

Audit and Risk Panel

Tuesday, 5th March, 2024

HYBRID MEETING OF AUDIT AND RISK PANEL

HELD IN THE BOARDROOM AND REMOТЕLY VIA MICROSOFT TEAMS

Members present: Councillor R. McLaughlin (Chairperson);
Councillors Hanvey and Verner; and
Mr. D. Wilson (External Member).

In attendance: Ms. S. McNicholl, Deputy Chief Executive/Director of
Corporate Services;
Ms. N. Largey, City Solicitor/Director of Legal
and Civic Services;
Ms. C. Sheridan, Director of Human Resources;
Mr. T. Wallace, Director of Finance;
Ms. C. O'Prey, Head of Audit, Governance and Risk
Services;
Mr. L. Mulholland, Audit, Governance and Risk
Services Manager;
Mr. M. Whitmore, Audit, Governance and Risk
Services Manager; and
Mrs. L. McLornan, Democratic Services Officer.

Also attended: Mr. P. Barr, Northern Ireland Audit Office; and
Ms. F. Magowan, Northern Ireland Audit Office.

Pre-Meeting

The Audit and Risk Panel met privately with the Director of the Northern Ireland Audit Office prior to the meeting commencing, to enable them to discuss any concerns around the work of the Council's risk, control and governance arrangements.

Apologies

No apologies for inability to attend were reported.

Minutes

The minutes of the meeting of 5th December, 2023, were approved by the Panel.

Declarations of Interest

No declarations of interest were reported.

Absence Rates Q/E December 2023

The Director of Human Resources presented the following report to the Panel:

“1.0 Purpose of Report or Summary of Main Issues

1.1 The purpose of this report is to inform the Audit Panel of the Council’s performance in managing absence at the end of quarter three, April – December 2023.

2.0 Recommendations

2.1 The Audit Panel is asked to note the contents of this report.

3.0 Main report

3.1 Key corporate indicators:

At the end of quarter three:

- The Council’s average sickness absence rate stands at 12.43 days per FTE, a decrease of 0.33 days compared to absence for the same period last year (12.76).**
- A total of 26534.26 working days was lost due to sickness absence. This accounted for 7.37% of the total working days available.**
- The table below provides a summary of how departments are performing against the target. 3 departments did not meet the corporate target of 11.14 days for quarter three .**

It should be noted that the figures provided for the departmental structures have been manually configured pending the configuration of the departmental structures on the HR / Payroll system and therefore reflect the structures on resourcelink as of 31 December 2023. Please note that Human Resources’ figures are included in City and Organisational Strategy.

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End of year target:	14.85					
Q3 target:	11.14					
Department	Number of Employees (FTE)	Total days lost (FTE)	Actual absence per FTE	Variance	% of workforce	% of absence
City & Neighbourhood Services	1199.24	16667.89	13.90	2.76	56.19%	62.82%
City and Organisational Strategy	115.13	412.96	3.59	-7.55	5.39%	1.56%
Corporate Services	130.32	856.59	6.57	-4.57	6.11%	3.23%
External Affairs Comms & Marketing	24.04	221.26	9.20	-1.94	1.13%	0.83%
Finance	46.94	384.38	8.19	-2.95	2.20%	1.45%
Legal and Civic Services	159.81	2939.1	18.39	7.25	7.49%	11.08%
Place and Economy	335.52	2657.43	7.92	-3.22	15.72%	10.02%
Property and Projects	123.14	2394.65	19.45	8.31	5.77%	9.02%
Grand Total	2134.14	26534.26	12.43	1.29		

3.2 Additional Absence information:

- There has been an increase in the number of staff with no recorded absence this period (49.27%) compared to the same time last year (45.01%).
- There has been an increase in absence classified as long term (20+ days) this year (19530.90 days or 73.61% of total absence) compared to the same time last year (17613.50 days or 67.79% of the total absence).
- Council's average sickness absence rate further reduces to 11.8 days per FTE when COVID-19 related absences are deducted.
- The number of days lost per full time equivalent increased in quarter three (4.57 days) when compared to quarter two (4.03 days). This increase is illustrated in figure 1.
- Depression/anxiety/stress (34.85% of total days lost) and musculo-skeletal (26% of total days lost) continue to be the top two reasons for absence. Refer to figure 2 for further information.
- Between 1 October to 31 December 2023, 725 employees were off due to sickness absence (accounting for 9826.74 days). Discretion was applied to 97 of these employees (13%) and their absence accounted for 2268.23 days (approximately 23% of the total absence for quarter three). Refer to figure 3 for further information.

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- A total of 166 cases were identified as having compliance related issues. Refer to figure 4 for further information.
- Approximately 31% of absence (8242.91 days) is recorded as disability related, of which, 79% was managed as long term. Depression / Anxiety (30.64%), Chronic back pain (10.07%) and Cancer (8.6%) accounted for almost 50% of all disability related absence days. Refer to figure 5 for further information.
- Between April and December 2023, a total of 287 employees were recorded as absent due to COVID19 and accounted for 5% (or 1301.22 days) of the total absence in quarter three.
- 19 employees met the trigger for a Stage4/FAH in quarter three.
 - Discretion was applied to 8 of these cases not to progress to a FAH, whereby:
 - 3 employees returned to work at month six.
 - 2 employees were off due to disability related absence and returned to work shortly after month six.
 - 1 employee was off due to cancer related absence.
 - 1 employee availed of a career break.
 - 1 employee was off due to complex mental health reasons.
 - One employee resigned before the final absence hearing.
 - One case was non-compliant as the case review was not organised at month six or seven.
 - Four cases took place in December 2023 and 4 subsequent final absence hearings have been arranged for February 2024.
 - One hearing did take place however the employee was given a final opportunity to meet the standards of attendance.
 - Four employees were dismissed on the grounds of permanent ill health during quarter three.

3.3 Department Improvement Plans:

Audit Panel will be aware that there are now nine departments, and this has impacted on the quarter three departmental improvement plan updates and also with regards to how departments are updating DMTs.

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Based on the previous departmental structure, five of the six departments returned improvement plan progress reports for quarter three. However, not all departments provided sufficient detail on what specific action(s) they had taken in quarter three to reduce sickness absence.

Property and Projects, again, did not return its improvement plan update for quarter three.

Corporate HR issued guidance to departments at the end of quarter 1 in relation to what should be included in the progress reports and met with individual departments to discuss their improvement plans.

It was noted that a number of departments did not return its improvement plan within the specified time frames.

CHR is establishing a HR Managers Forum, which will meet on a six weekly basis and the first meeting is scheduled for 28 February 2024. One of the key areas of focus will be absence management and the need to address compliance issues and develop appropriate improvement plans. These discussions will assist with development and monitoring of improvement plans for 2024/25.

3.4 Absence Dashboard update:

Audit Panel is aware that there are now nine departments, and this has impacted on previous DMT structures.

Based on the previous departmental structure, five of the six departments provided monthly dashboards for October, November and December.

Property and Projects did not provide an absence dashboard for October, November and December.

Departments have been reminded that the non-compliance issues raised, during the fortnightly compliance meetings, must be presented at their monthly DMTs in the format of the agreed absence dashboard.

3.5 Health and Wellbeing Strategy and initiatives:

A programme of health and wellbeing activity has been delivered in Quarter 3, covering a range of topics including: Stress Awareness for Managers, Positive Mental Health, Cancer Focus (Keeping Well Van at Duncrue), Sleep Better, Arthritis Awareness, Supporting Colleagues with Mental Health Issues, Menopause Awareness for Partners/Friends/Colleagues, Age Awareness Training, Mindfulness and Men's Mental Health. In addition, various active travel events were facilitated and promoted.

Consultation on the Health and Wellbeing Strategy and Action Plan has concluded, and the Strategy and Action Plan was agreed by CMT on 31 January 2024.

The Strategy defines the type of organisation that the Council wants to be to support the health and wellbeing of our employees. That is, an organisation:

- Where individuals feel valued and recognised for their contribution**
- With increased employee engagement/motivation**
- Where employees feel that they have the opportunity to develop**
- With reduced absenteeism**
- With good employee retention**
- Where employees are clear about their role**
- Where employees feel supported by their line manager**
- Where employees improve their physical and mental health**

The revised strategy builds on our existing policies and initiatives to provide a series of actions aimed at producing a more cohesive, structured and corporate approach to health and wellbeing across the council and ensuring that activity meets the needs of the organisation and our employees. Corporate HR will work closely with Marcomms and departments to ensure that all employees are made fully aware of what health & wellbeing initiatives are available and provided with the opportunity to attend/engage in planned activities where possible.

4.0 Resource Implications

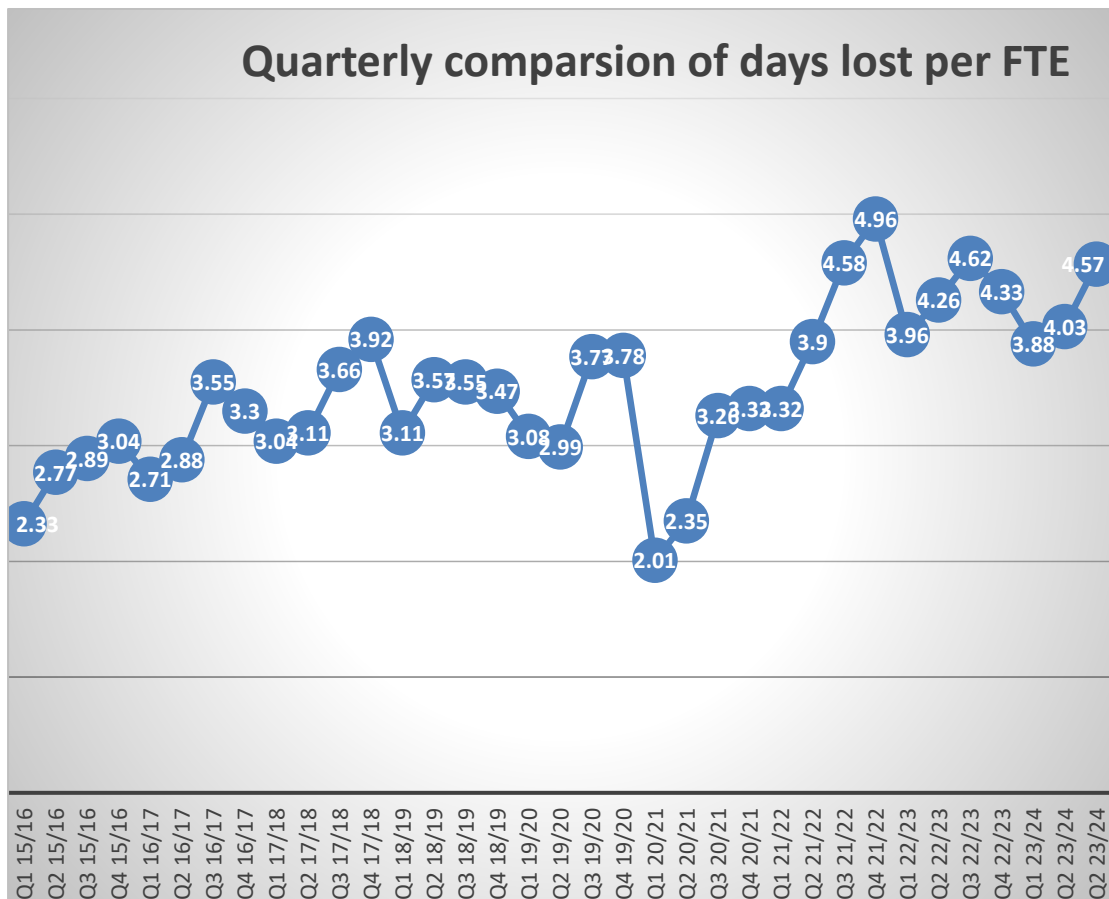
4.1 Directors are asked to ensure that:

- Resources are in place to ensure that adequate monitoring and review is in place at department level.

5.0 Equality and Good Relations Implications

5.1 Approximately 31% of absence (8242.91 days) is recorded as disability related. The use of discretion and reasonable adjustments is considered in such cases.

Figure 1:



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Figure 2:

Reason for absence	Days lost (FTE)	% of absence
Stress. depression, anxiety	9246.16	34.85%
Musculo-skeletal	6899.77	26.00%
Stomach, digestive, etc	2483.74	9.36%
Infections, Covid19	1301.22	4.90%
Infections, inc colds & flu	1286.23	4.85%
Heart, blood press, circ, etc	1072.73	4.04%
Neurological, inc headaches	935.72	3.53%
Chest and respiratory	899.4	3.39%
Eye, ear, nose & mouth/dental	867.67	3.27%
Other	860.82	3.24%
Genito-urinary, inc menstrual	492.03	1.85%
Pregnancy related	184.85	0.70%
Indust/Infections (&colds/flu)	3.92	0.01%
Grand Total	26534.26	

Figure 3:

Reason for discretion	Total days	% of total
Unresolved ER issues	358.53	15.81%
Planned Surgery	334.67	14.75%
Bereavement	233.42	10.29%
UMC/ Disability related absence	196.81	8.68%
Emergency domestic responsibilities	193.49	8.53%
Mental Health	181.53	8.00%
Industrial Injury	148.17	6.53%
Broken Bone(s)	142.99	6.30%
Work related violence	99.19	4.37%
Significant personal stress	72.16	3.18%
Work related stress	137.02	6.04%
Hospitalised	61.2	2.70%
Pregnancy related	42.01	1.85%
Covid19	30	1.32%
Persistent absence after LTA	30	1.32%
Previous long service and clear record	7.04	0.31%
Total	2268.23	

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Total days lost in quarter three (October to December 2023)	9826.74	
% of total days lost where discretion applied in quarter three	23.08%	
Average days off per occurrence of discretion in quarter three	23.4	

Figure 4: Compliance issues

Department	Totals
City and Neighbourhood Services	69
City and Organisational Strategy	7
Finance and Resources	5
Legal and Civic Services	48
Property and Projects	26
Place & Economy	11
Totals	166

Figure 5:

Actual disability	Total days	% of total disability related absence
Depression / Anxiety / Mental health conditions	2525.92	30.64%
Chronic back condition	830.34	10.07%
Cancer	709.5	8.61%
Osteoarthritis	648.57	7.87%
Chronic heart condition	339.87	4.12%
Arthritis	329.97	4.00%
Diabetes	293.02	3.55%
Ulcerative Colitis	179.93	2.18%
Stroke	167.22	2.03%
Chronic leg condition	159.07	1.93%
Brain Aneurysm	157.43	1.91%
Long Covid	156.35	1.90%
Chronic gastrointestinal condition	146.96	1.78%
Myofascial pain syndrome	143.75	1.74%
Syncope	126.96	1.54%
Chronic Genito/Urinary condition.	120.92	1.47%
Diverticulitis	116.96	1.42%
Osteoarthritis	101.76	1.23%

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Hypertension	84.39	1.02%
Detached Retina	84	1.02%
Other*	820.02	9.95%
Total	8242.91	
Total absence end of quarter three	26534.26	
Disability related absence in quarter three	8242.91	
% if absence lost due to disability	31.07%	
% of disability related absence managed under LTA	79%	

***Other includes a total of 24 conditions that each individually account for less than 1% of total disability related absence.”**

The Director of Human Resources highlighted to the Panel that the Deputy Chief Executive had written to all of the Directors in December, 2023, regarding absence management and highlighting the need to address compliance issues and the development of appropriate improvement plans. She explained that she had also written to each Director in February, 2024, reiterating the importance of the issue.

In response to a Member’s question, the Director of Human Resources advised the Panel that, while there was a standard format for the Improvement Plans, each Department was unique in terms of its staff composition and workstyles. She highlighted the City and Neighbourhood Services (CNS) Department as an example, which had a large number of employees in manual roles compared to the other Departments, and where musculoskeletal disorders were a more common reason for absence.

The Panel was advised that the new HR and Payroll system was still being rolled out and that it was hoped that that would simplify and streamline the reporting process for all Departments.

In response to a Member’s query as to how Covid related absence was being dealt with, the Director confirmed that the Council was continuing to follow Public Health Agency (PHA) guidance in that regard.

A further Member stated that it was concerning that the long term absence rate had increased. In response, the Director advised the Panel that the Council had an ageing workforce and the fact that musculoskeletal related absence was the second highest reason for absence was not unrelated in that regard.

In relation to the recently launched People Strategy and how its success would be measured, the Director advised the Panel that a number of targeted employee surveys and focus groups were scheduled to take place in the coming months and that Human Resources was working closely with the Trade Unions in respect of those.

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After further discussion, the Panel agreed that, if Departmental Improvement Plans and Absence Dashboards were not satisfactorily completed going forward, it would request the relevant Director to attend a future meeting of the Panel to discuss the issue.

The Panel noted the updated which had been provided.

Corporate Health and Safety Performance Report

(Ms. E. Eaton, Corporate Health and Safety Manager, attended in connection with this item.)

The Corporate Health and Safety Manager submitted for the Panel's consideration a report on the health and safety performance and activities for the quarter ending on 31st December, 2023.

She provided, on a Departmental basis, information on the implementation of actions associated with the key performance indicators of health and safety and fire safety and pointed out that, at a corporate level, compliance rates had been 76% and 86% respectively.

In terms of accident/incident reporting, there had, in quarter three, been 32 employee accidents, 3 non-employee accidents, 18 RIDDOR accidents and 11 work related violence incidents.

She concluded by providing details of the information which had, during quarter three, been forwarded to the Health and Safety Executive Northern Ireland and the Northern Ireland Fire and Rescue Service in response to enquiries/correspondence.

In response to a Member's request regarding the outstanding Fire and Health and Safety actions which had been logged over twelve months ago, the Corporate Health and Safety Manager undertook to include additional information in future updates on how and when those actions would be actioned as well as an explanation from the relevant Department as to the reason for the delay.

At the request of a Member, it was also agreed that an update be submitted to the next meeting on the evacuation procedures for functions within the City Hall. The City Solicitor reassured the Panel that, while the procedures did exist, they were being updated.

After discussion, the Panel noted the corporate health and safety performance and activities for the quarter.

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AGRS Progress Report February 2024

The Audit Governance and Risk Manager provided an overview of the Service's activity for the period from December, 2023, to February, 2024. He advised the Members that 79% of planned activity in the Audit Plan 2023/2024 had either been completed or was underway.

The Panel was advised of the following Audits which were still in progress:

- Open Spaces and Streetscene (draft report)
- Culture Strategy (draft report)
- Community Asset Management Framework (draft report)
- BWUH Ltd (Finance, IT Security & Data Protection) – (draft report issued)
- Belfast Castle, Malone House, Zoo (draft report)
- Management of contracts / funding agreements with Belfast Waterfront & Ulster Hall Ltd, Innovation Factory, and Visit Belfast (draft report)
- Markets (draft report)
- Business Continuity Gap Analysis (draft report)
- Asset Management Gap Analysis (draft report)
- Accessibility Regulations 2018 (fieldwork ongoing)
- Planning – Intelligent Client Function (fieldwork ongoing)
- Belfast Stories – Corporate Risk Review (fieldwork ongoing)
- City Services – Dog Wardens (fieldwork ongoing)
- BRCD Digital Strand – Corporate Risk Review (fieldwork ongoing)
- Smart Belfast Urban Innovation Framework (fieldwork ongoing)
- New Crematorium (fieldwork ongoing)

In response to a Member's question, the AGRS Manager explained that he expected that the assignments marked as draft would likely be finalised by the next Panel meeting.

The Panel was advised of a number of investigations which were ongoing, including those under the National Fraud Initiative. The investigations included an alleged theft and three other concerns which had been raised by employees or agency staff. He outlined that officers would apprise the Panel of progress as appropriate.

The Members were advised that the investigation into matches arising from the 2022/2023 National Fraud Initiative (NFI) exercise had been completed. He outlined that Audit officers were liaising with Departments to ensure that pecuniary interest declarations, in particular, were adequately captured and reported.

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The AGRS Manager outlined that Audit officers continued to provide advice and consultancy services to management within the Council.

It was reported that “Managing Public Money Northern Ireland” (MPMNI), originally issued in June 2008, had been updated and published. The updated document and summary of the key updates had been communicated to relevant senior management.

In response to a request from the AGRS Manager, the Panel agreed to defer the following three planned audits from the current Audit Plan, to the Audit Plan for 2024/25, for the reasons outlined below:

- Climate – while a draft Climate Action Plan for the Council had been received, it had not yet been finalised. As such we propose that the planned internal audit of the arrangements in place to deliver and report on the Council’s Climate Action Plan and our commitment to becoming a carbon neutral organisation.
- People Strategy – The People Strategy was launched in October 2023 and covered a period of three years. To ensure that maximum value was derived from our internal audit, we are proposing that the internal audit of the arrangements in place to implement, monitor and oversee delivery of the People Strategy.
- Strategic Waste Management - Management had requested that the proposed audit of Waste Management be deferred due to the lack of progress regarding the development of a Regional Waste Management Strategy by DAERA. The absence of the regional strategy impacted on the ability of the Council to develop its own strategy and therefore management consider that there would be limited value in undertaking an audit at this time.

The Panel was advised that the following four internal audits had been finalised during the period:

- **Payroll – Data Analytics** (Assurance opinion: Substantial);
- **Cyber Security – Computer Use Policy** (Assurance opinion: Some improvement needed);
- **Leisure Management Contract (GLL)** (Assurance opinion: Some improvement needed); and
- **Corporate Risk Review – Management of City Risks (Resilience)** (Assurance opinion: Major improvement needed to the risk management processes)

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In relation to the Corporate Risk Review – Management of City Risks (Resilience), the AGRS Manager outlined that, while the risk was regularly reviewed and updated by management, a number of key controls intended to manage the risk had not been operating effectively in practice. The Panel was advised that that was likely to have contributed to the assessment of the corporate risk remaining unchanged since it was first added to the Corporate Risk Register in December, 2019.

The Panel was advised that the Director of City and Organisational Strategy, the Climate Commissioner and the Head of Inclusive Growth and Anti - Poverty Management had collectively emphasised that the Resilience Strategy was a City strategy rather than a Council strategy, to be delivered in partnership with external partners. It had become clear that the management of the corporate risk had been impacted by a number of factors since the Resilience Strategy was launched in 2020, including the departure of the Resilience Commissioner in 2020 and the appointment of a Climate Commissioner and Climate Team, resulting in a corporate change in focus to climate related activity at both a Council and City level.

Having taken that into account, management was now of the opinion that the management of city risks was no longer a corporate risk. However, as at February 2024, the Panel was advised that there were no assurances that the 30 programmes in the Resilience Strategy Delivery Plan had been integrated into alternative delivery plans, including the Belfast Agenda or information on the existing processes for monitoring the shocks and stresses that represented risks to the city.

Accordingly, the following next steps had been agreed:

- The Climate Commissioner had undertaken a detailed assessment of the current status of each of the 30 transformational programmes in the Resilience Ambitions document. To provide assurance that those programmes had been integrated into the refresh of the Belfast Agenda, where appropriate, it was imperative that a mapping exercise would be undertaken.
- The original Strategy contained a commitment to review the Resilience Assessment, that is., the *'shocks and stresses that could make the city more vulnerable and could weaken our capacity to resist and to recover from future challenges'* every two years. At the time of audit, a formal review of the 2020 Resilience Assessment had not yet been undertaken. In the absence of a formal review and to provide assurance that there were mechanisms in place to alert key stakeholders to any changes to those shocks and stresses, it was important that management would undertake an exercise to determine the existing processes for reviewing and monitoring the 16 shocks and stresses.

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- The outcome of the above exercises should be reported to CMT for a decision on whether the alternative arrangements provided them with sufficient assurance to close the current corporate risk.

The Panel was advised that, should the Resilience Strategy remain a standalone corporate risk, AGRS' report had set out detailed audit findings on how the risk action plan should be updated.

After discussion, the Panel agreed that the Resilience Strategy should remain on the Corporate Risk Register, with a report from management to be submitted to the next quarterly Panel meeting to provide it with the necessary assurance regarding the transfer of the associated programmes and the processes for reviewing and monitoring the shocks and stresses as outlined.

The Panel noted the update which had been provided.

Corporate Risk Management

The Head of Audit, Governance and Risk Services submitted for the Panel's consideration the Corporate Risk Dashboard which summarised the key updates from the risk review for the quarter-ending December, 2023.

The report updated the Panel also on compliance with the Risk Strategy, based on the assurance statements, which had been completed by senior management, the Action Plan to implement the recommendations from the external review of Risk Management arrangements in the Council and an update on business continuity management arrangements.

A Member stated that it was important to note that each of the risks had been re-baselined and that the Corporate Management Team be reminded of that and the expectation that actions were implemented in a timely manner.

After discussion, the Panel:

- a) noted the corporate risk management dashboard for quarter-end December 2023, and agreed the new wording for the corporate risks on Climate and Data;
- b) noted the assurances from senior management regarding compliance with the Risk Strategy, based on the assurance statements for quarter-end December 2023;
- c) noted the progress which had been made to re-establish formal departmental risk management arrangements by 31st March, 2024; and

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- d) noted the current position regarding review and update of business continuity plans and completion of the annual BCM exercise for each of the critical services.

Draft Audit Plan for 2024/2025

The Audit, Governance and Risk Services Manager submitted for the Panel's approval the Internal Audit Plan for 2024/2025. The Plan set out the role of Audit, Governance and Risk Services as an assurance provider and advisory service which directly assisted the Council in meeting relevant statutory obligations in relation to internal control, risk management and good governance.

The detailed Plan listed the areas which Audit, Governance and Risk Services was planning to audit during 2024/25 and was based on an assessment of audit need, taking into account of a number of risk factors, with the aim being to audit key areas on a cyclical basis. The Plan had been discussed with each Department at quarterly risk and audit meetings.

In addition to specific assignments, it also provided for support to the Council in terms of advisory work, project assurance, fraud prevention, detection and investigation, including a continued focus on the corporate fraud risk assessment and participation in the National Fraud Initiative, as well as raising concerns, risk management, business continuity management and corporate governance.

The Panel was advised that the Plan was aligned to the draft Corporate Plan and priorities and would be flexed to meet the assurance and advisory needs of Members and management as required.

The Panel noted and approved the draft Internal Audit Plan for 2024/2025.

Local Government Auditors Report 2023

(The Director of City and Organisational Strategy attended in connection with the following 3 items.)

The Head of Audit, Governance and Risk Services presented the following report to the Panel:

“1.0 Purpose of Report/Summary of Main Issues

- 1.1 To update the Panel on the key messages contained in the Local Government Auditors Report 2023, which sets out their observations on financial performance, governance issues and challenges and opportunities facing councils in NI, based on audits relating to 2020-21 and 2021-22.**

2.0 Recommendation

2.1 That the Panel note the report.

3.0 Main Report

3.1 Just before Christmas the Local Government Auditor issued a report on her observations on financial performance, governance issues and challenges and opportunities facing councils in NI, based on audits relating to 2020-21 and 2021-22. The full report is at Appendix A.

3.2 Below is a summary of the observations made by the LGA that may be of interest. The summary below and the full report has been circulated to senior management in BCC for noting and or action.

3.3 Financial Performance

- **Staff costs have consistently accounted for just under 40% of total expenditure.**
- **The trend of annual expenditure consistently exceeding annual income was interrupted in 2020-21, due to the impact of the pandemic.**
- **There was a substantial decrease in capital expenditure during 2020-21 due to the impact of the pandemic and capital investment in 2021-22 was still substantially below pre-pandemic levels.**
- **Linked to this, the overall value of borrowing fell by £99.3 million (17%) over the last two years.**
- **The proportion of annual expenditure used to service debt ranges from 4% to 21% across all councils and where the % is high there is a risk that this commitment limits financial decision-making flexibility significantly in future years. The value of usable reserves held by councils has increased significantly. Managing reserves over the medium-term is one of CIPFA's key pillars of financial resilience in local government. In accordance with the Act, councils must ensure that they have clear and robust plans in place for using these reserves in a way that delivers maximum value for rate payers.**

3.4 Governance Issues

- The LGA highlighted issues re lack of up to date policies and reminds councils of their duty to have proper arrangements in place for good governance.
- Given procurement issues identified and challenges regarding capacity and capability, the LGA encourages councils to consider whether there are issues relating to procurement that should be included in Annual Governance Statements -
- The requirement for councils to adhere to Performance Improvement legislation has been in place for seven years and the LGA now considers it appropriate to consider the overall effectiveness of this requirement and will work with councils and the Department to take this forward.
- Regarding the NIAO review of the planning system in NI (February 2022) which concluded that the planning system was not working efficiently or effectively, the LGA intends to review the progress being made to implement the recommendations in the subsequent PAC report.
- As councils are responsible for maintenance and management of a £2.5 billion asset base the LGA underlines how it is essential to have appropriate asset management practices in place and promotes 'A strategic approach to the use of public sector assets – A good practice guide for LG in NI' October 2021
- The value of fraud in 2020-21 was significantly higher than previous and following years and the LGA highlights how reporting of fraud has been inconsistent and recommends that councils continue to inform her of all suspected and actual frauds. It is critical that councils continue to be alert to ongoing risks to internal controls and effectively guard against fraud.
- The LGA points out how it is essential to have effective arrangements to support individuals raising concerns and encourages councils.
- Absence levels reduced during the pandemic to their lowest over five years, however post pandemic councils recorded their highest absence levels. LGA underlines the importance

of closely monitoring and actively managing sickness absence levels.

- Unlike central government, councils are not required to aim to pay at least 90% of valid invoices within ten days of receipt. Given the challenges faced by suppliers in the current economic climate, LGA advises councils should seek to improve their performance re the payment of invoices within 10 days.

3.5 Challenges and Opportunities

- Councils should seek to sustain the innovation and agility they have exhibited and commends the NIAO guide on Risk and Innovation (June 2023)
- Re the greater use of new technologies councils should ensure that they have access to appropriate expertise to enable them to effectively identify and manage any data security and fraud issues.
- LGA points out importance of member training and signposts to NILGA who deliver training and their councillor development charter (9 of 11 councils achieved the charter). LGA highlights importance of specific training for Audit & Risk Committees given their key role in council governance processes.
- There has been significant challenge in negotiating and agreeing pay settlements with staff, which resulted in industrial action and affected service delivery in some councils. Councils might benefit from working collaboratively on this to ensure a consistency of approach.
- Councils to ensure they use grants received over the last two years effectively and efficiently, in particular the £33m of previously allocated and unused funds which were no longer ring-fenced (announced by the Department in Oct 2022) and could be used more generally to support economic recovery.
- There is a strong sense that initial optimism around City Deals could be tempered by concerns about the viability of initial plans due to significant increases in forecast project costs. In June 2020 the Assembly Research and Information Service produced a briefing paper on City and Growth Deals and the factors impacting

on the success of Deals. The LGA will continue to observe how City and Growth deals progress from planning to delivery across NI.

- The draft report on the review of the efficiency savings from LGR in 2015 is being considered by the Department and SOLACE. The LGA will consider the report when it is published to decide if further analysis is required.
- The LGA refers to the review of job creation targets in 2018 and that DfE requested amendments to its performance indicators, as outlined in the 2015 order and there is consensus on the need to change. Prior to implementation, approval is required by the NI Assembly.
- LGA points out that it is likely that implementation of the Climate Change Act will have an impact on councils performance objectives and responsibilities in respect of sustainability, for example, the Act has established a target that 70% of all waste is recycled by 2030. The LGA notes that Audit Wales has published a paper which makes five 'calls for action' to assist public bodies plan for transition to net zero and recommends that councils review this paper. The LGA also notes that the NIAO is due to publish a strategic review of waste management arrangements in NI. The LGA encourages councils to collaborate on sustainability and net zero goals and will continue to monitor and report on progress.

Financial and Resource Implications

None known at this time

Equality or Good Relations Implications/Rural Needs Assessment

None known at this time.”

A Member stated that, when it came to performance and improvement, it was important that the Council focused on outcomes, not output.

After discussion, the Panel noted the update.

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**Northern Ireland Audit Office (NIAO) –
Audit and Assessment Report 2023-2024**

Mr. P. Barr, presented the Panel with the NIAO Report to the Council and the Department for Communities under Section 95 of the Local Government (Northern Ireland) Act 2014. The report summarised the work of the Local Government Auditor (LGA) on the 2023-24 Performance Improvement Audit and Assessment undertaken on Belfast City Council.

The LGA had certified the performance arrangements with an unqualified audit opinion, without modification. She certified that an improvement audit and improvement assessment had been conducted. The LGA also stated that, as a result, she believed that Belfast City Council had discharged its performance improvement and reporting duties, including its assessment of performance for 2022-23 and its 2023-24 Improvement Plan, and had acted in accordance with the Guidance. In her opinion, she had stated that the Council was unlikely to discharge its duties in respect of Part 12 of the Act during 2023-2024, as it had not been able to demonstrate a track record of improvement.

With reference to the previous agenda item, Mr P Barr indicated that the LGA considered it appropriate to consider the overall effectiveness of Part 12 of the Act and would keep councils up to date with progress in that area.

The Panel was advised that, in response, the Council had highlighted that its performance plan and assessment focussed on a limited set of improvement objectives, some of which were outside the Council's control. During the year, the Council had advised it had been required to place a greater emphasis on focusing the City's recovery from the Covid-19 pandemic and the ongoing cost of living crisis. The Council had also noted that the objectives and measures set within the performance plan did not fully capture the scale and scope of the work that the Council had undertaken during 2022-2023, or of the quantifiable improvements in performance that the Council considered it made across the wider programme of activities.

Noted.

Performance Improvement Update

The Director of City and Organisational Strategy presented the following report to the Panel:

“1.0 Purpose of Report or Summary of main Issues

- 1.1 To provide the Audit and Risk Panel with an update on the next steps for the indicators used in the Performance Improvement Plan 2023-24.**

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2.0 Recommendations

2.1 The Audit and Risk Panel is asked to:

- **Note the next steps to refine the performance indicators within the Performance Improvement Plan 2023-24.**

3.0 Main report

3.1 Background

Part 12 of the Local Government (NI) Act requires Councils to agree improvement objectives on an annual basis and publish these in the form of an Improvement Plan. SP and R Committee approved the Improvement Plan 2023-24 in August 2023, which contains our commitment to securing continuous improvement as well as delivery of five improvement objectives. The Improvement Plan was then published on the council website on 30 September 2023 as required by the legislation.

3.2 The Audit and Risk Panel will be aware that the Improvement Plan does not include everything that The Council plans to do in 2023-24, but instead focuses on a smaller set of key improvement priorities as shown in the table below. The Panel will also be aware that the Performance Improvement Plan includes a number of performance indicators and milestones that demonstrates progress towards the targets that Council has identified within the plan.

3.3

Our services and facilities
Maintain and where appropriate improve resident satisfaction with the council and the services and facilities that we provide.
Our communities
Improve our local areas and enhance how we engage and support residents so everyone can enjoy good quality of life.
Our economy
Help small businesses, including social enterprises and co-operatives, to develop and grow, and by doing so, help create opportunities for local jobs and employment.
Our environment
Help tackle climate change, protect our environment, and improve the sustainability of Belfast.
Our city
Revitalise our city and help it to innovate in an inclusive and sustainable way.

3.4 Use of Residents Survey data

Officers recognise that the continued use of resident survey data is problematic in the context of demonstrating performance against the Council's specific objectives within the Performance Improvement Plan. With this in mind, Officers have engaged with CMT, NIAO and DfC to agree revisions to the measures within the Performance Improvement Plan 2023-24.

Officers plan to propose an improved set of indicators, which are drawn from KPIs that have been developed as part of the Council's overall improvements in service delivery and accountability. Officers are currently working with council departments and DfC to finalise a range of performance indicators that remain both ambitious and SMART in nature (Specific, Measurable, Achievable, Relevant and Timebound).

Next steps

- As noted above, officers have engaged with CMT, NIAO and DfC to agree revisions to the measures within the Performance Improvement Plan 2023-24. Following agreement on revised performance indicators with DfC and NIAO, officers will bring a report to SP and R Committee on 22 March 2024 recommending changes to the performance indicators within the Performance Improvement Plan 2023-24.
- Subject to approval by SP and R Committee, officers will publish the revised Performance Improvement Plan 2023-24 on our website and submit a combined Q3 and Q4 update to the Audit and Risk Panel in June 2024. This combined Q3 and Q4 update will be based on the revised performance indicators.

4.0 Financial & Resource Implications

4.1 None.

5.0 Equality or Good Relations Implications / Rural Needs Assessment

5.1 There are no equality or good relations implications associated with this report."

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The Director of City and Organisational Strategy advised the Panel that officers were re-examining the indicators used in the Plan and that a report would be submitted to a future meeting of the Strategic Policy and Resources Committee. He confirmed that the Council could alter the indicators used, so long as it had the agreement of the Department for Communities and the NI Audit Office. He concurred with the Member who had previously emphasised that the focus should be on outcomes, rather than output. A further Member stated that the focus of the indicators should be on issues which were within the Council's control.

The Panel noted the next steps as outlined in the report.

Audit and Risk Panel Governance

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 The purpose of this paper is

- To present the Panel with an update on the annual review of the Terms of Reference for the Audit and Risk Panel, Audit Assurance Board and Audit, Governance and Risk Services along with the 2024 programme of business.
- To present members with an initial assessment of how the Panel complies with the CIPFA publication on ‘Audit Committees: Practical Guidance for Local Authorities and Police’ was issued in October 2022 for the Panels review and approval.

2.0 Recommendation

2.1 That the Audit and Risk Panel notes that no significant changes were required to the terms of reference and approves the Audit and Risk Panel's indicative programme of business for 2024.

The Panel is also asked to consider the initial assessment against Audit Committee best practice at appendix E and F and indicate whether

- a) they are in agreement with it and
- b) whether there are any actions required to further improve the effectiveness of the Panel.

3.0 Main report

- 3.1** In line with good practice, the terms of reference for the Audit & Risk Panel and the Audit Assurance Board are reviewed on an annual basis.

Audit & Risk Panel Terms of Reference

- 3.2** The terms of reference of the Panel are important because they set out the role of the Panel in the context of the Council's governance structures. Following the update of the Terms of Reference in March 2023 to take account of the updated version of the 2018 CIPFA publication on 'Audit Committees: Practical Guidance for Local Authorities and Police' and the CIPFA 'Audit Committees Position Statement' issued in October 2022, setting out guidance on the function and operation of audit committees and represents best practice, no changes are required this year. The terms of reference are at appendix A for information.

Audit Assurance Board Terms of Reference

- 3.3** The Audit Assurance Board is chaired by the Chief Executive. The principal activity of the Audit Assurance Board over the years has been to review and consider reports from internal audit, external audit and management that are to be submitted to the Audit & Risk Panel - but from a top management / Accounting Officer perspective rather than a Member perspective. This process enables the Chief Executive and the Board to be assured (or otherwise) of current risk, control and governance arrangements and consider any issues that require management priority / attention / direction.
- 3.4** Again, following the update of the terms of reference last year to align them with the updates made to the terms of reference for the Audit and Risk Panel, no changes are required this year. The terms of reference are at appendix B for information.

Audit, Governance and Risk Services Terms of Reference

- 3.5** Following update of the AGRS Terms of Reference last year to implement a recommendation from the external quality assessment of AGRS, regarding the safeguards that are in place to help preserve our independent and

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objectivity, no updates are required this year. The terms of reference are at appendix C for information.

- 3.6 **New Global Internal Audit (GIA) Standards** were launched by the Institute of Internal Auditors in January 2024. CIPFA and the other standard setters behind the Public Sector Internal Audit Standards (PSIAS) are currently reviewing the new GIA standards. The intention is to develop a new PSIAS that incorporates the new GIA standards and any additional guidance to support its application. CIPFA hope to issue a consultation in summer 2024. It is possible that when updated, the PSIAS may lead to changes to the AGRS Terms of Reference and we will bear this in mind for next year's review and update.

Audit & Risk Panel – Programme of Business 2024

- 3.7 In line with good practice the quarterly meetings of the Panel have been aligned with an indicative programme of business, designed to ensure that the Panel demonstrably addressed / discharges its roles and responsibilities as set out in its purpose statement / terms of reference. The indicative programme of business is attached at Appendix D.

Audit & Risk Panel training and self-assessment against good practice and effectiveness

- 3.8 Audit and Risk Panel training was delivered in a hybrid manner on 30 January in City Hall. The training was facilitated by Steve Mungavin and the purpose was to promote the role of the Audit & Risk Panel and discuss how to maximise its contribution to effective governance and accountability in the Council. No improvement actions were identified at the session. The session was attended by four members of the Panel and the slides were provided to all members afterwards.
- 3.9 The CIPFA publication 'Audit Committees: Practical Guidance for Local Authorities and Police' dated October 2022 sets out guidance on the function and operation of audit committees and represents best practice. **The guidance emphasises the importance of audit committees and recognises that they are a key component of governance.**

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- 3.10** The guidance states that the committee should evaluate its impact and identify areas for improvement. On behalf of Members, AGRS completed an initial assessment of:
- the Audit & Risk Panel effectiveness against CIPFA best practice,
 - the impact and effectiveness of the Audit & Risk Panel
- 3.11** These may be found at appendix E and F (these are templates provided with the CIPFA guidance). In line with previous years this initial assessment found the Panel to be broadly in compliance with best practice.
- 3.12** The Panel is asked to consider the initial assessment at appendix E and F and indicate whether:
- a) they are in agreement with it and
 - b) whether there are any actions required to further improve the effectiveness of the Panel.
- 3.13** We draw the Panels attention to two ‘Good Practice Questions’ in the CIPFA guidance (at appendix E) that do not currently apply to the Councils Panel :
- Good Practice Question 8 regarding the publication of the Annual Report of the Panel in line with the 2022 Guidance, this will be covered in the annual report from the Panel to Strategic Policy and Resources Committee in June 2024.
 - Good Practice Question 14 regarding how members of the Panel have been appointed. This question is not relevant because the Councils Panel comprises of one member from each of the eight main political parties with an external member to provide independence and expertise.

4.0 **Financial & Resource Implications**

None.

5.0 **Equality or Good Relations Implications/Rural Needs Assessment**

None known at this time.”

The Panel noted the update and agreed the submission of the self-assessment of good practice (available on mod.gov).

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Review of Strategic Partnerships – Councillor Harvey to raise

In response to a request from a Member, it was agreed that Mr. P. Barr, NIAO, would write to the City Solicitor, the Deputy Chief Executive and the Head of AGRS requesting the outstanding information which he required in relation to Strategic Partnerships. The information which was requested would then be circulated to all Members of the Panel for their information.

Date of Next Meeting

The Panel noted that the next meeting would take place on Tuesday, 4th June, 2024 at 12.30pm.

Chairperson