 'Meet the Buyer' event through the 'NMD Growth', 'Digital Growth', 'Tender for Growth' and 'Sales and Trade' programmes.

Measure of success	2021-22		Status	Explanatory note
	Target	Q1/Q2 Actual		
Number of business plans approved through NI 'Go For It'*	312	190		190 Business Plans approved, achieving 60.9% of the annual target.
Number of new business starts created through NI 'Go For It'	187	114		114 new businesses created, achieving 70% of the annual target.
Number of new jobs promoted through NI 'Go For It' (statutory performance indicator)	>155	114	 	114 new jobs promoted, achieving 73.6% of the statutory annual target. When compared to Q1/Q2 2020-21, this is well above the 64 jobs which were promoted through the NI 'Go For It' programme.
Number of social enterprise start-ups supported	12	6		6 new social enterprise start-ups supported, achieving 50% of the annual target.
Number of social enterprise jobs created	12	8		8 new social enterprise jobs created, achieving 66.7% of the annual target.
Number of businesses supported through 'NMD Growth'	128	102		102 businesses supported, achieving 79.7% of the annual target.
Number of jobs created through 'NMD Growth'	64	-	-	The number of jobs created will be monitored in Q4 and reported through the Assessment of Performance 2021-22.
Number of businesses	90	39		39 businesses supported, achieving 43.3% of annual target. As there has been moderate uptake to the programme,

supported through 'Digital Growth'				plans are underway to review recruitment levels with the delivery agent.
Number of jobs created through 'Digital Growth'	50	-	--	The number of jobs created will be monitored in Q4 and reported through the Assessment of Performance 2021-22.
Number of businesses supported through 'Tender for Growth'	81	35	😊	35 businesses supported, achieving 43.2% of annual target. Increased levels of recruitment were recorded during Q1/Q2, and the annual target is likely to be achieved.
Number of jobs created through 'Tender for Growth'	40	-	--	The number of jobs created will be monitored in Q4 and reported through the Assessment of Performance 2021-22.
Number of businesses supported through 'Sales and Trade'	80	37	😊	37 businesses supported, achieving 46.3% of annual target. This programme was launched during Q1 2021-22, with good levels of uptake during the first round of recruitment. The Council is on track to achieve the annual target.
Number of jobs created through 'Sales and Trade'	40	-	--	The number of jobs created will be monitored in Q4 and reported through the Assessment of Performance 2021-22.
Number of new jobs created in coastal areas (SEAFLAG 2)	Mar 2023: 5.5	To date 9	😊	To date, 9 new jobs have been created through the SEAFLAG programme, exceeding the 2023 target of 5.5 new jobs. Current projections indicate that a further 12 FTE jobs will be created through the programme. It should be noted that there is a 'lag' between the initiation of the programme and the subsequent creation of new jobs and businesses, and the achievement of qualifications. Progress against the targets set will continue to be monitored by SEA FLAG during the programme period.
Number of new businesses created in coastal areas (SEAFLAG 2)	Mar 2023: 2	2	😊	A total of two new businesses have been created in Ardglass and Kilkeel and the 2023 target has been achieved.

Performance Improvement Objective 3

We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents




Senior Responsible Officer: Director of Neighbourhood Services

Progress:

During Q1 and Q2 2021-22, the Council:

- Received 583 service requests for incidents of illicit dumping (301), littering (197) and dog fouling (85).
- Issued 51 littering and fly tipping fixed penalty notices (41 of which have been paid) and 23 dog fouling fixed penalty notices (15 of which have been paid). Overall, 75.7% of fixed penalty notices have been paid to date.
- Assisted 66 voluntary organisations, community groups, sports associations, schools and individuals with community clean ups across the District. This included nine beach cleans at a range of locations including Tyrella, Dundrum and Coney Island beaches.
- Supported the NI 'Live Here Love Here' scheme, through which £13,000 was awarded towards 17 environmental projects for a range of initiatives across the District, including community clean ups, creating community gardens, allotments and vegetable plots, planting wildflowers and fruit bushes and delivering horticultural workshops.
- Recorded a slight reduction in the rate of recycling and an increase in the amount of waste sent to landfill. However, current statutory standards have been achieved.

Measure of success	2021-22		Status	Explanatory note
	Target	Q1/Q2 Actual		
LEAMS score (Keep NI Beautiful Cleanliness Index)	68	-	-	The annual Cleaner Neighbourhoods Survey results for the 2021-22 financial year will be published by Keep Northern Ireland Beautiful in July 2022 and the LEAMS score for Newry, Mourne and Down will be reported through the annual Assessment of Performance 2021-22.
Number of fixed penalty notices issued (littering, fly tipping and dog fouling)	90	74	😊	The Council issued 74 fixed penalty notices, achieving 80% of the annual target. To date, 56 of the fixed penalty notices have been paid which represents 77.8% of the annual target.
Number of fixed penalty notices paid (littering, fly tipping and dog fouling)	72	56	😊	
Number of community clean ups supported	60	66	😊	The Council assisted with 66 community clean ups, exceeding the annual target by 10%.
Number of 'Live Here Love Here' environmental projects	No target	17	😊	A total of 17 environmental projects across Newry, Mourne and Down received funding through the NI 'Live Here Love Here' scheme.
The percentage of household waste collected	50% by 2020	Q1 Actual		Whilst the Council has exceeded the current statutory standard of 50%

<p>by District Councils that is sent for recycling (<i>statutory performance indicator</i>)</p>		<p>50.4%</p>		<p>by 2020, the rate of recycling continues to reduce. The Q1 2021-22 rate of recycling was 50.4% which falls below the regional average of 52.1% and the Council is currently ranked 8/11 across Northern Ireland. When compared to Q1 2020-21, this represents a reduction of 6.6% in the rate of recycling, from 57% to 50.4%, which is above the regional rate of reduction of 2.3% when comparing the same quarters.</p>
<p>The amount of biodegradable Local Authority Collected Municipal Waste that is landfilled (<i>statutory performance indicator</i>)</p>	<p><20,954 tonnes (2019-20)</p>	<p>658 tonnes</p>		<p>During Q1 2021-22, the Council sent 658 tonnes biodegradable municipal waste to landfill which was the second lowest across the Northern Ireland, and has only used 3.1% of the NILAS* allowance. However, when compared to Q1 2020-21, the amount of waste that was sent to landfill increased by 52.3%, from 432 tonnes.</p>
<p>The amount of Local Authority Collected Municipal Waste arisings (<i>statutory performance indicator</i>)</p>	<p>No target</p>	<p>24,059 tonnes</p>		<p>When compared to Q1 2020-21, the amount of local authority collected municipal waste arisings increased by 19.3%, from 20,174 tonnes to 24,059 tonnes. This increase is similar to the regional trend and may be attributed to less waste being collected at Household Recycling Centres during Q1 2020-21, when many Household Recycling Centres were closed.</p>

*NILAS: Northern Ireland Landfill Allowance Scheme.

Performance Improvement Objective 4




We will build the capacity of local communities through the Financial Assistance Scheme


Senior Responsible Officer: Director of Active and Healthy Communities

Progress:

During Q1 and Q2 2021-22:

- The Council awarded £1,465,203 towards 364 applications across 18 themes, including Community Engagement, Summer Schemes, Irish Language and Local Biodiversity.
- The most popular themes were Community Safety, Good Relations and Community Engagement, through which £199,139 was awarded towards 128 successful applications.
- The highest amount of funding was awarded to Sports Facility Capital projects (£705,695 awarded to 16 applications) followed by Community Facility Capital projects (£138,326 towards 4 projects) and Sport Development Minor Capital projects (£92,198 towards 22 applications).
- The Council awarded £44,290 towards 24 COVID-19 transition projects and £12,670 towards 13 Suicide Prevention projects.
- Through existing Service Level Agreements, the Council awarded a total of £471,858 to the Newry Gateway Club, Newry Mourne and Down Community Advice, County Down Rural Community Network and Confederation of Community Groups.

Measure of Success	2021-22		Status	Explanatory note
	Target	Q1/Q2 Actual		
% of successful financial assistance applications*	74%	68.8%		Overall, the Council received 529 applications to the 2021-22 Financial Assistance Scheme. 364 (68.8%) applications were successful with 67 failing stage 1 and 98 failing stage 2 of the process. All successful applications were awarded funding and the Council did not use the score and rank process.
% of financial assistance applications funded*	No target	68.8%	-	
Number of views of the online training module	100	28		Between April-September 2021, the Council recorded 28 views of the online training module for Financial Assistance. Work is currently underway to devise, deliver and promote a more explicit and targeted online campaign to advertise this resource to potential applicants across the District.
Number of online capacity building sessions delivered	2	6		The Council delivered six internal and external capacity building sessions on using the new electronic Grants Management System, exceeding the annual target of 2. A total of 68 people attended the sessions, including Council officers, Elected Members, independent members from DEA Forums and representatives from the community and voluntary sector.





Number of participants/beneficiaries of the Financial Assistance Scheme	No target	2,604		To date, the Council has recorded 2,604 participants on those projects which have already been delivered and completed. The total number of participants benefitting from the Financial Assistance Scheme is likely to increase substantially when the final claim and evaluations forms are submitted by successful applicants.
---	-----------	-------	---	--






Performance Improvement Objective 5

We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme

Senior Responsible Officer: Director of Enterprise, Regeneration and Tourism

Progress:	
<p>During Q1 2021-22, the Council:</p> <ul style="list-style-type: none"> Received 522 planning applications in total which is the highest across Northern Ireland. Received 517 local planning applications and decided on 435 applications, which are the highest across Northern Ireland. 373 local planning applications were approved, which results in an approval rate of 85.7%, which is the lowest across Northern Ireland. Processed 42.6% of local planning applications within the statutory standard of <15 weeks, which is just below the regional average of 48%. This represents a significant improvement when compared to the 18.3% of applications processed within <15 weeks during Q1 2020-21. Received 5 major planning applications, decided on and approved 2 applications. Similar to Q1 2020-21, no major planning applications were processed within the statutory standard of <30 weeks which is below the current regional average of 22.6%. Opened 113 enforcement cases which is the third highest across NI and concluded 90 cases in total. As at 30 June 2021, the Council had 838 planning enforcement cases in the system, which is by far, the highest across Northern Ireland. 	

Measure of Success	2021-22		Status	Explanatory note
	Target	Q1 Actual		
Average processing time for local planning applications (weeks) <i>(statutory performance indicator)</i>	<15 weeks	16.8 weeks	 	During Q1 2021-22, the average processing time for local planning applications was 16.8 weeks which is slightly above the regional average of 15.8 weeks. When compared to Q1 2020-21, this represents an improvement of 8.8 weeks for Newry, Mourne and Down.
Average processing time of major planning applications	<30 weeks	43 weeks	 	During Q1 2021-22, the average processing time for major planning applications was 43 weeks which is well below the regional average of 54 weeks. When compared to

(weeks) <i>(statutory performance indicator)</i>				Q1 2020-21, this represents an improvement of 44 weeks for Newry, Mourne and Down.
Percentage of planning enforcement cases progressed within 39 weeks <i>(statutory performance indicator)</i>	70%	54.4%	 	During Q1 2021-22, 54.4% of planning enforcement cases were concluded within 39 weeks, which is well below the regional average of 71.7%. When compared to Q1 2020-21, this represents an improvement of 29.7% for Newry, Mourne and Down.
Number of planning applications in the system for 12 months or more	150	174		As at 30 June 2021, Newry, Mourne and Down had 174 planning applications in the system for 12 months or more. This represents a reduction of 21 applications when compared to 31 March 2021 and a further reduction of 24 applications is required to achieve the annual target.
Number of planning applications in the system for 12 months or less	700	939		As at 30 June 2021, Newry, Mourne and Down had 939 planning applications in the system for 12 months or less. This represents an increase of 82 applications when compared to 31 March 2021 and a further reduction of 239 applications is required to achieve the annual target.
Number of enforcement cases in the system 12 months or more	450	540		As at 30 June 2021, Newry, Mourne and Down had 540 enforcement cases in the system for 12 months or more. This represents an increase of 6 cases when compared to 31 March 2021 and a further reduction of 100 cases is required to achieve the annual target.

Stuart Stevenson
Treasury Officer of Accounts

Public Spending Directorate
2nd Floor
Clare House
303 Airport Road
BELFAST BT3 9ED
Tel No: 028 90816795 (x 76795)
email: stuart.stevenson@finance-ni.gov.uk
and joan.braniff@finance-ni.gov.uk



DAO (DoF) 07/21

29 September 2021

Dear Accounting Officer

GUIDANCE ON CONFLICTS OF INTEREST

Purpose

1. The purpose of this DAO letter is to advise of the publication of guidance on ***Conflicts of Interest***, which is attached separately and is available on the Accountability and Financial Management section of the DoF website.

Background

2. The Northern Ireland Civil Service (NICS) Standards of conduct as set out in the Staff Handbook and the NICS Code of Ethics, which is part of a member of staff's contract, requires that civil servants must not use their official position or any information obtained through their employment with NICS to further their private interests or the interests of others. It states that they must not accept gifts or hospitality, or receive other benefits from anyone which might reasonably be seen to compromise their personal judgement or integrity.
3. It is important to note that it is a disciplinary offence to:
 - Use an official position to further private interests, or the interests of others;
 - Misuse information acquired in the course of official duties; or
 - Disclose information which is held in confidence.

4. Failure therefore to disclose a relevant interest may result in disciplinary action and could ultimately lead to dismissal. The discipline policy of the Staff handbook describes the disciplinary procedures which may be applied. While the handbook covers NICS only, other public bodies should have similar policies and an appropriate equivalent of the Staff handbook in place.
5. It is essential therefore that any conflicts of interest are identified and that any risks are managed appropriately. There is a substantial body of good practice guidance and material available on the issue of conflicts of interests within the NI public sector to help identify and manage conflicts of interest. However, it was recognised that there was a need to consolidate the key aspects of existing material into one specific piece of guidance for the wider public sector.

The Guidance

6. The new guidance contains detailed information on the four main stages to consider and work through in relation to conflicts of interest, including high level principles as below:
 - Identifying a conflict of interest – actual, potential or perceived: *It is important that conflicts of interest (including potential/perceived conflicts) are **identified at the earliest opportunity**.*
 - Declaring conflicts of interest: *Conflicts of interest (including perceived conflicts) must be **declared at the earliest opportunity**.*
 - Managing conflicts of interest: *Conflicts of interest (including potential/perceived conflicts) must be **managed appropriately**.*
 - Publishing registers of interest: *To ensure openness and transparency, **registers of interests** of senior officials and board members of public bodies should be **made available/published**.*
7. It also provides detailed guidance across all of these stages, in particular around identifying conflicts of interest. There are also a number of useful

annexes to the guidance containing among other things, information on the range of guidance and good practice material that already exists on conflicts of interest, and sample templates for Declarations of Interest and Registers of Interest.

8. The information provided will be processed in accordance with data protection principles as set out in the UK GDPR. Data will be processed only to ensure that Board Members and staff act in the best interests of departments. The information provided will not be used for any other purpose.
9. The guidance is intended to help both staff and Board Members from departments and their sponsored bodies drawing on the various sources already available, recognised good practice in this area and lessons learned through PAC. It does not however seek to replace any of these, or any other guidance. The guidance is also in line with the NICS staff handbook and the NICS Code of Ethics.

Action

10. This DAO and the attached guidance should be brought to the attention of staff and Board Members within your department and ALBs. They should be considered alongside other relevant policies and guidance on areas such as Procurement, HR, Gifts and Hospitality etc.

Queries

11. Any queries regarding the guidance should be addressed to Julie.Sewell@finance-ni.gov.uk or myself (Stuart.Stevenson@finance-ni.gov.uk).

Yours sincerely



STUART STEVENSON

Distribution List
Joanne McBurney
Jeff McGuinness
Patrick Neeson
Barry Armstrong
Finance Directors
Julie Sewell

CONFLICTS OF INTEREST GUIDANCE

Contents

1. Introduction
2. Identifying Conflicts of Interest/Types of Conflict
3. Declaring Conflicts of Interest
4. Managing Conflicts of Interest
5. Publishing Registers of Interest

Appendices

- A. Aide Memoire for identifying a Conflict of Interest
- B. Definition of Family and Friends
- C. Sample Declaration of Interest Form
- D. Sample Register of Interest Template
- E. Other sources of good practice/guidance material

1. INTRODUCTION

Managing Public Money Northern Ireland (MPMNI) contains the seven principles of public life, known as the Nolan principles which apply to all in public service. They are Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership.

Of these, Integrity reflects that *Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.*

Staff and Board members of NI Departments and other public bodies must therefore discharge their duties in a manner that is seen to be honest, fair and unbiased. Departments and public bodies must therefore ensure that conflicts of interest are identified and managed in a way that safeguards the integrity of staff and Board members and maximises public confidence in decisions and in the organisation's ability to deliver public services properly.

This guidance covers the four main stages to work through in relation to conflicts of interest:

- **Identifying** a conflict of interest – actual, potential or perceived;
- **Declaring** conflicts of interest;
- **Managing** conflicts of interest; and
- **Publishing** registers of interest.

2. IDENTIFYING CONFLICTS OF INTEREST/TYPES OF CONFLICT

KEY PRINCIPLE: IT IS IMPORTANT THAT CONFLICTS OF INTEREST (INCLUDING POTENTIAL/PERCEIVED CONFLICTS) ARE IDENTIFIED AT THE EARLIEST OPPORTUNITY.

Actual Conflict of Interest

The Northern Ireland Audit Office (NIAO) published a good practice guide on Conflicts of Interest in March 2015. It sets out a range of strategies for managing conflicts of interest and circumstances where particular strategies may be most and least suitable. A useful definition contained in the NIAO guide is *"At its most basic, a conflict of interest arises when an individual has two different interests that overlap"*.

The NIAO Guide further states that *"A conflict of interest involves a conflict between the public duty and the private interest of a public official in which the official's private-capacity interest could improperly influence the performance of his/her official duties and responsibilities"*.

Potential or Perceived Conflicts of Interest

As well as being actual, it is important to remember that conflicts of interest can also be potential or perceived. A perceived conflict of interest exists where it could be perceived, or appears, that private-capacity interests could improperly influence the performance of a public official or Board member's official duties and responsibilities. It may pose no actual risk to the conduct of public business, but it requires proper management in order to minimise the risk of reputational damage both to the organisation and the individual(s) concerned. The appearance of a conflict of interest, in terms of public perception, can be every bit as damaging as an actual conflict – both should be avoided.

Identifying Conflicts of Interest

In identifying whether a conflict of interest (actual or perceived) exists, there are different issues to consider including:

- the actual situation or circumstances which may give rise to different types of conflict;
- the nature of the relationship i.e. who could benefit;
- the nature and business of your organisation in general; and
- your position within the organisation including the nature of what you work on.

In order to identify and subsequently avoid real conflicts of interest – or the perception of such – individuals must carefully consider whether an allegation of impropriety could be made against them, their family or friends and/or their organisation.

Situations/circumstances

Examples of different situations/circumstances where conflicts of interest can arise within the public sector include:

- Direct financial gain or benefit to the individual, a relative or close friend – a conflict of interest can occur when an individual has the opportunity to use their position for personal financial gain.
- Using information gained in public capacity to further private interests.
- Membership of organisations/associations/clubs.
- Involvement in, or influencing, the award of a contract or grant where the individual has, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure/grant process.
- Accepting gifts, hospitality or other benefits, for example from potential contractors/suppliers.

- Taking up employment with firms/contractors providing services to your public body.
- Involvement in a decision that could lead to the appointment/recruitment/promotion of a relative or friend.
- Sale of land/property/assets.
- Involvement in planning decisions.
- Carrying out business on behalf of the organisation with their own company, or a company in which a relative or close friend has an interest in.
- Owning shares in or working for another business or organisation, that has dealings with the public body.
- Involvement in/in a position to influence decisions.

The above list is not exhaustive. A list of questions which can be used to help determine if an actual, potential or perceived conflict of interest exists is attached at **Appendix A.**

Relationships – who

The interest in question need not always be that of the public official or Board member themselves. It can also include the interests of close relatives or friends and associates who could benefit, or have the potential to influence the public official or Board member's behaviour. These individuals could include the following and any of their personal partners:

Close relatives – by blood or marriage	Grandchildren
Spouse/Partner	Brother
Parent	Sister
Grandparent	In-laws
Child	Cousins

It can also include close friends or associates who would be considered as someone with whom the individual has a longstanding and/or close relationship, socialises with regularly or has had dealings with which may create a conflict of interest. Some further detail on "who" is contained in **Appendix B.**

The nature and business of your organisation in general

The nature of the organisation you work in is an important context for considering the risk profile and the likely areas that need to be carefully considered in relation to potential conflicts.

This consideration and focus will vary, for example if you are in an organisation that is involved in issuing grants or an organisation whose business involves procurement, both are likely to need a greater focus on identifying and managing conflicts of interest.

Your position within the organisation including the nature of your work

In identifying conflicts, the consideration of your role and the type of work you are involved in can be a significant factor. The nature of what you are working on could result in a greater focus on conflicts of interest e.g. if you are working on a specific project, grant/subsidy scheme, land and property sales, procurement, recruitment/promotion competitions etc. For example procurement law requires that Contracting Authorities take appropriate measures to prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment to bidders.

It is also important to reflect on your seniority in an organisation which is relevant in terms of requirements to declare conflicts and the maintenance of a register of interests (these are covered in greater detail in later sections of this guidance).

Other issues to consider

Confidentiality - On occasions, members of staff/Board Members will be required to treat discussions, documents or other information relating to the work of the body in a confidential manner e.g. commercially sensitive information. It is imperative that you respect this duty of confidentiality at all times. In particular, you should never use

information to which you have privileged access for personal or financial gain for yourself or others, or in a way that brings the public body into disrepute.

Lobbying - In order for a public body to fulfil its commitment to being open and accessible, it needs to encourage participation by outside organisations and individuals in the decision-making process. However, openness and accessibility need to be balanced by transparency and probity in the way business is conducted within your organisation and this includes the way that your organisation deals with lobbyists and lobbying. The Greensill case which was highlighted in the media in early 2021, while involving those in former and current Ministerial positions, raises a number of issues with regards to the risks around lobbying and provides some important lessons. However, the key principles are that:

- no individual or organisation should receive financial or personal gain in exchange for lobbying on their behalf;
- no individual or organisation should lobby on behalf of an individual or firm to influence a contract award decision;
- no person or organisation should gain better access to, or treatment by, you or the public body as a result of paying a company or individual to lobby on their behalf; and
- you must not accept work which would involve you lobbying your own public body or advising on how to influence the body and/or its Board Members.

Procurement - A conflict of interest is a very real risk at every stage of the procurement process. As stated above, the Public Contracts Regulations 2015 which govern the public procurement process require that Contracting Authorities take appropriate measures to prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and to ensure equal treatment to bidders.

If conflicts of interest are not properly managed there could be a perception that the Contracting Authority in question is not acting in the public interest, or seeking to achieve value for money for the taxpayer. Conflicts, real or perceived can arise in a number of different ways where an individual has, directly or indirectly, a financial,

economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement process. Examples of conflicts of interest during a procurement process could include:

- using information provided by a potential bidder to give them a competitive advantage by developing the procurement strategy or procurement documentation to suit their product or services;
- leaking information, not in the original tender documents, to a potential bidder to increase its chances of success;
- accepting hospitality or gifts from private sector companies in advance of, or during a procurement process;
- providing policy advice to government while also working, or consulting, for industry; or
- awarding contracts to suppliers in which the decision-maker has a personal or financial interest.

There is also the real risk, if a conflict of interest is not declared, of legal challenge that could result in a decision to award a contract being overturned. This in turn could lead to allegations of fraud, bribery and corruption which could have further legal implications.

Examples of Conflicts of Interest

Activity	Consequence
<p>You are a close friend of an individual whose company regularly tenders for government contracts related to your business area and you are in a position to influence the decisions in relation to the specification and procurement strategy.</p>	<p>You could be perceived as specifying services and influencing strategies in favour of the company your friend is employed by.</p> <p>Where a conflict (or perceived conflict) exists, you should:</p> <ul style="list-style-type: none"> • not get involved in the setting of criteria for the assessment of the grant, tender etc. • not get involved in the actual preparation of the grant, tender, licence application (e.g involvement with the business case or procurement strategy) or subsequent presentations, interviews etc. • not receive any relevant papers in

	<p>advance of the meeting.</p> <ul style="list-style-type: none"> • not be present for the discussion or voting or receive any minutes relating to that part of the meeting. • not use your position to try and improperly influence a decision by lobbying any other person.
You are an official/Board member of a public body and are having a meeting with a supplier/potential supplier in a restaurant/coffee shop.	This could be perceived as having too cosy a relationship with an individual supplier and they are favoured over others.
You (or a family member) are a director of a building supplies firm and the Board on which you sit, or project you are managing, is procuring building materials.	You or a relative could personally benefit from this decision.
A cash payment or other offer is made from a supplier to an employee.	You could be perceived as being influenced by the supplier/accepting a bribe.
Being involved with an external body that is seeking funding from the Department or have inside knowledge of a funding application.	You could be perceived as influencing either the funding application or the allocation of funds if the application is successful.
You have been offered hospitality e.g. lunch/dinner/concert tickets from an organisation and the organisation has applied for funding or is the potential bidder for a government contract.	If accepted, you could be perceived as influencing the allocation of funds/award of contract if the application is successful or contract is awarded to this supplier/organisation, even if the hospitality was in support of business objectives.
You are a director/manager in a voluntary body that has submitted a grant application to the organisation and it is due to be considered by the Board of which you are also a member.	You have a direct conflict and could be perceived as influencing the decision to award grant to which you/your organisation will benefit.
The Board/organisation is meeting to discuss the possible closure of a facility where a member of your family is employed.	You could be perceived as disclosing sensitive/confidential information which could benefit family member.
You have been asked to be a member of a recruitment/promotion interview panel. One of the shortlisted candidates is a close relation/friend.	You could be perceived as influencing the outcome of the recruitment/promotion process.

<p>You are involved in the sale of land owned by the public sector and a member of your family is a director in the company that is bidding for it.</p>	<p>You could be perceived as influencing the decision making process/price and potentially benefiting a family member.</p>
<p>A public body has seconded an individual from the private/voluntary sector to develop tender documentation/grant scheme which their employer/voluntary organisation will be interested in submitting a tender/application for.</p>	<p>It could be perceived that the individual will develop the tender documentation/grant scheme to the advantage of their employer/voluntary organisation.</p>
<p>A public body has contracted with a Consultancy Firm to provide expertise in relation to the procurement of an IT system including the development of the business case, influencing stakeholders/users about the potential solutions available, developing the specification and having access to commercially sensitive information throughout the procurement competition where the Consultancy Firm is likely to be a Supplier (or Subcontractor) for the IT system.</p>	<p>A conflict of interest exists as the Consultancy Firm may influence decisions to favour their own company in the upcoming procurement.</p>

This list above is also not exhaustive as it is not possible to anticipate every situation. Furthermore, judgement will be required on a case by case basis.

It is essential that any conflicts are identified early and any risks identified are managed appropriately. The best way of dealing with conflicts of interest is to prevent them from arising in the first place, but if they do arise, it is important to declare them immediately and handle them suitably and efficiently.

3. DECLARING CONFLICTS OF INTEREST

KEY PRINCIPLE: CONFLICTS OF INTEREST (INCLUDING PERCEIVED CONFLICTS) MUST BE DECLARED AT THE EARLIEST OPPORTUNITY.

A key principle is that as soon as any member of staff or Board Member identifies that they have any type of conflict of interest, it should be declared immediately to their manager. If in doubt, be over cautious and declare as it is better to be open and transparent.

Records of any declarations of interest should be maintained as appropriate within organisations and compiled into a register of interests, which should then be reviewed and updated as necessary.

The information provided will be processed in accordance with data protection principles as set out in the UK GDPR. Data will be processed only to ensure that Board Members and staff act in the best interests of departments. The information provided will not be used for any other purpose.

Staff in NI Departments and Board/Audit Committee members should declare interests as follows:

- a. Upon appointment – Where appropriate, new appointees should be required to complete a Declaration of Interests form disclosing any interests or confirming they have none via a 'nil return' (this applies as a minimum to all staff from Grade 7 and equivalent upwards although depending on the organisation, and the business area the individual is being appointed to, individual departments may decide to go to lower grades as appropriate). For new staff this should be during the induction process, and for Non-Executive Board Members and Departmental Audit and Risk Assurance Committee (DARAC) independent members a form should be issued with their letter of appointment. In respect of members of staff, completed forms will be the responsibility of the [Departments to determine as appropriate and will be retained by xxxx]. Declaration of Interests forms for Senior Civil Servants

(SCS), Non-Executive Board Members and DARAC independent members will be the responsibility of [departments to determine as appropriate and will be retained by xxxx].

- b. Annually – All Non-Executive Board Members, DARAC independent members, and staff from Grade 7 and equivalent upwards should be prompted annually to review and update their Declaration of Interests form as appropriate. However, depending on the organisation, and the nature of individual business areas, departments may decide to apply this process to lower grades as appropriate.
- c. As and when – If circumstances change at any point after declarations on appointment or after the annual declarations have been made, any new interests which arise which may give rise to a conflict should be declared immediately by completing and submitting a revised Declaration of Interests form.
- d. At meetings - At the beginning of meetings, including Board and DARAC meetings, taking into consideration the meeting purpose/agenda/papers, any interest that presents a conflict must be declared and recorded in the minutes. This will include potential/perceived conflicts of interest. Any action taken to manage any conflicts of interest e.g. the individual leaves the meeting for a particular agenda item, should also be recorded in the minutes.
- e. At the initiation of a procurement competition – When initiating a procurement competition, staff involved in any part of the procurement process (e.g. developing business case, specification, evaluation strategy and tender evaluation panel) should make a declaration to confirm that there is no perceived or actual conflict of interest in the industry/sector which is likely to submit tender. This declaration should be refreshed when the identity of the tenderers (and their subcontractors) is known.

- f. Contract Management - Staff responsible for the management of a contract or approval of invoices should make a declaration to confirm that there is no perceived or actual conflict of interest in the Contractor.
- g. Recruitment/promotion panels – At the initiation of a recruitment or promotion competition, panel members must declare any perceived or actual conflict of interest. Panel members are made aware that any perceived or actual conflict of interest must be declared at any stage that it arises within the selection process. Panel members must also record at each stage of the selection process if a perceived or real conflict of interest exists.

In particular, in respect of Boards, the Chair should remind Board members on a regular basis of the need to register new interests and also ensure that Board members declare (and deal with) such conflicts of interest in accordance with best practice.

Additionally, it is the responsibility of all individuals to ensure that any interests which may present a conflict are brought to the attention of the responsible officer for any specific project or piece of work they are involved in. This is especially important when this involves work outside the branch/division as there may not be the same visibility of individual interests.

While members of staff and Board/DARAC members are responsible for declaring interests and are best placed to identify whether their interests represent a conflict of interest in relation to Departmental business, Line Managers and senior staff should always be alert for situations that may create a conflict.

An example Declaration of Interests Form is provided at **Appendix C**.

Records of Interests declared

Within NI departments, declaration of interest forms must be compiled into a 'Register of Interests'. An example 'Register of Interests' template is located at **Appendix D**.

It is recommended that within each department, each division/branch should maintain a Register of Interests which should be reviewed by the Head of Division/Branch on a bi-annual basis. Registers should be updated on an ongoing basis i.e. the induction stage, the 'as and when' stage, and the annual declaration stage. Each division/branch Register (including blank Registers where applicable) should be filed/stored [departments to determine]. Staff should refer to their Departmental Records Management Policy for guidance on data management.

Regarding data protection, the Head of Division/Branch is responsible for the secure storage and handling of their Register of Interests and individual Declaration of Interest forms submitted to them. They must ensure that dissemination of this information is no wider than is necessary for the efficient conduct of business and, information should be limited to those individuals who are appropriately authorised to have access to it. This "need to know" principle is fundamental to the protection of all Departmental information and the Head of Division/Branch should ensure that staff are fully aware of their personal responsibilities around this.

Reviews by the relevant Head of Division/Branch should be documented and retained for audit purposes. Any safeguarding procedures or measures taken to manage potential or perceived conflicts of interest should also be well documented.

A Register of Interests will be held by [Departments to determine e.g. Private Office or Corporate Governance Units] for SCS members, Non-Executive Board Members and DARAC independent members. This should also be stored securely and managed in line with the "need to know" principle, be updated annually and shared with the Accounting Officer regularly.

Other public bodies should ensure there are similar/suitable arrangements put in place for their organisations in respect of declaring interests and maintaining their records.

4. MANAGING CONFLICTS OF INTEREST

KEY PRINCIPLE: CONFLICTS OF INTEREST (INCLUDING POTENTIAL/PERCEIVED CONFLICTS) MUST BE MANAGED APPROPRIATELY.

Public confidence in NI departments and other public bodies (both staff and Board Members) depends on it being clearly understood that decisions are taken in the public interest and not for any other reason. Interests may be financial or non-financial but there is a particular risk in respect of financial interests. It is important therefore that conflicts of interest of any type, in any circumstance, whether actual, potential or perceived, are identified and declared at the earliest opportunity, and that prompt decisions are taken in order to mitigate risks and manage them appropriately.

Any conflict of interest that is concealed, even if unintentionally through ignorance or managed poorly, creates at best a risk of allegations or perceptions of misconduct. It can potentially result in more serious consequences, such as severe reputational damage, litigation against an organisation, disciplinary action, and, can result in individuals losing their jobs.

Individuals within departments and other public bodies must therefore:

- Observe, and be seen to observe, the highest standards of propriety;
- Guard against actual, potential, or perceived conflicts of interest;
- Keep a record of what they do, and who has approved what they do; and
- If in doubt, ask for guidance.

Managing Conflicts of Interest

Individuals should discuss with their manager the nature of any conflict/potential/perceived conflict and agree the relevant course of action and then:

- Step away from or divest the 'interest in' question.
- Make a record of the details of the actual/potential/perceived conflict of interest and how it is being managed, noting any conditions imposed.

Line managers may need to seek advice from others eg NICS HR/HR departments, Finance Directors, Departmental Permanent Secretaries etc. If individuals are unable to discuss with their line managers, for whatever reason, you should seek advice from your Head of Branch/Division etc. Regular consideration and review should also take place at key interventions and milestones.

The method of managing any conflicts of interest should be assessed on a case by case basis, and will be determined after consideration of a number of factors such as the level of risk presented and what management is actually feasible.

In very low risk cases it may be deemed sufficient to declare the interest so that it is known but with no further action considered necessary.

On other occasions it may be necessary for an individual to leave meetings when certain items are being discussed/decisions being taken. In these circumstances declarations of interest must be made as early as possible and certainly well before the particular item on the agenda is discussed. Ideally, the declaration should be made at the beginning of the meeting and provide enough information to allow those present to understand the nature of the interest. In the event of a particularly contentious or difficult matter, there may be a need to hold a pre-meeting to discuss how a particular conflict of interest should be handled. Declarations of interest and any action taken as a result should be recorded in the minutes or other appropriate record.

In the event that an individual refuses to leave the room, the Chair should suspend the meeting and reconvene without them being present. In certain situations, handling a conflict of interest properly may require much more than simply leaving the room while the matter is being discussed and voted upon.

In other more complex situations where the conflict is more serious and it is considered that it cannot be managed, it may be necessary for the member of staff/Board Member to either relinquish the private interest that is creating the conflict with their public duties, or for them to resign from their position within the organisation.

Conflict of interest risks must be recorded and a full record of decisions made to manage those risks should be stored to ensure a robust audit trail is held.

Any/all management action that is taken (including any decision to take no action) must be recorded in the 'Register of Interests' held by the branch or by [departments to determine] (in the case of SCS, Non-Executive Board Members and DARAC independent members).

In summary therefore, there are a number of ways of managing a conflict of interest:

- **Restrict** – where restrictions are placed on the employee/Board/DARAC member's involvement in the matter;
- **Recruit** – where a disinterested third party is used to oversee part or all of the process that deals with the matter;
- **Remove** – where an employee/Board/DARAC member is removed from the matter;
- **Relinquish** – where the employee/Board/DARAC independent member relinquishes the private interest that is creating the conflict; and
- **Resign** – where the employee/Board/DARAC member resigns from their position with the organisation.

Public Appointments

Any real, potential or perceived conflicts of interest for public appointees should be declared through the public appointment process operated in line with the Commissioner for Public Appointment NI (CPANI) Code of Practice for Ministerial Appointments Northern Ireland. Selection panel members must assess whether there is an integrity or conflict of interest issue, and determine how it will be handled in line with section 3.38 of the Code.

5. PUBLISHING REGISTERS OF INTEREST

KEY PRINCIPLE: TO ENSURE OPENNESS AND TRANSPARENCY REGISTERS OF INTERESTS OF SENIOR OFFICIALS AND INDIVIDUAL BOARD MEMBERS OF PUBLIC BODIES SHOULD BE MADE AVAILABLE/PUBLISHED.

Public confidence in NI Departments and other public bodies and their Board Members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

All NI departments and other public bodies should set up, maintain and publish (unless there are justifiable reasons not to)/make available for public inspection, a register of senior officials (SCS equivalent members)/individual Board Member interests, including Non-executive Directors. These interests may include:

- Public appointments – remunerated or unremunerated.
- Remuneration from employment, self-employment, directorships etc.
- Related undertakings ie you must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary or parent of a company (or other undertaking) in which you hold a remunerated directorship.
- Charities – trusteeships, governorships, or employment with any charities or voluntary organisations.
- Contracts with the public body.
- Houses, land and buildings that you own or have an interest in, which are of significance or relevance to, or bear upon the work and operation of the public body.
- Shares and securities – holdings in a company or organisation which are of significance or relevance to, or bear upon the work and operation of the public body.
- Relevant non-financial interests including membership or holding office in other public bodies, professional organisations, external bodies, clubs, societies and organisations such as Trade Unions.
- Relative, close friend etc.

Where there is any doubt as to what an individual should or should not be registering, this should be discussed with Line Managers/the Chair and/or the Chief Executive of a public body as appropriate.

When publishing registers/making them publicly available, bodies should take account of data protection legislation, and it should be remembered that only the individuals on the register making declarations should be identifiable. It is important that relationships when including family, friends and associates are not named– only their relationship and business/activity and interaction with the Department/public body needs to be considered for publication.

APPENDIX A

IDENTIFYING A CONFLICT OF INTEREST

Do you think you have an actual, perceived or potential conflict of interest?

The following questions may help when assessing an issue being considered and the situation in which you are involved.

- Would I or anyone associated with me benefit from, or be detrimentally affected by, my proposed decision or action?
- Could there be benefits for me in the future that could cast doubt on my objectivity?
- Do I have a current or previous personal, professional or financial relationship or association of any significance with an interested party?
- Would my reputation or that of a relative, friend or associate stand to be enhanced or damaged because of the proposed decision or action?
- Do I or a relative, friend or associate stand to gain or lose financially in some covert or unexpected way?
- Do I hold any personal or professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with the matter?
- Have I contributed in a private capacity in any way to the matter my organisation is dealing with?
- Have I made any promises or commitments in relation to the matter?
- Have I received a substantial gift, benefit or hospitality from someone who stands to gain or lose from my proposed decision or action?
- Am I a member of an association, club or professional organisation or do I have particular ties and affiliations with organisations or individuals who stand to gain or lose by my proposed action or decision?
- Could this situation have an influence on any future employment opportunities outside my current official duties?
- Could there be any other benefits or factors that could cast doubt on my objectivity?

APPENDIX B

Definitions of Family and Friends**"Family"**

A parent	A parent-in-law	A son
A spouse/partner	A daughter	A daughter-in-law
A son-in-law	A step-son	A step-daughter
A step-parent	A sister	A cousin
A brother	An aunt	An uncle
A grandparent	A niece	A nephew

A spouse of any of the above

Any relationship as above resulting from adoption

Or, if any of the above is one of an unmarried couple, the other member of that couple.

"Friend"

The Department will describe a friend as a person (other than a relative) with whom one is on terms of mutual affection; an ally, an associate, a helper, a sympathiser, or a person with whom a member of staff has social contact. There can be no absolute and definitive definition of a friend. Common sense and individual circumstances should be considered in any decision about who is a friend and who is not.

APPENDIX C

EXAMPLE DECLARATION OF INTERESTS FORM

The Department for xxxxx (Dxxx) is committed to ensuring the highest possible standards of conduct in all that it does. This Declaration Form is part of the framework in place through which interests are identified and managed in order to safeguard the integrity of staff, Board Members and members of the Departmental Audit & Risk Assurance Committee and to maximise public confidence in the Department’s delivery of public services.

The Department processes the personal information you provide on this form for the purpose of assessing declarations only, and in line with the General Data Protection Regulation (GDPR) and Data Protection Act 2018. For more information about how we process personal information, please see [DEPARTMENT] Privacy Notice [Provide Link].

Part 1 – Your Details

Name:	
Grade/Position Held:	
Branch/Division/Group (if appropriate):	
Payroll Number:	

Where situations occur in my work where it could be perceived by the public or others that a conflict of interest might arise as a result of my outside activities, I accept that I must follow the guidelines in place [INSERT LINK]

Please confirm that you have read the Department’s Declaration of Interests arrangements.

Yes - I have read and understood the Dxx Declaration of Interests arrangements

Do you have any outside interest(s) which could give rise to an actual, potential or perceived conflict with official duties or which could be subject to perceptions of unfair advantage? [Official duty is defined as any duty or task an officer is required to carry out which is necessary for the formulation or implementation of Departmental Policy]. Please also consider interests of family, friends and associates in making this declaration.

Yes - now complete parts 2 and 3 (as applicable) and then 4

No - now complete part 4

Part 2 – Conduct of Outside Business/Activities

If you or your family, friend(s) or associate(s) operate or are involved in an outside business (including voluntary and charitable businesses/activities) the following points should be considered carefully:

- (a) the links between that business/activity and the Department; and
- (b) the separation of activities associated with the business/activity and your official duties.

Connection	Name of Outside Business or Activity	Description of outside business/activities and how they relate to the Department	Involved in public sector Contracts/Grants/Tenders (yes/no). If yes, provide details
Self			
Family, friends, associates, etc.			

Part 3 – Other Interests

- For example, trusteeships, governorships, membership of external bodies, trade or other associations.

Connection Other Interests – this is very much dependent on your role within the Department	
Self	
Family, friends, associates, etc.	

Part 4 – Declaration

I accept that I must complete a new Declaration of Interest **immediately** where there is a change of circumstances which could give rise to an actual, potential or perceived conflict of interest.

The information contained in this declaration is complete at today's date and no information has been withheld knowingly by me.

Signed:		Date:	
---------	--	-------	--

Return this form to: [Insert details]

Part 5 – Administration (To be completed by Authorising Official)

Confirm the appropriate Dxx Declaration of Interest Register has been updated.

Yes, the register has been updated

Signed:		Date:	
Grade/Position Held:			
Branch/Division/Group (if appropriate):			

APPENDIX D

REGISTER OF INTERESTS TEMPLATE

Branch: _____

Date	Name	Details/Circumstances	Assessment	Action Taken/To Be Taken
Xx/xx/xx	E.g Joe Bloggs	Member of BallyX Cycling Club	Low risk – although in Sports Branch, limited grants are awarded to 3 rd party organisations	<ul style="list-style-type: none"> • Excluded from any funding decisions. • Declare conflict at all meetings where this organisation or funding of this organisation could be discussed. • At all meetings the process and any action taken to manage the conflict to be recorded in the minutes.

Completed By: _____

Grade: _____

Date: _____

Checked By: _____

Grade: _____

Date: _____

OTHER SOURCES OF GOOD PRACTICE/GUIDANCE MATERIAL

There is a substantial body of good practice guidance and material which covers the identification, declaration and management of interests and conflicts of interests within the NI public sector. This includes guidance specific to departments and ALBs.

- Managing Public Money NI
- HM Treasury document 'Regularity, Propriety and Value for Money'
- NICS HR Handbook/Code of Ethics
- On Board Guide – A Guide for Board Members of Public Bodies in NI
- Public Bodies Guide
- Code of Conduct for Board Members of Public Bodies
- Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013
- Audit and Risk Assurance Committee Handbook
- NIAO Good Practice Guide on Conflicts of Interest
- NIAO Good Practice Guide on Managing the Risk of Bribery and Corruption

The Commissioner for Public Appointments for NI has also published several pieces of guidance including:-

- Code of Practice for Ministerial Appointments in Northern Ireland
- Guidance on conflicts of interest and integrity and how to raise a complaint

In addition, the issue is also covered in the Departmental Common Guidance.

An overview of each of these guidance documents is set out below.

Managing Public Money NI

Managing Public Money Northern Ireland (MPMNI) is the key guidance document which sets out the main principles for dealing with resources used by public sector organisations in Northern Ireland. It further reflects that the principles which apply to managing public resources, run right across the many diverse organisations delivering public services in Northern Ireland. The standards which public servants should seek to deliver are set out below:

Honesty	Fairness
Impartiality	Integrity
Openness	Transparency
Accountability	Objectivity
Accuracy	Reliability

MPMNI also contains the seven principles of public life, known as the Nolan principles which apply to all in public service, some of which duplicate/crossover the above. They are Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership.

Of these, Integrity now reflects that *Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.*

In particular, paragraph 3.7.1 discusses conflicts of interest in respect of Accounting Officers, and states that there must be no doubt that the Accounting Officer meets the standards described in Box 3.1 without divided loyalties. It lays out possible ways on managing issues as:

- for a significant but temporary conflict, inviting DFP (now DoF) (or sponsor department as the case may be) to appoint an interim Accounting Officer for the period of the conflict of interest;

- for a minor conflict, arranging for someone other than the Accounting Officer to make the key decisions on the issue(s) in question; or
- for serious and lasting conflicts, resignation.

HMT Regularity, Propriety & Value for Money

The HMT handbook “Regularity, Propriety and Value for Money” is designed primarily for Accounting Officers in Government Departments, Agencies and Non Departmental Public Bodies (NDPBs), but is also of interest to NDPB Board Members, who also have an important role in ensuring that these bodies operate with propriety and regularity. Although this is an HM Treasury document, it has read across in Northern Ireland and a link to it is included in all Accounting Officer appointment letters in Northern Ireland.

Paragraph 2.1 states that all public servants are expected to observe the highest standards of conduct. Public servants must act with propriety, particularly in the care and management of public funds. The handbook explores what propriety means in a financial context. It is a concept with many facets, and experience has shown how important it is to understand the concept fully and to keep it at the forefront of the mind when making decisions.

Parliament’s concern for regularity and propriety in the stewardship of public funds is particularly reflected in the work of the Public Accounts Committee (PAC), and hence the Committee’s work features heavily in the handbook. The Committee is invariably very critical of any breaches of propriety or regularity, and their comments are reported widely in the media. At the close it is suggested there is one final test to apply if there is any question mark over whether a proposed course of action meets the requirements of propriety:

Could this be satisfactorily defended before the Public Accounts Committee?

The Public Accounts Committee is only one element of accountability, which is ultimately to the public. On that basis, the test could simply be worded:

Could this course of action be satisfactorily defended in public?

The fact that what is involved is responsibility for public funds means that the standards of behaviour expected of public servants in financial matters are different, and in some respects more demanding than those which may be accepted for equivalent activities in a private context. Achieving good results is important, but these results must not be achieved by cutting corners.

The handbook aims to illustrate what is and what is not “proper behaviour” and there are some basic “dos and don’ts”. One of the basic don’ts is:

- ***Don't allow a conflict of interest to affect, or appear to affect, decisions***

The handbook also refers to the Civil Service Code – “Civil servants should conduct themselves with integrity, impartiality and honesty...[they] should not misuse their official position...to further their private interests or those of others...”; and

The Model Code of Conduct for Staff of Executive NDPBs says - “Key members of staff, such as the Chief Executive, Finance Director...should ensure that any possible conflicts of interest are identified at an early stage and that appropriate action is taken to resolve them...”

NICS HR Handbook/Code of Ethics

The Northern Ireland Civil Service (NICS) has a range of robust policies and procedures in place which supports and promotes integrity, honesty and responsibility of its staff. The Standards of Conduct Policy (para 6.01) provides the principles and rules that govern the behaviour and conduct of all NICS staff. The Code of Ethics sets out the values and standards of behaviour expected from NICS staff. A fuller description and constitutional position of Civil Servants and the values they are expected to uphold can be found in the Standards of Conduct Policy (para 6.01) Para 3 Code of Ethics and Annex 1.

On Board Guide

The On Board Guide, which is a guide for Board Members of Public Bodies, states that Board Members must be (and be seen to be) completely selfless and objective as well as adhering to the highest standards of personal integrity. Section 5 sets out Standards of behaviour, and specifically Board Members must:

- demonstrate **selflessness** by taking decisions solely in terms of the public interest. They must not act in order to gain financial or other material benefit to themselves, family, friends or employer;
- demonstrate **integrity** by not placing themselves under any financial or other obligation to any individual or organisation that might reasonably be thought to influence them in the performance of their duties;
- be **objective** – decisions should be taken solely on **merit** when carrying out public business; and
- act with **honesty** at all times. They must declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

The principles in relation to integrity, honesty and openness, are given further practical effect by the requirement for Board Members to declare certain interests in the proceedings of their public body. Together with the rules on registration of interests, this ensures transparency of their interests which might influence, or be thought to influence, their actions. Board members are asked to note that the appearance of a conflict of interest, in terms of public perception, can be every bit as damaging as an actual conflict - both should be avoided.

The above principles would apply equally to members of staff of public bodies.

Board members are advised in the On-Board Guide that it is their personal responsibility to make sure that they are familiar with the provisions of the Code of Practice, and that their actions comply with it at all times. They are also advised that they should also review regularly, and at least annually, their personal circumstances with this in mind, particularly if their circumstances change.

Public Bodies Guide

The 'Public Bodies – A guide for NI Departments' makes it clear that staff should be clear about the standard of conduct required, their duties and obligations and penalties that may incur if they fall short of them. It states that conduct rules should cover private interests and possible conflicts with public duties.

Chapter 5 is specifically about Public Body Staff (see attached extract below). Annex 5A contains a 'Model Code for staff of Executive NDPBs' which advises that NDPBs should have a Staff Handbook which includes staff conduct and disciplinary matters. The Model includes a section on Conflicts of Interest which states that staff should abide by any rules adopted by the body and not misuse their position. Specifically it states

'Key members of staff, such as the Chief Executive, Finance Director, managers of large contracts and staff working on contracts, should ensure that any possible conflicts of interest are identified at an early stage and that appropriate action is taken to resolve them'.

Extract from Public Bodies – A Guide for NI Departments

5.7 Rules of conduct and staff code

5.7.1 NDPBs should adopt a staff Code of Conduct in line with the Model Code for Staff of Executive Non-departmental Public Bodies – see Annex 5A.

5.7.2 Staff should be clear about the standard of conduct required, their duties and obligations and penalties they may incur if they fall short of them. Conduct rules should cover:

- *private interests and possible conflicts with public duty;*
- *the acceptance of gifts and hospitality;*
- *relevant share holdings;*
- *the disclosure of official information;*
- *political activity; and*
- *effective and clear procedures for staff to raise concerns about improper conduct (if necessary with an official in the sponsor department) including Whistle-blowing procedures consistent with the Public Interest (Northern Ireland) Order 2003.*

- 5.7.3 *In addition there should be rules for NDPB staff accepting business appointments after resignation or retirement in relation to the functions of the NDPB concerned and any potential for conflict of interest which may give rise to public concern. Rules about the acceptance of outside appointments for Civil Servants (which can be replicated for NDPB staff) are set out in the NICS Staff Handbook.*
- 5.7.4 *Consideration should be given to rules about restrictions on political activity of NDPB staff, particularly in the run-up to elections and referendums, and to the avoidance of involvement in issues of party political controversy. Guidelines and principles on participation in political activities for Civil Servants (which can be replicated for NDPB staff) can be found in NICS Staff Handbook.*

Code of Conduct for Board Members of Public Bodies

An updated template for 'Code of Conduct for Board Members of Public Bodies' was issued in 2014. Departments were advised that the template should be used as the basis on which to develop specific/bespoke Codes of Conduct for Board Members, and that any such Code should take account of the relevant legislation and other provisions under which individual bodies had been established.

Section 4 of the template is on Members' Interests and advises that Members must ensure that no conflict arises, or could reasonably be perceived to arise, between their public duties and their private interests – private or otherwise. It emphasises that the appearance of a conflict of interest, in terms of public perception, can be every bit as damaging as an actual conflict and that both should be avoided. It further provides examples of interests which may need to be declared, and guidance on how these could be managed.

Corporate Governance in Central Government Departments: Code of Good Practice NI 2013

The above code reflects that departmental Accounting Officers should establish and document a clear allocation of responsibilities amongst in the department, but he or she retains overall personal responsibility and accountability to the Assembly for a arrange of issues, including propriety and regularity.

The code also makes the following points on the role of the Board:

- Board members should act in the public interest in keeping with the Nolan principles of public life.
- The Board should support actions to ensure that officials comply with the NI Civil Service Code.
- The Board should agree and document an appropriate system to record interests and manage conflicts and potential conflicts of interest of Board members. The Board should publish, in its Governance Statement, how any identified conflicts of interest, and potential conflicts, of Board members have been managed.

Audit and Risk Assurance Committee Handbook

The Audit and Risk Assurance Committee Handbook sets out a clear set of principles that should be followed by Audit and Risk Assurance Committees. It includes that there should be a process for registering member's interests and for declaring and managing conflicts of interest in the Audit and Risk Assurance Committee, and that normally this should mirror the processes used at Board level. It further sets out how it is the personal responsibility of members to pro-actively declare any potential conflicts arising out of business undertaken by the organisation(s), arising on the Committee's agenda or from changes in the member's personal circumstances, and suggests how these could be managed.

The handbook also contains a model letter of appointment for Audit and Risk Assurance Committee members, which includes the requirement to register any interests, and to update these if there are any changes to their personal circumstances during the period of their appointment.

NIAO Good Practice Guide on Conflicts of Interest

The NIAO Good Practice Guide on Conflicts of Interest was published in March 2015. It seeks to provide clear and simple advice for staff drafting and implementing

conflict of interest policies. It also aims to help Board Members and staff in key positions to recognise when they have a conflict of interest and how they should act when such a situation arises.

The main aim of the guide is to promote high standards in public life and especially to follow the key characteristics of propriety as defined in the 'Seven Principles of Public Life' known as the Nolan Principles. These seven principles underpin public life. One of the key messages of the Guide is that a perception of a conflict of interest can be just as significant as an actual conflict of interest.

The Guide includes case studies of different types of conflicts of interest and sets out a range of strategies for managing conflicts of interest. It also details the circumstances where particular strategies are most suitable and least suitable.

NIAO Good Practice Guide on Managing the Risk of Bribery and Corruption

The NIAO Good Practice Guide on Managing the Risk of bribery and Corruption was published in November 2017. The Guide aims to help Northern Ireland public sector organisations and individual public officials identify how bribery and corruption may occur, highlight the key risk areas and provide advice on how the risks can be countered, both at an organisational and personal level.

The guide lays out that the term "bribery" and "corruption" are often linked. It also states that corruption has a broad definition and in public sector terms relates to someone using public office to further their private and personal interests. It goes on to state that corruption can include, for example, fraud, conflicts of interest and unethical behaviour. Bribery is a specific offence falling within the broad spectrum of corruption.

The guide is useful in providing a link to conflicts of interest and provides some useful examples and information on managing conflicts of interest.

Commissioner for Public Appointments for NI guidance

Code of Practice for Ministerial Appointments in Northern Ireland

The Commissioner's role is to regulate, monitor, report and advise on the way in which Ministers make appointments to the Boards of many public bodies in Northern Ireland. The Commissioner's key concern is to ensure that these appointments are made in ways that are open, transparent and merit-based. The Code covers conflicts of interest issues whether real, perceived or potential, with regards to the assessment of applicants during the public appointments process.

It advises that some manageable conflicts of interest will not be a barrier to appointment, but that selection panels should discuss all real, perceived and potential conflicts with all applicants.

Guidance on conflicts of interest and integrity and how to raise a complaint

This is guidance for those applying for public appointments. It lays out that while Public Appointments are made by individual Government Ministers, whoever deals with competitions they are overseen by the Commissioner for Public Appointments in Northern Ireland. It states that the Commissioner regulates the process, but is not involved in individual competitions. The guidance also states that departments must follow the Commissioner's 'Code of Practice for Ministerial Appointments to Public Bodies in Northern Ireland' to ensure that appointments are made on merit, after fair and open competition. It also provides details on how to make a complaint if candidates feel they have not been treated fairly, and provides some guidance on conflicts of interest and integrity.

Departmental Common Guidance

The Departmental Common Guidance (currently under review) includes Annexes (regulated/unregulated) providing Probity and Conflicts of Interest Guidance for Candidates, which some departments include in their competition information booklet, The Annexes cover the seven principles and advise '*As part of the selection*

process you will be tested on your commitment to maintaining high standards in public life with particular emphasis on probity issues and conflicts of interest.'

The Annexes cover:

- What is a conflict of Interest
- Surely a perceived conflict is not a problem, as long as I act impartially at all times?
- What should I do if I think I have a conflict of interest?
- If I declare a conflict, does this mean I will not be considered for appointment?
- What happens if I do not declare a known conflict, which is then discovered by the Department after my appointment?
- What happens if I do not realise a potential conflict exists?
- What happens if a conflict of interest arises after an appointment is made?



Department for
Communities
www.communities-ni.gov.uk

An Roinn
Pobal

Department für
Commonities

187

From: JEFF GLASS
Local Government & Housing Regulation Division

Causeway Exchange
1-7 Bedford Street
Belfast
BT2 7EG

Telephone: (028) 9082 3375
e-mail: jeff.glass@communities-ni.gov.uk
Our ref: CO1/21/694183
Date: 22 December 2021

To all Council Chief Executives

Circular LG 24/21

CAPITALISATION

This guidance supersedes the Department's previous guidance in respect of capitalisation directions (Circular LG 18/2011 and its subsequent reissue as part of Circular LG 02/2012) and provides further clarification on, and incorporates some agreed changes to, the procedures for requesting and considering capitalisation directions including the role of the Finance Working Group (FWG).

The Department of Finance has agreed to the widening of the criteria for capitalisation to include statutory redundancy costs and enhanced costs, the lump sum element of the pension payment arising from compensatory added years, or any payments the council makes into its pension fund in order to eliminate deficits resulting from premature retirements.

Any queries on this circular and accompanying guidance note should be directed to Local Government Finance Branch as follows - LGFinanceBranch@communities-ni.gov.uk.

JEFF GLASS



CAPITALISATION DIRECTION

A Guidance Note for district councils in Northern Ireland

1. INTRODUCTION

- 1.1 Capitalisation facilitates a relaxation of the normal accounting principle that long term borrowing or capital receipts should only be used to finance capital expenditure.
- 1.2 Section 19(3) of the Local Government Finance Act (Northern Ireland) 2011 empowers the Department to issue capitalisation directions to councils, which in turn permit expenditure that would normally be classified as revenue expenditure to be treated as capital expenditure. Applications for capitalisation directions will be considered against strict criteria and the Department will monitor closely and control the use of capitalisation directions.

“CAPITAL EXPENDITURE”

Section 19 of the 2011 Act states –

- 19(1) *Subject to subsection (2) and (3), references in this Part to capital expenditure, in relation to a council, are to expenditure of the council which falls to be capitalised in accordance with proper practices.*
- 19(2) *Regulations may provide that expenditure of councils shall be treated for the purposes of this Part as being, or as not being, capital expenditure.*
- 19(3) *The Department may by direction provide that expenditure of a particular council shall be treated for the purposes of this Part as being, or as not being, capital expenditure.*



- 1.3 This guidance note sets out the Department's procedures for considering and issuing capitalisation directions. **It should be noted that the application process for a capitalisation direction is a separate process from a loan application process.**

BACKGROUND

- 2.1 Capitalisation runs counter to the normal principles of prudent financial management in district councils, since it facilitates practice which breaches HM Treasury's rule that long-term borrowing should be used only to finance capital expenditure. The introduction of the Prudential Code removed the routine need for councils to seek Departmental approval for borrowing. Instead councils must adhere to the principles and rules defined within the Prudential Code. A successful application to capitalise expenditure which would ordinarily be treated as revenue expenditure therefore removes the only formal obstacle to borrowing for revenue purposes. Capitalisation of expenditure that would ordinarily be treated as revenue expenditure can never permanently solve financial difficulties arising from the need to fund such expenditure through the General Fund in the financial year in which the expenditure is incurred. However, capitalisation of such expenditure and the associated funding thereof over a period in excess of one year will reduce the financial pressure by simply extending the period over which the expenditure may be funded. For example, debt incurred to fund capitalised revenue costs may have to be serviced from revenue resources over a number of years. Using capital resources to fund revenue expenditure tends to reduce long-term investment in the capital assets needed to create and maintain sustainable communities. All of these issues should be strongly considered by a council before it makes an application for a capitalisation direction.
- 2.2 Even if a council intends to fund capitalised expenditure out of capital receipts instead of by new borrowing, there may still be an indirect breach of HM Treasury's rule since capital receipts arise from the sale of assets which may



have been bought with borrowed money. Expending capital receipts on (capitalised) revenue expenditure may mean a council will sooner or later wish to increase its borrowing to finance capital expenditure which might otherwise have been paid for with such receipts.

- 2.3 It is important that councils are aware of the latest Government Resource and Budgeting Guidance (RAB) which underlines the fiscal importance of maintaining capitalisation at manageable levels within the context of the UK public expenditure framework. The capitalisation limit set by HM Treasury for councils in Northern Ireland is £3.4m per annum.

3. GENERAL PRINCIPLES

- 3.1 Capitalisation directions will normally only be available for either of the purposes shown below:

(a) **To help a council manage exceptional financial difficulties**

The following three conditions must be met:

- (i) The costs which the council seeks to capitalise are unavoidable (for example, because they relate to statutory duties or contractual or other commitments);
- (ii) The council could not meet the costs out of revenue resources without there being an unacceptable adverse impact on those who use or pay for its services; and
- (iii) There is no alternative affordable way of ensuring that the costs could be met.



(b) **To facilitate the use of cost-cutting measures**

The capitalised expenditure must relate to measures with an immediate and demonstrable cost-cutting effect.

- 3.2 In relation to paragraph 3.1(b) this includes statutory redundancy costs and enhanced costs, the lump sum element of the pension payment arising from compensatory added years, or any payments the council makes into its pension fund in order to eliminate deficits resulting from premature retirements.
- 3.3 Statutory redundancy costs are those costs required and calculated in accordance with Part 12 of the Employment Rights (Northern Ireland) Order 1996 (see in particular Article 197).
- 3.4 A capitalisation direction will only apply to one financial year therefore it is important to note that if costs span two financial years then two separate applications will be required. A council will only be able to capitalise costs that have been incurred in the year that the direction applies.
- 3.5 For the avoidance of doubt, **it will not be acceptable to include estimates** for applications to the Department for capitalisation directions. Councils are required to provide detailed supporting information/calculations along with their application to substantiate the figures. When councils advise the Department how much of their allocation was used in the previous financial year (see paragraph 5.2 below), and this is a different amount to that included in the initial application, councils will receive a new capitalisation direction and will not be able to capitalise amounts more than that approved in the new capitalisation direction.



4. APPLICATION PROCEDURE

- 4.1 Applications for capitalisation directions should be made by **30 June** of the financial year in which the expenditure is to be incurred. In exceptional circumstances the Department may allow applications received shortly after 30 June to be processed normally. The Department will acknowledge all applications within 10 working days of receipt.
- 4.2 The Department will provide, insofar as is practicable, if requested, an indication of whether the application appears to meet the specified criteria. However no formal capitalisation direction will be given prior to the consideration of all applications which will take place in consultation with the Finance Working Group (FWG) after 30 June of the financial year in which the expenditure is to be incurred. Where an indication is requested, the applicant council is required to advise the Department that they wish to proceed with their application (as submitted) or resubmit a new application by the specified date (30 June) if the application is to be considered for a formal capitalisation direction. **Estimates are acceptable for the purposes of receiving an indication from the Department, however it will not be acceptable to include estimates for an application that is to be considered for a formal capitalisation direction.** The Department will acknowledge both applications received for the purposes of receiving an indication, and any new application resubmitted, within 10 working days of receipt. For applications received without the request for an indication, the application will be considered for a formal capitalisation direction and no further advice or resubmission will need to be given to the Department.
- 4.3 Normally applications received after 30 June of the financial year in which the expenditure is to be incurred will be considered separately from those made by the due date. Such applications will be considered in light of any margin between the aggregate value of that year's approved applications and the annual capitalisation limit, and any surplus that may ultimately be available as



a result of councils not calling down the full value of their approved applications. This will be undertaken in consultation with members of the FWG.

- 4.4 An outline of the minimum information required in relation to an application for a capitalisation direction is attached at Annex A. All applications for a capitalisation direction must include:
- Details of the amount of expenditure the council is requesting to be capitalised;
 - Details of when the expenditure will be incurred; and
 - Sufficient information to demonstrate that the relevant tests have been met, including robust figures to satisfy the affordability test.
- 4.5 The Department will aim each year to issue formal capitalisation directions by **16 September** of the financial year in which the application was received by the Department.
- 4.6 To ensure the capitalisation limit of £3.4m is allocated fairly, the Department will consult members of the FWG prior to issuing formal capitalisation directions each year. While the Department will assess applications against the criteria, the formal agreement of all members of FWG (regardless of whether they are in attendance at the meeting(s) of the FWG at which the Department consults with the members) will be required in respect of the decision to issue individual capitalisation directions. In circumstances where unanimity cannot be obtained within a reasonable time period which will facilitate the issuing of the formal capitalisation directions by the 16 September, the Department may accept a majority agreement.
- 4.7 A council which makes a request for a capitalisation direction which does not satisfy the criteria indicated in this note should give the fullest reasons why it



considers that a capitalisation direction is necessary and appropriate. The Department shall consider such explanation(s) but is not bound to accept it as being sufficient to support the issue of a capitalisation direction.

5. RETURNS TO LOCAL GOVERNMENT & HOUSING REGULATION DIVISION

- 5.1 The capitalisation direction letter will ask councils to notify the Department by **1 December** that they intend to use the direction in its entirety or that they have not used the full amount of their direction. Where a council has notified the Department that they have not used the full amount of their approved capitalisation direction the Department will issue a revised direction for the appropriate amount. The sum total of any unused allocations may then be made available for any late or unmet capitalisation direction applications.
- 5.2 Councils are also required to advise the Department of how much of their allocation was used in the previous financial year. This information will be requested in tandem with the accounts direction and should be provided no later than **30 June** of the following financial year in which the expenditure is to be incurred. These returns are required by this date to enable the Department and members of the FWG to monitor the operation of the system, and to facilitate the Department's timely update of the final position to DoF. There is no template form for returns, an email or hard copy return will suffice.
- 5.3 Where the Department is advised that all / part of a capitalisation direction will not be used, either a new capitalisation direction will be issued which will supersede the previous capitalisation direction, or the previous capitalisation direction will be withdrawn.



Capitalisation Timetable	Dates
Application for Capitalisation Directions	By 30 June
Departmental Acknowledgment	Within 10 working days
Formal Capitalisation Directions issued	By 16 September
Council notification to the Department of intention to use the Direction	By 1 December
Council notification to the Department of the actual allocation used in previous financial year	By 30 June of financial year after the year expenditure was incurred

6. CONTACTS

- 6.1 Queries and applications should be directed to Local Government Finance Branch as follows - LGFinanceBranch@communities-ni.gov.uk

:



Annex A: Outline of minimum information required to support a capitalisation direction request

APPLICATIONS FOR [*current financial year*] – COSTS MUST BE INCURRED IN THIS FINANCIAL YEAR.

- 1. Name of Council:**
- 2. Address:**
- 3. Council contact for application queries:**
- 4. Telephone number:**
- 5. Financial year in which costs are to be incurred: (e.g. current financial year)**
- 6. Amount the council is applying to capitalise:**



7. **Please indicate if the amount requested to be capitalised is the final figure or an estimate (if estimation state when final figure will be available):**

8. **Description of application: 8(a) & (b) or 8 (c) should be completed**

The general principles of a capitalisation direction are outlined in paragraph 3 of the guidance. With reference to paragraph 3.1 where the application is made to:

- help a council manage exceptional financial difficulties please complete 8(a) and 8(b), or
- facilitate the use of cost-cutting measures please complete 8(c).

8(a). Explain why the capitalisation direction is required to enable the District Council to manage exceptional financial difficulties.



8(c). Explain why the capitalisation direction is required to facilitate cost-cutting measures.

9. **Indicate the likelihood of further applications for capitalisation for this purpose in future years, in particular if any applications are pending:**
10. **Please confirm that the costs cannot be funded from revenue resources without there being an unacceptable adverse impact on those who use or pay for services:**
11. **Please indicate whether a successful bid for capitalisation would be funded by capital receipts or by borrowing?**
12. **Please include any further information which you consider relevant to your application.**



Department for
Communities
www.communities-ni.gov.uk

An Roinn
Pobal

Department fur
Commonities

DECLARATION

To the best of my knowledge, the information contained in this application is correct.

Signature: _____ **Date:** _____

Chief Executive/or Deputy

Completed applications or any queries about this document should be addressed to:

LGFinanceBranch@communities-ni.gov.uk
