

Adrian McCreesh
Chief Executive
Mid Ulster District Council
Ballyronan Road
Magherafelt
BT45 6EN

22 November 2023

Dear Adrian,

**MID ULSTER DISTRICT COUNCIL: IMPROVEMENT AUDIT AND ASSESSMENT –
DRAFT AUDIT AND ASSESSMENT REPORT 2023-24**

I attach a copy of our draft audit and assessment report, which sets out the findings and conclusions from our work to date. The draft findings have previously been discussed with Lisa Jenkins during the audit.

The Local Government Auditor (LGA) is proposing an unqualified audit opinion. In terms of the assessment, the LGA has concluded that the Council is likely to comply with Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) during 2022-23. No statutory recommendations will be made to the Department this year in respect of the Council nor is there a requirement for a special inspection.

Section three of the report sets out our key audit and assessment findings including proposals for improvement, which are not formal recommendations, but lower priority matters that we think might assist the Council in meeting its performance improvement responsibilities in future years.

In line with section 95 of the Local Government Act 2014, we are required to send a final version of the report to the Council and the Department by 30 November 2023. I should therefore be grateful if you would confirm by close of play 28 November 2023 that the draft report is a fair summary of the relevant facts or suggest what amendments should be made.

Yours sincerely,



Karen Costley
Audit Manager



Northern Ireland
Audit Office

Audit and Assessment Report 2023-24

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

Mid Ulster District Council
22 November 2023

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We have prepared this report for Mid Ulster District Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

Summary of the audit

Audit outcome	Status
Audit opinion	Unqualified opinion
Audit assessment	The LGA has concluded that the Council is likely to comply with Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) during 2023-24
Statutory recommendations	The LGA made no statutory recommendations
Proposals for improvement	The LGA made one new proposal for improvement

This report summarises the work of the Local Government Auditor (LGA) on the 2023-24 performance improvement audit and assessment undertaken on Mid Ulster District Council. We would like to thank the Chief Executive and his staff, particularly the Performance Improvement Manager, for their assistance during this work.

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

Audit Opinion

The LGA has certified the performance arrangements with an unqualified audit opinion, without modification. She certifies an improvement audit and improvement assessment has been conducted. The LGA also states that, as a result, she believes that Mid Ulster District Council (the Council) has discharged its performance improvement and reporting duties, including its assessment of performance for 2022-23 and its 2023-24 improvement plan, and has acted in accordance with the Guidance.

Audit Assessment

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

In her opinion, the Council is likely to discharge its duties in respect of Part 12 of the Act during 2023-24 and has demonstrated a track record of improvement. The LGA did not exercise her discretion to assess and report whether the Council is likely to comply with these arrangements in future years.

Audit Findings

During the audit and assessment we identified no issues requiring a formal statutory recommendation under the Act. We made one proposal for improvement (see Section 3). This represents good practice which should assist the Council in meeting its responsibilities for performance improvement. Detailed observations on thematic areas are provided in Annex B.

Status of the Audit

The LGA's audit and assessment work on the Council's performance improvement arrangements is now concluded. By 31 March 2024 she will publish an Annual Improvement Report on the Council on the NIAO website, making it publicly available. This will summarise the key outcomes in this report.

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

Management of information and personal data

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

Other matters

Sustainability and Climate Change

Councils have begun to address the issue of climate change and sustainability, with individual councils at varying stages of progress. If councils are to link climate change and sustainable action to their performance objectives or even as part of their wider continuous improvement arrangements in future years, it will be necessary to consider arrangements to improve, including ensuring adequate resourcing and gathering of accurate data.

Benchmarking

The issue of benchmarking with other councils has been part of the work plan for the Performance Improvement Working Group (PIWG) for several years and limited progress has been made on this matter. Progress on this issue would allow a broader range of functions to be compared to support councils with their General Duty to Improve, in accordance with section 84 of the Local Government (Northern Ireland) Act 2014. We acknowledge that delays to this process were faced because of the COVID-19 pandemic.

2. Audit Scope

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

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

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

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

The improvement audit

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

The improvement assessment

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

assess and report whether a council is likely to comply with these arrangements in future years.

The annual improvement report on the Council

The Act requires the LGA to summarise all of her work (in relation to her responsibilities under the Act) at the Council, in an 'annual improvement report'. This will be published on the NIAO website by 31 March 2024, making it publicly available.

Special inspections

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

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3. Audit Findings

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

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

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

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

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

Thematic area	Issue	Proposal for improvement
Governance Arrangements	The last internal audit review of Performance Improvement was completed in 2019-20. Performance improvement does not form part of the 2022-23 internal audit plan.	The Council should consider the benefit of using Internal Audit periodically to provide assurance on the integrity and operation of the Council’s performance improvement framework.

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4. Annexes

Annex A – Audit and Assessment Certificate

Audit and assessment of Mid Ulster District Council’s performance improvement arrangements

Certificate of Compliance

I certify that I have audited Mid Ulster District Council’s (the Council) assessment of its performance for 2022-23 and its improvement plan for 2023-24 in accordance with section 93 of the Local Government Act (Northern Ireland) 2014 (the Act) and the Code of Audit Practice for local government bodies.

I also certify that I have performed an improvement assessment for 2023-24 at the Council in accordance with Section 94 of the Act and the Code of Audit Practice.

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

Respective responsibilities of the Council and the Local Government Auditor

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

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

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

- The Council has discharged its duties in relation to improvement planning, published the required improvement information and the extent to which the Council has acted in accordance with the Department’s guidance in relation to those duties; and

- The Council is likely to comply with the requirements of Part 12 of the Act.

Scope of the audit and assessment

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

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

- a forward looking assessment of the Council's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- a retrospective assessment of whether the Council has achieved its planned improvements to inform a view as to its track record of improvement.

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

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

Audit opinion

Improvement planning and publication of improvement information

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

Improvement assessment

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

In my opinion, the Council has demonstrated a track record of ongoing improvement and I believe that the Council is likely to comply with Part 12 of the Act during 2023-24.

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

Other matters

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

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

Colette Kane
Local Government Auditor
Northern Ireland Audit Office
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BT7 1EU

xx November 2023

Annex B – Detailed observations

Thematic area	Observations
General duty to improve	<p>The Council’s arrangements to secure continuous improvement (including community planning, corporate planning, Service Plans and its Performance Improvement Framework and processes within) incorporate the seven aspects of improvement into its assessments of functions and services. The Council held workshops with Senior Management and Heads of Service to identify current and future issues for Mid Ulster citizens that the Council should focus on. The Council engaged with the public through its community planning consultation process to strengthen its understanding of community needs and what its citizens and stakeholders want. Key improvement areas designated by the Council within its Performance Improvement Plan include Infrastructure and Economic Growth which are aligned to its Community Plan outcomes.</p> <p>The Council have a Corporate Management and Improvement Policy which aims to explain the framework to managers, employees, members, partners and the public to demonstrate the Council’s commitment to continuous improvement. The Council had also developed “A Guide to Developing Engaging and Performing in Mid Ulster District Council – Managing Performance Toolkit (DEP).” This is based around Deming’s Plan Do Check Act (PDCA) cycle and is a continuous quality improvement model. This aids the implementation of the Council’s eight step approach to managing performance and is in line with the guidance definition of ‘improvement framework’.</p> <p>Quarterly performance reports are prepared for the Chief Executive, Senior Management Team, and Policy and Resources Committee.</p>

Thematic area	Observations
Governance arrangements	<p>The Council has published results of benchmarking against other Councils for the 2022-23 statutory indicators in section six of the annual assessment report. Where comparisons have been made with the other ten Councils in Northern Ireland, they are in a narrative format and reference to quantitative data also been supplied in tabular/graphical format.</p> <p>The Council's governance arrangements supports effective decision making and oversight, relating to its responsibility for continuous improvement in its functions and it continues to develop these.</p> <p>Responsibility for delivering performance improvement objectives rests with established project teams under the direction of a Senior Responsible Officer appointed by the Chief Executive's Directorate. The team looks after the corporate planning and service delivery and improvement planning processes alongside performance management and improvement.</p> <p>The Council has assigned responsibility for scrutiny of its performance improvement framework to the Policy and Resources Committee. The Audit Committee oversight role has developed to include quarterly monitoring of the activity of the Policy and Resources Committee, specifically in respect of the scrutiny of the Council's Performance Improvement Plans and Reports, and this is a standing item on the agenda for reporting. The Policy and Resources Committee Terms of Reference has been updated to reflect performance improvement responsibilities. However it is noted that the Terms of Reference does not specifically outline the duties of the Performance Improvement service area within the Council. It is recommended as best practice going forward that the duties are detailed within this document.</p>

Thematic area	Observations
	<p>An Internal Audit review of Performance Improvement (PI) has not been carried out since 2019-20. Within section three of this report, we have included a proposal for improvement relating to this.</p>
Improvement objectives	<p>The Council has clearly detailed the rationale for selecting each of the four objectives within the Performance Improvement Plan, and has included results from the consultation exercise undertaken that demonstrates support for the objectives . Based on the results of the consultation, the Council determined that no changes to the proposed objectives were required.</p> <p>The improvement objectives all meet at least one of the seven criteria required by legislation and relate to the functions and services identified for improvement set out in the 10-year Community Plan and the Council’s Corporate Plan (2020-2024) themes and outcomes. The objectives were selected on the basis of a range of factors including an analysis of available statutory, corporate and service performance measures, information from performance reports, as well as engagement with elected Members, the Senior Management Team, Heads of Service and consultation with citizens.</p> <p>For each improvement objective, the Council sets out:</p> <ul style="list-style-type: none"> • Why have we chosen this Improvement Objective? • Actions – What are we going to do? (Including Activities and Outcomes) • How will we know? (What we delivered and Achievement) • Visible improvements residents, businesses or visitors expect to see. • Partnerships – Who do we need to work with? • Link to District Community Plan Themes and Outcomes. • Link to Corporate Plan Theme. • Performance Improvement Aspects which this improvement objective aims to deliver against.

Thematic area	Observations
	<p>The outcomes of each objective are clearly documented within the performance improvement plan and each of the objectives are robust, deliverable, and demonstrable. Specific measurements and targets are included for each activity which will allow the Council to determine if they have been achieved.</p>
<p>Consultation</p>	<p>An internal process involving Heads of Service and Senior Management identified emerging objectives and improvement projects for 2023-24 that would contribute to achieving the Council's objectives. The proposed objectives were approved by the Policy & Resources Committee prior to consultation. The Council carried out consultation on its improvement objectives with ratepayers, local business representatives, community, voluntary groups and staff.</p> <p>The Council undertook a consultation exercise from Monday 27 February to Friday 21 April 2023 (eight weeks) on the Council's draft corporate improvement objectives. To help raise the profile and transparency of the performance improvement framework, a number of communication channels were used including advertising in local newspapers, on the Council's website, through multiple social media platforms and internal staff meetings. The Council received 34 responses. The questions within the consultation survey directly related to each improvement objective.</p> <p>The proposed improvement objectives, rationale and associated links to the Community and Corporate Plan were considered and approved by elected members at the February 2023 Policy & Resources Committee meeting. The outcome of the consultation exercise undertaken and a report on the final improvement objectives were considered by Senior Management and subsequently considered by elected members at the June 2023 Policy & Resources Committee before being approved by the Council.</p> <p>The consultation involved a survey that was available for completion online and by post. To ensure maximum engagement, the process was promoted through a variety of</p>

Thematic area	Observations
	<p>communication channels including the Council’s website and the Council’s social media outlets. Internal staff meetings were also used to gather feedback.</p>
Improvement plan	<p>The Council’s Performance Improvement Plan, was presented to Policy and Resources Committee and the Improvement Plan was published following the full Council meeting in July 2023.</p> <p>A self-analysis exercise was undertaken by the Council to review the previous year’s draft two year (2021 – 2023) improvement objectives, to establish their continued relevancy for the period 2023-24 to 2024-25. The exercise was undertaken in order to ensure that the improvement objectives were based on:</p> <ul style="list-style-type: none"> • a thorough, evidence-based understanding of the communities the Council serves; • local needs and the Council’s capacity to address those needs; • improvement objectives that correspond directly with the Council’s priorities for improvement in the hierarchy of plans; • the context of the current economy; • short, medium and long term needs of the Council; and • many drivers and enablers both external and internal relating to improvement. <p>Senior management, were content with the review of the proposed improvement objectives. The rationale for each improvement objective, associated links to the Community and Corporate Plan were considered and approved by elected members as a focus for continuous improvement at their Policy and Resources committee meeting 9th of February 2023 and thereafter were ratified at the February 2023 Council meeting.</p> <p>The proposed improvement objectives form the basis of Council’s two-year performance improvement plan (PIP) for 2023-24 to 2024-25.</p>

Thematic area	Observations
	<p>The PIP clearly sets out the basis on which each objective was selected, together with related projects and key actions that will contribute to the achievement of the higher-level objectives, the visible improvements residents, businesses, or visitors can expect, and how success will be measured. It also reflects how citizens and other stakeholders of the Council will be better off as a direct result of the improvement process.</p> <p>The Plan benefits promotes the transparency and meaningfulness of the Council's commitment to continuously improve its functions.</p> <p>The Plan includes a separate section on the statutory imposed performance indicators and standards and provides information on the arrangements for managing, improving and tracking the Council's performance in relation to the statutory indicators.</p>
Arrangements to improve	<p>The Council is required to establish arrangements to deliver on its improvement objectives each year.</p> <p>The underlying projects in relation to the improvement objectives are supported by delivery plans and budgets for use by operational teams. These are being project managed and have lines of accountability, including risk management, to senior management and Members.</p> <p>In addition, Members and Officers at full council and committee meetings with a strategy or policy and oversight focus receive regular updates from senior management on how these established arrangements to improve are progressing.</p>
Collection, use and publication of performance information	<p>In September 2023, the Council published the 'Annual Self-Assessment Report 2022-23' which includes details of:</p> <ul style="list-style-type: none"> • its performance in discharging the general duty to secure continuous improvement in 2022-23;

Thematic area	Observations
	<ul style="list-style-type: none"> • results of its 2022-23 statutory performance standards compared with the same standards in the prior year; and • results of its 2022-23 self-imposed performance standards and indicators relating to its General Duty to Improve, and where applicable, comparisons with the same standards in the prior year. <p>The document provides information on its performance in discharging the general duty to secure continuous improvement and has highlighted the progression, status and outcomes for citizens (what they can expect to see), throughout the four improvement objectives.</p> <p>The document also clearly highlights achievements regarding 2022-23 statutory performance standards compared with the same standards from 2016-17 onwards and also includes results of the self-imposed performance standards and indicators from 2016-17 onwards. The assessment also includes benchmarking with other Councils where performance data was available.</p> <p>The report has been laid out in such a way as to provide transparent and meaningful information to the lay reader. This has been achieved by placing performance improvement of the Council in context, both legislatively and in relation to current regional issues that may impact on the Council's ability to achieve the statutory indicators/standards.</p> <p>It was noted in last year's s95 report as a proposal for improvement, that an electronic performance management system would be a more efficient way of capturing the growing central repository of performance information. The Council currently use Microsoft Excel templates to track performance of statutory and self-imposed indicators on a quarterly basis. This, however, is a very labour intensive method of collecting performance information, and is susceptible to human error in terms of the robustness and accuracy of content and the Council should consider whether an electronic performance management system should be procured.</p>

Thematic area	Observations
Demonstrating a track record of improvement	<p>The Council established the current improvement objectives in 2021 for 2021-22 and 2022-23 which has allowed the Council to demonstrate a record of improvement across the two years. The Council has extended these objectives to 2023-24 in a decision taken after Consultation.</p> <p>For each of the statutory indicators, the Council has reported results against 2021-22 and eight years of results (where applicable) has been presented in a combination of line graphs and bar charts to demonstrate the trends over time. The Council has also presented results of other councils for comparison against the current year. MUDC has ranked higher than other Councils in results for the third planning indicator (P3) (seven of the Councils met the target), achieved second highest levels of waste recycled in waste indicator one (W1), lowest levels of landfill waste in waste indicator two (W2) against other councils and have the fourth lowest tonnage levels per waste indicator three (W3) against other councils. MUDC were one of two councils that did not achieve the statutory target for economic development indicator one (ED1) and also did not achieve planning indicator one (P1) although no councils achieved this target. MUDC were also one of eight councils who did not achieve the target for planning indicator two (P2).</p> <p>The statutory planning indicator two (P2) has shown a decline in performance in the current year in comparison with the prior years and the target set. The other six statutory indicators have shown improvement on prior year.</p> <p>Of the self-imposed indicators and standards, two have improved from the previous year and one remained in line with prior year which is an improvement on prior year where only one indicator demonstrated improvement.</p> <p>Overall, MUDC has been able to demonstrate a track record of improvement.</p>

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