Comhairle Ceantair
an Iúir, Mhúrn
agus an Dúin
Newry, Mourne
and Down
District Council

April 20th, 2021

Notice Of Meeting

You are invited to attend the Audit Committee Meeting to be held on **Tuesday, 12th January 2021** at **2:00 pm** in **Remotely via Microsoft Teams.**

Committee Membership:

Ms B Slevin Independent Chairperson of Audit Committee

Councillor P Byrne

Councillor C Casey

Councillor L Devlin

Councillor C Enright

Councillor M Gibbons

Councillor O Hanlon

Councillor A Lewis

Councillor K Owen

Councillor D Murphy

Councillor G Sharvin

Agenda

1.0 Apologies and Chairperson's remarks.

Cllr O Hanlon

Cllr K Owen

Mr J McBride Director Neighbourhood Services / Waste Mgt

2.0 Declarations of Interest.

3.0 Action Sheets: Audit Committee Meeting - Thursday 24 September 2020; Special Audit Committee Meeting Tuesday 24 November 2020; Special Audit Committee Meeting - Monday 07 December 2020. (Attached)

Action Sheet - AC Sept 2020 Final.pdf ***Page 1***

Action Sheet - Special AC Nov 2020.dc.pdf ***Page 7***

Action Sheet - Special AC Dec 2020.dc.pdf ***Page 9***

Corporate Services - (OPEN SESSION)

4.0 Corporate Risk Register. (Attached)

Report re Corporate Risk Register.pdf ***Page 11***

5.0 Prompt Payments. (Attached)

Prompt Payments Report.pdf ***Page 47***

Corporate Services (CLOSED SESSION)

6.0 Update re: Audit Recommendations. (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 re Update on Audit Recommendations.pdf ***Not included***

7.0 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 Report Fraud and Whistleblowing.pdf ***Not included***

8.0 Direct Award Contracts. (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 Report DAC - STA.pdf ***Not included***

9.0 Update re: ASM Investigation - 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 Rpt re ASM investigation - Single Tender Actions.pdf ***Not included***

202021 NMDDC Investigation into the Councils use of Single Tender Actions - Final_.pdf ***Not included***

10.0 Declarations of Interests - Elected Members. (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 Register of Interests Report.pdf ***Not included***

11.0 Overview of Complaints. (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 Rpt re Complaints Profile.pdf ***Not included***

Internal Audit (CLOSED SESSION)

12.0 Update re: ASM Internal Audit - 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 NMDDC Summary report January 2021 to Audit Committee.pdf ***Not included***

13.0 ASM Internal Audit Report re: Accounts Payable. (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 202021 - NMDDC Accounts payable - final report.pdf ***Not included***

14.0 ASM Internal Audit Report re: Capital Grants. (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 202021 NMDDC Capital Grants - final report.pdf ***Not included***

15.0 ASM Internal Audit Report re: Emergency Planning. (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 202021 NMDDC Emergency Planning - final report.pdf ***Not included***

NIAO (CLOSED SESSION)

16.0 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 Cover Letter Marie Ward 040121.pdf ***Not included***

EXEMPT NMD FINAL 1920 RTTCWG - 4 Jan 2021.pdf ***Not included***

NIAO (OPEN SESSION)

17.0 Absenteeism Report. (Attached)

NIAO Managing Attendance in Central and Local Government.pdf *Page 50*

18.0 Local Government Auditor Annual Report - December 2020. (Attached)

LGA Annual Report December 2020.pdf *Page 100*

Performance (OPEN SESSION)

19.0 Update re: Performance and Improvement. (Attached)

Report Update on Performance and Improvement 2020-21.pdf *Page 162*

Circulars

20.0 Department for Communities re Guidance to Councils - Disposal of land at less than best price. (Attached)

DfC Disposal of Land.pdf *Page 172*

Invitees

Cllr Terry Andrews

Mr Patrick Barr

Mr Alan Beggs

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 Sean Doran

Cllr Cadogan Enright

Cllr Aoife Finnegan

Cllr Hugh Gallagher

Cllr Mark Gibbons

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

Ms Deborah McKim (NIAO)

Cllr Andrew McMurray

Mr Ken Montgomery

Cllr Roisin Mulgrew

Cllr Declan Murphy

Cllr Barra Ó Muirí

Linda O'Hare

Cllr Gerry O'Hare

Mr Brian ONeill

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

AUDIT COMMITTEE MEETING

THURSDAY 24 SEPTEMBER 2020

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/057/2020	(Action Sheet) Direct Award Contracts	A Special Meeting of the Audit Committee be arranged in November 2020 for ASM Internal Auditors to present a Report regarding investigation into the process of Direct Award Contracts.	D Carville	Special Meeting of the Audit Committee took place on 24 November.	**Y**
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	D Carville	Noted	

		Orange Book Management of Risk – Principles and Concepts. To note Report dated 06 July 2020 from Ms D Carville Director of Corporate Services, regarding the Corporate Risk Register. To note training would be provided in due course regarding changes to The Orange Book Management of Risk – Principles and Concepts.	D Carville D Carville	Noted Noted. Training for Members in Q1/Q2 2021-22, based on the Orange Books best practice on Risk Management.	**Y** **N**
AC/058/2020	Annual Accounts & Annual Governance Statement 2019/20	To note the Statement of Accounts for Newry Mourne & Down District Council for year ended 31 March 2020 Annual and Annual Governance Statement with final Accounts being presented to the Audit Committee Meeting on 07 December 2020 for consideration and signing.	K Montgomery	Noted	**Y**

		It was agreed to circulate a paper from NIAO regarding reserve comparisons between Councils in Northern Ireland, to the Members of the Audit Committee for information. A report on going concern and future liabilities to be tabled at the Audit Committee Meeting on 07 December 2020.	D Carville K Montgomery	Included in the following agenda item: Local Government Auditor Annual Report. Verbal update provided at the Audit Committee Mtg 07 December 2020.	**Y** **Y**
AC/059/2020	Corporate Risk Register	To note the Corporate Risk Register including minor changes, new actions updating the progress of actions and new detail included within certain risks as per above Report, and to note all Directorate Risk Registers will be updated for the impact of COVID19 which will be completed during October 2020.	D Carville	Noted	**Y**
AC/060/2020	Prompt Payment Statistics	To note Report dated 24 September 2020 from Mr G	K Bingham	Noted	**Y**

		Byrne, Audit Services Manager regarding Prompt Payment Statistics.			
AC/061/2020	(Closed Session) Update re: Audit Recommendations	To note Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding an update on Audit Recommendations.	K Bingham	Noted	**Y**
AC/062/2020	(Closed Session) Fraud & Whistle-Blowing	To note Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding an update on Fraud & Whistleblowing.	K Bingham	Noted	**Y**
AC/063/2020	(Closed Session) Direct Awards Contracts	To note Report dated 06 July from Mr G Byrne, Audit Services Manager regarding Direct Award Contracts.	K Bingham	Noted	**Y**
AC/064/2020	(Closed Session) ASM Summary Rpt with Internal Audit Plan – 2020/2021	To note the ASM Summary Report dated 24 September 2020 and Internal Audit Plan 2020/2021. To note it is proposed to bring 4 No. Reviews on	C Hagan	Noted	**Y**

		the following areas, to the meeting of the Audit Committee to be held on 12 January 2020: - Accounts Payable - Emergency Planning (COVID-19 focus) - Capital Grants - Fleet Management			
AC/065/2020	(Closed Session) ASM Internal Audit Report –Complaints Handling	To note Report dated 18 September 2020 from ASM Internal Audit regarding Complaints Handling. A report showing a breakdown on the areas of complaints received by Council, to be tabled at the Audit Committee Meeting to be held on 12 January 2021.	C Hagan D Carville	Noted Report included on the Agenda of the Audit Committee Meeting – 12 January 2021.	**Y** **Y**
AC/066/2020	(Closed Session) Additional Risk Financial Resilience Of Council	To note correspondence dated 27 August 2020 from NIAO regarding the inclusion of an additional	D Carville	Noted	**Y**

		significant risk to consider the financial resilience of the Council, as part of the NIAO audit of NMDDC 2019/2020 Accounts.			
AC/067/2020	Assessment of Performance	To note Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services regarding an Assessment of Performance 2019/2020.	D Carville	Noted	**Y**
AC/068/2020	Progress Report NIAO Proposals for Improvement 2019/ 20	To note Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services outlining progress relating to 'Proposals for Improvement' 2019-2020 as per NIAO Performance Audit and Assessment. **********	D Carville	Noted	**Y**

ACTION SHEET

SPECIAL AUDIT COMMITTEE MEETING

TUESDAY 24 NOVEMBER 2020

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/073/2020	ASM Internal Audit- (Draft) Report re: Single Tender Actions	To accept the recommendations contained within the report. It was agreed to retain this item as a standing item on the Audit Committee agenda going forward. ASM to provide a final Report to the Audit Committee.			

AC/074/2020	Update re: Internal Audit Plan 2020-21	The Procurement Audit be removed from the 2020/21 Internal Audit Plan and that the allocated 10 days are used to offset the cost of the Single Tender Action investigation which is being carried out by ASM Internal Auditor.			
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ACTION SHEET

SPECIAL AUDIT COMMITTEE MEETING

MONDAY 07 DECEMBER 2020

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/077/2020	Statement of Accounts (YE 31 March 2020)	To note the status of the audit of the Statement of Accounts 2019-20 and approve the audited accounts, including the Annual Governance Statement, for signing by the Chairperson of Council and Chief Executive.			
AC/078/2020	NIAO Draft Report to Those Charged with Governance	To note the contents of the NIAO (Draft) Report to those Charged with Governance 2019-2020 and accept management's rationale for not adjusting the misstatement identified in the report.			
		*********			

Report to:	Audit Committee
Date of Meeting:	12 January 2021
Subject:	Corporate Risk Register
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	The Corporate Risk Register was reviewed and updated by the SMT on 9 December 2020. Completed Assurance Statements for Q2 2020-21 and have also 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	**Corporate Risk Register** The Council has identified 14 corporate risks, 7 of which are red and 7 of which are amber. 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 2020. The SMT has also proposed that the following additional corporate risk is included in the Corporate Risk Register: • Impact of BREXIT on the local economy, organisation, effective service provision and achievement of strategic objectives The Corporate Risk Register is attached at Appendix 2 and has been updated to include new actions and demonstrate progress against existing actions. The Corporate Risk Register has also been updated with the Council's new strategic objectives, as outlined in the Corporate Plan 2021-23. All corporate risks have been aligned with the relevant strategic objective(s).
2.2	**Directorate Risk Registers** Directorate Risk Registers are currently being reviewed and updated, with an estimated completion date of February 2021. The revised Directorate Risk Registers will take into account of the impact of key emerging issues, including COVID-19 and Brexit, and will be aligned with the Corporate Risk Register.
3.0	**Recommendations**
3.1	To note: • The Corporate Risk Register, as outlined in Appendix 2.

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	***General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes*** It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations ☒
5.2	***Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision*** Yes ☐ No ☒ If yes, please complete the following: The policy (strategy, policy initiative or practice and / or decision) has been equality screened ☐ The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation ☐
5.3	***Proposal initiating consultation*** 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 ☐ Consultation period will be 12 weeks ☐ Consultation period will be less than 12 weeks (rationale to be provided) ☐
	Rationale: Consultation not required.
6.0	**Due regard to Rural Needs (please tick all that apply)**
6.1	Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service Yes ☐ No ☒ If yes, please complete the following: Rural Needs Impact Assessment completed ☐

7.0	**Appendices**
	Appendix 1: Cover Sheet – Corporate Risk Register Appendix 2: Corporate Risk Register – January 2021
8.0	**Background Documents**
	None

NMDDC Corporate Risk Register Cover Sheet - January 2021

Risk	Description	Risk Owner(s)	Gross Risk Score	Residual Risk Score	Revised Residual Risk Score	Comments
CR01	Failure to deliver the capital investment programme for the District	Dorinnia Carville Micheal Lipsett	25	15	15	No change. Actions updated.
CR02	Breach of legislation in relation to the procurement of goods and services and works	Dorinnia Carville	20	20	20	No change. Actions updated.
CR03	Non-compliance with legislative requirements	Dorinnia Carville Michael Lipsett Johnny McBride	25	15	15	No change. Actions updated.
CR04	Failure to effectively manage waste	Johnny McBride	25	20	20	No change. Actions updated.
CR05	Failure to provide timely planning decisions	Conor Mallon	25	20	20	No change. Actions updated.
CR06	IT Services do not support the Statutory, Strategic or Operational requirements of Council	Dorinnia Carville	25	12	12	No change. Actions updated. Risk to be de-escalated to Directorate Risk Register and superseded by a new corporate risk around cyber security.
CR07	Failure to adequately plan for the future and deliver efficiencies and improvement	Marie Ward Dorinnia Carville	20	12	12	No change. Actions updated.
CR08	Failure to adequately react to a major incident which would minimise any negative consequences/impact	Dorinnia Carville	25	20	20	No change. Actions updated.
CR09	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	Marie Ward Conor Mallon	20	20	20	No change. Actions updated. New corporate risk around BREXIT proposed at CR15.
CR10	Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery	Marie Ward Doronnia Carville	20	12	12	No change. Actions updated. Uncertainty in relation to industrial action.
CR11	Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on Fire Risk Assessments	Dorinnia Carville Johnny McBride	25	15	15	No change. Actions updated.
CR13	Failure to adequately manage sickness absence (including the response to COVID-19) resulting in delays and an inability to deliver critical and statutory services	Senior Management Team	25	15	15	No change. Actions updated.
CR14	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	20	20	No change. Actions updated.
CR15	Impact of BREXIT on the local economy, organisation, effective service provision and achievement of strategic objectives	Dorinnia Carville	25	20	20	New risk proposed.

Risk Assessment Matrix	
	PROBABILITY

			Rare	Unlikely	Possible	Likely	V Likely
		Score	1	2	3	4	5
CONSEQUENCES	Fundamental	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Not significant	1	1	2	3	4	5

		Risk Type (with associated impact)					
		Impact on individual(s) – staff or public.	Statutory Duty.	Business / Operational	Buildings/ Engineering/ Environmental	Quality of Service	Finance
Consequence	Score						
Fundamental	5	• Death	• Multiple breach of statutory legislation and prosecution.	• Litigation > £500k expected.	• Critical Environmental Impact.	• Severe impact on customer satisfaction.	• Significant financial impact (over 5% of total directorate budget)
				• National Media interest	• Service closed for unacceptable period.	• Gross failure to meet professional / national standards	• Theft / loss >£250k
				• Severe loss of confidence and reputation			
Major	4	• Major injury/ill health (reportable)	• Multiple breach of statutory legislation and improvement notice issued.	• Litigation >£250k to <£500k expected.	• Major/significant environmental impact	• Major impact on customer satisfaction.	• Major financial impact (between 2% - 5% of total directorate budget.
		• Major clinical intervention		• Adverse publicity	• Severe disruption to service	• Failure to meet professional / national standards	• Theft / loss between £100k - £250k
		• Permanent incapacity		• Impact on reputation			
Moderate	3	• Temporary incapacity	• Single breach of statutory legislation and improvement Notice issued.	• Litigation >£50k - <£250k possible.	• Moderate environmental impact	• Formal complaint expected.	• Moderate financial impact (between 1% and 2% of total directorate budget)
		• Short term monitoring		• Potential for adverse publicity, avoidable with careful handling	• Moderate disruption to services	• Failure to meet internal standard	• Theft / loss between £50k - £100k
		• Additional medical treatment up to 1 year		• Potential to impact on reputation.			
Minor	2	• First Aid/ self treatment	• Breach of statutory legislation.	• Litigation <£50k	• Localised environmental impact	• Possible complaint.	• Minor financial impact (up to 1% of total directorate budget)
		• Minor injury		• Impact on reputation – internal awareness.	• Disruption to service perceived as inconvenient.	• Single failure to meet internal standard.	• Theft / loss between £1 - £50k
		• Minor ill health up to 1 month					
		• Near miss (small cluster)					
Not significant	1	• Near miss (single)	• Near breach of statutory legislation.	• Possible litigation due to settlement is <£5k.	• Minimal impact to environment.	• Customer initially unhappy.	
		· No adverse outcome.	Minor breach of guidance or legislation.		• Minimal disruption.	• Minor non-compliance with internal standard.	
		· No injury or ill-health.					

Likelihood of Event or Incident occurring

Likelihood Descriptor	Score	**Probability / Likelihood** (of event or incident occurring over lifetime of Corporate Plan).
Almost Certain	5	• The event is more likely than not to occur.
Likely	4	• The event is likely to occur.
Possible	3	• There is a reasonable chance of the event occurring.
Unlikely	2	• The event is unlikely to occur.
Rare	1	• The event will occur only in exceptional circumstances.

1. Corporate Risk Register NMDDC

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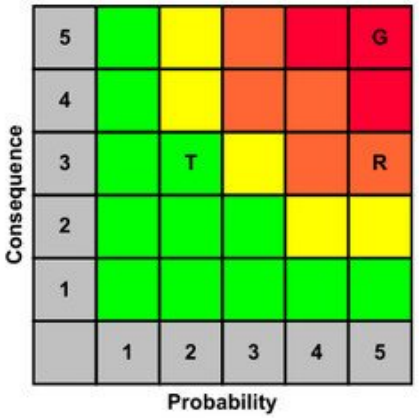
Risk CR. 01 - Failure to deliver the capital investment programme for the District



Risk Categories	Buildings / Engineering / Environment Business operational/reputational Financial
Risk Description	Failure to adequately resource the capital programme Failure to effectively manage capital contracts
Potential Root Cause	Contractors on key projects fail to deliver on time and on budget Consultant Collusion Procurement failures Absence of adherence to policies and resources Lack of awareness in staff and managers Lack of resources -Economic downturn / Recession Brexit - Lack of match funding COVID19 - funding reduced/withdrawn, timescales extended leading to increased costs
Consequence	Impact on service delivery Financial impact - Loss of funding (i.e. SIF projects) Legal challenge / Negative PR Impact on quality/cost of projects COVID19 - Future reduction on the capital budget
Risk Owners	Dorinnia Carville; Michael Lipsett

Gross/Inherent Risk	Red 25	**Last Review**	09/12/2020
Residual Risk	Amber 15	**Next Review**	07/04/2021
Target Risk Level	Green 6	**Risk Appetite**	Risk Averse

Objectives

Continue to improve the health and wellbeing of everyone in the district and reduce health inequalities

Invest in and support new and growing businesses, job creation and employment skills

Promote the revitalisation of our city, towns, villages and rural communities

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

Support sustainable forms of tourism which value our environment and cultural heritage

Key Controls Identified

1. Monthly review of spend against budget
2. Dedicated project management teams
3. Professionally qualified and experienced staff
4. Monthly site progress meetings which are minuted

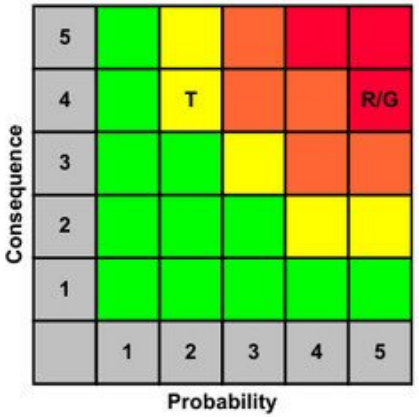
5 Project risk register in place for major projects - i.e. new leisure centres

6. Large projects are project managed by external consultants who report to the Estates Team.
7. Four year Capital Plan
8. Capital Plan annually approved at Council

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Asset Management Strategy	To identify surplus assets to sell and use sale proceeds to assist funding in the capital programme.	In Progress	Dorinnia Carville	31/03/2021	Surplus land assets are still being identified, with a focus on these over recent months at the SP&R Committee and Strategic Finance Working Group (SFWG). 36 separate sites were originally considered for release and a further 2 have recently added to this list. Out of that list, 30 sites were considered for release through the D1 process and 2 sites have been sold. Currently 3 business cases/expressions of Interest are either being assessed or are in the process of being completed. 5 assets which were on the Open Market are now 'sale agreed' with a further 3 assets currently on the Open Market. The Council have lodged; 2 Full Planning Applications and 1 of these has been approved, 5 Outline Planning Applications and 3 PADs to date. In addition 3 applications have been withdrawn.
COVID19 - Review of the Capital Plan	Thorough review of the Capital Plan in light of COVID19	In Progress	Senior Management Team	31/03/2021	Detailed review of the Capital Plan brought to the Strategic Finance Working Group on 10th September 2020. All capital projects were split in to four categories. The Capital Plan will be reviewed again with each department with scheduled meetings taking place in December 2020. Further meetings to take place with the Strategic Finance Working Group in the lead up to the rates process.
SIF Projects	Implement sufficient cost and change control measures so projects are delivered within budget. The Project Board will continue to meet as and when required to update the project risk register.	In Progress	Michael Lipsett	31/03/2021	Monthly meetings continue to take place with TEO, DfC and relevant Council Officers to closely monitor the current committed delivery programme. Ballyhornan project - successfully delivered in October 2020. Castlewellan Community Centre – all previously outstanding final accounts and associated paperwork submitted to TEO. Kilkooley project - as the planning application was rejected, it is highly unlikely the intended project will be delivered. Direction required from TEO if any subsequent project will have SIF funding. No further Council input at this stage. Thomas Davis project - Construction works ongoing but there are delivery issues, which may be partly the fault of poor contract and project management. These matters are currently being addressed.

Risk CR. 02 - Breach of legislation / legislative challenge in relation to the procurement of goods and services and works



Risk Categories	Financial Impact on individuals (staff or public) Quality of Service Statutory Duty (Legal/Regulatory)
Risk Description	Breach of legislation / legislative challenge in relation to the procurement of goods and services and works
Potential Root Cause	Lack of awareness of legislation Lack of compliance with the Council's Procurement Policy Lack of training for staff COVID19 - Pandemic leading to situations where procurement rules and procedures are bypassed to secure essential products and services
Consequence	Negative PR Financial loss to the Council Litigation Inadequate compliance with Procurement Policy
Risk Owners	Dorinnia Carville

Gross/Inherent Risk	Red 20	**Last Review**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Yellow 8	**Risk Appetite**	Risk Averse

Objectives

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

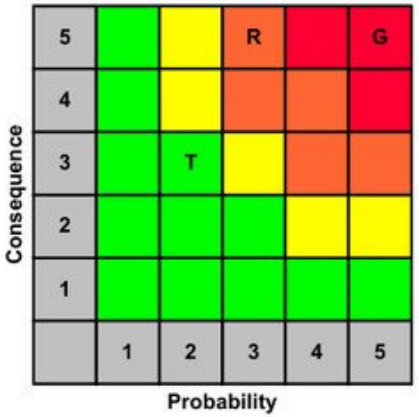
Key Controls Identified

1. Procurement Team
2. Financial regulations and Procurement Policy in place
3. Use of regional and national frameworks
4. Specialist legal advice available
5. Single Tender Actions list
6. Procurement training rolled out to all relevant staff based on expenditure level
7. COVID19 - Regulation 32 purchases being utilised. Procurement holding list of expenditures bypassing normal rules

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Contracts Management	The Limited Assurance Contract Management Internal Audit recommendations to be implemented with immediate effect. The two overarching recommendations were that Council develops a Contracts Management procedure and provides training for relevant staff on best practice..	Audit Recommendation	Ken Montgomery	31/03/2021	Between the 2018-19 and 2019-20 there was an increase in compliant spend across the Council, as highlighted through the two contract mapping exercises. Budget holders have been informed about the procurement priorities of their respective sections, as identified through the contracts mapping exercise, and have been asked to provide a timeline outlining when new compliant contracts will be put in place. The next step is to analyse annual spend with individual and multiple suppliers under £30k, where procurement should have been undertaken. Approximately 2,500 suppliers are included in this spend bracket.
Contracts Register	Development of a Council contracts register, to be maintained and reviewed by the Procurement Team.	Audit Recommendation	Ken Montgomery	31/03/2021	Contracts mapping is a standing item in the CMT agenda and a summary report outlining progress with the contracts mapping exercise was considered by the SMT in December 2020. There are currently 266 contracts captured on the Contracts Register. The Contracts Register will be developed further to alert Contract Managers when the current contract is due to expire, to enable a new compliant contract to be put in place.
New Procurement Database	E-hub will no longer be supported in early 2021. The Council needs to move to source a new supplier which fits the needs of Council.	In Progress	Ken Montgomery	31/01/2021	The Council is currently preparing a business case outlining the requirements for the new procurement system and will attend a demonstration of a potential solution in December 2020.
Single Tender Actions	Implement the recommendations arising from the ASM investigation into the use of Single Tender Actions across the Council.	In Progress	Senior Management Team	31/03/2021	The over-arching recommendations focus on ensuring compliance with the Council's Procurement Policy, putting in place the appropriate contract management arrangements, developing Procurement Action Plans and delivering procurement training to Officers across the organisation. Progress in implementing the recommendations will be monitored by the Audit Committee on a quarterly basis.

Risk CR. 03 - Non-compliance with legislative requirements



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 comply with the necessary legislation.
Potential Root Cause	Failure to understand legal requirements in relation to H&S and Information Management Lack of resources 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 as the supplier appointed by our insurers cannot get access to buildings. COVID19 - 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 misinterupted by staff COVID19 - ICO requirements for Council during pandemic COVID19 - Failure to ensure adequate governance arrangements are in place in context of adapting working practices leading to significant governance failures. Examples include financial governance, governance of data and the decision making of Council
Consequence	Non-compliance leading to prosecution Risk of a fatality at a Council site Reputational damage Reduced trust and public confidence Increased number of complaints and queries
Risk Owners	Dorinnia Carville; Michael Lipsett; Johnny McBride

Gross/Inherent Risk	Red 25	**Last Review**	09/12/2020
Residual Risk	Amber 15	**Next Review**	07/04/2021
Target Risk Level	Green 6	**Risk Appetite**	Risk Averse

Objectives

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

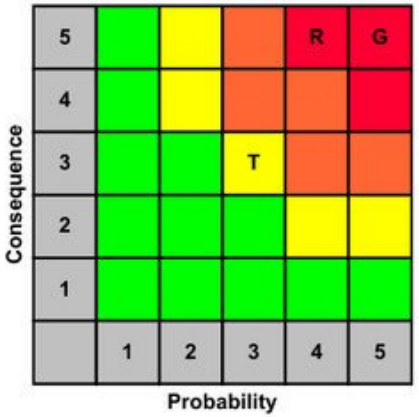
Key Controls Identified

1. Majority of policies and procedures in place
2. Dedicated skilled teams in place for:
-Health and Safety
-HR
-Legal (including information management)
3. Health and Safety Committees in place and ongoing programme of training in place
4. Access to Information Policy approved in June 2019.
5. COVID19 - New legislation introduced to allow virtual committee meetings
6. COVID19 - New Governance Arrangements in place in Council. Delegated authority amended through SO.

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Asbestos Policy and Management Plan	Provide draft Asbestos Policy and Management Plan for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	29/01/2021	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Asbestos policy has now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Asbestos is now approved.
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	Dorinnia Carville Alison Robb	31/05/2021	Work is almost complete in identifying high risk staff across the organisation, in liaison with CMT. New procedures in place to collate and review the declarations submitted by Elected Members every six months, commencing in January 2021.
Legionella Policy and Management Control Scheme	Provide draft Legionella Policy and Management Control Scheme for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	29/01/2021	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Legionella policy has now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Legionella is now approved.

Risk CR. 04 - Failure to effectively manage waste



Risk Categories	Buildings / Engineering / Environment Quality of Service Statutory Duty (Legal/Regulatory)
Risk Description	Failure to effectively manage waste
Potential Root Cause	Insufficient resources Market forces enable commercial operators to increase prices Failure to plan effectively for 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 COVID19 - unable to practice social distancing for refuse and grounds maintenance staff Risk of industrial action
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	**Last Review**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Yellow 9	**Risk Appetite**	Risk Averse

Objectives

Enhance, protect and promote our environment

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

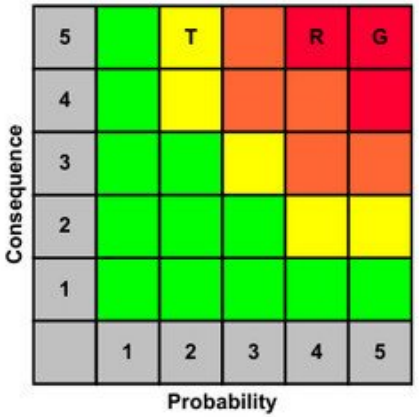
Key Controls Identified

1. Long term Waste Strategic Plan in place
2. Partnership working with key stakeholders
3. COVID19 - Screen partitions in all vehicles were there is more than one passenger
4. COVID19 - New ways of working identified, i.e. staggered start times
5. COVID19 - Redeployment lists in place & staff have been retrained
6. Contingency Plans in place

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Industrial Action	Ensure Contingency Plans are in place to address the impact of industrial action in the future.	In Progress	Johnny McBride	31/03/2021	In response to the industrial action on 3 December, Contingency Plans were activated to address the impact of bins not being collected for those households which were impacted by the strike.
Neighbourhood Services Transformation Project	The NS Transformation Project will aim to make efficiencies within the NS Directorate whilst still maintaining the level of service and driving improvement	In Progress	Johnny McBride	31/03/2021	External view to be undertaken for options on a waste service. Report to SMT on the 9 September 2020. There has been no further progress with the NS Transformation Project due to Planning for the Future.
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	01/02/2021	The New Fleet Policy and Critical Procedures have been agreed, with implementation effective from April 2020. An internal Audit of Fleet Management was carried out in November/December 2020 and the draft findings will be discussed and finalised with the relevant officers in January 2021.
Waste Management Action Plan	The Waste Management Action Plan is organised by ARC 21. The Council will have to feed into and approve ARC 21s Waste Management Plan.	In Progress	Johnny McBride	31/03/2021	ARC 21 waste management action plan is due to be updated. The specification is being finalised by all 11 Councils prior to procurement exercise. Once this is finalised NMDDC will have to approve the Waste Management Action Plan which must be in place for all Councils by the end of 2021.

Risk CR. 05 - 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	Significant back log in planning decisions inherited from DoE Ineffective and/or inadequate resources Insufficient capacity building for members Cultural inertia Ineffective technology - EPIC system changes COVID19 - Social distancing restrictions could increase the time taken for planning decision to be made.
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	**Last Review**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Yellow 10	**Risk Appetite**	Risk Averse

Objectives

Enhance, protect and promote our environment

Invest in and support new and growing businesses, job creation and employment skills

Promote the revitalisation of our city, towns, villages and rural communities

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

Support sustainable forms of tourism which value our environment and cultural heritage

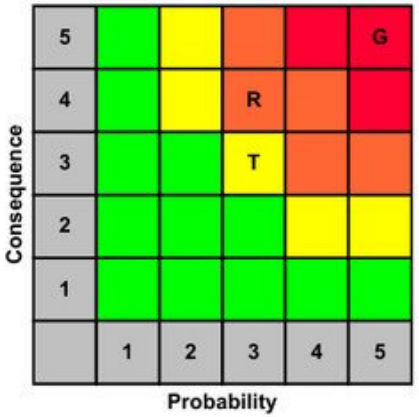
Key Controls Identified

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

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Backlog cases	Implement action plan to reduce backlog in line with timeframe set	In Progress	Anthony Mckay	31/03/2021	Whilst the number of planning applications has increased, the number of backlog cases has reduced. The number of live applications increased from 1,045 in September to 1.085 in November, and has since decreased to 1,039 in December 2020. The target of 750 live applications remains. Site visits have resumed and all Planning staff now have the capability of homeworking. Management is considering other mechanisms, in relation to procedures, structures and expertise, to reduce the backlog of cases.
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	31/03/2021	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. It was recommended that the Planning Department reviews why the corporate processing time for handling complaints is not being achieved, and that the outcome of this review is reported to SMT.
IT infrastructure	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony Mckay	31/01/2022	Council has agreed to the procurement of a replacement planning computer system, in a joint arrangement with the other 10 Councils and Dfl. The contract has been awarded and is to be operational by early 2022.
Local Development Plan	To progress the Local Development Plan in line with agreed timetable.	In Progress	Anthony Mckay	30/11/2021	Stage 1 of the process has concluded with the production of, and consultation on, the Preferred Options Paper. The timetable for Stage 2 of the process, in relation to the Plan Strategy, has been revised and delayed until Q3 2021-22, and agreed by the Department. Specialists have assisted in providing expertise to implement the plan (i.e. Retail Planning / Landscaping).
Specialist Planning Consultant	Business case to appoint a specialist planning consultant was approved at the December 2019 SP&R Committee.	In Progress	Conor Mallon	31/03/2021	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 provided updates to the Planning Committee on progress to date in July and October 2020. A further update will be presented to Committee during Q4 2020-21.

Risk CR. 06 - IT Services do not support the Statutory, Strategic or Operational requirements of Council



Risk Categories	Business operational/reputational Impact on individuals (staff or public) Quality of Service
Risk Description	Failure to provide an effective IT Service Failure to respond to and recover from a major incident within, or impacting upon, the Council Failure to predict service requirements
Potential Root Cause	Resistance to change both internally and externally Lack of resources for new IT system / network Lack of staff with specialist expertise IT systems not being secure - Council could have systems hacked COVID19 - increase in the risk of cyber fraud COVID19 - due to number of people WFH, increased risk of Councils servers being breached
Consequence	Resources not used effectively Poor service delivery IT system becoming obsolete Loss of sensitive data Service downtime
Risk Owners	Dorinnia Carville
Gross/Inherent Risk	Red 25
Residual Risk	Amber 12
Target Risk Level	Yellow 9
Last Review	09/12/2020
Next Review	07/04/2021
Risk Appetite	Risk Averse

Objectives

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

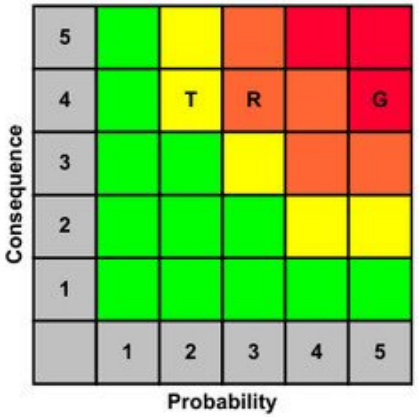
Key Controls Identified

1. IT Strategy now in place
2. Clustered and/or replicated server and storage architecture
3. off site back ups
4. Business Continuity Plans
5. IT project Boards in operation
6. Leisure Services System introduced
7. COVID19 - an extra 175 laptops were sourced to provide increasing capacity for homeworking
8. COVID19 - Daily monitoring of our networks by IT for Breaches and attacks on our systems
9. COVID19 - The new telephony system along with the Council WiFi project has aided remote working

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
IT Disaster Recovery/Business Continuity Plans	Identify and address gaps in IT Disaster Recovery/Business Continuity Plans and increase the resilience of legacy IT systems until the IT Strategy is fully implemented- Recommendation coming from 2017/18 internal audit plus controls which IT section want implemented.	In Progress	Gavin Ringland	31/03/2021	The following components of the IT Infrastructure have now been made highly available incorporating strong BC&DR service levels, RTOs (Recovery Time Objectives) and RPOs (Recovery Point Objectives). eMail Leisure Management System Active Directory/DNS/DHCP Fixed Telephony Wide Area Network Remote Access Firewall and Perimeter Security Local Area Network WiFi Whilst progress has been made in increasing the availability and resilience of the remaining on-premise infrastructure, significant work is still required to consolidate these onto a single supported platform, capable of meeting the Councils RTOs and RPOs and the standards required to support a transition to IT Managed Service. This work is on track to complete by March 2021, prior to handover to managed IT services.
IT Strategy (1)	In order to implement the Councils IT strategy, Council have to procure and implement the infrastructure projects in order to stabilise the IT platform.	Completed	Gavin Ringland	31/12/2020	WAN/LAN implementation is complete. WiFi and fixed telephony phases 1, 2 and 3 are complete, and will continue to grow as required.
IT Strategy (2)	Procure and implement the 'fundamental' transformation program identified as a priority	Completed	Gavin Ringland	31/12/2020	WAN/LAN implementation is complete. WiFi and Fixed Telephony Phases 1, 2 and 3 is complete and will continue to grow as required.
IT Strategy (3)	Council Wifi Project to be implemented	Completed	Gavin Ringland	31/12/2020	Phase 3 is complete.

Risk CR. 07 - 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
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	**Last Review**	09/12/2020
Residual Risk	Amber 12	**Next Review**	07/04/2021
Target Risk Level	Yellow 8	**Risk Appetite**	Risk Neutral

Objectives

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

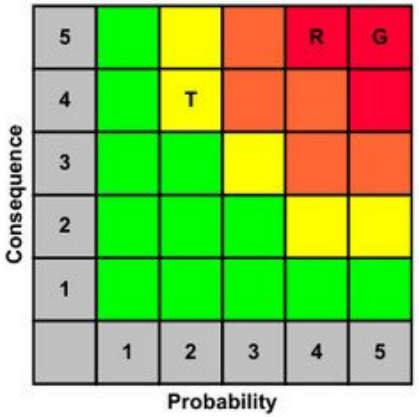
Key Controls Identified

1. IT Project Group in place and meets monthly
2. Specialist independent IT consultants have been tasked with implementing the IT strategy
3. CMT has been tasked with delivering transformational activities
4. SMT will have an oversight of all transformational activities
5. ToM document produced and approved by SMT
6. Regular Drills Testing

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 and 'Information Strategy'.	In Progress	Eoin Devlin Colum Jackson Alison Robb Kevin Scullion	31/03/2021	Work is ongoing across the three Working Groups. In terms of customer engagement, the Council is working towards the establishment of a Customer Contact Centre and progress is reported regularly to SMT and CMT.
Effective implementation of the planning for the future review	This is envisaged to be a 2 year process. The first key milestone is the 31 March 2021 - full implementation for tier 1 to be completed.	In Progress	Marie Ward	31/03/2021	Delayed due to COVD19, but still on path for completion.
Implement the Work Programme for the Strategic Finance Working Group	The Work Programme for the Strategic Finance Working Group has been agreed and is split into the following 2 phases: Phase 1: Rates process Phase 2: Directorate Performance and Financial Profiles	In Progress	Dorinnia Carville	31/03/2021	Since September 2020, the Strategic Finance Working Group has met 3 times to discuss the rates process for 2021-22. The next meeting is scheduled to take place in January 2021 and District Rate is expected to be set in March 2021.
Progress the 'Ways of Working' project	The 'Ways of Working' project will define the worker styles of all employees, outlining whether they are office based or can work flexibly.	In Progress	Senior Management Team	31/03/2021	The 'Ways of Working' project is underway.

Risk CR. 08 - Failure to adequately react to a major incident which would minimise any negative consequences/impact



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

Gross/Inherent Risk	Red 25	**Last Review**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Yellow 8	**Risk Appetite**	Risk Averse

Objectives

Advocate with others for the benefit all the people of the District

Enhance, protect and promote our environment

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

Key Controls Identified

1. Business Continuity Plan in place

2. Emergency planning measures in place, including:
-Flood risk plan
-Inter-agency group
3. Dedicated Emergency Planning team and professionally trained and experienced staff

4. Member of Southern Region Emergency Planning Group

5. Annual Winter Resilience Plan in place

6. New regional local government regional model

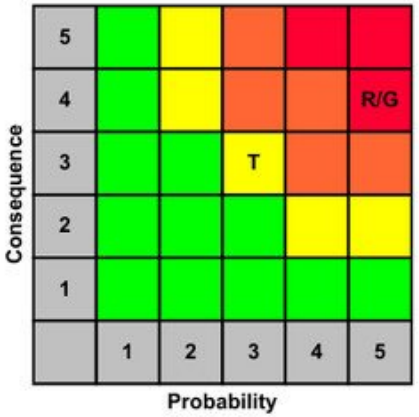
7. Ferryman test exercise completed (May 2019) - lessons learned included within event management plan.

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Drills/testing of plans on a regular basis	Drills/testing of plans on a regular basis	In Progress	Dorinnia Carville	26/02/2021	Ongoing – another management test exercise to be completed by February 2021. Plan was tested during the flooding in Newcastle in September 2020.
Emergency Planning Internal Audit	Implement the recommendations from the internal audit of Emergency Planning.	Proposed	Dorinnia Carville	31/03/2022	Final report will be considered by the Audit Committee in January 2021.

Risk

CR. 09 - 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



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
Potential Root Cause	Failure to engage stakeholders (public and private sector) Impact of Brexit on funding FFNI - NMDDC is lead Council with operations team - increased risk Impact of the City Deal The weakness in sterling driving inflation expectations higher COVID19 -Lack of resources COVID19 -Reduction in rates income COVID19 - Economic downturn and economic uncertainty
Consequence	Lack of investment and economic activity Loss of confidence from the private sector Negative PR Poor service delivery COVID19 - Increase in the District rate
Risk Owners	Conor Mallon; Marie Ward

Gross/Inherent Risk	Red 20	**Last Review**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Yellow 9	**Risk Appetite**	Risk Averse

Objectives

Invest in and support new and growing businesses, job creation and employment skills

Promote the revitalisation of our city, towns, villages and rural communities

Key Controls Identified

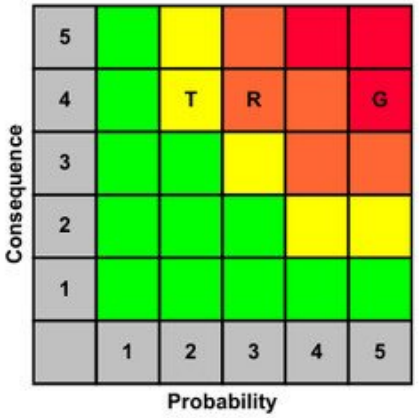
1. Regeneration and Economic Development Strategy 2020-25 in place
2. Establishment of Economic Forum including public and private sector stakeholders
3. Rural Development Programme in place
4. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce
5. Brexit Forum, Brexit Task and Finish Working Group Risk Matrix and Risk Register
6. FFNI Operations team in place. Operations group established with other Councils. Project Risk Register established

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	31/03/2021	Head of Terms have been signed. Governance Arrangements and Working groups being set up. Projects have been reviewed and re-evaluated to take account of COVID-19 and OBC's will be submitted by December 2020.
Full Fibre Network NI (FFNI)	Local Full Fibre Network to improve connectivity across all of Northern Ireland.	In Progress	Conor Mallon	31/03/2021	Phase one of the project (procurement of preferred supplier) is complete - £15m funding has been secured for phase 1. The project has gone through the formal OJEU procurement process and is now moving to the contract stage.
Funding (Peace Plus and RDP)	Consultation with other Councils and SEUPB regarding future Peace Programmes Termination of RDP funding - lobby the department for a scheme to replace the Rural Development Plan	In Progress	Senior Management Team	31/03/2021	The Council has responded to the formal consultation on PEACE PLUS and the 'Shared Prosperity Fund', which will replace the ERDF and ESF funding streams. The Council has also commenced developing projects for rural areas and working with DAERA to pilot new initiatives which can be used to inform a potential new programme to replace the current Rural Development Programme.

Risk

CR. 10. Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery



Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service
Risk Description	Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery.
Potential Root Cause	A range of different T&C's operate across the organisation Culture changes between the two legacy councils Lack of completed structure Resistance to change
Consequence	Industrial action Reputational damage to the Council Low staff morale Increased sickness absence Poor service delivery and VFM
Risk Owners	Dorinnia Carville; Marie Ward

Gross/Inherent Risk	Red 20	**Last Review**	09/12/2020
Residual Risk	Amber 12	**Next Review**	07/04/2021
Target Risk Level	Yellow 8	**Risk Appetite**	Risk Averse

Objectives

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

Key Controls Identified

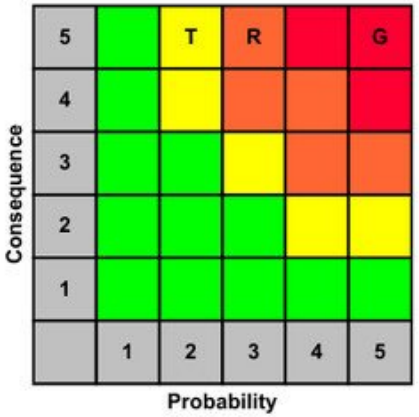
1. Working Group established for consultation on key people policies for the new organisation – being facilitated by LRA
2. Negotiating Forum established between management and trade union sides (LCNF)
3. Full time release of 2 permanent members of staff to be Trade Union coordinators with agreed terms of references
4. Increased capacity in HR
5. Joint (Management and Trade Union side) internal working group established with agreed TOR
6. CMT working group established to examine positions and make recommendations
7. Regular reporting to CMT
8. Phase 1 of the new T&Cs were agreed between the Management Side / JTUS and LCNF

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Meetings with Trade Unions	Managment and Trade Unions to agree new T&Cs	In Progress	Senior Management Team	31/03/2021	The Labour Relations Agency facilitated negotiations between Senior Management and the four Trade Unions in November / December 2020. Whilst negotiations around a number of proposals have been agreed in principle, and the LRA circulated a draft Agreement to Management and the JTUS, the JTUS advised the proposals were not enough to suspend industrial action which proceeded as planned, on 3 December 2020. Further negotiations are underway.
Policy alignment for NMDDC - phase 2	Commence and implement phase 2 of HR policies	In Progress	Catrina Miskelly	31/03/2021	Phase 2 commenced in November 2019.

Risk

CR. 11 Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on Fire Risk Assessments



Risk Categories	Buildings / Engineering / Environment Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)
Risk Description	Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on fire risk assessments and their associated actions
Potential Root Cause	Lack of H&S Planning Training inadequacies Lack of responsibility - public negligence Unforeseen event Absence of or ineffective operational procedures / policies / systems or processes Fire Risk Assessments of Council Buildings not be undertaken Actions from Fire Risk Assessments not being implementated COVID - Statutory inspections not taking place due to lack of access to buildings and social distancing required.
Consequence	injury/death to staff or public Damage to Council reputation Loss of income Personal liability/Corporate Manslaughter Litigation - Civil/Criminal Increased insurance premiums
Risk Owners	Dorinnia Carville; Johnny McBride

Gross/Inherent Risk	Red 25	**Last Review**	09/12/2020
Residual Risk	Amber 15	**Next Review**	07/04/2021
Target Risk Level	Yellow 10	**Risk Appetite**	Risk Averse

Objectives

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

Key Controls Identified

1. Compliance reporting to SMT and H&S Committees
2. Corporate H&S Policy
3. Dedicated H&S unit
4. H&S induction for all new starts
5. H&S training needs assessments and training delivery

Action Plans

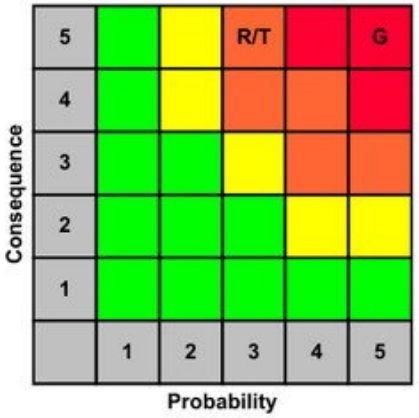
Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments

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	29/01/2021	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Fire Safety Management Policy policy have now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Fire Safety Management is at an advanced stage. Two fire audits were carried out in November/December 2020 at the Newcastle Centre and Down County Museum, and the reports are due by mid-January 2021.
Advisory Internal Audit Review - Health and Safety	Implement the 30 recommendations arising from the advisory internal audit review of Health and Safety.	In Progress	Senior Management Team	31/03/2021	Advisory Internal Audit Review – Health & Safety final Audit Report was issued on the 9 June 2020 and tabled at SMT and CMT in July 2020. The progress in implementing the 30 recommendations was be tabled again at the November 2020 SMT, following the outworking's of the Facilities Management Working Group.
Asbestos Policy and Management Plan	Provide draft Asbestos Policy and Management Plan for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	29/01/2021	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Asbestos policy has now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Asbestos has been approved. There has been a delay in commencing the contract to update the asbestos surveys of Council premises due to the unavailability of surveyors from appointed contractor, as staff are on furlough. The Council has completed checks on identified ACMs and is currently checking all buildings to ensure that all areas of premises can be inspected in preparation for the surveyors.
COVID-19 Risk Assessments	Carry out COVID-19 Risk Assessments	In Progress	Dorinnia Carville	31/03/2021	All required COVID-19 risk assessments are in place for relevant activities and premises. The risk assessments have been developed in conjunction with SHEP (Safety, Health and Emergency Planning) and are reviewed as required. All communicated to staff. The protocols / safe systems of work have also been updated and communicated to staff.
Health and Safety Policy	Review of the current Health and Safety Policy to ensure it complies with best practice and it is fit for purpose.	In Progress	Dorinnia Carville	30/04/2021	The Council's Insurance Brokers are assisting with the review and update of the Corporate H&S Policy to ensure that it accurately reflects the relevant health and safety legislation, Council structures, roles and responsibilities along with the recommendations of the ASM Audit. The initial draft was tabled at the November Corporate H&S Committee meeting and was discussed at December 2020, with the target date of full approval for April 2021.

Legionella Policy and Management Control Scheme	Provide draft Legionella Policy and Management Control Scheme for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	29/01/2021	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Legionella policy have now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Legionella has been approved.

Risk

CR. 13 - Failure to adequately manage sickness absence (including the impact of COVID19 on human resources) resulting in delays and an inability to deliver critical and statutory services.



Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service
Risk Description	Failure to adequately manage sickness absence (including the response to COVID-19) resulting in delays and an inability to deliver critical and statutory services
Potential Root Cause	Sickness absence across the organisation Failure to complete Return to Work interviews following instances of absenteeism Staff member self isolating due to them or family members having COVID19 symptoms Staff members being in the vulnerable category Risk that staff may be uncomfortable WFH both from a social and H&S perspective IT capacity insufficient to meet remote working demand Increased risk of Cyber, Financial and Grant fraud Shortage of PPE equipment for Council staff Impact of the second wave of COVID19 and the new strain of the virus Period of change, uncertainty and increased stress
Consequence	Increase in sickness absence Absenteeism as a result of COVID-19 Fatality of staff member/member of public getting the virus within Council property Critical services failing to be delivered Possible statutory breach 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**	09/12/2020
Residual Risk	Amber 15	**Next Review**	07/04/2021
Target Risk Level	Amber 15	**Risk Appetite**	Risk Averse

Objectives

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

Key Controls Identified

1. Staff working from home where possible

10. Council is following National Guidance on the management of infectious controls and outbreaks DoH/PHA
11. PPE stock purchases are up to date and future proofed with masks bought in

12. CPD are sending updates to all Councils on the availability of PPE equipment of Government Frameworks
13. Managing Attendance Policy effective from 1 April 2020

14. Employee Assistance scheme in place, including a Counselling Service

15. Working From Home Risk Assessment

2. EPIG meetings with SMT/H&S

3. PPE provided for staff who have to be on site to deliver statutory services

4. 175 Laptops sourced by IT Department since the beginning of the Pandemic

5. Essential/critical services have been identified and prioritised by EPIG

6. Segregation plans and new ways of working established - i.e. staggered start time

7. HR have a 'live' database to know where all staff are (WFH, onsite, not working, relocated)

8. All Council Buildings, parks and amenities closed to the public

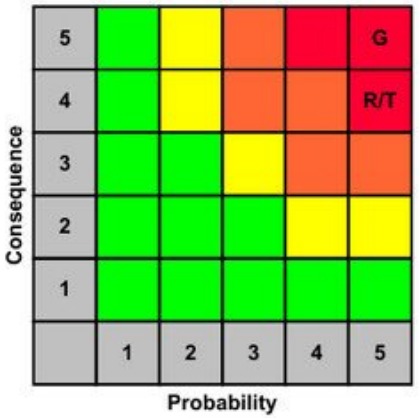
9. Council representation on the NILG Emergency Planning group - flow of information on new Council measures

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Mainstream absence management across the organisation	Mainstream absence management and devolve accountability and responsibility for implementing the Management Attendance Policy across the organisation.	In Progress	Senior Management Team	31/03/2021	Explore options to monitor, analyse and report absenteeism at a Corporate and Directorate level through Business Plans, Risk Registers and Assurance Statements.
Redeployment of Staff	Redeployment requests to move staff into critical service areas.	In Progress	Senior Management Team	31/03/2021	Redeployment requests to move staff into critical service areas is ongoing. However, demand has reduced significantly.

Risk

CR. 14 - 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 - £1.2m of Tourism Events Programme in jeopardy. Possible legal challenges into St Patrick's day funding. 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**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Red 20	**Risk Appetite**	Risk Averse

Objectives

Invest in and support new and growing businesses, job creation and employment skills

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

Key Controls Identified

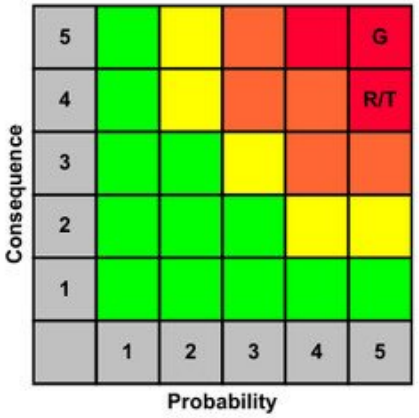
1. Public Health guidance being followed in relation to the closure of facilities and buildings
2. Monthly Management Accounts completed by Finance
3. Working with ALFCO around a Council wide position to DfC and DoF
4. Multi agency Community Hub
5. COVID-19 budgets
6. NMDDC COVID-19 Recovery Group

Back to Agenda

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	31/03/2021	Bids to DfC and DAERA have been successful and payments will continue. SOLACE NI has submitted a further bid to central government for finacncial support for the local government sector.
Corporate Plan 2021-23	The Corporate Plan 2020-23 was scheduled to be published in April 2020. In response to the COVID-19 pandemic, the launch of the Corporate Plan was postponed until Q3 2020-21.	In Progress	Senior Management Team	26/02/2021	During Q2 2020-21, the Council consulted stakeholders on key COVID-19 issues and whether the strategic objectives within the Corporate Plan remain relevant over the next 2-3 years. The Corporate Plan has been reviewed and revised, taking into account the new research and information, was considered at a Special Council meeting on 7 December and considered and approved by the SPR Committee on 17 December 2020. The Corporate Plan is scheduled to be ratified at the full Council meeting in January 2021.
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	31/03/2021	Numerous events, direct business engagement and mentoring initiatives have been delivered and advertised through online social media platforms, including the NMD Business Twitter Page. The delivery of the COVID-19 Recovery Revitalisation Programme is underway, providing grant aid to urban and rural businesses and addressing issues around dereliction.
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.	Proposed	Conor Mallon	31/03/2021	The Working Group will be established in January 2021. Multi-departmental meetings will be held with key stakeholders to facilitate the development of integrated action plans to assist the organisation in navigating through, planning ahead and recovering from the impact of the pandemic.
DEARA Funding	Funding for extra cost in relation to Waste during COVID19	In Progress	Senior Management Team	31/03/2021	DAERA funding received for Q1. An estimate for Q2 funding has been submitted and the Council is awaiting confirmation from DAERA.
Emergency Business Plans	Emergency Business Plans for each Directorate have been developed and approved by Committee to plan ahead, co-ordinate activity and focus on business recovery.	In Progress	Senior Management Team	31/03/2021	The Q1 review of the implementation of Emergency Business Plans, which focused on the 'lockdown' phase of the pandemic was reported to Committee in September 2020. The next review of Emergency Business Plans will be carried out in March/April 2021.
Potential Insurance Claim	Discussion with Insurance Broker about a possible claim for Business interruption due to COIVD19	In Progress	Colin Quinn	31/03/2021	On 15 September 2020, the High Court handed down its judgment in the business interruption test case. The Court has found in favour of policyholders on the majority of the key issues arising out of the wordings considered in the representative sample. It is widely expected (but yet to be confirmed) that aspects of the ruling may be appealed. If there is an appeal, it is expected that, in the interests of time, this will bypass the Court of Appeal and go straight to the Supreme Court.

Risk CR15. Impact of Brexit on the local economy, organisation, effective service provision and achievement of strategic objectives



Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service Statutory Duty (Legal/Regulatory)
Risk Description	Impact of Brexit on the local economy, organisation, effective service provision and achievement of strategic objectives
Potential Root Cause	Uncertainty in implementing the exit strategy and trade deal Loss of EU funding Economic uncertainty 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 Lack of suitable IT Systems to support new ways of working Impact of COVID-19 on working arrangements
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
Risk Owners	Dorinnia Carville

Gross/Inherent Risk	Red 25	**Last Review**	09/12/2020
Residual Risk	Red 20	**Next Review**	07/04/2021
Target Risk Level	Red 20	**Risk Appetite**	Risk Averse

Objectives

Advocate with others for the benefit all the people of the District

Continue to improve the health and wellbeing of everyone in the district and reduce health inequalities

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

Key Controls Identified

1. Brexit Forum established and operational
2. Internal Brexit Working Group established and meeting regularly to plan for and respond to organisational impacts
3. Participation in Cross Council Brexit working group, liaising with NI Executive Office
4. Regular liaison with PSNI via PCSP in relation to issues arising
5. Multi agency collaboration and daily sitrep meetings between the Council and DAERA

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
EU Registration Clinics and Settlement Scheme	Continued support for vulnerable migrants and migrants living, working and studying in the District beyond 30 June 2021, through the Ethnic Minority Support Centre.	In Progress	Michael Lipsett	31/03/2021	Ongoing support available through the Ethnic Minority Support Centre.
Support for local communities	Ensure mechanisms are in place for community support.	In Progress	Michael Lipsett	31/03/2021	Ongoing meetings of the Community Co-ordination Hub to review ongoing community needs are met through for example foodbanks and community cohesion.
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	31/03/2021	The Council is engaging stakeholders through the Brexit Forum and internal Brexit Working Group, and is providing 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 and there are some immigration policy concerns for workforce planning. The Council is also working with key stakeholders in relation to future EU funded programmes.
Warrenpoint Port	Ensure the required infrastructure is in place at Warrenpoint Port, in relation to IT, office accommodation, staffing requirements and expertise, to efficiently process imports and trade flow from the port.	In Progress	Michael Lipsett	31/03/2021	The necessary staff have been appointed, the required training has been complete and shift patterns have been agreed, Rotas have been drawn up and work commenced on site on 3 January 2021. Warrenpoint Town Hall is to be used only as a contingency. Daily Sitrep is provided to DAERA and each morning stocktake meeting with all stakeholders takes place with Council representation. Any issues are flagged to DAERA through daily report.

Report to:	Audit Committee
Date of Meeting:	12 January 2021
Subject:	Prompt Payment Statistics
Reporting Officer (Including Job Title):	Kate Bingham: Head of Performance and Improvement
Contact Officer (Including Job Title):	Ken Montgomery: Assistant Director of Finance

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	'Prompt payment' is the payment of valid supplier invoices by public bodies, as set in government targets. This dataset contains the: • 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 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'. In 2019/20, Newry, Mourne and Down District Council paid 89.9% of invoices within 30 calendar days, 17.2% invoices within 10 working days and 10.1% of invoices outside the target of 30 calendar days.
2.0	**Key issues**
2.1	The COVID-19 pandemic has had a clear impact on the payment of invoices at Newry, Mourne and Down District Council. During Q1 2020-21, a total of 3,726 invoices were paid, 18% of which were paid outside the payment period of 30 calendar days, compared to only 9% in Q4 2019-20. The average number of days to pay suppliers also increased from 18 days in Q4 2019-20 to 24 days in Q1 2020-21. However, during Q2 2020-21 performance improved when the percentage of invoices paid outside the payment period of 30 calendar days reduced to 11% and the average number of days to pay suppliers reduced to 21.

2.2 **1 January 2020 to 31 March 2020 (Q4 2019-20)**

	Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
Number of Invoices	1249	4525	451	4976
Percentage	**25%**	**91%**	**9%**	**100%**
Value	£2,623,778	£12,405,068	£1,412,944	£13,818,012
Average number of days to pay suppliers: 18			**Performance trend:** △	

1 April 2020 to 30 June 2020 (Q1 2020-21)

	Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
Number of Invoices	452	3,038	688	3,726
Percentage	**12%**	**82%**	**18%**	**100%**
Value	£7,701,593	£14,162,249	£1,190,289	£15,352,538
Average number of days to pay suppliers: 24			**Performance trend:** ▽	

1 July 2020 to 30 September 2020 (Q2 2020-21)

	Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
Number of Invoices	567	3,342	414	3,756
Percentage	**15%**	**89%**	**11%**	**100%**
Value	£1,813,012	£13,722,911	£2,530,327	£16,253,238
Average number of days to pay suppliers: 21			**Performance trend:** △	

3.0 Recommendations

3.1 To note:

- The Q2 2020-21 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 ***General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes***

	It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations	☒
5.2	***Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision*** Yes ☐ No ☒ If yes, please complete the following:	
	The policy (strategy, policy initiative or practice and / or decision) has been equality screened	☐
	The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation	☐
5.3	***Proposal initiating consultation*** 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	☐
	Consultation period will be 12 weeks	☐
	Consultation period will be less than 12 weeks (rationale to be provided)	☐
	Rationale: Consultation not required.	
6.0	**Due regard to Rural Needs (please tick all that apply)**	
6.1	Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service Yes ☐ No ☒ If yes, please complete the following:	
	Rural Needs Impact Assessment completed	☐
7.0	**Appendices**	
	None	
8.0	**Background Documents**	
	None	

NIAO

Northern Ireland Audit Office

Managing Attendance in Central and Local Government

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
24 November 2020

NIAO

Northern Ireland Audit Office

Managing Attendance in Central and Local Government

Published 24 November 2020

This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 (for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Order), and Article 26 (1) of the Local Government (Northern Ireland) Order 2005.

K J Donnelly CB
Comptroller and Auditor General
24 November 2020

Pamela McCreedy
Local Government Auditor
24 November 2020

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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 Northern Ireland Audit Office please contact:

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Tel: 028 9025 1000
email: info@niauditoffice.gov.uk
website: **www.niauditoffice.gov.uk**

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Abbreviations

DAERA	Department for Agriculture, Environment and Rural Affairs
DE	Department of Education
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
EAP	Employee Assistance Programme
HR	Human Resources
NICE	National Institute for Health and Care Excellence
NICS	Northern Ireland Civil Service
NISRA	Northern Ireland Statistics and Research Agency
OHS	Occupational Health Services
PPMA	Public Sector People Managers Association
TEO	The Executive Office
USEL	Ulster Supported Employment Limited

Executive Summary

Executive Summary

Sickness absence levels are consistently high and have a significant impact on public service delivery

1. Almost one quarter of the Northern Ireland workforce is employed by the public sector. When significant numbers of staff are unable to work because of sickness, the impact on service delivery including delays, increased workloads, lost productivity and additional financial costs to cover absences is likely to be considerable.

2. Almost 273,000 working days were lost to sickness absence in the Northern Ireland Civil Service (NICS) in 2019-20. This equates to almost 13 days lost for each employee, an increase of over 10 per cent in the last five years. It is estimated that NICS sickness absence cost almost £37 million in 2019-20, bringing the total cost of lost production in the last five years to almost £169 million. NICS sickness absence levels are almost double that of the Civil Service in England, and Northern Ireland is the only region in the UK where civil service sickness levels have increased significantly over the last five years.

3. Local councils experience even higher levels of sickness absence, at almost 14 days per employee in 2018-19. There is a significant variation in absence rates between different councils, ranging from ten to seventeen days. Sickness absence in NI councils consistently ranks as the highest in the UK, with no indication of significant improvement. Councils do not routinely measure the overall cost of lost production due to sickness absence. In our view, it is essential that organisations understand the financial impact of high levels of sickness absence.

There are a number of challenges in managing attendance

4. Over 40 per cent of civil servants are over the age of 50 compared to 18 per cent of the economically active population. Whilst older employees are not off sick more often than their colleagues, when they are absent, it tends to be to be for longer periods of time. Organisations will need to consider how best to support the health and wellbeing of older employees in the future.

5. Mental health conditions are a prominent cause of long-term sickness absence in NICS. Over 102,000 working days were lost due to anxiety, stress and depression in 2019-20. Mental health conditions can lead to longer periods of sickness absence. The average duration of an absence spell due to one of these mental health conditions was over 41 days. Organisations we spoke to recognise the importance of mental health awareness and support in relation to managing attendance and this will continue to be an important area of focus in the future.

6. Long-term absences account for over three quarters of the working days lost in NICS and almost two thirds of the days lost in local councils. One in eight staff in NICS had a long-term sickness absence in 2019-20 and the average length of long-term absence was 63 days, the equivalent of the loss of 951 full-time staff for an entire year. Reducing the level of long-term sickness absence in the public sector would have a significant impact on both the costs and impact of sickness absence.

Key principles in managing attendance should be applied across the public sector

7. The prevalence of sickness absence in the public sector indicates that a concerted effort is required to reduce the level of absence and develop a consistent approach to managing attendance. We have identified key principles in attendance management that are consistent across the public sector.

Managing attendance: key principles

Principle One:

Organisations should develop and promote a strong attendance culture

- Absence management policies, procedures and systems should be consistent, transparent and easy to implement.
- Employers and employees should be properly trained in the organisation's absence policy.
- Individual roles should be well defined and understood by all employees.
- Commitment to absence management should come from the top of the organisation.

Principle Two:

Prevention and early intervention is a cost effective way of reducing long-term absence

- Organisations should encourage open conversations about health and wellbeing.
- With appropriate support, some employees will be able to remain in work.
- Employee Assistance Programmes should be evaluated and tailored to the individual organisation's circumstances.

Principle Three:

Organisations should focus on reducing and managing long-term sickness absence

- Quality of communication can have a significant impact on absence levels.
- Timely access to specialist health services and professional advice is important.
- Supporting a sustainable return to work may help to prevent the recurrence of absence.
- Fair and consistent action should be taken in cases of unacceptable absence.

Principle Four:

Organisations should measure, analyse and understand the impact of sickness absence

- Joined up absence management procedures should be supported and informed by relevant, reliable and timely data.
- Good practice should be shared across the public sector.

Executive Summary

Recommendations

1. Public sector organisations should regularly review the effectiveness of sickness absence policies and procedures to ensure that they are being implemented fairly and consistently and that they are fit for purpose. Organisations which have more than one sickness absence policy in operation should implement a single policy as soon as possible.

2. Organisations should ensure that all those with line management responsibility receive regular training on sickness absence policies and procedures.

3. Health and wellbeing initiatives must be backed by strong leadership and visible support from leadership of the organisation. We recommend that sickness absence statistics are regularly considered by senior management at board level. As part of this process, organisations should consider appointing a member of the senior leadership team to be an advocate for promoting good attendance.

4. Organisations should monitor feedback and data to further improve Employee Assistance Programmes and ensure that they are as responsive as possible to employee needs.

5. Internal communication is an important factor in the successful management of long-term sickness absence. Organisations should develop protocols for specialist services such as OHS, HR professionals and line managers to work closely together.

6. Organisations should ensure that employees experiencing serious conditions are referred to appropriate specialist health services in a timely manner.

7. All organisations should have a formal inefficiency procedure to deal with unacceptable levels of absence, and senior leadership teams should ensure that these are implemented when required.

8. In order to monitor and improve sickness absence levels it is essential to have accurate, timely and accessible information. Organisations should collect sufficient data to enable sickness absence reasons and changing trends to be monitored. Monitoring should include an attempt to calculate, analyse and report the costs of sickness absence if this is not already done.

9. Consideration should be given to establishing arrangements to allow for the sharing of good practice from across the public sector. Central government organisations should also review the information available to them from NISRA and consider benchmarking their performance, where appropriate. Organisations that do not currently make detailed sickness absence information publicly available should be encouraged to do so.

Part One:
Introduction

Part One:
Introduction

Almost one quarter of the total workforce in Northern Ireland is employed by the public sector

1.1 The health and wellbeing of employees is fundamental to the effective delivery of public services. Northern Ireland public sector employment per head of population is higher than any other region in the UK. Almost 210,000 people are employed by the public sector in Northern Ireland[1], representing 24 per cent of the total workforce, compared to just over 16 per cent across the whole of the UK (see **Figure 1**).

Figure 1. The public sector employs significant numbers in Northern Ireland

ORGANISATION	NUMBER OF FULL TIME EQUIVALENT STAFF
Health and Social Care Trusts	55,500
NICS	21,200
Teaching staff	18,300
NI Local Councils	10,100

Source: 2018-19 Annual Report and Accounts

1.2 Public sector employment encompasses many diverse roles including nurses, teachers, prison officers, refuse collectors and administrative staff. Working environments also differ widely, with a high proportion of staff in manual and public facing roles. This diversity makes it difficult to make direct comparisons between organisations. High level, direct comparison between sectors is also made difficult by the different measures applied by each sector in calculating sickness absence levels. Care should therefore be taken in making such comparisons, however there are several key principles in managing attendance that are consistent across all sectors.

High levels of absenteeism have a significant impact on public service delivery

1.3 Taking into consideration the significant numbers involved, when staff are unable to work because of illness, the productivity and cost effectiveness of the public sector is likely to be significantly affected. High levels of sickness absence can result in a range of impacts:

- Predictable patterns of attendance and a full staff complement are essential to managing workflow and ensuring the effective and timely delivery of public services;
- Attempting to maintain service levels during periods of staff absence may create an additional burden on remaining staff through reallocation of work and increased workloads and therefore can have a negative impact on staff welfare; and
- There are considerable financial costs associated with high levels of sickness absence, including lost productivity and the costs of temporary staff or promotions required to cover absences.

1 NISRA headcount, July 2019

NIAO has previously reported on sickness absence in the public sector

1.4 In 2013, NIAO reported on sickness absence in the Northern Ireland public sector. This report identified sickness absence levels across the Northern Ireland Civil Service (NICS), the health and social care trusts and the education sector and provided an analysis of how information is monitored across the three sectors. Our report found that there was a generally downwards trend in sickness absence in the period under review, however levels varied between sectors.

1.5 We reported that long-term sickness absence accounted for the majority of absence and that mental health conditions were the main cause of sickness absence across all sectors. One of our recommendations stated that "in order to sustain improvements in sickness absence… it is important that attention remains focused on reductions in long-term sickness and absences where the cause is mental health related."

1.6 The 2013 report demonstrated that in all comparable areas, sickness absence levels in the Northern Ireland public sector were higher than elsewhere in the UK. The report highlighted the significant cost of sickness absence on the public sector, including £30 million of lost production costs in NICS. We considered that there was significant scope for reducing these costs if sickness absence rates could be lowered, particularly if the levels fell to those in Great Britain.

1.7 Since our 2013 report, which analysed statistics from the 2010-11 year, sickness absence levels have deteriorated across all sectors:

- NICS sickness absence levels have increased from 10.7 days to 12.9 days per employee, and lost production costs increased to £36.6 million in 2019-20.
- Teachers' sickness absence has increased from 7.3 days to 9.5 days per employee.
- Absence rates in the six health and social care trusts have increased from an average of five and half per cent to over seven per cent.

1.8 Although our 2013 report did not include an analysis of local government sickness absence rates, these have also increased in recent years. Our analysis shows that almost 14 days were lost per employee in local councils in 2018-19, representing an increase of 13 per cent since 2014-15.

1.9 With levels of public sector sickness absence remaining consistently high and showing little sign of improvement, there is an opportunity to provide an update on the 2013 report, extend coverage to local government and identify guidance on managing attendance. NIAO's role gives us a "bird's eye" perspective across the public sector and has allowed us to analyse information from both central and local government. We are also uniquely placed to identify key principles that are consistent across the sector and engage with public sector leaders to encourage best practice in managing attendance.

Part One:
Introduction

Scope

1.10 This report provides an overview of sickness absence levels across the nine central government departments and eleven local councils in Northern Ireland. We did not assess the appropriateness of the policies in place in the various organisations. We met with stakeholders directly involved in managing attendance across the public sector including key staff at NICSHR, Heads of HR from three local councils and senior management within NICS departments.

1.11 **Part Two** provides an overview of sickness absence across central and local government in Northern Ireland. **Part Three** sets out key principles for managing attendance that are consistent across the public sector.

1.12 Work on this report commenced prior to the outbreak of COVID-19 and involved a review of the available sickness absence statistics at that point, therefore it does not include any assessment of the effect of the pandemic on absence levels. However, some of the principles identified will be relevant to organisations' medium-term response to the impact of COVID-19 on their employees.

Conclusions

1.13 We heard about projects and initiatives that have been implemented to attempt to address the significant levels of sickness absence in a number of public sector organisations. We acknowledge that good work is being done and details of some of these initiatives are included in Part Three of this report. However, in our view, there is more progress to be made on managing attendance in the public sector including a need for a more strategic, joined up approach, a particular focus on reducing long-term absence and opportunities for organisations to share good practice.

Part Two:
An overview of sickness absence in the Northern Ireland public sector

Part Two:
An overview of sickness absence in the Northern Ireland public sector

Rates of sickness absence in the Northern Ireland Civil Service are higher than anywhere else in the UK

2.1 In 2019-20 the Northern Ireland Statistics and Research Agency (NISRA) reported that 12.9 working days per employee per year were lost on average in NICS. This figure has increased by more than 25 per cent since 2013-14 and represents almost 273,000 working days lost in one year. NISRA estimated that lost production costs due to sickness absence in 2019-20 amounted to almost £37 million[2] (see **Figure 4**).

2.2 The rate of sickness absence in NICS is significantly higher than in UK counterparts. The latest complete set of data available is for 2017-18 and indicates that NICS sickness absence levels were almost double that of the Home Civil Service and significantly higher than the Welsh and Scottish government rates (see **Figure 2**). Whilst sickness absence levels in the private sector and non-profit sectors have shown a steady decline in the last five years[3], there has been little change in NICS absence levels in the same period.

Figure 2. NICS absence rates are significantly higher than their counterparts in GB and RoI

ORGANISATION	AVERAGE DAYS LOST TO SICKNESS (2017-18)
NICS	13.0
ROI Civil Service	10.1
Welsh Government	8.0
Scottish Government	7.6
Home Civil Service	6.9

Note: Full comparative data for average days lost in other regions in 2018-19 and 2019-20 was not available at the time of our audit.
Source: NISRA

2.3 One in eight NICS employees had a long-term sickness absence in 2019-20 and the average length of long-term absence was 63 days. Long-term absences accounted for over three quarters of all working days lost, the equivalent of the loss of 951 full time staff for an entire year. However, we also note that half of NICS staff had no recorded spells of absence.

2 *Sickness Absence in the NICS 2019/20*, NISRA, June 2020
3 Chartered Institute of Personnel and Development (CIPD) annual survey on levels of sickness absence across the various UK labour market sectors.

Sickness absence in NI local councils is consistently the highest in the UK

2.4 In 2016-17, sickness absence levels in NI councils peaked at their highest levels since 1990 at almost 15 days per employee. This figure remained consistent in 2017-18 at an average of 14.9 days lost per member of staff due to sickness[4]. We note that the overall sickness absence level decreased to 13.9 days per employee in 2018-19 and that six of the eleven councils reduced their level of absence by more than ten per cent compared to the prior year (see **Figure 5**). However, sickness absence in NI councils continues to rank as the highest in the UK (see **Figure 3**).

Figure 3. NI Local Government absence rates are significantly higher than their counterparts in GB

REGION	AVERAGE DAYS LOST TO SICKNESS (2017-18)
Northern Ireland	14.9
Scotland	11.4
England and Wales	8.6

Note: Full comparative data for average days lost in other regions in 2018-19 and 2019-20 was not available at the time of our audit.
Source: NISRA

2.5 Detailed information on sickness absence within the health and education sectors is not publicly available, therefore we have only been able to provide a high level summary of these sectors. In our view, the availability of detailed sickness absence data demonstrates a commitment to transparency and improvement (see **paragraph 3.34**).

2.6 The Department of Education reported that teaching staff in Northern Ireland lost an average of 9.5 days to sickness absence in 2018-19. This represents an increase of over 10 per cent in the last five years. Teachers' absence levels are significantly higher in Northern Ireland than in Scotland and England, where the absence levels are six and four days per employee per year respectively.

2.7 Health and social care trusts report sickness absence in terms of the percentage of working days lost each year. The figures reported include both administrative and front line staff. Rates of sickness absence vary across the six trusts and ranged from 5.4 per cent in the Southern Trust to 11.5 per cent in the NI Ambulance Service Trust. The levels in each individual trust have remained relatively stable over the last five years.

Part Two:
An overview of sickness absence in the Northern Ireland public sector

Figure 4. CENTRAL GOVERNMENT

Average number of staff days lost in 2019-20

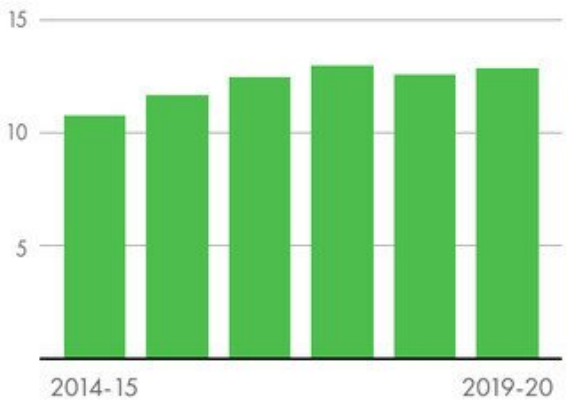
12.9

Estimated cost of lost production in 2019-20

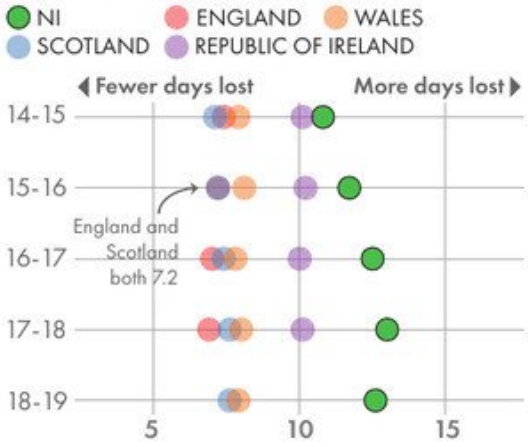
£37m

Key Trends

Average days lost due to sickness have been increasing in Northern Ireland



Days lost due to sickness are consistently higher in Northern Ireland than elsewhere



Individual organisation days lost

There has been significant variation in the number of days lost due to sickness across different departments

	2015-16	2016-17	2017-18	2018-19	2019-20
DoJ	15.9	15.3	14.9	14.0	15.5
DfC	13.0	14.7	15.4	14.9	15.1
DfI	10.8	11.0	12.6	12.6	13.4
DoH	7.8	9.0	9.6	8.4	10.9
DoF	9.8	10.0	11.0	10.2	10.7
DfE	9.4	10.3	9.8	9.8	10.2
DAERA	8.9	9.6	10.5	10.3	9.9
DE	8.7	11.4	9.7	9.2	9.9
TEO	7.1	7.9	7.6	10.7	9.3

NOTES

1 Full comparative data for average days lost in other regions in 2018-19 and 2019-20 was not available for all regions at the time of our audit.

2 Departmental staffing profiles can influence relative absence levels and should be considered when making comparisons.

Source: NISRA

Figure 5. LOCAL GOVERNMENT

Average number of staff days lost in 2018-19

13.9

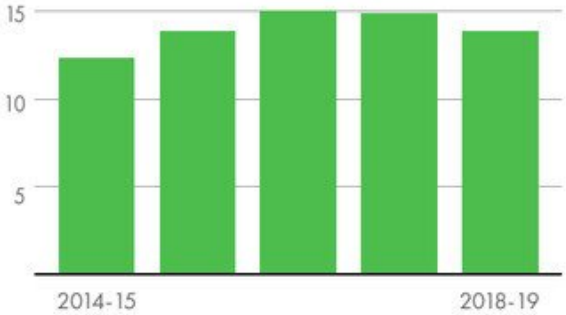
Estimated cost of lost production in 2018-19

£--m

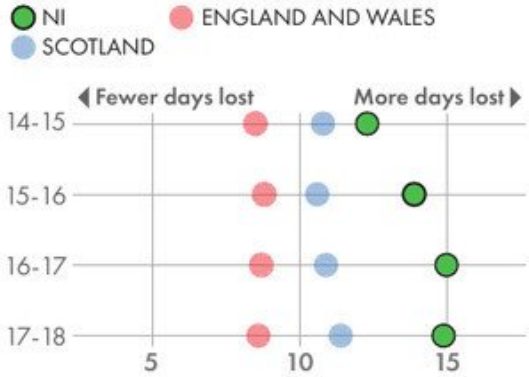
See note below

Key Trends

Average days lost due to sickness have been increasing in Northern Ireland



Days lost due to sickness are consistently higher in Northern Ireland than elsewhere



Individual organisation days lost

There has been significant variation in the number of days lost due to sickness across different councils

	2015-16	2016-17	2017-18	2018-19
Causeway Coast and Glens	14.6	15.9	15.8	17.1
Armagh, Banbridge and Craigavon	14.2	13.1	16.1	16.7
Newry, Mourne and Down	15.9	17.3	17.1	14.7
Ards and North Down	16.4	14.6	16.2	14.2
Mid and East Antrim	15.2	18.3	17.1	14.1
Antrim and Newtownabbey	12.1	14.4	11.9	13.7
Belfast City	10.3	12.4	13.7	13.7
Lisburn and Castlereagh	13.6	13.6	16.7	13.3
Mid Ulster	12.6	15.7	12.4	12.9
Derry City and Strabane	17.0	14.9	14.0	12.3
Fermanagh and Omagh	11.4	12.8	12.9	10.4

NOTES

1 The estimated cost of lost production due to sickness absence in local government in Northern Ireland is not measured.

2 Full comparative data for average days lost in other regions in 2018-19 and 2019-20 was not available for all regions at the time of our audit.

3. Council staffing profiles can influence relative absence levels and should be considered when making comparisons.

Source: NIAO analysis of councils' data

Part Two:
An overview of sickness absence in the Northern Ireland public sector

The Northern Ireland public sector has undergone a period of significant organisational change

2.8 The Stormont House Agreement (December 2014) committed the Northern Ireland Executive to a comprehensive programme of reform and restructuring. This included measures to reduce pay bill costs and reduce the size of NICS and wider public sector. Around £700 million was made available to fund voluntary exit schemes across the public sector over the four years to 2018-19. At 1 July 2014 the headcount of NICS employees was 27,942. By 1 July 2019 this had reduced to 22,842, a decrease of over 18 per cent. Whilst these voluntary exit schemes have generated significant cost savings, some NICS managers have commented on the impact on remaining staff, particularly on the loss of key skills, increased workloads and a deterioration in morale[5].

2.9 The local government sector in Northern Ireland has also experienced significant reform. The Local Government Act (Northern Ireland) 2014, provided for a reduction in the number of local councils from 26 to 11 on 1 April 2015. Powers such as planning and local economic development have transferred from central government.

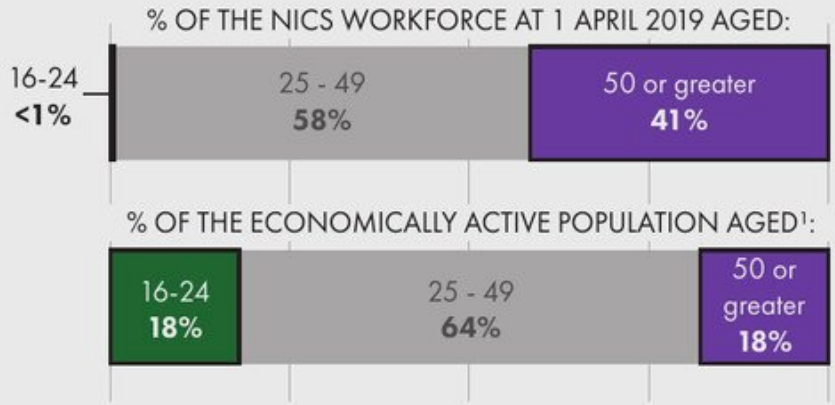
The proportion of NICS staff aged over 50 is more than double that of the working age population

2.10 NICS has an older age profile than the economically active working age population in Northern Ireland (see **Figure 6**). Over 40 per cent of civil servants were over the age of 50 in 2019, compared to 18 per cent of the economically active population. Less than one per cent of NICS staff were aged between 16 and 24. Whilst older employees do not have more instances of sickness absence (in fact they have the second lowest incidence of absence), when they are absent, it tends to be for longer periods of time.

5 *Northern Ireland Public Sector Voluntary Exit Schemes*, NIAO, October 2016

Figure 6. NICS has an older age profile than that of the economically active population

Less than one per cent of the NICS workforce are aged 16-24 compared to 19 per cent in the economically active population. Conversely, whilst over 40 per cent of the NICS workforce are aged 50 or over only 18 per cent of the wider economically active population are this age.



NOTE

[1] Economically active population proportions derived from 2011 Census with Level 1 qualifications or above i.e. at least GCSE (grades D-G), CSE (grades 2-5, 1-4 CSEs (grade 1), 1-4 GCSEs (grades A-C), 1-4 'O' level passes, NVQ level 1, GNVQ Foundation or equivalents.

Source: NISRA

2.11 The prevalence of some illnesses, including cardiovascular conditions, cancer and arthritis, are a function of age, and it follows that an older workforce will experience higher rates of these conditions. It is to be expected that these serious illnesses might require longer periods of absence. Amongst the over 55 age group, the average duration of a sickness spell was 20 days in 2019-20, compared to 12 days for the 25 to 34 age group[6].

2.12 Declining pensions, the rising state pension age and increasing costs of living, and an ageing population mean that people are working longer than ever. Older employees can offer organisations a number of benefits, including experience, ability to mentor newer staff, lower recruitment costs and higher retention levels. As older employees continue to make up a significant proportion of the public sector workforce, managing an ageing workforce is likely to become more important, therefore organisations should consider how they can best support the health and wellbeing of older employees.

6 *Sickness Absence in the NICS 2019/20*, NISRA, June 2020

Part Two:
An overview of sickness absence in the Northern Ireland public sector

Mental health issues are a significant and growing cause of sickness absence

2.13 One third of the UK workforce has been formally diagnosed with a mental health condition at some point in their lifetime, most commonly depression or general anxiety[7]. In addition, people with mental health conditions are more likely to have recurring episodes of sickness absence. Employees with a long-term mental health problem are also more likely to lose their job than those with a physical health condition[8]. Northern Ireland has higher levels of mental ill health than anywhere else in the UK, with one in five adults experiencing a mental health problem at any given time, a rate that is 25 per cent higher than in England[9]. It is expected that the higher incidence of mental health issues in Northern Ireland will be reflected in the working population and therefore in the sickness absence statistics.

2.14 The statistics published by NISRA demonstrate that mental health problems are a prominent cause of long-term sickness absence in NICS. Over 102,000 working days[10] were lost due to anxiety, stress and depression in 2019-20. Almost one third of the days lost in this category were attributed to work related stress. The average duration of an absence spell due to one of these mental health conditions was over 41 days, the third highest average duration recorded[11].

2.15 Almost all of the organisations that we spoke to recognised that conditions related to mental health have a significant impact on sickness absence, and told us that mental health awareness and support is an important focus of their wellbeing initiatives. During the course of our discussions with HR professionals we heard about a number of promising initiatives.

Case example: Working Age Services Directorate in the Department for Communities has delivered a range of mental health initiatives for staff over the past two years, focusing on the issues that affect staff in these largely customer facing roles. In particular, a bespoke course on resilience was co-designed between departmental staff and the Employee Assistance Programme provider. This course included modules on personal, emotional and team resilience. Feedback from participants highlighted their increased ability to recognise stress in their own and others' behaviour and take steps to reduce anxiety and adapt their behaviour when dealing with other people.

7 *Mental Health at Work 2018 Report*, Business in the Community, October 2018
8 *Thriving at Work: The Stevenson/Farmer review of mental health and employers*, Paul Farmer and Dennis Stevenson, October 2017
9 *Making Life Better*, Department of Health, June 2014
10 Over 37 per cent of the 273,000 days lost were due to these conditions
11 The highest average number of days lost were due to "benign and malignant tumours/cancers" at 73 days per absence and 44 days for "heart, cardiac and circulatory problems" however these only accounted for 1.2 and 1.8 per cent of absence spells respectively

Case example: Lisburn & Castlereagh City Council has recently trained 28 employees as Mental Health First Aiders, providing support for colleagues experiencing mental health problems at work. These employees have also been trained to recognise signs and symptoms of mental ill health and respond appropriately. Network meetings are held on a quarterly basis to allow the first aiders to support each other and generate ideas to support colleagues experiencing mental health issues.

Reducing long-term sickness absence is a particular challenge for the public sector

2.16 Short-term sickness absence is not as significant a challenge, as losses to the employer are manageable, both financially and organisationally. Sickness absence becomes a problem when these periods are protracted. Additionally, when individuals have been absent for a longer period of time, their likelihood of ever returning to work diminishes. A report from the Department for Work and Pensions found that people whose long-term absence spell lasted for one year or more, were eight times more likely to leave work following their sickness absence than those with a four week absence[12].

2.17 The majority of sickness absence in the NI public sector is caused by periods of long-term absence[13]. Although long-term absences represented around 20 per cent of NICS absence spells in 2019-20, they accounted for over three quarters of the working days lost. This pattern is also reflected in the local councils, where almost two thirds of the days lost were due to long-term sickness absence in 2018-19.

2.18 When a small number of staff account for a large number of days lost, a reduction in the level of long-term sickness absence can have a significant impact on the level and cost of absence. In addition, the longer that someone is off sick or out of work, the harder it is to return to work, and this comes at significant financial and personal cost to the individual.

12 *Health in the workplace – patterns of sickness absence, employer support and employment retention*, Department for Work and Pensions, July 2019

13 Long term sickness absence is defined by NICS as an absence period of 20 working days or more

Part Three:
Managing attendance: key principles and good practice

Part Three:
Managing attendance: key principles and good practice

Public sector organisations must focus on the key principles underpinning attendance management

3.1 Managing attendance is a complex issue, particularly managing cases of long-term sickness absence. However, the prevalence and significance of sickness absence in the public sector indicates that a concerted effort is now required to reduce absenteeism and develop a consistent approach to this important issue. We have identified key principles in the management of attendance that are consistent across the public sector, based on supporting the health and wellbeing needs of employees while providing clear and consistent guidance for employers to avoid excessive absence levels. Following our engagement with HR professionals in the public sector, we have also highlighted examples of good practice and promising initiatives where they exist.

Principle one: Organisations should develop and promote a strong attendance culture

Sickness absence policies, procedures and systems should be consistent, transparent and easy to implement

3.2 Organisations should have robust sickness absence policies with simple, clear trigger points for management action, particularly when an employee is absent for a longer period of time. Trigger points ensure that an organisation uses the same criteria throughout for deciding when an employee's absence is becoming problematic and requires action. Organisations have an obligation to ensure that sickness absence policies are consistently applied and that all absence is properly recorded, measured and reported. It is also important that sickness absence policies, particularly within the same sector, are consistent and comparable.

3.3 However, we noted that some organisations operate a number of different sickness absence policies within the same team. Some local councils have retained sickness absence policies from the legacy council structure, using as many as four separate policies in some cases. A single sickness absence policy is a more efficient and effective way to manage attendance within any organisation, enabling line managers to understand and implement the policies consistently, without any potential perception of unfairness.

Recommendation 1

Public sector organisations should regularly review the effectiveness of sickness absence policies and procedures to ensure that they are being implemented fairly and consistently and that they are fit for purpose. Organisations which have more than one sickness absence policy in operation should implement a single policy as soon as possible.

Employers and employees should be properly trained in the organisation's sickness absence policy

3.4 Employers and employees need to understand the organisation's sickness absence policy and the trigger points. It is essential that all employees are trained in the organisation's sickness absence policy and understand the procedures to follow when they are unable to attend work due to illness. Employees should also be made aware of the consequences of failing to comply with the sickness absence policy and disciplinary actions that will be taken in the case of persistent absence.

3.5 For sickness absence policies to be successful, line managers need appropriate training and support to implement them. Where managers are not prepared and trained to manage sickness absence there is a risk that incidences will not be well managed and may escalate. This could result in unnecessary disputes, additional costs and reduced productivity. Training and communication should also continue beyond the introduction to the policy. Regular refresher training on the policy and visibility of absence targets in staff communications demonstrates an organisation's sustained commitment to improving absence rates.

3.6 Development programmes for line managers can enhance an organisation's ability to manage absence internally. Antrim and Newtownabbey Borough Council has invested in capacity building with a 3-tier management programme (iLead) to boost line managers' skills and confidence to guide staff through change processes. Regular one-to-one meetings between line managers and employees aim to cascade a coaching culture through the organisation, as well as building in opportunities to 'check-in' and address work or personal issues at an early stage. The programme includes a course on attendance management which aims to help supervisors to confidently deal with sickness absence and support their staff to enable a return to work. It is encouraging to note that the Council emphasises attendance management as a key priority for line managers and provides opportunities to develop skills in this area.

Recommendation 2

Organisations should ensure that all those with line management responsibility receive regular training on sickness absence policies and procedures.

Part Three:
Managing attendance: key principles and good practice

Individual roles should be well defined and understood by all employees

3.7 In each case of sickness absence a number of individuals and services may need to be involved, including the line manager, senior management, HR, Occupational Health Services (OHS) and Employee Assistance Programmes (EAPs). For a sickness absence policy to be effective, it is essential that these respective roles are well defined and clearly understood.

3.8 Line managers are best placed to monitor and respond to the absence of staff reporting to them, as they know them personally and see them on a regular basis. Line managers are also well placed to monitor patterns of sickness absence in their own teams. Additional support and guidance from HR and OHS should be available when required. NICSHR, the centralised HR function for NICS, told us that they are in the process of rolling out a change management programme in relation to managing attendance across the nine civil service departments.

Case example: NICSHR Employee Relations Change Management Project

NICS HR functions were centralised within the Department of Finance (DoF) in April 2017. Prior to this centralisation, each department had its own HR team which was responsible for managing the attendance system and associated processes. Under these arrangements, although adhering to NICS sickness absence policies, some departments had differing approaches and practices in relation to how they managed attendance.

When HR functions were transferred to DoF, absence meetings and disciplinary action become the responsibility of the newly formed NICSHR team, with departments retaining responsibility for day-to-day absence recording and monitoring. However, NICSHR is in the process of rolling out a change management programme which includes introducing a standard approach for absence management across NICS, with line managers having the authority for making key decisions about their staff's attendance.

The changes to how attendance is managed will be introduced within departments incrementally, starting with stage one which involves line managers conducting sickness absence meetings. A range of support is available to line managers throughout this implementation period and includes a new suite of absence letters, step-by-step user guides and one-to-one support provided by NICSHR Employee Relations case managers. Stage one was fully implemented in seven of the nine departments by March 2020.

The introduction of a protocol for early and focused support for managers and staff is stage two of the change to the management of sickness absence in the NICS and is ongoing. NIAO will continue to seek updates on the project as it proceeds.

Commitment to sickness absence management should come from the top of the organisation

3.9 A strong culture and commitment to promoting attendance should come from the top of an organisation. Health and wellbeing should be a core priority for senior management who recognise the strategic importance of a healthy workplace. Organisations should demonstrate senior management and board level commitment to improving sickness absence. Whilst information recording and management reports are an important part of the attendance management system, is it vital that this information is presented to senior management.

3.10 Leadership should extend beyond endorsement of programmes and involve active and visible participation of senior management in wellbeing initiatives. Performance objectives for senior leaders in the public sector should include supporting the health and wellbeing of their employees. Performance reviews should consider a range of measurements, which may include sickness absence, staff survey results and the proportion of staff engaging with wellbeing initiatives.

3.11 Standalone wellbeing programmes are now common practice in the public sector, however some organisations are going beyond this and instituting a co-ordinated programme of wellbeing initiatives with regular monitoring at board level, embedding a commitment to employee wellbeing in the organisation's culture.

Case example: Antrim and Newtownabbey Borough Council – Engage and Deliver Strategy

Antrim and Newtownabbey Borough Council's Employee Engagement and Wellbeing Strategy, "Engage and Deliver", recognises the correlation between employee engagement, wellbeing and organisational performance.

The strategy also identifies the need for employees to understand their connection to the Council's corporate vision and is aligned to the Council's Corporate Plan and its four key themes – Performance, People, Place and Prosperity.

The Council has placed engagement at the centre of its business, adding it as a corporate Key Performance Indicator. A comprehensive communication programme, including team meetings, email e-zines and recognition events, showcased staff achievements and promoted ways for staff to support their own wellbeing, and has led to 85 per cent of staff reporting that communication was good.

Other activities included within the strategy are as follows:

- training for line managers on absence management;
- streamlining staff sickness reporting procedures;

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- communication of Occupational Health Service, Employee Assistance Programmes and counselling;
- delivery of health events linked to the top three reasons for absence each year;
- roll out of a Mental Health Toolkit;
- 100 per cent attendees get a letter of recognition for full attendance from the Mayor; and
- on-site access to cancer screening via the Action Cancer 'Big Bus' twice yearly.

The Council employs a range of measures to assess the impact of the strategy, including:

- an annual corporate objective to reduce absence;
- number of referrals to occupational health;
- increase in participants at health events;
- increase in mental health training for managers;
- reduction in long-term absence; and
- sustaining the number of employees with 100 per cent attendance.

Recommendation 3

Health and wellbeing initiatives must be backed by strong leadership and visible support from leadership of the organisation. We recommend that sickness absence statistics are regularly considered by senior management at board level. As part of this process, organisations should consider appointing a member of the senior leadership team to be an advocate for promoting good attendance.

Principle two: Prevention and early intervention is a cost effective way of reducing long-term absence

3.12 Long-term absence is the biggest driver of costs associated with sickness absence, and has the most significant impact on the delivery of front line services. Intervening and providing support at an early stage has the potential to allow employees to stay in work and therefore to reduce the financial impact of long-term sickness absence.

Organisations should encourage open conversations about health and wellbeing

3.13 It is important to normalise discussions about health and wellbeing, wherever possible and appropriate. This is not just about discussing health issues, but creating an environment where employees feel able to talk openly, particularly about mental health issues. Organisations should encourage conversations about physical and mental health and emphasise the support available when employees are struggling. Effective people management should include open conversations about health and wellbeing. It is vital that managers have regular conversations with their employees, giving them the opportunity to raise any issues and ensuring that potential problems can be addressed at an early stage.

With appropriate support, some employees will be able to remain in work

3.14 Robust and consistently applied sickness absence policies and procedures play an important part in managing attendance, however they do not always address the underlying causes of sickness absence. In many cases, preventing people from falling out of work because of ill health in the first place is better than having to pick up the pieces afterwards. The National Institute for Health and Care Excellence (NICE) guidelines, which aim to reduce the number of employees moving from short-term to long-term sickness absence and to help employees on long-term absence return to work, say that intervening at an early stage during sickness absence contributes to the success of the intervention.

3.15 Some causes of long-term sickness absence, such as stress, mental health issues and musculoskeletal conditions can emerge gradually and may have the potential to be managed alongside an individual continuing to work. Organisations should therefore focus their attention on these issues as the potential for reducing sickness absence, in particular long-term absence, is greatest.

3.16 There are various health and wellbeing interventions that organisations can provide to protect, support and improve the health of their employees. These may be used reactively, when a problem has occurred, or proactively, aimed at preventing health and wellbeing problems from escalating. Some common interventions include:

Employee Assistance Programmes

These provide confidential, independent support for employees to help them to manage personal and work problems which may affect their work performance, health and wellbeing. They generally include assessment, short-term counselling and referral services for employees and their immediate family.

Part Three:
Progress on key issues

Case example: USEL Workable Programme

Lisburn and Castlereagh City Council works in partnership with Ulster Supported Employment Limited (USEL), a public sector organisation that provides a wide range of employment programmes across Northern Ireland to assist and support people with disabilities or health related conditions into and within employment. USEL runs a programme in conjunction with the Council called Workable.

Workable is a flexible programme of support which assists people with disabilities or health related conditions, who face significant barriers to work, to find paid employment or to retain their current employment.

Support is specifically tailored towards the individual's needs and may include:

- work preparation;
- job coaching;
- mentoring; and
- confidence building access to a range of accredited training opportunities.

The Council won the Employer of the Year award for the public sector at a ceremony championing the achievement of people with disabilities in the workplace in 2018.

Occupational Health Services

These provide an assessment of how an employee's work might affect their health and can involve both:

- prevention - ensuring safe, comfortable working conditions; and
- intervention - helping employees to access services to help with return to work or making necessary adjustments to the working environment.

Employee Assistance Programmes should be evaluated and tailored to the individual organisation's circumstances

3.17 Wellbeing strategies should include ways of raising awareness of support services that are available to staff. EAPs are common in public sector organisations. The goal of an EAP is to help employees to deal with personal, family and work issues and consequently participate fully and productively in the workplace. There is often a misconception that EAPs provide only counselling, when in fact they can offer a much wider range of support services. EAPs tend to be referred to when people are in crisis. However, these services have much more to offer, such as legal advice, help with debt management and support for caring issues. Providing access to early interventions could reduce the disruption to services caused by subsequent staff absence. Any promotion of EAPs should emphasise the preventative potential of these services.

3.18 It can be challenging to measure the impact of wellbeing initiatives and EAPs, however it is important that organisations know whether the approach they are taking is having the intended effect. Information provided by EAPs should be used to inform wellbeing strategies. Although confidentiality must be protected, general feedback can provide useful information on absenteeism and workplace issues. Employers should seek to maximise the gains possible from EAPs, analysing any reports provided, feedback from employees and monitoring the utilisation rates for services. Ongoing evaluation should be used to develop and design future wellbeing programmes. It may also enable organisations to target support at individual business areas experiencing particular wellbeing problems, such as greater than normal stress levels, or areas where uptake of support services is low. Finally, feedback that demonstrates the demand for and impact of these services can be a useful tool to build a case for future spending on wellbeing.

Recommendation 4

Organisations should monitor feedback and data to further improve Employee Assistance Programmes and ensure that they are as responsive as possible to employee needs.

Principle three: Organisations should focus on reducing and managing long-term sickness absence

3.19 A considerable proportion of public sector sickness absence is attributable to a relatively small number of long-term absences. When an individual has been absent for a longer period of time their likelihood of ever returning to work decreases, and the impact on the organisation and pressure on remaining staff increases. The management of long-term sickness absence usually requires consideration of whether the individual is capable of returning to work and when this might be, and the involvement of specialist health services such as OHS. There are a number of other factors that can contribute to the successful management of long-term sickness absence.

Quality of communication can have a significant impact on absence levels

3.20 There are two main stages in managing an employee's long-term sickness absence:

- managing the period of absence itself; and
- managing and maintaining a successful return to work.

The individual line manager and the quality of their relationship with staff can have a significant influence on absenteeism levels and successful return to work. NICE guidelines on workplace health recommend that organisations make contact with employees who are off sick as early as possible, and within four weeks of the start of their sickness absence, depending on the

Part Three:
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circumstances[14]. Further NICE guidance on keeping in contact with employees who are absent from work due to illness are outlined below.

NICE recommendations on keeping in touch with people on sickness absence

When contacting the employee:

- Be sensitive to their individual needs and circumstances.
- Be aware that communication style and content could affect their wellbeing and decision to return to work.
- Ensure that they are aware that the purpose of keeping in touch is to provide support and help them return to the workplace when they feel ready.
- If an early referral to support services (for example physiotherapy, counselling or occupational therapy) is available through the organisation's occupational health provider, discuss if this may be helpful.
- Discuss how they would like to be contacted in future, how frequently and by whom. If the line manager is not the most appropriate person to keep in touch, offer alternatives.
- Provide reassurance that anything they share about their health will be kept confidential, unless there are serious concerns for their or others' wellbeing.

Ensure that members of staff responsible for keeping in touch with people on sickness absence:

- are aware of the need for sensitivity and discretion at all times;
- understand the organisation's policies or procedures on managing sickness absence and returning to work; and
- are competent in relevant communication skills and are signposted to and encouraged to use online or other resources and advice to improve these skills.

3.21 Keeping in regular contact with employees who are off with long-term sickness is primarily a line management responsibility. Line managers should ensure that employees know that the purpose of keeping in touch is to provide support and help with a return to the workplace when they feel ready. At the same time, line managers must ensure that they understand the organisation's policies and procedures on managing sickness absence and that they are applying them consistently and fairly.

3.22 An employee on long-term sick leave might feel isolated and miss the social element of the workplace. Line managers should take proactive steps to keep in touch so that the employee knows that the organisation is interested in their health and wellbeing and that support is available during their absence. The frequency and method of contact is a matter of judgement and will depend on the individual circumstances and the nature of the illness. The employee

14 *Workplace health: long-term sickness absence and capability to work*, NICE, November 2019

also has a responsibility to keep their line manager updated on any medical or other information relevant to their illness or impacting their potential to return to work.

Case example – Department for Communities

The Department for Communities (DfC) has consistently had the highest levels of sickness absence within NICS. A number of DfC teams have implemented case conferencing procedures in an attempt to tackle high levels of absenteeism, and in particular long-term sickness absence.

Team managers meet with NICSHR once a month to review every long-term absence within the team. The purpose of case conferencing is to assist the individual's manager to obtain information, advice and guidance on how best to support and manage an individual absence case.

By discussing the employment circumstances and medical background of the employee and the OHS recommendations, a case conference aims to reach a common understanding of the issues and to agree a way forward with specific actions.

This may be particularly helpful where managers have concerns regarding: long-term sickness absence; failure to resolve a problem satisfactorily; queries or difficulty regarding fitness to return to work; the nature of adjustments or restrictions required to allow a return to work; or concerns regarding the ability of management to accommodate such adjustments.

DfC told us that case conferencing had helped to focus attention on ensuring that actions required to help employees back to work, such as regular supportive contact, referrals to OHS at the correct trigger point, review meetings and reasonable adjustments offered, were taken at the appropriate time.

Further reviews are undertaken at a strategic level between directors and senior HR colleagues. This gives senior leadership teams the chance to look at trends and issues and identify where more support or early intervention is required. It also means that senior managers are more aware and accountable for absences within their teams, and reinforces the intention that attendance management is a collective responsibility.

In January 2018, a DfC processing centre with almost 500 staff was amongst the top 10 departmental "hot spots" for high levels of sickness absence. Through a number of initiatives including case conferencing, mental health awareness and support, by April 2019 it had fallen out of the top 10. In another division, the number of long-term absence cases has fallen by over 10 per cent in the year since case conferencing was implemented.

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Recommendation 5

Internal communication is an important factor in the successful management of long-term sickness absence. Organisations should develop protocols for specialist services such as OHS, HR professionals and line managers to work closely together.

Timely access to specialist health services and professional advice is important

3.23 Ensuring quick, easy referral to specialist health services is an important aspect in helping employees get back to work from sickness absence. Those with more serious conditions, often referred to as "red flag" conditions, should be identified and referred to specialist services at the earliest opportunity. A study by the Work Foundation[15] reviewed 13,000 musculoskeletal disorder cases in Madrid and found that referring employees to specialist treatment after five days reduced the number of days off work by 39 per cent and the number of employees never returning to work by 50 per cent.

3.24 OHS provides an opportunity to assess an employee's needs and potentially facilitate a quicker return to work, through additional support and reasonable adjustments. The NICS sickness absence policy states that "an OHS referral will always be considered once it becomes evident that the absence may exceed 20 working days. However earlier or more urgent referrals to OHS may be made where Departmental HR, line management or you consider such an intervention to be helpful."

3.25 During our discussions we heard that within NICS, referral to OHS is very rarely considered before the 20 day threshold is met. Other organisations, including a number of councils, refer employees to occupational health services immediately in certain circumstances, for example where the absence is work related, due to stress or relates to substance misuse. In some cases, a delay accessing specialist interventions can increase the barriers employees face in returning to work, as physical health problems may become chronic, and common mental health problems such as depression and anxiety may emerge as a result of being removed from work and uncertainty about the future.

Recommendation 6

Organisations should ensure that employees experiencing serious conditions are referred to appropriate specialist health services in a timely manner.

15 *The Work Foundation: Reducing Temporary Work Absence Through Early Intervention: The case of MSDs in the EU*, S Bevan, 2013

Supporting a sustainable return to work may help to prevent the recurrence of absence

3.26 For employees, returning to work can represent a return to a sense of normality and can lead to an increase in self-esteem as well as financial stability and independence. Organisations should recognise the need to be flexible when someone is ready to return to work after a long-term sickness absence. Returning to work after a long or serious illness can be a culture shock and therefore the return needs to be properly supported, for example through a phased return to work. Organisations may also need to consider any adjustments that might need to be made to the employee's working environment or tasks.

3.27 People who have experienced mental health conditions may require ongoing support and workplace adjustments in order to sustain a successful return to work. A well planned return to work process will have substantial benefits for the employee's wellbeing and could also prevent potential relapses. NICE guidelines recommend that when people have been absent for four or more weeks for a common mental health condition, employers should consider a three month structured support intervention upon their return. Line managers play a vital role in facilitating the return to work process and so it is important that they are trained and supported to manage this effectively.

Fair and consistent action should be taken in cases of unacceptable absence

3.28 Adopting disciplinary measures is a direct means of tackling unacceptable absence. Organisations we spoke to highlighted the importance of having a formal process to deal fairly and consistently with absences that can no longer be sustained.

3.29 Organisations should consider moving towards dismissal procedures if a medical report is not able to give a realistic timeframe for a return to work, and they have considered any reasonable adjustments to help the employee back to work. Organisations should ensure that they have followed their sickness absence policy in full, including being able to demonstrate that they have considered all available options and taken reasonable steps to support an employee back to work. The following list highlights typical considerations for an employer before progressing to dismissal.

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Managing attendance: key principles and good practice

Typical considerations for employers prior to dismissal

- Have you maintained regular communication, including structured review meetings, with the employee?
- Is the employee aware of the full process and the potential outcomes?
- Have you obtained appropriate advice from occupational health or other medical professionals?
- Have you considered whether any adjustments can be made to support a return to work?
- Have you explored the option of redeployment?
- Have you explored whether ill health retirement is appropriate?
- Can you explain the impact that the absence is having on the organisation and why the position is no longer sustainable?

Recommendation 7

All organisations should have a formal inefficiency procedure to deal with unacceptable levels of absence, and senior leadership teams should ensure that these are implemented when required.

Principle four: Organisations should measure, analyse and understand the impact of sickness absence

3.30 Joined up sickness absence management procedures should be supported and informed by relevant, reliable and timely data. Reliable data provides a firm foundation for successful sickness absence management and ensures that the absence position is visible to both employees and management. Sickness absence management systems should give line managers the tools they need to monitor, analyse and report on sickness absence. Information is needed at a team level to ensure that line managers are adequately informed about the staff they are responsible for. Regular and timely corporate reporting also allows senior management to make comparisons across the organisation and identify areas of good practice to be shared.

3.31 During the course of our discussions with HR professionals, we encountered a range of methods for recording and reporting sickness absence data. In our view, regular, consistent reporting to senior management demonstrates organisational commitment to tackling high sickness absence levels. Some examples of the information gathered and presented to senior management included:

- performance against overall organisational target and individual service area targets;
- cost of agency cover due to absence;

- main causes of absence;
- split of long-term and short-term cases; and
- details of long-term cases and actions taken to date.

3.32 Whilst we noted some good examples of reporting to senior management, we also noted inconsistencies in the type and nature of information presented. For example, some organisations attempt to calculate the costs of replacing absent staff with temporary workers, whilst others do not make any effort to estimate these costs. In our view, it is important that organisations understand the impact of high levels of sickness absence, in terms of service delivery, staff morale and financial costs.

Recommendation 8

In order to monitor and improve sickness absence levels it is essential to have accurate, timely and accessible information. Organisations should collect sufficient data to enable sickness absence reasons and changing trends to be monitored. Monitoring should include an attempt to calculate, analyse and report the costs of sickness absence if this is not already done.

Good practice should be shared across the public sector

3.33 There is scope for sharing best practice across the public sector. The Public Sector People Managers Association (PPMA) Absence Group provides an opportunity for HR professionals to share information and examples of good practice. While not all initiatives will be transferable to different working environments, there is scope for more extensive sharing of good practice across the public sector.

3.34 NISRA publishes annual sickness absence statistics for NICS, and sickness absence statistics are publicly available for the local councils, however it is unclear if public sector organisations use such data for benchmarking. NISRA can also provide ad hoc reports on specific aspects of sickness absence for individual NICS departments. In Part Two we noted that information on sickness absence within the health and education sectors is not available in the same level of detail as for NICS, which meant that we were unable to compile comparative data on these sectors (see **paragraph 2.5**).

Recommendation 9

Consideration should be given to establishing arrangements to allow for the sharing of good practice from across the public sector. Central government organisations should also review the information available to them from NISRA and consider benchmarking their performance, where appropriate. Organisations that do not currently make detailed sickness absence information publicly available should be encouraged to do so.

Appendix

Appendix 1:

Sources of Research

In compiling this guide, we have drawn upon a range of available good practice guidance including:

- *Workplace health: long-term sickness absence and capability to work*, National Institute for Health and Care Excellence, November 2019
- *Working Well A Plan to Reduce Long Term Sickness Absence*, Institute for Public Policy Research, February 2017
- *Working for a healthier tomorrow*, Dame Carol Black, March 2008
- *Sickness absence and health in the workplace: Understanding employer behaviour and practice*, Department for Work & Pensions, June 2019
- *NHS Health and Well-being Review*, Dr Stephen Boorman, 2009
- *Guidelines on prevention and management of sickness absence*, NHS Employers, November 2013
- *Health at work – an independent review of sickness absence*, Dame Carol Black and David Frost CBE, November 2011
- *Health and Wellbeing at Work*, Chartered Institute for Professional Development, April 2019
- *Thriving at work – the Stevenson/Farmer review of mental health and employers*, Paul Farmer and Dennis Stevenson, October 2017
- *Attendance Management: a review of good practice*, S Bevan and S Hayday, 1998

NIAO Reports 2019 and 2020

Title	Date Published
2019	
Welfare Reforms in Northern Ireland	17 January 2019
Structural Maintenance of the Road Network	26 March 2019
Follow-up reviews in the Health and Social Care Sector: Locum Doctors and Patient Safety	9 April 2019
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Local Government Auditor's Report 2019	19 June 2019
Financial Auditing and Reporting: General Report by the Comptroller and Auditor General for Northern Ireland – 2018	26 July 2019
Major Capital Projects	8 December 2019
2020	
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Northern Ireland Audit Office

Local Government Auditor's Report – 2020

REPORT BY THE LOCAL GOVERNMENT AUDITOR
15 December 2020

NIAO

Northern Ireland Audit Office

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

In the year to 31 March 2020

Published 15 December 2020

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
106 University Street
BELFAST BT7 1EU
Telephone: 028 9025 1100
Email: **info@niauditoffice.gov.uk**
Website: **www.niauditoffice.gov.uk**
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Pamela McCreedy
Local Government Auditor
15 December 2020

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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
Department:	Department for Communities
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
FM Code:	Financial Management Code
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.
NIAO:	Northern Ireland Audit Office
Real-term:	Real-term expresses the historical value of money in the past, at today's value. This is because the value of £1 today is less than it was in previous years.
SOLACE:	Society of Local Authority Chief Executives
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:	This is 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

Pamela McCreedy,
Local Government Auditor

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 2020. This includes the audit of the financial statements for 1 April 2018 to 31 March 2019 (the 2018-19 financial year) and the audit of councils' performance improvement plans and outcomes from 1 April 2019 to 31 March 2020 (the 2019-20 financial year). As such, parts one to three of my report reflect the circumstances councils were operating in prior to the Covid-19 pandemic.

In my report, I have sought to highlight areas of strength and areas for improvement within local councils. I have also considered several important issues that may affect the councils in the near future. Both councillors and officers should consider this report and review how their council is managing the issues I have highlighted.

The Covid-19 pandemic has had a significant impact on all aspects of our lives. Our public services have been particularly impacted as in most cases they are considered to be front line services. Local government responded positively and played its part in ensuring key services have been maintained. The full scale and impact of the ongoing pandemic on communities, local services and the economy is unknown at this stage but is likely to be very significant and place further strain on local government finances.

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 January 2018. I am also the Chief Operating Officer of the Northern Ireland Audit Office (NIAO).

In addition to providing an opinion on the financial statements of the 11 councils, I am responsible for the audit of two joint committees[1], 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 2018-19 financial statements were unqualified. This means that all financial statements were properly prepared and that they gave a true and fair view of the financial position of the body concerned and its income and expenditure for the year.

Councils are independent of central government and are accountable to their citizens. They consider local circumstances in making decisions in the best interests of the communities they serve. All councils have the same basic legislative responsibilities, although each council has the discretion to place a different emphasis on the services delivered.

In providing such a broad range of services, either directly or in partnership with others, councils require substantial resources. In the 2018-19 financial year they spent over £1 billion on providing services to the public, employed over 10,000 full time equivalent staff and utilised assets worth in excess of £2.5 billion.

As part of my audit work, I 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

1 A joint committee is made up of two or more participant councils and may be constituted as a body corporate.

Local Government Auditor's Introduction

for. If I consider it appropriate, I can make a report in the public interest on any matter coming to my notice in the course of an audit. No public interest reports were made during the year and my audit findings were issued to each council in their annual audit letter, which is published on councils' websites, detailing where any action is required. I expect councils to take these actions forward as appropriate.

In addition to the audit of 2018-19 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 concluded that all councils met their key performance improvement responsibilities, both in relation to improvement planning and the publication of improvement information, and all received the same overall assessment. Although councils are at different stages of development, all strengthened their performance improvement arrangements and each council demonstrated measurable improvements to functions. I have provided feedback to each council on how their arrangements could be further improved.

This was the third 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. In my reports I highlighted that significant progress by all councils was needed to allow a broader range of functions to be benchmarked in future.

Given the ongoing impact of Covid-19, the Department has initially suggested consulting councils on performance improvement requirements over the next two years. It has suggested that it may be more beneficial for councils to produce plans setting out their proposals for service delivery and performance recovery, rather than the performance improvement plans currently required by legislation and statutory guidance.

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, and to publish my results and recommendations. The NIAO C&AG and I have recently published a joint report on "Managing Attendance in central and local government" which highlighted that levels of absence for councils are the highest in the UK. Our report identified a number of key principles and good practice that should be applied in managing attendance.

I have recently been directed to hold an extraordinary audit of Causeway Coast and Glens Borough Council, concentrating on land disposals and easements and related asset management policies and procedures. I will shortly consider the scope and timing of this audit.

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.

Pamela McCreedy
Local Government Auditor

15 December 2020

Council districts

Source: NIAO

Key Facts

In 2018-19 councils:

INCOME
Received income of **£917 million** – 68% of which was from district rates

EXPENDITURE
Incurred operating expenses of **£1 billion** and spent **£131 million** on capital projects

£549m

PENSION
Net pension liabilities increased to £549 million

£527m

LOANS
Had outstanding loan balances of £527 million

£258m

RESERVES
Held usable reserves of £258 million

SICKNESS
Lost an average of 13.93 days due to sickness

Part One:
Financial Performance

Part One:
Financial Performance

1.1 This section provides a summary of the councils' financial performance in 2018-19.

Key Messages

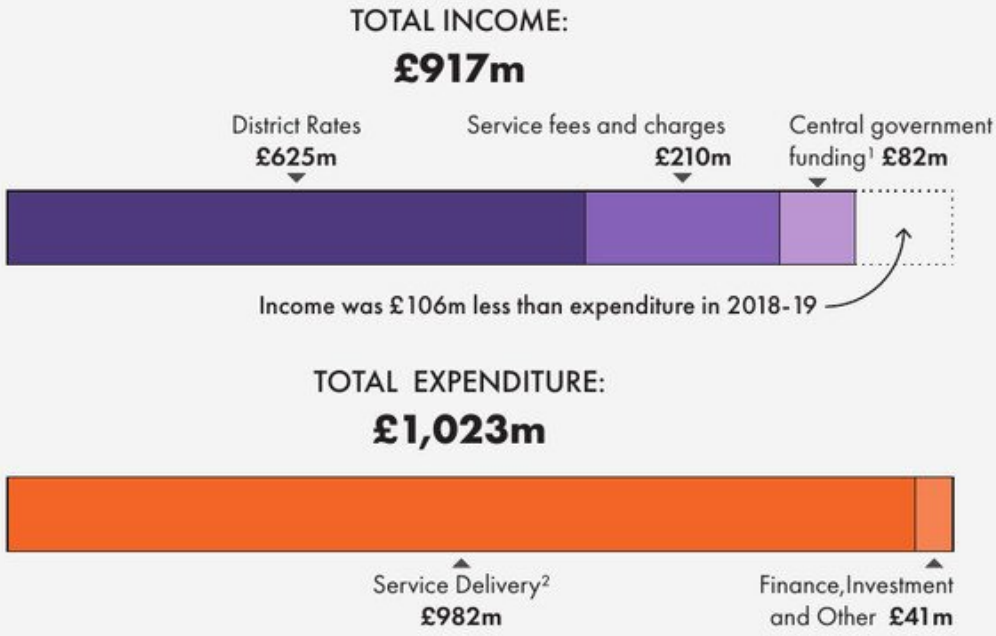
1. The majority of councils' income is received from district rates.
2. Income and expenditure increased in 2018-19, however there remains a shortfall as the increase in expenditure outweighs the increase in income.
3. As in previous years, some councils continue to be very reliant on agency staff. There is a risk that over-reliance on agency staff, over an extended period of time, does not provide value for money.
4. Usable reserve balances have increased since the formation of the new councils, however General Fund balances in some councils have declined rapidly. Councils should monitor the levels of reserves carefully.
5. Pension liabilities are a cost pressure for all councils and the net pension liability increased by almost 10 per cent to £549 million.
6. Borrowing increased significantly in 2018-19 and substantial amounts are committed to repaying the loans.
7. Robust financial management arrangements are required to aid decision making and ensure long-term financial sustainability.

Income and expenditure

Councils received income of £917 million, the majority of which was from district rates

1.2 In 2018-19, councils received income of £917 million (£862 million in 2017-18) from rates, service charges, grants and investment income and spent £1,023 million (£936 million in 2017-18) (see **Figure 1**). The total income received is made up of £896 million of revenue-based income, which is spent on the delivery of council functions and services, and £21 million of capital income, which is spent on acquiring or improving new 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 2018-19



NOTES
1 Central government funding consists of £61m revenue funding and £21m capital funding.
2 Service delivery includes, for example, the provision of leisure facilities, civic amenities and waste management.
Source: Councils' audited financial statements (inflated to 2018-19 values)

1.3 The majority of councils' income, 68 per cent (70 per cent in 2017-18), was received from district rates. Service fees and charges, for example planning fees or charges to use facilities, and other income[2] accounted for almost 23 per cent of income (22 per cent in 2017-18) and general revenue funding from central government[3] accounted for almost 7 per cent. Capital grants fluctuate from year to year, depending on investment decisions, and in 2018-19 accounted for just over 2 per cent of total income.

1.4 Overall the local government sector has experienced a real-term increase in revenue-based income over the past five years (see **Figure 2**), and in 2018-19 income from service fees, charges and central government revenue funding increased having declined in 2017-18.

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 in real terms over the last five years

	£ MILLION				%
Year	District rates	Service fees, charges and other income	Revenue funding from central government	TOTAL INCOME	Change from previous year
2014-15	585	209	48	**842**	-
2015-16	602	198	53	**853**	+1.3
2016-17	602	202	52	**856**	+0.4
2017-18	614	193	51	**858**	+0.2
2018-19	625	210	61	**896**	+4.4

NOTE
These figures exclude capital funding which is included in Figure 1
Source: Councils' audited financial statements (inflated to 2018-19 values)

1.5 In 2018-19 seven of the eleven councils were entitled to a Rates Support Grant at varying levels[4]. 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 (£17.2 million in 2018-19) has not been reducing (£17.6 million in 2017-18). As with the previous year, the Department has not been in a position to notify councils of the Rates Support Grant until after they have struck the district rates for the year. This makes financial planning more difficult.

1.6 Income levels vary considerably across each council, but all continue to be reliant on income from the district rate. 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.

There has been a real-term increase in expenditure

1.7 As with income, expenditure levels vary considerably across each council and overall there has been a real-term increase in expenditure in recent years (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, 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 in real terms over the last five years

Year	Cost of delivering services	Finance and investment expenditure	Other operating expenditure	TOTAL EXPENDITURE (£ MILLION)	% Change from previous year
2014-15	741	44	92	**877**	-
2015-16	832	44	37	**913**	+4.1
2016-17	831	41	41	**913**	0
2017-18	904	45	7	**956**	+4.7
2018-19	982	40	1	**1,023**	+7.0

Source: Councils' audited financial statements (inflated to 2018-19 levels)

Observation

Over the past five years, expenditure has exceeded income every year. The shortfall between revenue income (see **Figure 2**) and expenditure (see **Figure 3**) has notably increased in the past two years and in 2018-19 the shortfall was £127 million[5]. This may not be sustainable in the longer term and, as noted at paragraph 1.6, councils must continue to explore options to maximise income and reduce costs.

Staffing levels and costs

Some councils spend significant amounts 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 staff[6]. Historically, most agency staff have been temporary and seasonal in nature. Despite it being more than four years since the formation of the new councils there continues to be an increased dependency within some councils on agency staff to help deliver services.

5 This shortfall excludes capital funding of £21 million which is included in Figure 1.

6 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

1.9 The total number of Full Time Equivalent (FTE) employees remained relatively stable in 2018-19. The total number of FTE employees across all councils has increased since their formation in 2015 (see **Figure 4**). This is a result of the net effect of planning staff transfers from central government to councils in 2015 (as well as the transfer of other functions) and recruitment, offset to an extent by council staff leaving on exit packages and natural wastage. As councils are not required to report the number of agency staff contracted during the year, the actual total workforce at each council is likely to be higher than reported.

Figure 4. Staffing levels have been relatively stable

NUMBER OF EMPLOYEES:

Source: Councils' audited financial statements

1.10 In 2018-19, total employee costs represented approximately 39 per cent (£381 million) of total operating expenditure, with agency staff accounting for a further 3 per cent (£28 million). The overall cost of agency staff has continued to increase year on year (£2.1 million increase in 2018-19) and agency staff costs vary significantly across councils (see **Figure 5**). Last year I reported that agency costs in the majority of councils had reduced or remained static. In comparison, in 2018-19 agency costs in seven councils have increased from the prior year. Most of this increase was attributable to Causeway Coast and Glens Borough Council, Mid and East Antrim Borough Council and Ards and North Down Borough Council.

Figure 5. Expenditure on agency staff increased across most councils in 2018-19

£ MILLION

	2017-18	2018-19	CHANGE
TOTAL EXPENDITURE	**25.9**	**28.0**	**+2.1**
Causeway Coast and Glens	6.6	7.3	+0.7
Mid and East Antrim	4.0	4.6	+0.6
Ards and North Down	2.4	2.8	+0.4
Lisburn and Castlereagh City	3.1	3.4	+0.3
Armagh City, Banbridge and Craigavon	0.2	0.4	+0.2
Derry City and Strabane	0.5	0.7	+0.2
Belfast City	4.6	4.8	+0.2
Fermanagh and Omagh	0.3	0.2	-0.1
Newry, Mourne and Down	2.1	2.0	-0.1
Antrim and Newtownabbey	1.7	1.5	-0.2
Mid Ulster	0.4	0.2	-0.2

Source: Councils' audited financial statements 2018-19

Exit Packages

The number and cost of exit packages increased significantly in 2018-19

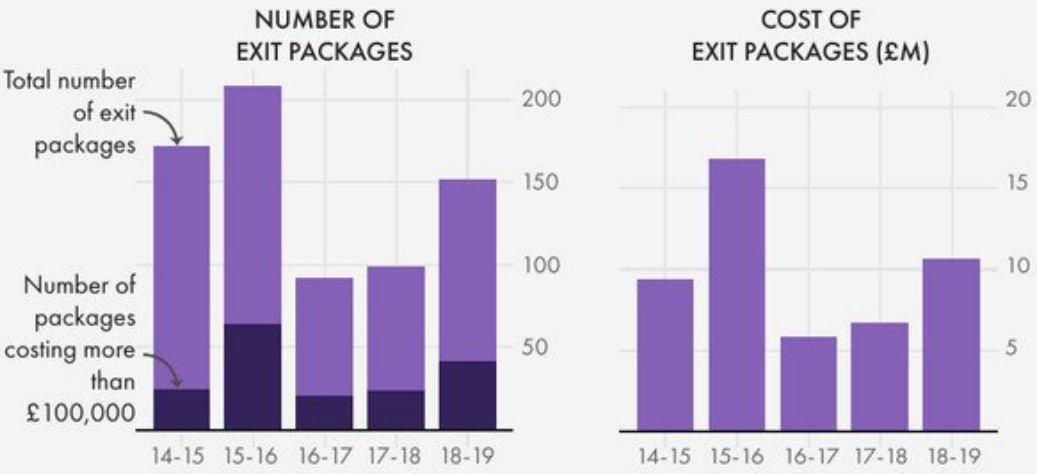
1.11 Councils are required to disclose the number and cost of staff exit packages. The costs include compulsory and voluntary redundancy costs, pension contributions and other departure costs. Over the five financial years from 2014-15[7] to 2018-19 councils have paid a total of £49.5 million in exit packages to staff (see **Figure 6**). The number and cost of exit packages has increased significantly in 2018-19, with councils agreeing 152 exit packages at a cost of £10.7 million (in 2017-18, 99 exit packages were agreed at a cost of £6.7 million). The majority of the exit package costs were in four councils.

7 Preparations for council mergers and restructuring were commenced by the legacy councils in 2014-15, which was the first year in which the number and cost of exit packages significantly increased. It is intended that the exit packages will deliver efficiencies and savings in future years.

Part One:
Financial Performance

Figure 6. Councils agreed a total of 152 exit packages in 2018-19 at a cost of £10.7 million

The volume and total cost of exit packages in 2018-19 were higher than they have been over the last two years



Four councils accounted for over three quarters of all exit packages and associated costs in 2018-19

Source: Councils' audited financial statements

Capital expenditure and financing

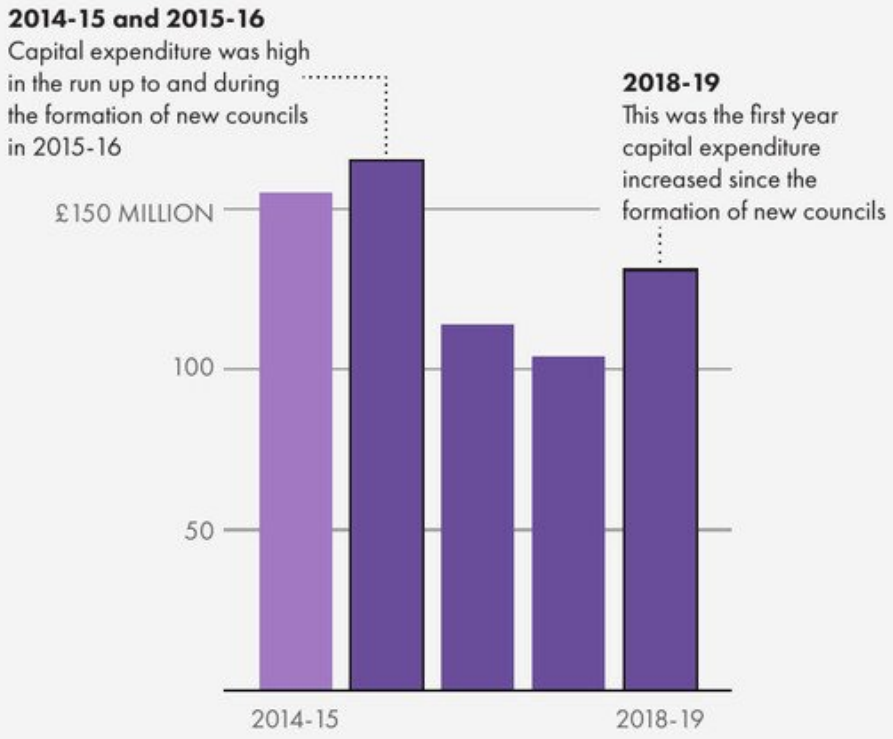
In 2018-19 total capital expenditure was £131 million, increasing for the first time since the formation of the new councils

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 more than one year 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 its services.

1.14 Capital expenditure in 2018-19 totalled £131 million (£101 million in 2017-18) and **Figure 7** shows how this compares with real-term capital expenditure over the previous five years. It illustrates a significant increase in the year preceding council mergers and a peak in 2015-16, the first year of the new councils. Since then, capital expenditure levels have reduced, with the 2018-19 financial year seeing the first increase in capital expenditure since the councils merged.

Figure 7. Real-term capital expenditure increased in 2018-19



Source: Councils' audited financial statements

Part One:
Financial Performance

1.15 A number of significant projects have contributed to the level of capital expenditure in 2018-19 including:

- Ards Blair Mayne Leisure Centre (Ards and North Down);
- South Lake Leisure Centre (Armagh City, Banbridge and Craigavon);
- Lisnasharragh Leisure Centre (Belfast);
- Andersonstown Leisure Centre (Belfast);
- Olympia Leisure Centre (Belfast);
- Brook Activity Centre (Belfast);
- Down Leisure Centre (Newry, Mourne and Down); and
- Portrush Public Realm and North Pier (Causeway Coast and Glens).

1.16 Councils' total 'Capital Financing Requirement' increased from £655 million in 2017-18 to £713 million in 2018-19. This is a measure of a council's underlying need to borrow to fund 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. At 31 March 2019, councils had committed to ongoing or approved future capital schemes with an estimated cost of almost £343 million. A number of councils have highlighted the potential need for significant future external funding in order to complete their capital expenditure programmes.

Borrowing

Borrowing levels increased significantly for the first time since the formation of the new councils

1.17 Councils decide how much debt is required to deliver services. The costs of servicing the debt (repayment of principle amount and interest charges) should not adversely impact on service delivery.

1.18 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.

1.19 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 2018-19.

1.20 Loans outstanding at 31 March 2019 totalled £527.1 million, an increase of £41.8 million from 2017-18 (see **Figure 8**). This represents the first significant increase in borrowing since the formation of the new councils.

Figure 8. Total borrowing has increased across councils, driven mainly by new borrowing in two councils

£ MILLION

	2017-18	2018-19	CHANGE
TOTAL BORROWING	**485.3**	**527.1**	**+41.8**
Belfast City	36.8	62.9	+26.1
Ards and North Down	60.4	78.9	+18.5
Newry, Mourne and Down	64.2	69.8	+5.6
Causeway Coast and Glens	69.1	71.2	+2.1
Mid and East Antrim	62.9	62.8	-0.1
Mid Ulster	7.4	6.7	-0.7
Lisburn and Castlereagh City	28.6	27.0	-1.6
Fermanagh and Omagh	8.2	7.2	-1.0
Antrim and Newtownabbey	51.2	49.7	-1.5
Armagh City, Banbridge and Craigavon	42.8	40.7	-2.1
Derry City and Strabane	53.7	50.2	-3.5

Source: Councils' audited financial statements 2018-19

1.21 The annual costs committed to repaying loans reduces the amount councils have available to spend each year on delivering services (see **Figure 9**). 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 2018-19, councils paid almost £78 million towards the principal outstanding balances and over £23 million in interest costs.

Part One:
Financial Performance

Figure 9. Borrowing costs vary across councils as a percentage of revenue income

Note: Principal payments may include loans that were taken out and repaid within the same year.
Source: Councils' audited financial statements

Pensions

Pension liabilities are a significant cost pressure and the net pension liability increased to £549 million

1.22 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 2018-19, councils' total net pension liabilities increased by almost 10 per cent, to £549 million. The pension liability increased across all councils.

1.23 Council pension liabilities have been impacted by the outcomes in recent legal cases. In December 2018, the Court of Appeal ruled that transitional arrangements put in place when firefighters' and judges' pension schemes were reformed were age discriminatory. Whilst the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits, it is reasonable to assume that the Government will seek remedy for all public sector schemes

and so all 11 councils were required to increase their pension liability. The impact of this, along with adjustments required to address historic inequalities that arose due to the existence of Guaranteed Minimum Pensions, was an increase of £53 million in the total council pension liability in 2018-19.

1.24 Pension contributions have been a cost pressure for councils in recent years. Every three years an independent review is undertaken to calculate how much each council should contribute. Councils contribute a percentage rate plus deficit recovery contributions. The percentage contribution rate in 2018-19 was 19 per cent of employees' gross salary and will increase by 1 per cent each year until 2021, when a new review will set new contribution rates.

Reserves and investments

Whilst overall levels of usable reserves have increased since the formation of the new councils, some General Fund balances have declined rapidly

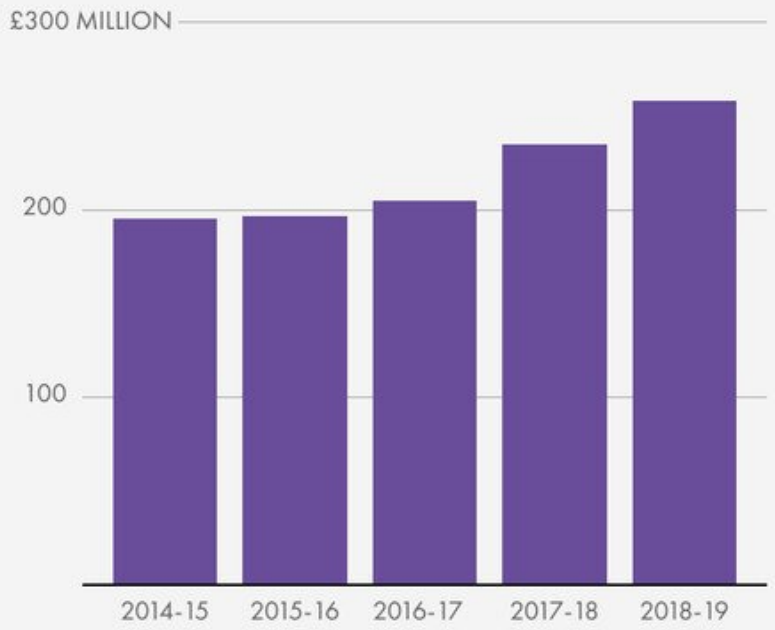
1.25 All councils hold invested funds, the majority of which are liquid cash reserves which generate small amounts of interest-based income. Other forms of long-term investment portfolios can include commercial property rental, and investments in associated companies, charities and trust funds, however, these type of investments are uncommon in Northern Ireland.

1.26 Usable reserves play an important role in councils' financial management. The main usable reserves are the General Fund (£109 million), Capital Reserves (£93 million) and the Renewal and Repairs Fund (£15 million). These reserves can be used to finance major projects or to respond to unexpected events, however they need to be managed carefully.

1.27 **Figure 10** shows that the overall level of usable reserves across councils increased by 9.7 per cent, from £235 million in 2017-18 to £258 million in 2018-19. Prior to 2017-18 the total value of usable reserves had remained relatively constant. All but three councils increased their level of usable reserves during 2018-19.

Part One:
Financial Performance

Figure 10. Total usable reserves have increased steadily

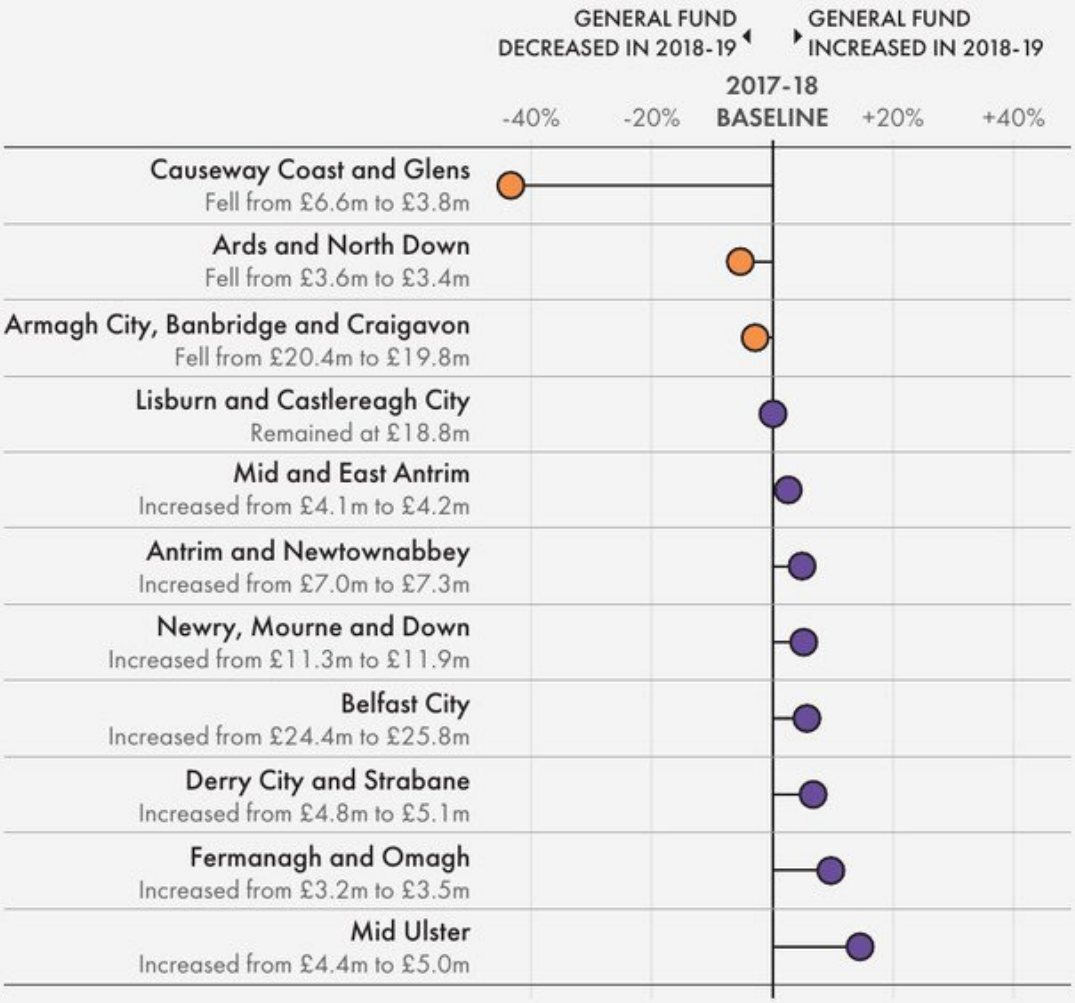


Source: Councils' audited financial statements

1.28 The General Fund is the main usable reserve and accounts for over 40 per cent of the total usable reserves. It represents the surplus of income over expenditure. It can be used to provide for any unexpected expenditure that cannot be managed within existing budgets, or to supplement income where necessary. Each council should set its General Fund at a prudent but not excessive level, as holding a high level of reserves can impact on resources and performance.

1.29 Overall, the total General Fund balance held by all councils remained relatively static during 2018-19 at £108.6 million. During 2018-19 seven councils increased their General Fund balance while others needed to use the fund to supplement income to enable continued service delivery. In one council the General Fund balance decreased by more than 40 per cent (see **Figure 11**).

Figure 11. Most councils increased their General Fund balance in 2018-19



Source: Councils' audited financial statements

1.30 I previously observed the need for councils to keep their reserves policy under review and ensure that sufficient, but not excessive reserves were retained to meet the challenges ahead. Whilst most councils have been able to achieve this despite increasing financial pressures, one council's General Fund reserve decreased significantly and this must be closely monitored. In the current economic climate, where council income has been significantly reduced as a result of the Covid-19 crisis, it is very likely that councils may need to utilise their reserves in order to continue to deliver local services.

Part One:
Financial Performance

Observation

Councils should ensure that reserve balances are monitored and managed closely, particularly as income levels decline as a result of the Covid-19 crisis. In the longer term, councils should consider the reasons for the level of reserves held and ensure they are used for the purposes intended.

Financial Management

Councils face significant financial challenges, which require robust financial management arrangements to ensure long-term financial sustainability

1.31 Councils are facing significant financial challenges including the impact of central government budgeting decisions, the need to identify significant efficiency savings and service transformation to be able to fund local services without significant rate increases. The impact of the Covid-19 pandemic, which has led to a significant reduction in income and increased expenditure, increases the scale of the financial challenge facing councils. Robust financial management will be essential to achieving financial sustainability.

1.32 The CIPFA Financial Management Code (the FM Code), published in October 2019, is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code identifies risks to financial sustainability and introduces an overarching framework of assurance which builds on existing best practice and sets explicit standards of financial management.

1.33 The FM Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority;
- manage financial resilience to meet foreseen demands on services; and
- financially manage unexpected shocks in their financial circumstances.

1.34 The underlying principles that inform the FM Code include:

Leadership demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

Accountability based on medium-term financial planning that drives the annual budget process.

Transparency is at the core of financial management, using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer review and elected member decision-making.

Long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

Conclusion

1.35 Councils are facing significant challenges in respect of financial sustainability and the pressure to maintain service levels with reducing resources. Robust financial management arrangements will be essential to aid decision-making and ensure the most efficient and appropriate use of resources.

Part Two:
Good Governance

Part Two:
Good Governance

Key messages

1. Councils' governance statements complied with relevant guidance and continue to be comprehensive and of good quality.
2. Audit and Risk Committees should continue to assess their effectiveness and ensure they exhibit the key effective characteristics expected from them.
3. Councils should ensure that Internal Audit has sufficient resources to complete its planned work.
4. All councils should report actual, suspected and attempted frauds to the Local Government Auditor.
5. Concerns continue to be raised directly with the Local Government Auditor primarily in relation to planning processes.

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 2016[8]. 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 had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of resources for the 2018-19 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.

Governance Statements

Governance statements continue to be comprehensive and of good quality

2.3 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

8 https://www.niauditoffice.gov.uk/publication/code-audit-practice-2016

members and other external stakeholders that it is complying with the basic tenets of good governance.

2.4 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 seven. This may be wholly reasonable, however, councils must be content that this reflects the results of robust management and review of their governance framework.

2.5 As with the previous year, I have found the governance statements to be comprehensive and of good quality.

There were a number of common significant issues disclosed within governance statements, as well as a number of common issues arising from my audits

2.6 Many of the more common significant governance issues identified by councils in their 2017-18 governance statements featured again in 2018-19 including: budgetary uncertainty; meeting waste management targets; ICT security and the ongoing uncertainty of leaving the European Union (see **Part Four, paragraph 4.22).** Other issues included Local Growth/City Deals (see **Part Four, paragraphs 4.14 to 4.21)**, and procurement and contract management.

2.7 During the audit of the 2018-19 financial statements I raised a number of audit issues and made recommendations for improvement. These included procurement and contract management issues and significant expenditure on agency staff (see **Part One**). I will monitor councils' implementation of these recommendations in future audits.

2.8 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 of the potential impact on the carrying value of assets connected with City of Derry Airport. The key concern is the uncertainty in respect of sufficient funding for the London airport route. Should these going concern issues crystallise, then there may be a significant impairment on the carrying value of airport assets (£45 million as at 31 March 2019). The Council told me that it completed a tender exercise in 2019, appointing an operator for the London route from September 2019 to March 2021. Council officers are now completing a funding proposition for 2021 to 2026.

Part Two:
Good Governance

Audit and Risk Committees

Audit and Risk Committees should continue to assess their effectiveness and ensure they exhibit the key effective characteristics expected

2.9 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.

2.10 In 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) emphasised the impact that an effective audit committee can have[9]. It is my opinion that the mechanisms and procedures to facilitate the effectiveness of councils' Audit and Risk Committees continued to improve during the year. I encourage all Audit and Risk Committees to continue to assess their effectiveness and also to ensure that they are satisfied with the quality, relevance and timeliness of information and data submitted to them.

Internal Audit

A professional, independent and objective Internal Audit service is one of the key elements of good governance

2.11 The Public Sector Internal Auditing Standards (PSIAS), which came into force in April 2013 and were updated in April 2017, are applicable to all public sector bodies in the UK. The PSIAS includes a definition of internal auditing and provide detail on the main areas where Internal Audit activity must contribute to improvement including governance, risk management and internal control.

2.12 The PSIAS apply to all Internal Audit providers, whether in-house, shared services or outsourced. A number of Internal Audit functions did not complete all of the work planned during 2018-19, and were required to roll forward work into 2019-20. In most cases this was due to resourcing issues. The core principles of the PSIAS require that Internal Audit services are "appropriately positioned and adequately resourced" therefore councils should ensure that Internal Audit has sufficient resources to fulfil its planned work. It is also important to highlight that Internal Audit must remain independent and, as such, councils should ensure that Internal Audit is not asked to take on any duties which could impact on its independence.

9 *Audit Committees: Practical Guidance for Local Authorities and Police*, CIPFA, March 2018

Code of Conduct

The Northern Ireland Local Government Commissioner for Standards considers complaints where a Councillor may have failed to comply with the Northern Ireland Local Government Code of Conduct for Councillors

2.13 Councillors are expected to observe the highest standards of behaviour in undertaking their official duties. They are required to comply with the principles and rules of conduct set out in the mandatory Code of Conduct for Councillors (the Code), introduced in May 2014.

2.14 The Code is based on 12 principles of conduct which are: Public Duty, Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership, Equality, Promoting Good Relations, Respect, and Good Working Relationships.

2.15 Each council is required to establish, maintain and make publically available a register of members' interests. Also, the Code recommends that a register for gifts and hospitality is established and that procedures are in place for dealing with relevant declarations of interests.

2.16 The Northern Ireland Public Services Ombudsman (the Ombudsman), in their role as Northern Ireland Local Government Commissioner for Standards (the Commissioner), is responsible for investigating and adjudicating on complaints that a councillor has failed to comply with the Code.

2.17 In order to maintain an appropriate separation of the investigative and adjudication functions, the Commissioner has delegated the authority to conduct investigations and report on the outcome of investigations to the Deputy Commissioner and his staff in the Local Government Ethical Standards Directorate.

2.18 In addition to, or as an alternative to investigating a complaint, the Deputy Commissioner can also take alternative action to resolve a complaint, for example by requiring a councillor to apologise for his or her conduct or to attend training on the Code.

2.19 If the Commissioner adjudicates on a case and finds that a councillor has failed to comply, they can impose a sanction that, in the most serious cases, can result in disqualification from serving as a councillor for a period of up to five years.

2.20 In December 2018, an updated formal protocol was signed with the Ombudsman which sets out arrangements for co-operating and working together, both in the role as Ombudsman and as Commissioner, in order to fulfil our statutory responsibilities as fully, effectively and efficiently as possible.

2.21 Each year, the Commissioner receives a number of complaints of failure to comply with the Code. The Commissioner's Annual Report[10] reveals that in 2018-19 a total of 62 complaints

10 https://nipso.org.uk/site/wp-content/uploads/2020/04/NILGCS-Annual-Report-2018-19.pdf

Part Two:
Good Governance

were made against councillors, compared to 44 in 2017-18. Around half of the complaints made were about councillors' behaviour towards other people, including a failure to show respect and consideration. A third of complaints related to obligations as a councillor. The Code requires councillors to act lawfully, in accordance with the Code, and not to act in a manner which could bring their position as a councillor, or their council, into disrepute. Where there are any financial implications arising from non-compliance with the Code, I may decide to report this information. I am not aware of any cases which have had financial implications this year.

Reporting fraud

Councils should continue to notify the Local Government Auditor of all actual, suspected and attempted frauds

2.22 Local councils agreed to voluntarily submit returns about all actual, suspected and attempted frauds involving public money to the Local Government Auditor from 1 April 2016. This mirrors the requirement for all central government bodies, including core departments, agencies, non-departmental public bodies and other sponsored bodies, to report all actual, suspected and attempted frauds to the C&AG, under the terms of Managing Public Money (NI).

2.23 Fraud reporting plays an important part in identifying potential control weaknesses and highlighting areas where controls need to be introduced, amended or strengthened. It allows me to have an overview of risks across the sector and can help to highlight the need for fraud alerts or additional guidance, as part of the continuing fight against fraud.

2.24 The NIAO guide on Covid-19 Fraud Risks[11] was published in September 2020. This short guide highlights key risks, sets out controls that can mitigate those risks and provides details of further sources of guidance for NI public sector organisations.

Raising concerns

The majority of concerns raised continue to relate to the planning process

2.25 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.

2.26 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.

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

2.27 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 12**).

Figure 12. Concerns reported directly to the Local Government Auditor

	2015-16	2016-17	2017-18	2018-19	2019-20
Number of concerns reported directly to the LGA	12	15	23	23	18

Source: NIAO data

2.28 In June 2020 the NIAO published a good practice guide on raising concerns[12]. 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.

2.29 The NIAO website[13] provides contact details for those wishing to raise a concern with me as 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.

2.30 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 our audit reports. I am not required to undertake investigations on behalf of individuals.

2.31 I note that concerns about the planning process continue to be the most commonly raised with me. I would 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.

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 Two:
Good Governance

2.32 Adhering to good practice and ensuring lessons are learned from previous planning processes, as well as from other UK regions, is essential. In collaboration with the C&AG, I have now commenced a study on Planning in both central and local government.

Conclusion

2.33 All councils have made positive progress in strengthening their governance arrangements since their formation in 2015, particularly around the adoption of good practice to promote more effective Audit and Risk Committees. However, I would encourage all councils to notify me of all actual, suspected and attempted frauds.

Part Three:
Performance Improvement

Part Three: Performance Improvement

Key Messages

1. All councils strengthened their performance improvement arrangements and each council demonstrated measurable improvements to functions.
2. Due to the impact of the Covid-19 pandemic, the requirement to publish annual performance plans for 2020-21 by 30 June 2020 was set aside. Self-assessment reports, outlining councils' performance against their 2019-20 performance improvement plans, were still required to be published by 30 September 2020. Due to the ongoing impact of Covid-19 the Department is consulting with councils on performance improvement requirements over the next two years.
3. The first statements of progress for each community plan were published by each council in November 2019 and highlight some promising initiatives.
4. The first results of the Planning Monitoring Framework were published in September 2019 by the Department for Infrastructure, showing significant variations in performance between councils.

Performance Improvement audits and assessments

Councils have a statutory responsibility to make arrangements for, and report on, continuous improvement in 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 responsibility[14] 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[15] and report my findings.

3.2 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 2018-19 in their annual self-assessment report in September 2019. 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.

14 Section 92 of the Local Government Act (NI) 2014, together with the supporting statutory guidance issued by the Department for Communities.

15 Improvement audits and assessments are performed in year, whilst financial audits are performed retrospectively.

3.3 I am required to assess and report whether each council:

- discharged its duties in relation to improvement planning;
- published the required improvement information;
- 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 My detailed findings in respect of the 2019-20 plans and the 2018-19 performance reports were reported to each council and the Department in November 2019. I subsequently published summaries of my findings for each council on the NIAO website in March 2020[16]. I did not undertake any special inspections or recommend formal intervention by the Department.

Councils strengthened their performance improvement arrangements in year

3.5 All of the councils met their key performance improvement responsibilities for publishing performance improvement plans and self-assessment reports during the year. Although councils are at different stages of development, all strengthened their performance improvement arrangements and each council demonstrated measurable improvements to functions. In September 2019, NIAO published a good practice briefing[17] which identifies some key aspects of improving performance, illustrated by examples drawn from councils' experience.

3.6 Given the track record of performance improvement achievements now available, for the first time I was able to undertake an assessment of whether the councils were likely to meet their performance improvement responsibilities under legislation for the remainder of the 2019-20 year. For all but one council I concluded that they were likely to comply with these responsibilities. For Causeway Coast and Glens Borough Council, it was not possible for me to assess if its performance improvement arrangements were sufficiently developed to deliver measurable improvements, and whilst there were some indications of improvement, the embedding of performance management systems and council structures are essential to resolving this going forward. I therefore concluded that the Council was unlikely to comply with its legislative performance improvement responsibilities during 2019-20.

3.7 Councils have a wide degree of discretion on their performance improvement arrangements within the overall statutory framework. As a result, my audit work in 2019-20 continued to focus primarily on compliance with the legislation and guidance; and on identifying and sharing emerging good practice. I have provided feedback to each council on how its arrangements could be further improved. However, it is a matter for each council to decide the extent to which it accepts my proposals. I reviewed what progress had been made on implementing my previous proposals on performance improvement. Generally councils had resolved many of the issues that I had raised, however in some instances I recommended that addressing these issues needed to be given more priority.

16 https://www.niauditoffice.gov.uk/publications/local-government-annual-improvement-reports-2020

17 https://www.niauditoffice.gov.uk/publications/performance-improvement-local-government-learning-lessons-performance-improvement-good

Part Three:
Performance Improvement

3.8 In previous years I identified challenges that some councils faced in collecting data to support any claims of improvement. Much progress has been made in establishing management information systems and improving the measurements used to assess improvement, but in some instances further work is needed to fully resolve the issues. Whilst some councils had undertaken data validation exercises to gain assurance on the accuracy of the underlying information being used to monitor and assess performance, others needed to develop this further. I also noted instances where inaccurate performance information had been published by councils.

3.9 Generally, improvement objectives for 2019-20 are focussed, realistic and achievable. However there are still some instances of objectives being strategic in nature and this can make it challenging for councils to demonstrate that improvements are achieved. In some cases defined measures of success, indicating quantifiable targets, together with baseline information would assist councils in being able to better demonstrate the achievement of an objective. Whilst some councils may find it difficult to realise more aspirational objectives, the arrangements made to deliver these objectives may nonetheless result in some demonstrable improvements.

3.10 This was the third 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 reports that significant progress by all councils was needed to allow a broader range of functions to be benchmarked in future. A sub-group of SOLACE's performance improvement working group prepared a paper on the way forward to establishing a regional performance framework for benchmarking during 2019, but a considerable amount of work would be necessary to take this forward.

3.11 Last year I noted the progress made on clarifying the requirements of the 'General Duty' to improve within the Department's statutory guidance by the multi-stakeholder group, which included representatives from the Department and councils. This resulted in new guidance on the General Duty being issued by the Department in June 2019 and this has resolved many of the issues raised in previous performance improvement audits in this area.

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

3.12 During 2020 the Covid-19 pandemic impacted significantly on the delivery of council services and on councils' ability to publish annual performance plans for 2020-21 by 30 June 2020. The Department therefore set aside this requirement for 2020-21 but indicated that self-assessment reports, outlining councils' performance against their 2019-20 performance improvement plans, should still be published by 30 September 2020. Given the ongoing impact of Covid-19 the Department is consulting with councils on performance improvement requirements over the next two years. It has initially suggested that it may be more beneficial for councils to produce plans setting out their proposals for service delivery and performance recovery, rather than the performance improvement plans currently required by legislation and statutory guidance. I look forward to discussing the audit arrangements for this work with the Department in the coming months.

Community Planning

Councils published their first statements of progress on Community Planning in November 2019 highlighting progress on a range of projects

3.13 Community planning is a new responsibility for councils, designed to improve the lives and wellbeing of residents throughout the council's area. It involves working with a wide range of partners, including the community and voluntary sector, education, health, Police Service of Northern Ireland and Tourism Northern Ireland. As lead partner of each of the 11 Community Planning Partnerships, each council published its first 'Community Plan' between March and November 2017, setting out community visions, ambitions and goals for each council area to improve the social, economic and environmental wellbeing of districts and the people who live there.

3.14 The Local Government Act (Northern Ireland) 2014 requires councils to publish a statement on outcomes achieved and actions taken within two years of the plan being published. Community planning partners must provide the council with relevant information to enable them to prepare this statement. In addition, councils must carry out a review of the plan before its fourth anniversary.

3.15 In December 2018 the Department issued guidance to Community Planning Partnerships and Statutory Community Planning Partners to provide practical advice on the arrangements for monitoring and reporting on community plan progress. The first statement of progress for each community plan was published in November 2019, with councils reporting progress against outcomes to date and highlighting projects which have begun to make a difference to local communities.

Part Three: Performance Improvement

3.16 Councils have adopted a variety of formats for their progress reports, from short summary documents, to extensive reports covering more than 100 pages. The content of the reports also varies widely. Most councils have used a form of Red/Amber/Green (RAG) rating to report progress against each outcome or action. Some councils have also used a balanced scorecard approach to assess each action and have put action plans or priorities in place.

3.17 Varying levels of progress have been reported by councils over the first two years of their community plans. Whilst some reported that the majority of indicators showed a positive change, this was often not quantified. Some councils considered that it was too early in the process to determine whether progress had been made, or stated that there was not enough data available to measure progress, while others were able to demonstrate some progress including the number of jobs created, a reduction in the volume of waste going to landfill, and the extent of new social housing built.

3.18 A number of projects that have commenced as part of the community plans have the potential to make a difference in local communities. Most councils have used case studies to illustrate the type of project being delivered and demonstrate the potential to make a difference in local communities. There are some common themes amongst the projects including dementia friendly events, ageing well initiatives, jobs and careers fairs, multi-agency support hubs and active community events.

3.19 Although an audit of community plans is not required, I assessed and reported on whether councils' improvement objectives in their 2018-19 Performance Improvement Plans had links to community planning, as part of the improvement audit and assessment. I am pleased to note that all councils demonstrated the necessary links. I welcome the ongoing engagement and support that the Department has with Community Planning Partnerships, and encourage all partners, both statutory and non-statutory, to fully engage in and support this process.

Planning: the Planning Monitoring Framework

The first results of the Planning Monitoring Framework were published in September 2019 and show significant variations in performance against planning targets

3.20 As noted in **paragraph 3.2,** part of my audit and assessment of councils' arrangements for continuous improvement includes their performance against statutory planning standards and indicators.

3.21 Recognising that the standards and indicators relating to planning do not cover all the planning work undertaken by councils, the Department for Infrastructure introduced, from 1 April 2018, a further set of performance indicators covering wider planning activity. By measuring and reporting on progress against these indicators, councils are able to evidence and demonstrate

their contribution towards the draft Programme for Government[18] outcomes and their stated purpose of improving wellbeing for all, by tackling disadvantage and driving economic growth. The indicators also allow councils to report their progress in implementing their community plans and the associated local development plans.

3.22 Data was collected from 1 April 2018 and the first results were published, along with the Department for Infrastructure's 2018-19 official planning statistics, in September 2019. The results demonstrate that there are significant variations in performance against planning targets amongst the 11 councils (see **Figure 13**). For example, the time taken to process major planning applications ranged from 22 to 154 weeks and only 3 of the 11 councils were able to meet the 30 week target for major applications. Performance against the 15 week target for local applications ranged from 8 to 22 weeks. As previously noted, in collaboration with the C&AG, I have now commenced a detailed study on the Planning process in both central and local government. This will include an assessment of councils' performance against statutory targets.

Figure 13. The majority of councils failed to meet the 30 week target for major planning applications in 2018-19

	WEEKS	
	MAJOR APPLICATIONS	LOCAL APPLICATIONS
TARGET	**30**	**15**
Antrim and Newtownabbey	24	12
Ards and North Down	151	16
Armagh City, Banbridge and Craigavon	24	15
Belfast City	41	15
Causeway Coast and Glens	50	22
Derry City and Strabane	154	14
Fermanagh and Omagh	22	12
Lisburn and Castlereagh City	78	18
Mid and East Antrim	43	8
Mid Ulster	65	17
Newry, Mourne and Down	77	18

Note: Average processing time measures the median average processing time for all applications decided on during 2018-19

Source: Department for Infrastructure Planning Monitoring Framework 2018-19

18 https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/pfg-consulation-document.PDF

Part Three:
Performance Improvement

Conclusions

3.23 Councils continue to strengthen their performance improvement arrangements and I have continued to provide feedback on areas which could be strengthened. I will continue to discuss the way forward for the performance improvement arrangements with the councils and the Department in the months ahead.

3.24 The first results of the Planning Monitoring Framework highlight that whilst there are significant variations in performance against planning targets across the 11 councils, the majority consistently miss the statutory target for approving major applications. These issues will be explored in more detail as part of the study on the planning process in both central and local government.

Part Four:
Challenges and Opportunities

Part Four:
Challenges and Opportunities

Key messages

1. The Department for Communities has not yet completed the planned review of the Local Government Reform Programme.
2. Levels of staff absenteeism continue to represent a challenge for councils.
3. Prompt payment of suppliers varies significantly across councils.
4. Economic Growth Deals now cover the whole of Northern Ireland and represent considerable opportunities for councils.
5. The continued response to the Covid-19 pandemic presents a significant challenge to all councils.

Efficiency Savings

The Departmental review of the Local Government Reform Programme has been delayed

4.1 In my 2018 report, I 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.

4.2 Last year, I reported that the Department would carry out a review of the cost benefit analysis of local government reform for the period 1 April 2015 to 31 March 2019, analysing monetary and non-monetary factors. The Department intended to complete this review during 2019-20, however it has been delayed and will now be completed during 2020-21.

4.3 Further delays in completing this review should 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.

Absenteeism

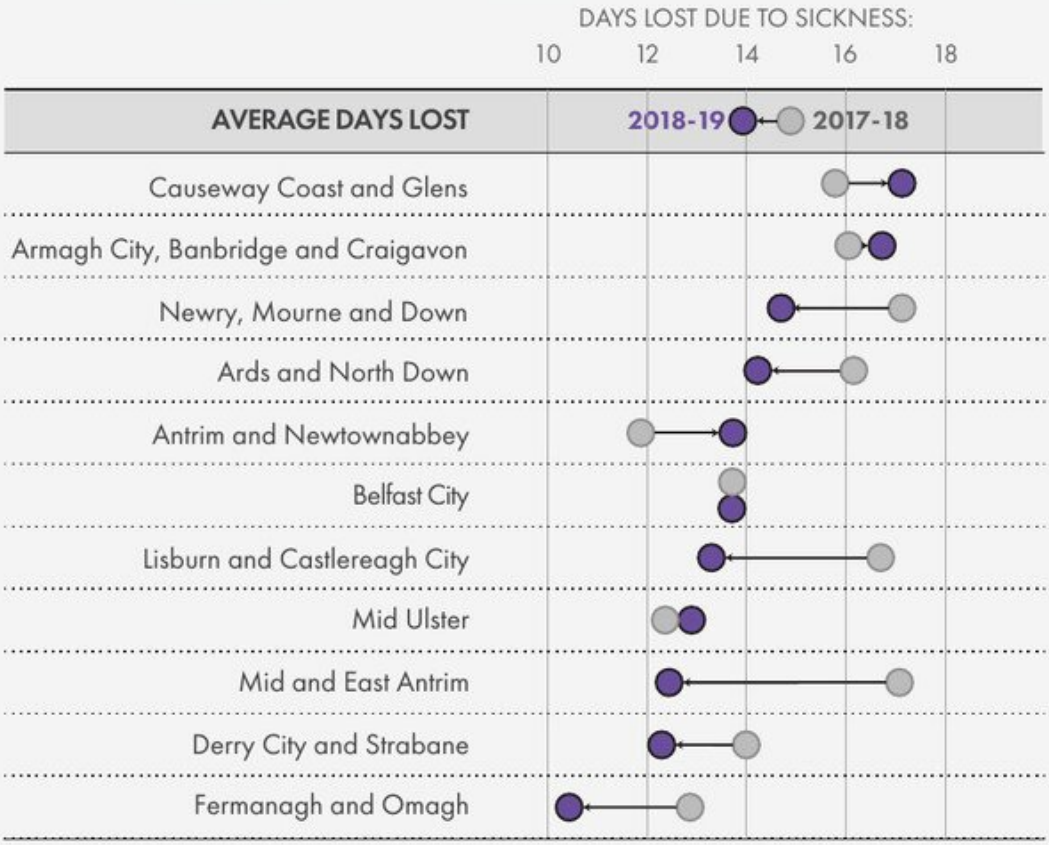
Overall sickness absence rates remained high, with an average of almost 14 days lost per employee

4.4 Whilst there was a small decrease in absence rates in 2018-19, overall absence rates remain high and there has been very little improvement over the years. In 2018-19, the average sickness absence rate for the councils was 13.9 days[19] (14.9 days in 2017-18) representing approximately 6.4 per cent of total working days[20] (see **Figure 14**).

19 The average absenteeism rate noted in the report is the mean rate for all 10,136 FTE staff in Northern Ireland councils. The median absenteeism rate for the 11 councils is 13.73 days.

20 Based on 220 working days a year.

Figure 14. Overall absence levels have fallen since last year, but days lost and annual trends vary between councils



Source: Councils' audited financial statements for 2018-19 and 2017-18

4.5 The data for 2018-19 continues to show a significant range in the average number of days lost per employee. Fermanagh and Omagh District Council recorded the lowest number of days lost at 10.4 days (12.9 days in 2018-19), while Causeway Coast and Glens Borough Council recorded the highest rate at 17.1 days (15.8 days in 2017-18). In seven councils, absence levels have reduced since the previous year, with increases in the other four.

4.6 The majority of days lost at each council relate to long-term absenteeism (average of 10.6 days in 2018-19), with conditions such as musculoskeletal problems, stress and depression being key contributors (see **Figure 15**).

Part Four:
Challenges and Opportunities

Figure 15. Long term absences account for the majority of days lost due to sickness

	% OF DAYS LOST DUE TO LONG TERM ABSENCE
AVERAGE	**76**
Causeway Coast and Glens	87
Lisburn and Castlereagh City	84
Antrim and Newtownabbey	80
Armagh City, Banbridge and Craigavon	78
Mid and East Antrim	77
Newry, Mourne and Down	75
Derry City and Strabane	74
Ards and North Down	74
Fermanagh and Omagh	71
Mid Ulster	68
Belfast City	68

Source: Annual audit letters 2018-19

4.7 I have consistently highlighted the importance of closely monitoring and actively managing sickness absence levels. This is to ensure that staff welfare is protected and that the delivery of front line services is not adversely affected. A detailed report on 'Managing attendance in central and local government' was published in November 2020. The report highlights good practice, and provides additional guidance on managing attendance[21].

Prompt Payment

The majority of councils fail to meet prompt payment targets for their suppliers

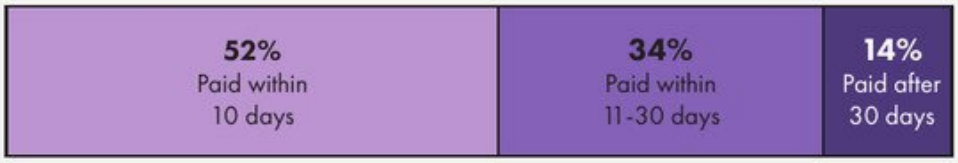
4.8 Councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the commitment made by the Northern Ireland Executive to pay the majority of valid invoices within 10 days. The average number of days taken to pay a supplier varies considerably across the councils.

4.9 In 2018-19, six councils paid at least half of their valid invoices within 10 days. Whilst this is an improvement on the prior year, when five councils managed to achieve this, most councils' performance still falls significantly behind central government performance (see **Figure 16**).

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

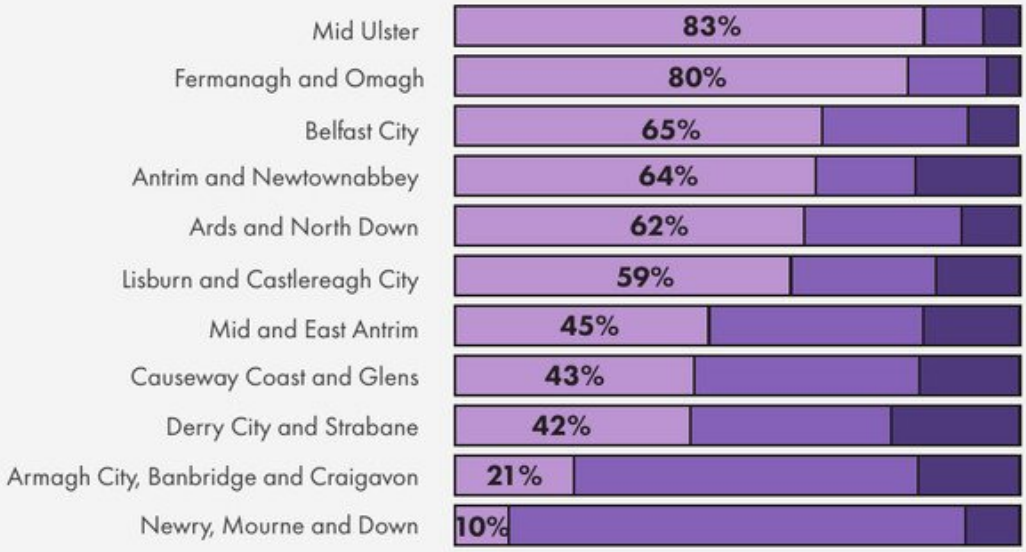
Figure 16. Overall prompt payment performance is significantly slower than central government performance

In 2018-19, **councils** paid around half 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

As in previous years, the prompt payment statistics show there is considerable room for improvement across most councils. Prompt payment of invoices helps businesses' cashflow and this is increasingly important in order to maintain financial viability in the current challenging economic climate.

Part Four:
Challenges and Opportunities

Asset management

Good asset management is essential to help deliver sustainable public services

4.10 In **Part One** of this report (**paragraphs 1.12 to 1.16**) I highlighted the significance of capital expenditure, which relates to the purchase and improvement of council assets. 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 2019 was in excess of £2.5 billion[22], with a small proportion (with an approximate value of £27 million) currently surplus to requirements, or being held for future development.

4.11 There is increasing pressure, since the formation of the 11 councils in 2015, to consolidate, replace and maintain ageing public sector assets, as well as manage the risks associated with operating ageing assets. This is set against a backdrop of increasing resource pressures. It is therefore essential that councils ensure their asset management practices are sufficient to help deliver sustainable public services. In my 2019 report I included nine principles of good asset management. In partnership with the Strategic Investment Board, work has commenced on a good practice guide on asset management.

Capital projects

Councils have announced ambitious capital expenditure plans which will require significant external funding

4.12 Councils are committed to spending almost £343 million on future capital projects, which include plans for leisure centres, play parks, civic buildings, community centres and village renewal schemes. However only £33 million of the required funding for these projects had been secured in grant-in-aid by 31 March 2019. Councils will need to identify sources of funding for these projects. It has been suggested that savings from service transformation, along with reserves and funding linked to City Deals, will be used, however these have not been quantified. It is probable that councils will require significant funding from external sources such as loans in order to proceed with these ambitious capital plans.

4.13 Some councils already have a significant amount of underlying debt (see **paragraphs 1.17 to 1.21**), and so the impact of any additional loan commitments needs to be considered carefully, in light of councils' ability to meet repayments, the impact on cash available for service delivery and the effect on councils' net debt position. Given the ongoing financial challenges arising from the Covid-19 pandemic, councils may need to reconsider future plans and commitments.

22 Excluding heritage assets, investment properties and intangible assets.

City Region and Local Growth Deals

Every part of Northern Ireland is now covered by an economic Growth Deal

4.14 Councils are partners in the City Region and Growth Deals. A total of £1.2 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 - £210 million
- Mid, South and West Growth Deal - £252 million
- Causeway Coast & Glens Growth Deal - £72 million.

Belfast Region City Deal

4.15 In its 2018 Autumn budget[23] (the 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 six participating councils[24] committing £100 million and the two Universities committing £50 million. This makes the deal worth at least £850 million before any funding is attracted from the private sector. The deal is a binding, long-term agreement aimed at boosting economic growth led by the city region over 10 to 15 years. It is intended that the funding will be used to deliver a programme of capital investments to support the region's high growth ambitions, creating up to 20,000 new and better jobs. The BRCD partners, including Regional further education colleges, universities and local councils will deliver a complementary employability and skills programme to ensure that people gain the necessary skills to secure and deliver on the new and better paid jobs that will be created.

4.16 Belfast City Council is leading the BRCD, which will require effective collaboration with robust governance and accountability arrangements between councils, central government public bodies, and the UK Government. In March 2019, the Secretary of State, BRCD partners and the Northern Ireland Civil Service signed a Heads of Terms document, enabling full business plans to be prepared for the projects proposed.

23 HM Treasury, Budget 2018, HC 1629, October 2018, pg. 71.

24 The participating six councils include Antrim and Newtownabbey Borough Council, Ards and North Down Borough Council, Belfast City Council, Lisburn and Castlereagh City Council, Mid and East Antrim Borough Council and Newry, Mourne and Down District Council. Queen's University Belfast, the Ulster University, and the four Regional Colleges will also play key partnership roles.

Part Four: Challenges and Opportunities

Derry City and Strabane District Area Deal

4.17 In May 2019, the UK Government announced a £105 million City Deal and Economic Growth Funding Package for the Derry City and Strabane District Area Deal. The investment package announced comprises a £50 million City Deal and a £55 million Inclusive Future Fund which aim to boost the economic potential of the city region and to support a more prosperous, united community and stronger society. In May 2020 the NI Executive further confirmed match funding for both the City Deal and Inclusive Future Fund investment totalling £105 million bringing the total confirmed funding to £210 million. Along with anticipated funding from project partners of £40 million, this will bring the total investment in the North West to around £250 million.

4.18 The investment will comprise three new innovation centres of excellence; enhancing and maximising digital connectivity; two major city and town centre regeneration schemes; tourism and skills investment; and a new Entry Level Medical School for Northern Ireland to be located at the Ulster University Magee.

Two Local Growth Deals have been announced covering the Mid, South and West of Northern Ireland and the Causeway Coast and Glens

4.19 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.

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.

These Growth Deals bring opportunities as well as risks which will need to be carefully managed by councils and partners

4.20 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.

4.21 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.

Observation

In light of the future challenges and opportunities presented by the economic Growth Deals, the C&AG and I will continue to monitor the Deals as they progress.

Councils are considering their readiness for leaving the European Union

4.22 Much uncertainty remains regarding the impact of leaving the European Union for councils. Councils' readiness for exiting the European Union is considered at the monthly SOLACE meetings to ensure that all councils are taking a proactive approach. Council officers are working 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.

Impact of the Covid-19 pandemic

4.23 Councils have faced unprecedented challenges related to Covid-19 which will continue as they deal with both the immediate and longer-term repercussions of the pandemic. There has been a significant financial impact related to decisions made by councils in order to maintain public safety, particularly during the emergency response to the pandemic. There is likely to be a long-term and ongoing impact on the economy and public sector finances, however the full extent is unknown at this stage.

4.24 In May 2020, the Minister for Communities in Northern Ireland announced that the Executive was allocating £20.3 million 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 such as waste collection and disposal, provision of registration and cemetery services and to support those in need. An additional £40 million was announced in September 2020 to support the operation of all 11 councils. In October 2020, the Executive allocated a further £15 million to councils to ensure that they continued to positively contribute to the response to, and recovery from Covid-19.

4.25 Many staff were furloughed due to the restrictions on service provision. Whilst some services have resumed, continued restrictions will impact on the ability to fully resume service delivery and income streams, particularly those from leisure and tourism, will continue to be significantly impacted.

Part Four:
Challenges and Opportunities

Conclusion

4.26 Looking ahead, councils face a wide range of challenges and opportunities. In these unprecedented times, continuing to deliver positive outcomes will require strong leadership, effective governance structures and continued engagement both internally and externally. This can be further enhanced through the development of effective partnership arrangements with other public bodies and local communities.

NIAO Reports 2019 and 2020

Title	Date Published
2019	
Welfare Reforms in Northern Ireland	17 January 2019
Structural Maintenance of the Road Network	26 March 2019
Follow-up reviews in the Health and Social Care Sector: Locum Doctors and Patient Safety	9 April 2019
Making partnerships work: A good practice guide for public bodies	30 April 2019
Mental Health in the Criminal Justice System	14 May 2019
Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation	14 June 2019
Local Government Auditor's Report 2019	19 June 2019
Financial Auditing and Reporting: General Report by the Comptroller and Auditor General for Northern Ireland – 2018	26 July 2019
Major Capital Projects	8 December 2019
2020	
Injury on duty schemes for officers in the Police Service of Northern Ireland and the Northern Ireland Prison Service (Website only)	10 March 2020
Governance issues in Sport Northern Ireland	11 March 2020
Reducing Costs in the PSNI	28 April 2020
National Fraud Initiative	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	2 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	18 November 2020
Managing Attendance in Central and Local Government	24 November 2020
Managing Children who Offend follow up review	1 December 2020

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Report to:	Audit Committee
Date of Meeting:	12 January 2021
Subject:	Performance and Improvement Update
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	Part 12 of the Local Government Act (NI) 2014 requires District Councils to put in place arrangements to secure continuous improvement in the exercise of their functions. Through the Act, all District Councils have a statutory duty to: • Produce and publish a Performance Improvement Plan before 30 June each year, outlining the key improvement objectives for the year ahead. • Produce and publish an Assessment of Performance before 30 September each year, demonstrating progress in delivering the previous year's performance improvement objectives, statutory performance indicators and standards for economic development, planning and waste management and self imposed performance indicators. • Facilitate the annual Performance Audit and Assessment which is carried out by the Northern Ireland Audit Office (NIAO), to determine whether the Council has effectively complied with Part 12 of the Local Government Act (NI) 2014. The S95 report must be published by 30 November each year.
2.0	**Key issues**
2.1	In response to the impact of the COVID-19 pandemic, the Department for Communities (DfC) confirmed that Councils were: • Not required to publish a Performance Improvement Plan for the 2020-21 financial year. • Required to produce the Assessment of Performance 2019-20. The Assessment of Performance 2019-20 for Newry, Mourne and Down was completed and published on the Council's website in line with the statutory timescale. • Required to facilitate the Performance Audit and Assessment, focusing primarily on the Assessment of Performance 2019-20. The NI Audit Office (NIAO) estimates that input will be around 30% of audits in previous years, which will be reflected in the reduced audit fee, as outlined in **Appendix 1**. The timescales for completing the Audit and Assessment have been extended and the fieldwork phase is currently underway at Newry, Mourne and Down. Feedback reports will be published by 31 March 2021.

2.2	The Local Government Performance Improvement Working Group (LGPIWG) which is chaired by a SOLACE representative, has been working closely with DfC and NIAO to consider the current legislative requirements, strengthen existing performance management arrangements and embed a culture of improvement across local government. On 20 October 2020, the LGPIWG issued a letter to the Department for Communities, highlighting the short, medium and long term issues which must be addressed, as outlined in **Appendix 2**. • **Short term:** Clarification in relation to the scope, process and timeline for the Performance Audit and Assessment in 2020/21. • **Medium term:** Clarification on the scope, focus and timeline for the Performance Improvement Plan 2021/22, Assessment of Performance 2020/21 and Performance Audit and Assessment 2021/22. • **Long term:** Review of Part 12 of the Local Government Act (NI) 2014 and the Performance Indicators and Standards Order 2015. DfC issued a response on the 13 November 2020, confirming their intention to work with the LGPIWG to discuss future performance management arrangements and any subsequent amendments to Part 12 of the Local Government Act (NI) 2014, as outlined in **Appendix 3**.
2.3	Strengthening existing performance management arrangements and embedding a culture of performance and improvement has gained momentum within Newry, Mourne and Down District Council. It is vital that performance is used a key driver to identify improvements and facilitate the delivery of effective, efficient and value for money services in the current and post COVID-19 environments. During 2020-21, Emergency Business Plans for each Directorate were developed to provide a mechanism to manage the Council's response to COVID-19, co-ordinate activity and plan ahead to support and anticipate business recovery. The implementation of these plans is well underway and will be reviewed in March/April 2021. The Corporate Plan 2021-23 has also been reviewed in response to the COVID-19 pandemic, and will be considered by the Strategy, Policy and Resources Committee in December 2020. Preliminary work in relation to the development of the performance improvement objectives 2021-22 is also due to commence, in order to ensure the organisation is in a position to comply with the current requirements of the legislation.
3.0	**Recommendations**
3.1	To note: • The update in relation to current and future performance management arrangements
4.0	**Resource implications**
4.1	The anticipated cost of the Performance Audit and Assessment is circa £7,000.
5.0	**Due regard to equality of opportunity and regard to good relations (complete the relevant sections)**

5.1	***General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes*** It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations ☒
5.2	***Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision*** Yes ☐ No ☒ If yes, please complete the following: The policy (strategy, policy initiative or practice and / or decision) has been equality screened ☐ The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation ☐
5.3	***Proposal initiating consultation*** 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 ☐ Consultation period will be 12 weeks ☐ Consultation period will be less than 12 weeks (rationale to be provided) ☐
	Rationale: Consultation not required.
6.0	**Due regard to Rural Needs (please tick all that apply)**
6.1	Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service Yes ☐ No ☒ If yes, please complete the following: Rural Needs Impact Assessment completed ☐
7.0	**Appendices**
	Appendix 1: Correspondence NIAO to LGPIWG Appendix 2: Correspondence LGPIWG to DfC Appendix 3: Correspondence DfC to LGPIWG
8.0	**Background Documents**

	Local Government Act (NI) 2014 (Part 12)

N I A O

Patrick Barr
Director

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
Telephone : (028) 9025 1063
Fax : (028) 9025 1051
Email :patrick.barr@niauditoffice.gov.uk
www.niauditoffice.gov.uk
@NIAuditOffice

Anne Donaghy
Chair of SOLACE

Via email to: anne.Donaghy@midandeastantrim.gov.uk

30 September 2020

Anne,

It was great to talk to you and the other forum members earlier this week – thank you for inviting me.

We agreed on the call that I would write to you laying out the primary focus of our audit approach this year and the fact that the reduced audit activity would be reflected in the fee charged to Councils.

Without going into too much detail here, the primary focus of our work will be the 2019-20 Self Assessment Report. We will not be looking at the performance improvement plans as, per communication from the Department, these are not required this year. The timescales for the completion of our work are currently being extended to allow for the necessary change in legislation (discussed on our call) to be completed. That said, for most Councils we still intend to begin our work in the coming weeks and will begin circulating our information requests once finalised.

In regard the fees, I mentioned that we estimate the input required this year will be in the region of 25% to 30% of the previous years' work. This will be reflected in a reduced fee – so we aim to charge Councils 25% to 30% of the performance improvement fee outlined in the audit strategy.

As I said on the call we recognise the impact that the current situation is having on Councils and how they have responded to the challenges they face. I look forward to working with you, and the other forum members, to ensure we complete our planned work as efficiently as possible this year, and ultimately make improvements to the wider performance improvement system as we progress.

Yours sincerely

P. Barr

PATRICK BARR
Director

Julie Broadway
Department for Communities
Causeway Exchange
1-7 Bedford Street
Belfast
BT2 7EG

XX October 2020

Dear Julie,

I am writing to you as Chair of the Local Government Performance Improvement Working Group, on behalf of SOLACE NI.

I would like to thank you, Lynn McCracken and Kerri O'Neil for attending the most recent meeting of the Local Government Performance Improvement Working Group (PIWG) on Monday 28th September 2020. It was encouraging to hear details of the Department's 3-stage plan for moving forward with regards to performance improvement in local government. I believe that through strong partnership working, we can continue to build a culture of performance across local government in the coming years whilst navigating the long-term impacts of the COVID pandemic.

As you will recall, it was agreed that the PIWG would collectively identify the most appropriate steps to be taken in the short, medium and longer term to ensure that performance continues to maintain its valuable profile across the sector. The table below outlines some key actions that now need to be progressed.

Timeframe	Actions Required
Short Term (1 month)	• Clarification and official correspondence on the scope, process and timeline for the Performance Audit and Assessment in 2020/21.
Medium Term (12 months)	• Clarification on the scope and focus of the Performance Improvement Plan for 2021/22 and timeline for publication. • Clarification on whether each Council must consult on the draft performance improvement objectives 2021/22 (or recovery objectives) and timeline for same. • Clarification on the content of the Self-Assessment 2020/21, in the absence of the Performance Improvement Plan 2020/21. • Clarification on the scope, process and timeline of the Performance Audit and Assessment 2021/22. • Careful consideration of benchmarking in the current and post COVID-19 environments, specifically in relation to the nine statutory performance indicators and standards, as the statutory Waste targets have not yet been issued.
Long Term (24 months)	• A full review of Part 12 of the Local Government Act (NI) 2014

	• The Performance Indicators and Standards Order should be reviewed alongside Part 12 of the Local Government Act (NI) 2014.

As we move into the coming year it is vital for all stakeholders, including the Department for Communities, Northern Ireland Audit Office and local government to acknowledge that performance and improvement is a key driver for the delivery of effective, efficient and value for money services.

Over the last five years, local government has allocated a significant amount of time and resources to secure compliance with Part 12 of the Local Government Act and has raised the profile and impact of performance significantly. The process of embedding a culture of performance and improvement has gained substantial momentum across each of the 11 Councils and it is vital that this momentum continues to build.

Going forward, SOLACE envisages a clear and pivotal role for performance and improvement in the current and post COVID-19 environments, helping to address the financial challenges that the sector face and identify efficiency/income generating opportunities. Using performance as a key enabler to navigate our way through the pandemic will build on and strengthen the progress made to date within Councils. However, to be effective and responsive to the needs and aspirations of local communities and individual Councils, now is the right time to review, evaluate and streamline the legislation and guidance.

In addition to the steps outlined within the table above, there are a number of recommendations that the PIWG have outlined below, particularly for the 2021/22 year; these include:

- The group have previously highlighted that the current legislation requirements and statutory guidance on Council are time consuming, bureaucratic and resource intense. In light of changing circumstances, as a result of the COVID-19 pandemic, a more flexible approach is required, particularly around the definition of an 'improvement objective' for 2021/22 performance plans. Objectives will focus on recovery and delivering medium and long-term improvements for the communities we serve. These objectives will be unique to each Council area; therefore, a 'one-size-fits-all' approach will be ineffective. The audit and assessment process will need to take account of this flexibility.

- Whilst the annual cycle has played a key role in assisting Councils in mainstreaming/embedding performance and improvement, local government now calls for a more phased approach. The Performance Improvement Plan is a strategic document that forms part of the hierarchy of plans in place across each Council, and is directly aligned to the Corporate Plan and Community Plan. To remain strategic, the Performance Improvement Plan should change from an annual improvement plan to a minimum of a 2-year plan. This would allow for more realistic and tangible outcomes at a local level. A 2-year plan would also provide time to conduct a full review of Part 12 of the legislation.

- The formal consultation process should also take place on a biennial cycle. It should be noted however that councils engage on a continuous basis. Within that context, Council's should have the freedom to select and realign improvement objectives which matter most to both the organisation and local communities, focused on and responding to the internal and external environments that we face, as illustrated so pertinently by COVID-19.

- The audit cycle should be at a minimum every 2 years, with the annual Performance Self-Assessment serving as a light touch review each year, subject to the scrutiny of senior management teams and Elected Members. The effectiveness of this scrutiny process would be led by the Council and sector and would then form part of the more in depth NIAO Audit and Assessment.

I would appreciate your consideration of the points raised in this letter and am happy to further discuss any points you would like to raise. I will soon issue an invitation to you for the next PIWG meeting that is expected to take place in November.

I look forward to continuing to work with the Department in the coming months to agree and finalise a way forward that will guarantee that the momentum already established through the Performance Improvement Working Group over the last 5 years continues to develop across local government.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

Anne Donaghy
Chief Executive
Mid and East Antrim Borough Council

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

Level 4
Causeway Exchange
1-7 Bedford Street
Belfast
BT2 7EG

Telephone: (028) 9051 5690
E-mail: Julie.Broadway@communities-ni.gov.uk
Your ref: TC/ab/LK
Our ref:
Date: 13 November 2020

Anne Donaghy
Chair of the Local Government Performance Improvement Working
Mid & East Antrim Borough Council
The Braid
1-29 Bridge Street
Ballymena
BT43 5EJ

Dear Anne

Performance Improvement in Local Government

Thank you for your letter dated 20 October 2020 and for the recommended actions set out within the letter.

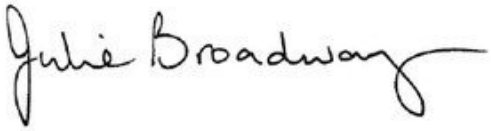
For the short term, the Department aims to bring forward legislation to regularise the legal position arising from the Minister's decision to set aside the requirement for Councils to produce and publish a Performance Improvement Plan for the current 2020/21 year.

For the medium term, we look forward to working with the Local Government Performance improvement Working Group to discuss the arrangements which should be put in place for performance improvement planning during the 2021/22 year, including proposed processes and timelines and whether any further legislation will be required to facilitate any proposed changes to arrangements.

In the longer term, and subject to the Minister's agreement, the Department will carry out a full review of Part 12 of the Local Government Act (NI) 2014. Many of the additional recommendations in respect of performance improvement arrangements, set out in pages 2-3 of your letter, (e.g. the movement to 2-year plans and 2 year audit cycles) would be matters for the full review of Part 12, however, it is very useful to have these issues highlighted at this stage.

I look forward to continuing to work with the PIWG over the coming months.

Yours sincerely



Julie Broadway

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

Chief Executive of each District Council

Local Government & Housing
Regulation Division
Level 4
Causeway Exchange
1-7 Bedford Street
Town Parks
BELFAST
BT2 7EG
Phone: 028 9082 3387

Email: lghrd.secretariat@communities-ni.gov.uk

4 January 2021

Dear Chief Executive

LOCAL GOVERNMENT CIRCULAR 21/2020

GUIDANCE TO COUNCILS - DISPOSAL OF LAND AT LESS THAN BEST PRICE

Please find attached guidance to council staff on the disposal of land at less than best price and should be adhered to for all future lands cases applications.

This will also be placed on the Department for Communities website in the coming days as a Local Government Circular.

Yours sincerely

ROBERT COUSINS

Local Government & Housing Regulation Division

Department for Communities | An Roinn Pobal | Männystrie o Communities

Department for Communities (Northern Ireland)

Guidance for District Councils

Local Government

Disposal of Land at Less Than Best Price

Local Government & Housing Regulation Division

January 2021

1. BACKGROUND

1.1. District Councils in Northern Ireland on occasion have a business need to dispose of or lease a portion of its property or properties within their area of responsibility for a specific purpose which provides a benefit in serving the wider community.

1.2. Land & Property Services within the Department of Finance (DoF) have produced updated guidance for public sector organisations in a framework document called 'Disposal of Surplus Public Sector Property in Northern Ireland (October 2018)'. This document provides useful guiding principles for public sector organisations (including district councils) in the disposal of land within their area of responsibility.

1.3. The legislative context for councils which provides these enabling powers is provided in the Local Government Act (Northern Ireland) 1972 – Part Vii - Miscellaneous Functions – Land: 96 Acquisition, etc., of land.

1.4. This guidance is specifically aimed to assist council staff dealing with the Disposal of Land at Less Than Best Price and the processes which should be followed for specific cases where full council have agreed to dispose of or lease a particular area of land.

1.5. In cases where any other land related exchange is under consideration by council Local Government & Housing Regulation should be consulted for advice on what necessary steps should be followed to bring about the desired outcome. Such cases tend to fall into one of three other categories:

i. Acquisitions;
ii. Transfer of former local council properties; or
iii. Transfer of land/property between public sector bodies.

2. INTRODUCTION

2.1. The purpose of this guidance is to set out the processes to be used when a council wishes to dispose of land without charging the prospective recipient of that land the full market value.

2.2. All references throughout this guidance to land equally apply to land, property or buildings.

2.3. All references to the disposal (of land) applies equally to the

- sale;
- leasing, letting or granting in fee farm;
- exchanging, giving or receiving money for equality of exchange;
- surrender (if leasehold); granting a licence for use for any purpose or
- for such purposes as are mentioned in the licence; or
- granting (by way of sale, lease, letting or licence) any easement, profit
- or right

in respect of the land (as per section 45 the Interpretation Act (NI) 1954).

2.4. The Community Planning & Central/Local Government Relations team within DfC's Local Government & Housing Regulation Division is responsible for the policy, administration, advice and guidance on the disposal at less than best price of council land.

2.5. All Northern Ireland local councils should adhere to this guidance with regard to their approach to the disposal of land at less than best value ("market value").

3. LEGAL CONTEXT

3.1. A council may acquire and hold land for the benefit of the inhabitants of its district and for the improvement, development or future development of its district.

3.2. A council must seek the approval of the Minister to dispose of any land at less than best price or at less than best rent or otherwise on less than best terms that can be reasonably obtained.

3.3. District councils are granted authority in law to dispose of land under two main pieces of legislation:

- Interpretation Act (Northern Ireland) 1954 and in particular Section 45: References relating to land; and
- Local Government Act (Northern Ireland) 1972 and in particular Section 96: Acquisition, etc., of land.

3.4. This is the legal basis on which councils may dispose of land at less than best price after Ministerial approval has been granted.

3.5. The specific wording in Section 96(5) is, "The right of a council to dispose of land shall be subject to the following restrictions—

(a) except with the approval of the Ministry, any disposal of land shall be at the best price or for the best rent or otherwise on the best terms that can be reasonably obtained".

3.6. Section 96(5) forms the basis for district councils to provide justification for a project and that disposal is for the well-being of the district.

4. THE APPLICATION PROCESS

4.1. After the council has received internal approval from appropriate committee(s) and the matter has been ratified by full council, a letter of application should be drawn up covering broadly the following areas for departmental consideration.

4.2. Council applications should not be retrospective and should provide sufficient time for the department to process and seek permission from the Minister for approval.

4.3. The overall purpose of the project should be outlined, detailing the bodies involved and the benefits to the wider community. For example, it may be to expand recreation and youth services within the council area.

4.4. A standard application should be in letter form and include the following key areas of information:

- Licence agreement, Deed of Dedication, Business case or leasehold agreement, depending on the nature of the project;
- Copies of council meetings minutes where the decision was taken to proceed with the project;
- Valuation report on the land. This should have been obtained within 6 months of the "application" and be independently verified. This is an important inclusion and should not be overlooked as approval has been previously delayed due to the absence of a recent land valuation;
- Maps, where appropriate, as these are helpful in providing a visual representation of the area of land under consideration and scale etc;
- Details of the lease period; this is important particularly where a lease is for a shorter term as council may need to revisit the project seeking a renewal of the approval once it expires. If this is the case the Department will notify the council of this requirement; and
- Any other information deemed necessary and which may be unique in considering this type of application.

4.5. The entire application process should be via electronic scanning of documents and email communication. There is no need for councils to send hard copy versions to DfC. The details of each case including emails are electronically stored on the department's storage system where access is restricted to limited numbers of staff authorised to deal with the case.

4.6. Upon receipt of the application, including all documentation deemed necessary to process the application, the Department will prepare a submission to the Minister, via senior management, for consideration.

4.7. The outcome of the application process will be communicated back to the council representative who made the original request.

5. CONTACT INFORMATION

5.1. Further information or enquiries regarding lands cases in general should be made in the first instance to:

Department for Communities
Causeway Exchange
Local Government & Housing Regulation Division
1-7 Bedford Street
Belfast
BT2 7EG

By e-mail to lghrd.secretariat@communities-ni.gov.uk and marked for the attention of Piers Dalgarno.