

Audit and Risk Panel

Monday, 11th September, 2017

MEETING OF AUDIT AND RISK PANEL

Members present: Alderman Rodgers (Chairperson);
Councillors Hargey and Heading;
and Mr. R. Cox.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. A. Harrison, Head of Audit, Governance
and Risk Services (AGRS);
Mr. M. McBride, Head of Finance and Performance;
Mr. T. Wallace, Financial Accounting Manager;
Mr. L. Mulholland, Audit, Governance and Risk
Services Manager;
Mrs. C. O'Prey, Audit, Governance and Risk
Services Manager;
Mrs. E. Eaton, Corporate Health and Safety Manager;
Mr. P. Murray, Head of Human Resources;
Mrs. C. Kane, Director, Northern Ireland Audit Office; and
Mrs. L. McLornan, Democratic Services Officer.

Apologies

No apologies for inability to attend were reported.

Minutes

The minutes of the meeting of 13th June were taken as read and signed as correct.

Declarations of Interest

No declarations of interest were recorded.

Management Update on Grants

The Head of Audit, Governance and Risk Services advised the Panel that, unfortunately, the Directors of both City and Neighbourhood Services and Development were unable to attend the meeting due to other commitments. However, he explained to the Members that, at the last Panel meeting, Members had sought assurances that appropriate progress was being made in relation to the open audit recommendations relating to grants. The Head of AGRS advised the Members that the report set out the steps that had been taken to address the issues raised in the audit, notably the commissioning of a strategic review of the grants programmes and development of a festivals / events strategy and shorter term measures to improve the administration and proportionality of control over existing grant programmes. He advised that AGRS would be undertaking an exercise in late October / early November to validate that the

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recommendations had been implemented and would report back to the Panel on this matter in December.

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 The Audit and Risk Panel on 13th June 2017 requested updates on progress on the fundamental review of the grants process by the Director of City and Neighbourhood Services and the review of grants for Events and Festivals by the Director of Development as per the audit recommendations.

1.2 Assurance is being sought that the appropriate progress is being made in relation to open audit recommendations and that progress is reviewed regularly.

2.0 Recommendations

2.1 The Audit and Risk Panel is asked to:

- **Note that a strategic review on Events and Festivals has been commissioned and note the timetable for delivery.**
- **Note that relevant officers have developed the TOR for the grants review to allow quotations to be sought and note the timetable for delivery of the project**
- **Note the progress on the open audit recommendations to date and the validation process underway**

3.0 Main report

3.1 The audit undertaken of grants in 2016 made 19 recommendations, ten of which will be addressed by the Strategic review of the Council's approach to grant funding/commissioning and how it aligns with the Belfast Agenda ambitions. A key element of the review is to look at how Council can ensure a more strategic fit of the grants programme with the key outcomes of the Belfast Agenda. Recommendations will be provided on a 'suite' of grant programmes to be offered in the future with a clear statement for each setting out the purpose and intended outcomes to meet these objectives

3.2 The Terms of Reference of the requirements for a Strategic Review of Grants have been developed. The next steps are to commission this piece of work and to set up a small working group to co-ordinate the work of the consultancy team with the aim of delivering a draft report to CMT within 6 months of appointment. The timeframe is due to the level of consultation

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that is required regarding each funding stream. However, an interim report will be presented to the Director at the mid-point of the review in order to ensure that the timetable for the work remains on track.

- 3.3** The Audit made 9 short term recommendations in relation to process and Grant Management System improvements. 2 actions have already been closed and good progress has been made with the remaining 7. They have been updated with evidence attached and are awaiting validation by AGRS in late October/early November (See Appendix 1).
- 3.4** These short term improvements have involved the identification of key stages within the grants management cycle and the development and implementation of tracking and monitoring systems, reports and automated alerts. Work has also been completed with regard to the constitution and approval / sign off of the Independent Assessment Panels and also the review and documentation of the process to evidence checks in relation to duplicate funding / payments.

Events and Festivals

- 3.5** In late May 2017, the Development Department appointed Festival and Events International (FEI) to undertake a strategic review of the city's Events and Festivals.
- 3.6** To date FEI have met with a range of internal and external stakeholders, including:
- Director of Development;
 - Head of Economic Initiative & International Development;
 - the Belfast Festivals Forum;
 - the Department for Communities (covering Sport NI and Arts Council NI)
 - BCC Parks Events;
 - BCC Tourism Culture & Arts;
 - City Events Unit;
 - Lord Mayor's Unit;
 - BCC Corporate Communications;
- 3.7** In addition, a number of planned consultation sessions will be arranged with the Chief Executive; Director of Finance and Resources; collectively with CMT and external bodies including: TNI and INI. Subject to FEI contractual obligations some of the larger city festivals such as Feile an Phobail and Orangefest will be directly consulted with. Members will of course also be consulted and have been informed of the

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appointment of FEI with the intention to present to the City Growth and Regeneration Committee in November 2017.

- 3.8 It is envisaged that the Strategy will set the direction of travel in relation to the future decisions on Council's funding of Belfast's Events and Festivals for 2019/20 and beyond, with 2018/19 year acting as a transition period before the Strategy's full implementation. The Audit and Risk Panel should also note that Belfast City Council, in conjunction with Derry City and Strabane Council is submitting an application to host the European Capital of Culture in 2023. The consultants appointed to undertake the strategic review of Events and Festivals (FEI) have been made aware of this, given the impact the designation of European Capital of Culture would have of the design, development and delivery of Events and Festivals across the City. The appointed consultant for the strategic review of grants will be provided with the same level of detailed information."

The Panel noted the contents of the report.

Management of Agency Workers

The Chairperson welcomed Mr. P. Murray, Head of Human Resources (HR), to the meeting.

The Panel considered the undernoted report:

"1.0 Purpose

1.1

- To update the Audit and Risk Panel on agency usage at July 2017 including:
 - The number of agency assignees in post
 - Length of time of service for each agency designation
 - Costs for each department and total spend on Agency Costs
- To outline outstanding issues of concern regarding the use of agency workers

2.0 Background

- 2.1 A summary of agency usage was last reported to CMT on 17 May 2017. At the Audit and Risk Panel, 13th June 2017 the Head of Audit, Governance and Risk Services (AGRS) highlighted areas of improvement that were required following an audit of Agency Engagement and Management. The Panel agreed that

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a paper be submitted with an overview of the key issues as identified above.

3.0 Key Issues

3.1 High volume use

Agency analysis continues to show a high level of dependency in basic entry job roles. The table below shows that in July 2017, five job types accounted for around 56% of overall usage. There is a total of 320 fte agency employees spread across all Council Departments.

Job type	Number of agency workers in this job type (FTE) in July	% of total agency usage
Cleansing Operative	80.48	25.10%
Gardener	34.59	10.79%
Summer Scheme Leader	22.39	6.98%
Mobile Facilities Attendant	21.34	6.66%
Business Support Clerk	19.32	6.03%
TOTAL	178.12	56%

Cleansing Operatives

The number of Cleansing Operatives increased due to seasonal variations and ongoing issues associated with route optimisation, with the expected end date extended to the end of September 2017.

Work continues on the Streetscene work stream as part of the overall City and Neighbourhoods change program with expected outcomes to include proposals to help address the reliance on agency operative staff.

Gardener and Mobile Facilities Attendants

The number of agency staff in these categories again increased due to seasonal variations and ongoing issues associated assignees are covering backfill of secondments within the section.

Summer Scheme Leader

Due to summer scheme commitments during July and August the Council engaged around 22 FTES as well as 5 Summer scheme support workers.

Business Support Clerks (BSCs)

The Business Support Clerk post is a high turnover job role, which historically has had a high dependency on agency usage. With the high volume of vacant posts in this category currently being filled on a temporary basis, pending ongoing organisational reviews, the demand for temporary business support clerk resources has increased. While a valid reserve list exists for BSCs, very few of these external candidates want to take up temporary offers of employment; hence the need to revert to agency workers to cover these temporary requirements.

3.2 Ongoing Issues

During July, Corporate HR met with Departmental Business Managers to review their agency activity and compliance within the parameters of the corporate framework and agreed protocols. Length of duration of some periods of engagement to be discussed and resolved.

The Head of Human Resources (recently appointed) will be scheduling meetings with Departmental Director's and Chief Officers to review agency staff within each function and to establish some timeframes regarding usage and deployment. The ongoing organisational restructure has contributed to the increased deployment of agency staff pending completion of reviews. However, considering the complexity of some, this has resulted in agency staff being retained for long durations. Post this review, it would be expected that some of these roles could become permanent or offered on a range of fixed-term or temporary contracts.

Recommendations from the audit of Agency Engagement report will be taken forward by the Director of Finance and Resources and the Head of Human Resources.

Additionally, work is ongoing on the procurement of a new agency contract. Corporate HR and Procurement are developing an options paper that will be presented to the Commercial Panel in Q3.

3.3 Financial costs of agency staff

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Appendix 1 provides an overview by department on employee costs, agency costs and overtime costs. Although this table indicates an increase in agency usage and that overtime costs remains fairly static, the overall budget forecast for staff related costs represents a positive variance of 0.5% or £422k for this financial year.

Appendix 2 details agency expenditure for the period 2013/14 to 2016/17 and which indicates that agency expenditure has increased in overall terms by 5% during this period.

It should be noted that budget variances will be contributed by underspend in salaries across the Council which is used to offset costs associated with agency staff.

4.0 Resource Implications

- 4.1 Corporate HR will continue to monitor and discuss agency management and deployment with departments on a monthly basis. Given issues identified in the audit report, it would be prudent, in the current climate, to consider allocation of a resource within Corporate HR to provide oversight and management responsibilities for the use of agency workers across the Council and to manage the current agency contract in addition to developing the new tender documents.**

5.0 Equality and Good Relations Implications

- 5.1 Adherence to the compliance framework will help ensure equality of opportunity for all agency workers.**

6.0 Recommendations

- 6.1 The Audit and Risk Panel is asked to note the contents of this report.”**

In response to a Member’s question, the Head of HR advised the Panel that the agency contract, which had expired in June 2017, had been extended for one year.

The Head of Finance and Performance explained to the Panel that the restructuring of Digital Services had accounted for the underspend in 2016/17 of the Finance and Resources Department’s employee cost figure.

In response to questions from Members, the Head of HR confirmed that he was aware of a number of agency staff having been retained by the Council for long durations and that he would be meeting with each Director over the coming weeks to discuss the potential for some positions to be made permanent or offered on a range of fixed-term or temporary contracts.

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The Panel noted the update which had been provided.

Absence Rates for the Quarter Ending June 2017

The Head of HR advised the Members that, for quarter 1 of 2017/2018, the average sickness absence per full time employee had been 3.04 days. He explained that the Council was therefore above its target to reduce sickness absence to 10 days per year, by the end of March, 2018. He pointed out that there had been a slight decrease in the number of staff with recorded absence this period, with 22.53% compared to 24.2% for the same period last year. The Panel was advised that levels of long term absence, (that is, of twenty days or more) had increased slightly, with 67.5% of long term absence compared to 61.98% in the same period last year.

The Panel was provided with the absence performance for each department, against their target, for 2017/18:

	Target for the year 2017/18 (days)	Where we should be at QE June 2017/18	Absence at QE June 2017	Variance against target	Work Force	Absence
BCC	10.00	2.5	3.04	0.54		
Chief Executive's	7.00	1.75	1.97	0.22	14.85%	9.63%
Finance and Resources	7.00	1.75	2.20	0.45	8.53%	6.17%
City and Neighbourhood Services	11.50	2.88	3.44	0.56	59.06%	66.7%
Development Department	7.00	1.75	2.35	0.60	4.09%	3.15%
Property and Projects	8.00	2.00	3.25	1.25	13.46%	14.35%

The Head of HR outlined that sickness absence, as classified under the Disability Discrimination Act (DDA), currently accounted for 20% of overall sickness absence but pointed out that this included maternity related absence. He advised the Members that this figure, and the absences related to it, would be reviewed in the next quarter and that maternity related sickness needed to be reclassified rather than captured under DDA

He highlighted to the Panel that stress related absence continued to be the highest reason for absence within the Council, accounting for 31.92% during the first quarter of 2017/2018, with a 70% to 30% split between personal and work-related stress respectively.

He explained to the Panel that Employee Relations was conducting an in-depth analysis into the specific reasons for stress related absence for 2016/17 and that, in conjunction with the Health and Safety Unit, was currently reviewing the analysis and would present a separate report to the Health and Safety Assurance Board later that month. The Panel noted that the report would outline the main causes of stress

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throughout the Council and would also identify strategies which might assist in reducing stress related absence figures.

In response to a Member's question regarding the confidential counselling service and the feedback which was provided to management in relation to those suffering with work-related stress, the Head of HR advised the Panel that a high level summary was provided to the relevant Director, which outlined any trends or concerns which had been raised during counselling.

In response to a further Member's question, the Panel agreed that a comprehensive report be submitted to a future meeting on the rate of absence due to work-related stress over the past few years. The Panel requested that the report should include information on the pay grades of the employees, the Departments, whether it was affecting those working in areas which had undergone recent or significant organisational change and whether levels were higher for front-facing staff, in order to allow the Panel to examine any trends. The Panel also requested that information be included on how many cases had had interventions after being absent with work-related stress.

The Members were reminded that the Council had procured the services of a new Occupational Health Provider, OHRD, from 1st September, 2017. The Head of HR advised the Panel that HR representatives would meet with OHRD and brief them on the Council's attendance policy requirements and seek assurances that issues which had been reported with the previous provider would be avoided, such as increased waiting times and long turnaround times for reports.

The Head of HR outlined to the Members that the Council continued to use the various approaches in managing absence in line with best practice and as outlined in the latest CIPD Annual Survey Report for Absence Management. He explained that the Council was experiencing a breadth of matters similar to many other organisations across all business sectors and that Corporate HR would undertake further benchmarking and analysis to identify trends or amendments to policies and procedures.

The Panel noted the update which had been provided.

Update on Corporate Health and Safety Performance Report

The Corporate Health and Safety Manager provided the Panel with an update in relation to the Council's Health and Safety performance during the period ending 30th June, 2017. She reviewed the progress which had been achieved in relation to the key performance indicators, where 64% of the fire safety inspection actions had been completed, below the target of 80%.

She reported that there had been 25 non-employee accidents, with an increase of 12 from quarter four to 25. The Panel was advised that the number of employee accidents for the quarter had decreased to 36, which was 14 less than in quarter four. She reported further that the highest number of accidents had been caused by employees being injured while lifting or carrying, or through slips, trips or falls.

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The Panel was informed that the number of RIDDOR reportable accidents had decreased by two from the previous quarter. She explained that these had been attributable to employees being injured whilst lifting or carrying, slips, trips and falls, with one having been caused by an employee coming into contact with moving machinery and one having been an employee striking against something fixed.

She reported to the Panel that there had been a decrease in the number of reported Work Related Violence incidents from quarter four, down to 22 incidents, the majority of which were of verbal abuse.

The Panel noted the Greenwich Leisure Limited (GLL) accident figures from the previous four quarters for 2016-17 and noted that one had been RIDDOR reportable during quarter 1 of 2017/2018.

She highlighted to the Panel that, during quarter one of 2017/2018, there had been no contacts with the Northern Ireland Fire and Rescue Service and one voluntary contact with the Health and Safety Executive NI, where the Council had sought clarification on a memorial safety matter.

The Panel noted the information which had been provided and the ongoing progress which was being made against key corporate health and safety priorities for the quarter.

NIAO Financial Statement of Accounts

The Panel considered the following report which had been prepared by the Financial Accounting Manager and his team:

“1.0 Purpose of Report or Summary of main Issues

The purpose of this report is to present to the Audit and Risk Panel the Statement of Accounts of the Council, including the Annual Governance Statement, for the period ending 31 March 2017.

The Statement of Accounts are an important element of the council's overall corporate governance framework as they provide assurance to Members and ratepayers on the stewardship of the council's finances and its financial position.

The Statement of Accounts for the year ended 31 March 2017, as attached, have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 based on International Financial Reporting Standards and the Department of the Environment Accounts Direction, Circular LG 10/17 dated 13 March 2017.

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I can confirm that the Statement of Accounts for the year ended 31 March 2017 has been prepared in the form directed by the Department of the Environment and in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

2.0 Recommendations

That the Panel approves the Council's Statement of Accounts and incorporated Annual Governance Statement for the year ended 31 March 2017.

3.0 Main report

Key Issues

Audit Opinion

It is the Local government Auditors' opinion that:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17, of the financial position of Belfast City Council as at 31 March 2017 and its income and expenditure for the year then ended; and
- the statement of accounts have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities (formerly Department of the Environment) directions issued thereunder.
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Narrative Report for the financial year ended 31 March 2017 is consistent with the financial statements.

Reserves

The credit balance on the General Fund has increased to £20,989,452 (of which £7,634,933 relates to specified

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reserves). The movement on the reserves balance is summarised in Table 1 below:

Table 1: Summary of Reserves Position

Opening Balance	£19.2m
In year movement in reserves	£ 1.8m
Closing Balance	£21.0m
Specified Reserves at year end	<u>£ 7.6m</u>
Balance Available	<u>£13.4m</u>

General Fund £20,989,452

The General Fund Reserves can be used to supplement income and unexpected expenditure in future years. Of the £20,989,452, £7,634,933 relates to expenditure committed at year-end.

Capital Fund £24,850,616

The Capital Fund is made up of the Belfast Investment Fund (£3,810,715). The fund has been created to support key partnership projects to regenerate Belfast and help lever substantial funds from other sources, the Local Investment Fund (£4,056,629) to fund smaller local regeneration projects., the City Centre Investment Fund (£15,699,861) to support the Belfast City Centre Regeneration Investment Plans, the Social Outcomes Fund (£1,000,000) to support City Centre projects which might not generate a direct financial return but would enhance the overall City Centre offer and support attraction of investment and the BWUH Subvention Fund (£283,411) to support planned maintenance and future capital works at the new exhibition centre.

Leisure Mobilisation Fund £1,945,000

This fund is to support the Leisure Transformation Programme and will cover programme level costs including communications, engagement and procurement costs.

Capital Receipts Reserve £1,632,457

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These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure. This amount relates mainly to the sale of land & buildings at Loop River (£860,000).

Other Fund Balances and Reserves £357,818

This relates to the Election Reserve which has been set up to smooth the cost of running council elections.

Debt

The overall level of trade debtors had decreased over the previous 9 years, reducing from £10m at 31 March 2008 to £4.2m at 31 March 2017. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	31 March 2017	31 March 2016
Less than three months	£3,305,930	£2,434,909
Three to one year	£111,596	£166,672
More than one year	£789,382	£1,021,813
Total	£4,206,908	£3,623,394

Creditors

The Department for Communities has set councils a target of paying invoices within 30 days. During the year the council paid 61,092 invoices totalling £185,282,726.

The average time taken to pay creditor invoices was 23 days for the year ended 31 March 2017.

The Council paid 43,898 invoices within 10 days, 53,600 invoices within 30 days, and 7,492 invoices outside of 30 days.

The council endeavours to process invoices as quickly as possible and has an improvement plan to support this process.

Annual Governance Statement (AGS)

The Statement of Accounts include Annual Governance Statement (AGS) for the year 2016/17, which has been prepared in line with the Accounts Directive provided by Department of the Environment (DOE), NIAO guidance and is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Specifically the AGS sets out:

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- **scope of responsibility of the Council in relation to governance**
- **the purpose of the governance framework**
- **the governance framework in place**
- **review of effectiveness of the governance framework**
- **significant governance issues to be disclosed.**

The AGS is approved by the Chair of the Strategic Policy and Resources and the Director of Finance and Resources. It is subject to review by the LGA (NIAO) as part of their annual audit.

Financial & Resource Implications

None

Equality or Good Relations Implications

None.”

After discussion, the Panel approved the Council's Financial Statements and associated Annual Governance Statement for 2016/2017, a copy of which was available on the Mod.gov website, and commended those staff of the Council and the Northern Ireland Audit Office who had been involved in the process.

NIAO Draft Report to those Charged with Governance

The Panel was advised that the Local Government Auditor had issued, in draft format, her Report to those Charged with Governance for 2016/2017.

Mrs. Kane provided an overview of the draft report, which summarised the system/control issues arising from the Northern Ireland Audit Office's audit of the Council's Financial Statements for 2016/2017. She indicated that the audit had been largely completed and that it was anticipated that the Local Government Auditor would certify the Council's statements with an "unqualified opinion".

She explained that, in reaching their opinion, they had made key audit judgements on the new operational structure of the Council, landfill provisions write-back of £4.5million and infrastructure assets following the development of the North Foreshore Business Park.

She informed the Panel that the Local Government Auditor had identified four 'Priority 2' recommendations which needed to be reviewed and responded to by management. She outlined the details of the four areas, which related to the alignment of the BELTEL LLP year end with the Councils, Pension Disclosure of Belfast Waterfront and Ulster Hall (BWUH) Ltd. Liabilities, the Local Investment Fund and the General Power of Competence. She also outlined that two 'Priority 3' areas had been determined, namely, the narrative report and the format of the BWUH Ltd Accounts.

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Arising from discussion with the Director of the NIAO, a number of Members pointed out that the decisions relating to allocation of the Local Investment Fund not only went through the Strategic Policy and Resources Committee, but were also ratified by the Council. A Member also explained that due diligence of each project was an integral part of the process. The Director of the NIAO indicated that she would be happy to update her report to clarify this matter.

The Panel agreed that there was no need to adjust the accounts for the unadjusted misstatements identified by the NIAO.

After discussion, the Panel noted the contents of the draft report to those charged with governance for 2016/2017, a copy of which was available on the Mod.gov website, and that a detailed response to the document would be submitted to the next meeting.

Performance Improvement – Year-end Report and Arrangements for 2017

The Panel considered the undernoted report:

“1.0 Purpose of Report

1.1 The purpose of this paper is to provide the Panel with details of the reporting arrangements undertaken for our 2016-17 Corporate Plan required to comply with the *performance improvement* duty in 2017-2018 as laid out in Part 12 of the Local Government (NI) Act 2014 and associated guidance from the Department for Communities and the Northern Ireland Audit Office (NIAO).

2.0 Recommendations

2.1 The Panel is asked to:

- **Note that the Council’s Annual Improvement Plan and Annual Report were each submitted to SP&R Committee on Friday 23rd June and ratified by July Council (Appendices 1 & 2)**
- **Note our overall Assessment of Performance as contained within our Corporate Performance Report (Appendix 3) which, together with the Annual Report and list of statutory indicators (Appendix 4), will be published online to meet the September 30th deadline**

3.0 Purpose of Report or Summary of Main issues

Background

3.1 As the Panel is aware Part 12 of the 2014 Local Government (NI) Act and the associated guidance requires that we:

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- (a) produce a *forward looking* Annual Improvement Plan (which may be included within the Council's Corporate Plan – as ours is) detailing the Council's Improvement Objectives, to take effect from April each financial year reflecting the Council's contribution to the Community Plan (Belfast Agenda). The final version of this must be published by 30th June each year.
- 9b) produce a *retrospective* Assessment of Performance detailing progress against the previous year's Annual Improvement Plan and any self-imposed or statutory performance indicators (of which there are currently 7 - Appendix 4). The final version of this must be published by September 30th.

(a) Annual Improvement Plan

3.2 The Council's Annual Improvement Plan for 2017-18 is included within the 2017-18 Corporate Plan to ensure that it is understood in the wider context of what the Council is hoping to do over the next year. However, for greater clarity our 6 *Improvement Objectives* which together comprise our 'Improvement Plan' for the year, are included as a separate and distinct section (included at Appendix 1 for ease of reference). Our 6 improvement objectives for this year emerged through a process of re-examining and streamlining last year's 11 objectives while at the same time taking account of other information such as feedback from ongoing consultation and engagement processes, areas identified as being most likely to have greatest impact on other work streams and activity that will lay the foundation for expected future priorities. We also ensure there were areas where the Council has both the capacity and authority to take action.

3.3 These objectives are not intended to be an expression of all the improvements that the Council hopes to make over the next twelve months, but they are a statement of intent about specific areas upon which we intend to focus some more attention. As required we took account of the requirements of both the legislation in relation to performance improvement and the corresponding guidance from the DfC when formulating our improvement objectives:

- Build the city's position as a magnet for foreign direct investment
- Make Belfast a great place to do business by supporting entrepreneurs and business starts
- Design and deliver programmes to address health inequalities in the city

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- Deliver city centre regeneration and investment projects
 - Deliver the integrated tourism strategy to increase numbers of business & leisure tourists
 - Deliver and integrated approach to employment and skills
- 3.4 To ensure a balanced approach reflecting the broadest possible spectrum of work the improvement objectives also represent activity against each of our four key external priorities for the city – Growing the Economy, Living Here, City Development and Working & Learning.
- 3.5 The activities to drive forward these improvements are included within our Delivery Plan for Corporate Priorities and as such progress against these will be reported alongside other corporate activity within our usual performance and programme management arrangements on a quarterly basis to CMT and to Committee at mid-year and year end.

(b) Performance Assessment :

Annual Report and Year-end Corporate Performance Report

- 3.6 As required by the legislation we also produced an assessment of our performance detailing progress made over the last year against the activities driving forward our 2016-17 Improvement Objectives. There is no prescribed format for how this information should be produced. We therefore used a combination of reports in the form of:
- A year-end Corporate Performance Report with milestones ‘ragged’ (red, amber, green) against all activities. This is the tool we use on an ongoing basis to monitor and track progress;
 - An assessment of the statutory performance indicators that we are legislatively required to publish in the areas of economic development, waste and planning;
 - A 2016-17 Annual Report to include all of the above in a more contextual narrative format as a more accessible public record of *all* our in-year achievements as well as details of our finances.
- 3.7 The Corporate Performance Report and Annual Report were each submitted to SP&R in June. Due to time lags in availability of year-end data the indicators were not submitted at this time but will be published as part of our overall Performance Assessment in time with the September 30th deadline.

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3.8 The NIAO fieldwork element of its audit was due to begin in August and run until October. It will examine our performance assessment of the 2016-17 period and seek evidence that our 2017-18 planning and performance processes for all corporate programmes of work (including consultation, governance, risk management, reporting and publication) are compliant with the requirements of the Act. However, we have received correspondence from the NIAO to inform us that due to staffing issues the BCC audit is not likely to commence until September.

3.9 The Performance and Programme teams will also continue to collate quarterly and annual progress reports on implementation of the 2017/18 Plan to date and submit these to CMT and Committee as required under our performance obligations.

3.10 Financial and Resource Implications

Audit fees will be calculated on the basis of the time spent by the NIAO on Belfast's audit and on the levels of skill and responsibility involved. Given the extra work involved this year the NIAO have informed us that they estimate a potential 15-20% increase on their 2016-17 fee of £20,298. As far as possible we will prepare all materials in advance to keep costs as low as possible.

3.11 Equality and Good Relations Implications

None associated with this report."

The Panel noted the recommendations within the report.

AGRS Progress Report (June - August 2017)

The Panel considered a report which provided an overview of the specific internal audits which had been carried out for the period between June and August 2017, by Audit, Governance and Risk Services.

The Head of Audit, Governance and Risk Services highlighted that audits of Major Projects, Partnership arrangements/facilities management agreements, Grounds Maintenance and Contract Payments to/from Belfast Waterfront and Ulster Hall Ltd. had been completed, where the audit opinion for each had been determined as 'Some Improvement Needed'.

The Panel was advised that an AGRS review of Section 76 Planning Agreements had also been carried out as a consultancy assignment. The Head of AGRS advised the

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Members that management were in the process of developing an action plan to address the issues which were raised during the review.

The Head of AGRS also reported that the following important assurance audits were ongoing and would be reported to the Panel at a future meeting:

- Accounts Payable;
- Domestic Refuse Collection;
- Outdoor Leisure;
- Belfast Investment Fund (consultancy assignment);
- Corporate Complaints;
- Treasury management;
- Information management;
- City Centre Investment Fund (consultancy assignment); and
- Continued work in relation to the new HR / Payroll system.

The Panel was advised that management had requested the deferral of the following three audits, and that these had been agreed to by AGRS:

- internal audit work on performance management due to the NIAO review of this area and a need by management to consider future Council management arrangements – expected to take place later in the financial year;
- audit work in relation to projects under the Social Investment Fund/Urban Villages be deferred because there have been delays in delivery of these projects due to lack of approval/decision making by the Executive – deferred until 2018/19; and
- a deferral of the review of the markets (income) audit until the new kiosk is installed and operational – deferred until later in the financial year.

The Head of AGRS reminded the Panel that a mandatory, external review of the Audit, Governance and Risk Service was ongoing and was being carried out by On Board Training and Consultancy. He explained that the purpose of the review was to provide assurance over the Service's compliance with Public Sector Internal Audit Standards (PSIAS), with areas of good practice and areas for improvements would be identified. He outlined that the review would also cover the Council's risk management arrangements. The Panel was advised that the results of the review would be reported to the Panel at its meeting in December, 2017. The Head of AGRS also advised Panel Members that, should they wish to speak to On Board to input to the external review, they should advise him or the Director of Finance and Resources and this would be arranged.

The Members were advised that fieldwork on the review of the Council's disciplinary procedure had been substantively completed but that management had requested that the review be extended to include the Council's grievance procedure. The Head of AGRS advised the Panel that they were liaising with the Head of HR on that phase of the review and that the Head of HR would take the review forward

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During discussion, a number of Members raised the issue that a comprehensive maintenance programme needed to be adopted by the Council as it invested in more capital projects. The Director of Finance and Resources explained that a review of all Council assets and related maintenance arrangements had been initiated.

After discussion, the Panel noted the Progress Report for the period June – August 2017.

Corporate Risk Management report following Quarter Ending June 17

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 The purpose of this report is to:

- a) report to the Assurance Board / Audit and Risk Panel on the assurance provided by Directors, in consultation with their departmental risk champions, on the risk management processes within their departments, including any updates on the corporate risks;
- b) seek approval for the proposed reduced risk assessment for the Local Development Plan corporate risk
- c) update on BCM compliance.

2.0 Recommendation

2.1 The Audit & Risk Panel is asked to note the report.

3.0 Main report

3.1 Compliance with the Quarterly Risk Management Process

3.1.1 The table below summarises compliance with the risk review process for the quarter-end June 2017. While the quarterly review process is an agreed part of Council governance arrangements some issues of non-compliance have been noted, these are detailed in the table below.

Chief Officer	Assurance regarding compliance with the risk management process
Deputy Chief Executive and Director of Finance	Full compliance with the exception of the corporate risks on the 1) Corporate Frameworks – the

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and Resources	<p>risk action plan is not yet developed. A meeting has been scheduled on 7 Sept 17 between the DCX&DOFR, Strategic Performance Manager and Head of AGRS to discuss how management of this risk can be taken forward.</p> <p>2) The corporate risk on the Council's financial position has been reviewed in practice but the review has not yet been evidenced and recorded on MKI. The Head of Finance will ensure that this is addressed.</p> <p>3) Complaints management risks – these are being re-reviewed by the Corporate Complaints Manager. There are no open risk actions on MKinsight.</p>
Chief Executive's Department	<p>Review of MKI indicates non-compliance with the quarterly risk review process for:</p> <ul style="list-style-type: none"> ▪ corporate risk on Organisation's Transformation Programme ▪ Corporate Communications service level risks ▪ Births, Deaths, Marriages and Civil Partnerships service level risks <p>Following the departure of the Director of Organisational Development, it is proposed that the City Solicitor is given temporary responsibility for senior management oversight of the risk management process within this department.</p>
Director of City and Neighbourhood Services	Full compliance for the corporate risks.

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	A major review of all departmental risks took place in June 17 to ensure alignment with committee plans and the Belfast Agenda. Management are aiming to have all the new risks allocated to risk owners and action plans developed by QE Sept 17.
City Solicitor	Full compliance.
Director of Property and Projects	Full compliance for the corporate risks. In terms of departmental risks the Director has committed to undertake a comprehensive review of all risks in quarter 2 as many of the risks are now historic and / or have been affected by changes in personnel.
Director of Planning and Place	Full compliance, new departmental risks have been added to MKinsight regarding Planning.
Director of Development	Full compliance
Director of City Centre Development	The corporate risk on City Centre Regeneration has been reviewed in practice but the review has not yet been evidenced and recorded on MKI. The Director will ensure that this is addressed.

3.1.2 A concern of AGRS is that a significant amount of AGRS time is spent on 'chasing up' the completion of risk reviews and review of related actions, rather than there being a proactive management review process. In a number of departments the need to complete fundamental reviews of risk registers has been identified but, while such reviews are taking place, in the interim period, there is reduced assurance that all key risks are identified and being proactively managed in line with the agreed process.

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- 3.2.3** There is an ongoing independent review of the council's risk management process being undertaken by On Board. This should identify areas for improvement in the process. In addition, planned work on corporate frameworks will be considering how the risk management process is integrated / aligned with other management processes in the future.

Proposed changes to the Corporate Risk Register

- 3.1.4** Following the quarterly meetings between Chief Officers and the Head of AGRS, and review of MKinsight, one change has been proposed to the corporate risk register:

- 3.1.5** The likelihood of the Local Development corporate risk occurring has been reduced from 4 to 3 to take account of the ongoing implementation of the action plan, with the result that the overall risk assessment has reduced from High to Major.

Risk Management for High Risk Capital Projects

- 3.1.6** In addition to the management of corporate wide risks, the Council's risk management process provides for formal project risk management in respect of major, high risk, capital projects, as part of overall project management. This process is overseen by the Director of Property and Projects, who has confirmed that risk registers are in place and up to date for the current high risk projects, which are listed below:

Table 1: List of 'high risk' projects			
Ref.	High Risk Projects	SRO	Nominated Client (handover of asset)
1	Pitches Strategy	Rose Crozier	Nigel Grimshaw
2	Tropical Ravine	Rose Crozier	Nigel Grimshaw
3	Leisure Estates Programme (Robinson Centre, Brook, Andersonstown, Templemore, Avoniel and Girdwood -phase 2)	Ronan Cregan	Nigel Grimshaw
4	North Foreshore Development Sites	Gerry Millar	Gerry Millar

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3.1.7 The new crematorium is an uncommitted project that has been identified as 'high risk' for the Council. This project is currently at Stage 2 – Uncommitted on the Capital Programme with an economic appraisal currently underway. As a Stage 2 project, the final option has not yet been agreed and no investment decision has been taken. Given this, it does not yet have a traditional risk register, however this will be put in place once the project progresses to a Stage 3 – Committed project. Members are being kept up to date on the development of this project via the Strategic Cemeteries and Crematoria Working Group.

3.2 **Business Continuity Management update**

3.2.1 One of the key ways that Members and Chief Officers can gain assurance over the arrangements we have in place to manage a disruption to our services, is that the Business Continuity (BC) plans are up to date and have been exercised (at least annually) to ensure their effectiveness.

3.2.2 7 of the 15 critical services have planned and scheduled their BC exercise for 2017-18. This includes Finance, Corporate Health & Safety Unit, Human Resources, Democratic Services, Building Control, Bereavement Services and the Zoo. Management responsible for the remaining 8 critical services have been reminded of the need to ensure that BC exercises are planned and scheduled for 2017/18."

The Panel noted the contents of the report.

Audit and Risk Panel Training

The Panel noted that the annual training session for the Audit and Risk Panel would take place on Tuesday, 31st October at 9.30am in the Belfast Castle.

Date of Next Meeting

The Panel noted that the next meeting would take place on Tuesday, 5th December, 2017 at 1.00pm.

Action Points for a future Meeting

- A report be submitted, to a future meeting, on the rate of absence due to work-related stress over the past few years, providing a full-picture of why employees were taking absence due to work-related stress (Head of HR to submit).

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Chairperson