

Newry, Mourne and Down District Council

Audit and Assessment Report 2019-20

Report to the Council and the Department for Communities under Section 95 of the Local Government (Northern Ireland) Act 2014



29 November 2019

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We have prepared this report for sole use of Newry, Mourne and Down District Council and the Department for Communities. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

Summary of the audit

Audit outcome	Status
Audit opinion	Unqualified opinion
Audit assessment	The LGA has concluded that the Council is likely to comply with Part 12 of the Local Government Act (Northern Ireland) 2014
Statutory recommendations	The LGA made no statutory recommendations
Proposals for improvement	The LGA made two new proposals for improvement

This report summaries the work of the Local Government Auditor (LGA) on the 2019-20 performance improvement audit and assessment undertaken on Newry, Mourne and Down District Council. We would like to thank the Chief Executive and her staff, particularly the Performance Improvement Manager, for their assistance during this work.

We consider that we comply with the Financial Reporting Council (FRC) ethical standards and that, in our professional judgment, we are independent and our objectivity is not compromised.

Audit Opinion

The LGA has certified the performance arrangements with an unqualified audit opinion, without modification. She certifies an improvement audit and improvement assessment has been conducted. The LGA also states that, as a result, she believes that Newry, Mourne and Down District Council (the Council) has discharged its performance improvement and reporting duties, including its assessment of performance for 2018-19 and its 2019-20 improvement plan, and has acted in accordance with the Guidance.

Audit Assessment

The LGA has assessed whether Newry, Mourne and Down District Council (the Council) is likely to comply with its performance improvement responsibilities under Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act). This is called the 'improvement assessment'.

In her opinion the Council is likely to discharge its duties in respect of Part 12 of the Act during 2019-20 and has demonstrated a track record of improvement. The LGA did not exercise her discretion to assess and report whether the Council is likely to comply with these arrangements in future years.

Audit Findings

During the audit and assessment we identified no issues requiring a formal recommendation under the Act. We made two proposals for improvement (see Section 3). These represent good practice which should assist the Council in meeting its responsibilities for performance improvement. Detailed observations on thematic areas are provided in Annex C and progress on key proposals for improvement raised in prior years, which had not been fully addressed last year, have been noted in Annex B.

Status of the Audit

The LGA's audit and assessment work on the Council's performance improvement arrangements is now concluded. By March 2020 she will publish an Annual Improvement Report on the Council on the NIAO website, making it publicly available. This will summarise the key outcomes in this report.

The LGA did not undertake any Special Inspections under the Act in the current year.

The total audit fee charged is in line with that set out in our Audit Strategy.

Management of information and personal data

During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

2. Audit Scope

Part 12 of the Act provides all councils with a general duty to make arrangements to secure continuous improvement in the exercise of their functions. It sets out:

- a number of council responsibilities under a performance framework; and
- key responsibilities for the LGA.

The Department for Communities (the Department) has published '*Guidance for Local Government Performance Improvement 2016*' (the Guidance) which the Act requires councils and the LGA to follow. Further guidance to clarify the requirements of the general duty to improve was issued by the Department during 2019.

The improvement audit and assessment work is planned and conducted in accordance with the Audit Strategy issued to the Council, the LGA's Code of Audit Practice for Local Government Bodies in Northern Ireland and the Statement of Responsibilities.

The improvement audit

Each year the LGA has to report whether each council has discharged its duties in relation to improvement planning, the publication of improvement information and the extent to which each council has acted in accordance with the Department's Guidance. The procedures conducted in undertaking this work are referred to as an "improvement audit". During the course of this work the LGA may make statutory recommendations under section 95 of the Act.

The improvement assessment

The LGA also has to assess annually whether a council is likely to comply with the requirements of Part 12 of the Act, including consideration of the arrangements to secure continuous improvement in that year. This is called the 'improvement assessment'. She also has the discretion to assess and report whether a council is likely to comply with these arrangements in future years.

The annual improvement report on the Council

The Act requires the LGA to summarise all of her work (in relation to her responsibilities under the Act) at the Council, in an 'annual improvement report'. This will be published on the NIAO website by March 2020, making it publicly available.

Special inspections

The LGA may also, in some circumstances, carry out special inspections which will be reported to the Council and the Department, and which she may publish.

3. Audit Findings

This section outlines key observations in the form of proposals for improvement, arising from following thematic areas of the Council’s audit and assessment:

- General duty to improve;
- Governance arrangements;
- Improvement objectives;
- Consultation;
- Improvement plan;
- Arrangements to improve;
- Collection, use and publication of performance information; and
- Demonstrating a track record of improvement.

These are not formal recommendations, which are more significant matters which require action to be taken by the Council in order to comply with the Act or Guidance. Proposals for improvement include matters which, if accepted, will assist the Council in meeting its performance improvement responsibilities. The LGA may follow up on how key proposals have been addressed in subsequent years. We recommend however that the Council’s Audit Committee track progress on all proposals for improvement.

Our procedures were limited to those considered necessary for the effective performance of the audit and assessment. Therefore, the LGA’s observations should not be regarded as a comprehensive statement of all weaknesses which exist, or all improvements which could be made.

Detailed observations for the thematic areas can be found at Annex C.

Thematic area	Issue	Proposal for improvement
Improvement Objectives	Some objectives appear to have been set at a high level which presents challenges in ascertaining whether the Council has been successful in achievement of the objective.	The Council should redefine objectives so that they are more specific rather than aspirational and open-ended. This would enhance both transparency and meaningfulness of the Council's commitment to continuously improve its functions as it should be easier to link projects to objectives and see how the completion of projects contributes to the achievement of the identified objective.
Improvement Objectives	Some of the measures of success underpinning projects are not clearly defined as they do not have specific targets that can be clearly associated with improvement.	The Council should review the measures of success attributed to the supporting actions underpinning the improvement objectives and ensure that the measures are meaningful and their achievement demonstrates improvement.

Thematic area	Issue	Proposal for improvement
	Using the baseline data which has been collated to set standards and targets for performance indicators (where appropriate and relevant) would assist in demonstrating improvement.	

4. Annexes



Annex A – Audit and Assessment Certificate

Audit and assessment of Newry, Mourne and Down District Council’s performance improvement arrangements

Certificate of Compliance

I certify that I have audited Newry, Mourne and Down District Council’s (the Council) assessment of its performance for 2018-19 and its improvement plan for 2019-20 in accordance with section 93 of the Local Government Act (Northern Ireland) 2014 (the Act) and the Code of Audit Practice for local government bodies.

I also certify that I have performed an improvement assessment for 2019-20 at the Council in accordance with Section 94 of the Act and the Code of Audit Practice.

This is a report to comply with the requirement of section 95(2) of the Act.

Respective responsibilities of the Council and the Local Government Auditor

Under the Act, the Council has a general duty to make arrangements to secure continuous improvement in the exercise of its functions and to set improvement objectives for each financial year. The Council is required to gather information to assess improvements in its services and to issue a report annually on its performance against indicators and standards which it has set itself or which have been set for it by Government departments.

The Act requires the Council to publish a self-assessment before 30 September in the financial year following that to which the information relates, or by any other such date as the Department for Communities (the Department) may specify by order. The Act also requires that the Council has regard to any guidance issued by the Department in publishing its assessment.

As the Council’s auditor, I am required by the Act to determine and report each year on whether:

- The Council has discharged its duties in relation to improvement planning, published the required improvement information and the extent to which the Council has acted in accordance with the Department’s guidance in relation to those duties; and
- The Council is likely to comply with the requirements of Part 12 of the Act.

Scope of the audit and assessment

For the audit I am not required to form a view on the completeness or accuracy of information or whether the improvement plan published by the Council can be achieved. My audits of the Council’s improvement plan and assessment of performance, therefore, comprised a review of the Council’s publications to ascertain whether they included elements prescribed in legislation. I also assessed whether the arrangements for publishing the documents complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing them.

For the improvement assessment I am required to form a view on whether the Council is likely to comply with the requirements of Part 12 of the Act, informed by:

- A forward looking assessment of the Council’s likelihood to comply with its duty to make arrangements to secure continuous improvement; and

- A retrospective assessment of whether the Council has achieved its planned improvements to inform a view as to its track record of improvement.

My assessment of the Council's improvement responsibilities and arrangements, therefore, comprised a review of certain improvement arrangements within the Council, along with information gathered from my improvement audit.

The work I have carried out in order to report and make recommendations in accordance with sections 93 to 95 of the Act cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Audit opinion

Improvement planning and publication of improvement information

As a result of my audit, I believe the Council has discharged its duties in connection with (1) improvement planning and (2) publication of improvement information in accordance with section 92 of the Act and has acted in accordance with the Department for Communities' guidance sufficiently.

Improvement assessment

As a result of my assessment, I believe the Council has discharged its duties under Part 12 of the Act and has acted in accordance with the Department for Communities' guidance sufficiently.

The 2019-20 year was the fourth in which councils were required to implement the performance improvement framework. The Council's arrangements to secure continuous improvement, should by now be well embedded. Whilst the Council continues to strengthen these arrangements, it nonetheless delivered some measurable improvements to its services in 2018-19 and has demonstrated a track record of ongoing improvement. In my opinion I believe that the Council is likely to comply with Part 12 of the Act during 2019-20.

I have not conducted an assessment to determine whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent years. I will keep the need for this under review as arrangements become more fully established.

Other matters

I have no recommendations to make under section 95(2) of the Local Government (Northern Ireland) Act 2014.

I am not minded to carry out a special inspection under section 95(2) of the Act.

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28 November 2019

Annex B – Follow up of implementation of key prior year proposals for improvement

Year of report	Reference	Proposal for improvement	Action taken by Council	Status
	General Duty to Improve (GD)			
2016	2016GD3	Given its statutory nature, expand upon the Council’s interim corporate performance management framework to include the development of a performance improvement policy. The purpose of this will define the Council’s own interpretation of the new duty.		Implemented
2017	2017GD1	The Council should prioritise the development of its performance management system to enable the performance of all its functions and services to be measured, and to support the identification of those areas which would most benefit from improvement.		Implemented
2017	2017GD2	The Council should take steps to further develop, establish and embed all elements which underpin its performance management framework more fully across the organisation, ensuring that corporate priorities and performance improvement objectives are effectively cascaded to all employees.	The Chief Executive holds annual briefings for employees across a number of locations to provide an overview of progress to date in implementing corporate priorities and key programmes of work, as well as improvements planned for the year ahead. Performance management has also been incorporated into the corporate induction sessions for new employees.	In progress

Year of report	Reference	Proposal for improvement	Action taken by Council	Status
			<p>The Council should continue to use performance information to identify and drive improvements at all levels in the organisation.</p> <p>The Council is in the process of developing Service Plans and Individual Performance Appraisals which will demonstrate how each department and employee contributes to the achievement of community planning outcomes and corporate priorities.</p>	
	Governance Arrangements (GA)			
2016	2016GA1	<p>The Terms of Reference of the Audit Committee and the Strategy, Policy and Resources (SP&R) Committee should be updated as required to reflect their respective performance improvement responsibilities.</p> <p>This should include a clearly defined separation between the role of the SP&R Committee in managing and scrutinising Council performance and the role of the Audit Committee in providing assurance that the Council's arrangements are operating effectively.</p>		Implemented
2016	2016GA3	Senior management should also facilitate members of both the Audit Committee and the SP&R Committee with training and	There has again been progress with internal support for Committee members, however, further training and capacity building sessions for Elected	In progress

Year of report	Reference	Proposal for improvement	Action taken by Council	Status
		support to discharge their new performance improvement responsibilities.	Members on performance improvement should be developed and delivered.	
2017	2017GA1	The Council needs to ensure that its SP&R Committee is subjecting the Council's priorities, improvement objectives, activities, projects, risks and performance to appropriate scrutiny, challenge and evaluation and that this is monitored by the Audit Committee. To this end, officers must provide the relevant committees with appropriate and timely information in respect of the delivery of the performance improvement objectives.		Implemented
	Improvement Objectives (OBJ)			
2017	2017OBJ2	The Council should continue to focus on the development and appropriate use of baseline performance data and information within the existing data management system going forward and set standards for achievement which are both challenging and realistic.		Implemented
	Collection, Use and Publication of Performance Information (PINFO)			
2017	2017PINF01	The Council should continue to develop and embed its performance management	The Performance Improvement Policy has been adopted, providing the context for mainstreaming the Business	In progress

Year of report	Reference	Proposal for improvement	Action taken by Council	Status
		<p>framework and establish a performance management system as a priority.</p>	<p>Planning and Performance Management Framework across the Council.</p> <p>The Business Planning and Performance Framework is included in the Performance Improvement Plan and Directorate Business Plans, demonstrating how employees contribute to the achievement of key plans and strategies.</p> <p>During 2018-19, the Council also developed Performance Profiles for each Directorate to collate and present baseline performance information in an accessible, meaningful and consistent way. Each profile provides an overview of relevant information from the Residents' survey, alignment across the Business Planning and Performance Management Framework and year on year performance information on the themes of customer, finance and internal business processes since 2015-16.</p> <p>The electronic performance management system has not been developed in the year and is part of an</p>	

Year of report	Reference	Proposal for improvement	Action taken by Council	Status
			<p>overall IT Strategy to be considered in the future. This system would be a more efficient and effective way of monitoring and reporting progress and would help with embedding performance improvement across the Council.</p>	
2017	2017PINF02	<p>The Council should continue working with other councils and the Department to agree a suite of self-imposed indicators and standards. This will enable meaningful comparisons to be made and published in line with its statutory responsibility.</p>	<p>A sub-group of SOLACE's performance improvement working group has produced a paper on the way forward to establish a regional performance framework (benchmark framework). The approach will be agreed with the Department for Communities. A meeting of the sub-group discussed the issue in November 2019.</p> <p>Some progress has been made in the current year following advice from the Department for Communities that councils should benchmark at least two self-imposed indicators relating to the general duty to improve in addition to benchmarking the statutory indicators. The Council has benchmarked these indicators against the other councils within the annual assessment report 2018-19.</p>	In progress

Year of report	Reference	Proposal for improvement	Action taken by Council	Status
			Significant progress by all councils is essential in the coming year to allow a broader range of functions to be compared.	

Annex C – Detailed observations

Thematic area	Observations
General duty to improve	<p>The Council has in place arrangements to secure continuous improvement in the exercise of its functions. A description of how the Council will discharge its duty under s84(1) of the Act has been set out within the 2019-20 Performance Improvement Plan, and the Council has provided evidence of these arrangements by way of self-imposed improvement indicators which are also set out within the Plan.</p> <p>The Council has made progress in year with the implementation of the Performance Improvement Policy in November 2018 to support the Business Planning and Performance Improvement Framework. The Council continues to try to embed performance improvement in a consistent and meaningful way throughout the organisation however further efforts should be focused on ensuring a culture of improvement is firmly embedded in all areas of the Council.</p> <p>The Council has devised a proposed timetable for developing, agreeing and implementing Service Plans that will be driven by the Corporate Plan, Performance Improvement Plan and Directorate Business Plans. The Service Plans will provide an annual overview of the operational activity that is planned for the year ahead and these will play an important role in cascading performance improvement objectives to staff at a meaningful, operational level and will further help to embed performance improvement as part of individual performance appraisals.</p> <p>The monitoring, reporting and review arrangements relating to Performance Improvement continues to be developed and refined. An electronic performance management system would assist with these arrangements as it would be a much more efficient way of monitoring and reporting progress and would help with embedding performance improvement across the Council. This is being considered as part of the overall IT Strategy.</p>
Governance arrangements	<p>The Council has adequate governance and scrutiny arrangements for performance improvement and these arrangements are operating effectively. The Council has established a range of governance arrangements to assist in the delivery of the Performance Improvement Plan.</p> <p>The Council has made progress in respect of the development of governance arrangements particularly in relation to the adoption and communication of the Performance Improvement Policy in November 2018 which provides the context for mainstreaming of the Business Planning and Performance Management Framework across the organisation.</p>

Thematic area	Observations
	<p>Furthermore, the Terms of Reference for the Audit Committee have been revised and strengthened in February 2019. There has again been progress with internal support for Committee members, however, further training and capacity building sessions for Elected Members on performance improvement should be developed and delivered.</p>
Improvement objectives	<p>The Council has demonstrated that the 2019-20 improvement objectives are legitimate, clear, robust, deliverable and demonstrable. The improvement objectives cover a wide range of Council services and they relate to both improving Council functions and improving services for communities and citizens. However, a proposal for improvement has been raised relating to the measures of success used and the level at which objectives are being set.</p> <p>The 2019-20 Performance Improvement Plan contains five objectives all of which have been carried forward from the prior year. The Council continues to review and refine improvement objectives and the associated actions, outcomes and measures every year as part of development of the Performance Improvement Plan. It is evident that improvement objectives have been developed in accordance with the strategic priorities of the Council as detailed in the Corporate Plan flowing from the Community Plan outcomes and in accordance with consultation with stakeholders. It is also clear that the objectives align with the strategic aspects of improvement.</p>
Consultation	<p>The Council has met its statutory duty to consult on its general duty to improve and on the proposed 2019-20 improvement objectives.</p> <p>The Council consulted on both the 2019-20 performance improvement objectives and the 2019-23 Corporate Plan simultaneously considering the close link between both and given the stakeholders are broadly similar. There was a twelve week consultation period and a variety of mechanisms were used to gain feedback including online and hard-copy questionnaires. Corporate Plan feedback was received mainly through the residents' survey and engagement sessions with various relevant groups. With respect to consultation specifically on performance improvement objectives, 74 responses were received and this is considered to be a substantive level of response when compared with other Councils. However, the Council should continue to seek out innovative ways of engaging key stakeholders and reporting performance to them in user-friendly and understandable formats.</p> <p>The Council has been able to demonstrate that feedback received from the consultation in 2019-20 and prior years has been reviewed and assessed and it has been demonstrated that underlying "actions," and "measures of success," related to performance improvement objectives have been tailored in response to the feedback received.</p>

Thematic area	Observations
Improvement plan	<p>The Council's 2019-20 Improvement Plan complies with the Act and with DfC guidance.</p> <p>The Council's Performance Improvement Plan was published in June 2019 and the plan continues to be available in a wide variety of media formats, through its website and social media channels, thereby encouraging stakeholder involvement in its current and future plans, in the context of performance improvements.</p> <p>The document contains a high-level description of the Council's plan for discharging its statutory performance improvement duties. It includes a description of its annual performance improvement objectives, how these were selected, the key actions to be undertaken in order to achieve each of the objectives, and how the progress of the key actions will be measured and what the outcomes for local communities and stakeholders will be. For each objective it is also detailed how it is linked to the corporate plan priorities, community plan outcomes and Programme for Government outcomes as well as detailing the alignment of each objective to the seven aspects of improvement.</p> <p>The plan also provides a summary of the Council's consultation process and the outcome of that process, together with information on how citizens and stakeholders may propose new objectives during the year and how performance against the plan will be reported.</p> <p>The Council also produces a summary document, "Our Performance, Looking Back, Going Forward," which sets out the key points from its Performance Improvement Plan (and its assessment of performance).</p>
Arrangements to improve	<p>The Council's arrangements to secure the achievement of its improvement objectives, statutory indicators and to comply with the general duty to improve, are adequate.</p> <p>The Council has further developed and refined its arrangements for performance improvement in year as referred to in other sections in this report. The Business Planning and Performance Management Framework has been supplemented by the introduction of the Performance Improvement Policy and links have been made between the different aspects of performance improvement and key strategic documents including Business Plans. The Council has identified areas in its self-assessment report for improvement and action should be taken to address these areas.</p>
Collection, use and publication of performance information	<p>The Council's arrangements to assess its performance and to publish the results are adequate. The self-assessment of the Council's performance in relation to the 2018-19 Performance Improvement Plan was transparent and meaningful. It</p>

Thematic area	Observations
	<p>contains explanations and plans for 2019-20 where improvement objectives and indicators have not been met and benchmarking information on the Council’s performance over previous years.</p> <p>The Council continues to use a Microsoft Excel based system to identify, measure and monitor performance improvement at all levels of the Business Planning and Performance Management Framework – this is however, a very labour intensive method of collating performance information, and ensuring that it is robust and accurate. An electronic performance management system would be a much more efficient way of capturing the growing central repository of performance information. An electronic system would also provide a platform to demonstrate the alignment and interdependencies across the Business Planning and Performance Management Framework, create capacity for further analysis of the information and focus on key improvement areas across the organisation. A project mandate for such a system has been developed and is to be considered as part of the overall IT strategy.</p> <p>The Council continues to work as part of the Association of Public Sector Excellence (APSE) Performance Network NI benchmarking project. Internal audit carried out a review of the APSE performance indicators and have raised a number of recommendations in relation to the validation of performance indicators and the Council should work to ensure these recommendations are implemented as soon as practicable. The Council should also consider the use of internal audit to review the validation of indicators not relating to APSE.</p> <p>The Council has also developed internal “Performance Profiles” for each directorate. Information is collated from a variety of sources and presented based on key themes such as Customer, Finance and Internal business processes and are used to inform the business planning process and support a culture of continuous improvement.</p>
Demonstrating a track record of improvement	<p>The Council can demonstrate a positive track record of improvement.</p> <p>The Council has produced an assessment of its performance in each year. The latest assessment entitled, “Our Performance Looking Back, Going Forward,” shows the Council’s progress in delivering both the Corporate Plan and Performance Improvement Plan. Each Performance Improvement Objective has been assessed and whilst there are some instances of individual project performance declining or showing lack of improvement, on the whole since 2016-17 the Council has been able to demonstrate an overall record of improvement. Sustaining this level of improvement within the current resource capacity may present future challenges around strengthening the Council’s existing performance management arrangements and embedding a culture of improvement.</p>