

Minutes of the National Oversight & Audit Commission (NOAC) meeting  
Tuesday 3<sup>rd</sup> March 2015

Venue: Offices of the PRTB, O'Connell Bridge House, D'Olier Street, Dublin 2

Attended by:

Chairman Pat McLoughlin

Members Kevin Baneham  
Tara Buckley  
Garrett Fennell  
Connie Hanniffy  
Paul Lemass  
Padraig McNally  
Martina Moloney  
Micheál Nolan  
Colleen Savage  
Henry Upton

Secretariat Sheila McMahon  
Declan Grehan

Apologies John Buckley

Guests Des Bruton, Fingal County Council  
Fiona Lawless, Meath County Council  
Kathy Quinn, Dublin City Council  
Maria Melia, Programme Management Office (PMO)

Minutes of meeting of 03/02/2015

The minutes of the meeting of 3<sup>rd</sup> February 2015 were agreed without amendment. The draft letter requested at that meeting for the purpose of formally introducing NOAC to the Chief Executives was approved for immediate issue.

Housing Review Sub Group update

Paul Lemass updated the meeting on progress made by the Housing Sub-Group and referred to the scoping papers that had been circulated for the meeting. On foot of John Buckley's advice that, in view of the limited resources available to NOAC, it would be doing well to complete one or two reviews in 2015, the group was seeking approval to now proceed with the reviews of Private Housing Inspections and Maintenance and Management of LA Housing on the basis of the two scoping papers circulated.

The study on Housing Delivery would necessarily take a few years so as to follow up on the delivery of the development plan objectives. As the cycle of development planning has diverged, the desktop part of this review would commence with the secretariat reviewing and compiling data from the development plans adopted since the beginning of 2013.

Arising from a Housing Strategy commitment to examine the system of housing assessment and allocation by end-June 2015, the study of Assessment & Allocations of LA Housing should be undertaken in 2016 when any changes arising from that review would have been implemented. Accordingly, the other two scoping papers on the Delivery of Housing Supply and Assessment & Allocations were being circulated for any views.

Amendments to the Maintenance and Management scoping paper were requested so as to rephrase the key issues as questions of fact rather than judgment, include the possible review of how the maintenance and management function is carried out in the voluntary housing sector in the methodology section, and add a reference to examining if there is an easy to use accountable system available to tenants for complaints about management and maintenance. Approval of these amendments is to be by email. It was also suggested that the group should have regard to the 2011 VFM Unit study on the maintenance and management function and to relevant data available from the Service Indicators reports.

#### Report of the Public Spending Code (PSC) Sub-Group

Garrett Fennell, chair of the sub-group, informed the members that there was a consensus view that NOAC needs to be realistic in what it can do and should avoid duplication in performing a role under the PSC. He advised that the presentation from Marita Gonsalves, head of the D/ECLG Evaluation Unit, outlined NOAC's role as oversight of the Quality Assurance (QA) aspect of the PSC. This would involve NOAC reviewing QA reports submitted by the 31 Chief Executives for compliance and to identify trends. The sub-group were of the view that NOAC's involvement in the process should commence with the 2014 reports to coincide with the year of its establishment.

The issue of NOAC's role with regard to accountability regarding large scale capital projects was discussed. The Chairman referred to his meeting with the Director of the Local Government Audit Service (LGAS) and two presentations he had given the previous week; one to the LGAS and the other to the Southern Regional Assembly. At the former, he had raised the need for more protocols within the audit role to bring greater consistency to the process and at the latter, he had pointed out that the assembly members had a responsibility to probe adverse findings mentioned in audit reports. He said that clarity was needed on where audit responsibilities begin and end and on the role of the Public Accounts Committee and referred to the fact that NOAC's legislative remit allowed it to go deep on performance but not on accountability. He will continue his discussions with the LGAS and may also talk to the C&AG so as to probe the limits of NOAC's powers.

The sub-group's draft final response to the Secretary General's letter of 19<sup>th</sup> December 2014, letter to Chief Executives outlining the Public Spending Code reporting requirement and NOAC's role within it and response to a representation received by the Chairman and referred to it were approved by the members.

### Local Authority Corporate Plan Checklist

The circulated Corporate Plan checklist was discussed and approved subject to adding a check regarding use of plain English and availability to citizens and including training and development of elected members in the section on internal capacity and resources. It was agreed that the checklists would be used by the secretariat to do an initial review of each Plan for compliance and on which they will report back to the members. It was noted that some of the elements such as relating costs to inputs, existing baseline metrics and the principles in Chapter 1.5.1 of Putting People First were likely to be absent from most of the Plans. It was agreed that when a sufficient number of Plans had been received from which the secretariat could prepare a paper highlighting the main issues, the Chief Executives could be asked to come into NOAC to discuss these issues.

### NOAC Draft Annual Report

As the deadline for submission of the report to the Minister was 30 April 2015, the Chairman suggested that sign-off of the report be included as an item on the agenda of the next NOAC meeting on Friday 17<sup>th</sup> of April, and members would have until then to submit any comments.

### Programme Management Office (PMO) Debt Management Group

Fiona Lawless, Des Bruton, Kathy Quinn and Maria Melia from the Group established by the PMO to develop policies and procedures to improve debt collection in relation to commercial rates, housing rents and housing loans briefed the NOAC members on the issues and on the Group's objectives.

Fiona Lawless outlined the background to the project, including the recommendations of the 2012 CCMA business case and of the 2014 BearingPoint Debt Management Review for D/PER. She provided statistics on debt collection performance in the years 2010 to 2012 on rates, housing rents and loans. Commercial rates account for a third of local authority income and housing rents and loans account for a quarter and every 1% improvement in rates collection yields €15m. The objective is to streamline debt management policies, including bad debt write-off and recovery, across the local government sector.

Reasons for rent arrears include the fact that 80% of tenants are social welfare recipients and rent is difficult to collect unless deducted from source, which is only coming on stream now arising from the Housing Assistance Payment scheme. Loan arrears arise because local authorities are the lenders of last resort and their loans tend to be the worst-performing.

Issues in relation to rates are the limited collection powers, no ability to charge interest and penalties, the lack of an equivalent to the tax clearance certificate system, frequent changes of company identity, lots of small ratepayers with 25% paying less than €5,000, no priority in accessing the courts and when a court order is obtained, there are usually no goods to seize. The Chairman queried why LAs have a better record for collection of commercial rates over

water rates. Kathy Quinn explained that it appears to be a timing issue with commercial rates being split into two annual payments whereas water rates are billed quarterly, so that a 75% collection rate for water charges can effectively mean 100% compliance. Also, water bills are more likely to be queried than rates bills.

In response to other issues raised by the members, the Debt Management Group clarified that it aims to have a standardised debt collection policy up and running within 3-6 months and that the fruits of their work should come through in 2016 with an improvement in collection performance. Incentives for payers and disincentives for non-payers, which had been looked at by the Local Government Efficiency Review, are being included in the project as part of potential changes requiring legislation, as also is transferring rates liability to the owner from the occupier. While some authorities are applying discounts for prompt payment, others don't as they believe that it is open to legal challenge at present. New bases for calculating liability need to be considered as the profits and ability to pay accruing to a business, such as an IT company, can be far greater than for, say, a manufacturer occupying an equivalent space. Also certain businesses, such as day trading, are not being captured. However, linking rates to profits would result in volatile income. Not all local authorities have debt management systems in place or use them properly if they do. The Group is looking at Fingal County Council's policies as it has the best collection rates and considers that on-going local knowledge and contact works well.

The Group was asked about pressure to establish a national collection system which would have the benefit of removing the parochial element and improved co-ordination, e.g. at present several local authorities can end up incurring legal costs in pursuing the one company for non-payment of rates at multiple locations. The Group indicated that outsourcing collection had been one of four options discussed in the Business Case but it received the second lowest ranking score (after the option of continuing with the status quo) and a streamlined approach coupled with extra enforcement powers was favoured. They added that it would be disheartening for the sector to see a national collection agency established with powers that were never available to local authorities. They wanted the opportunity to improve the system first but will need to bring about a compelling result in the next 9-12 months. The Chairman thanked the Debt Management Group for their useful and open presentation.

In the subsequent discussion, the role of the Valuation Office was raised, including a lack of confidence within the business community with the valuation system and the delay in getting new businesses valued by the Valuation Office which can delay the commencement of rates for up to two years in rural areas. The Chairman suggested that it might be worth asking the Valuation Office to attend a NOAC meeting to discuss the issues and requested that the valuation aspect be put on the agenda for the next meeting.

### Suggestions for the VFM Unit meeting

Paul Lemass advised that he is a member of the steering committee that sets the agenda for the Department's VFM Unit's work which was meeting that afternoon and he asked if there were any suggestions as to specific projects NOAC would like the VFM Unit to undertake. Items raised for consideration were standardisation of LA websites in terms of content and functionality and costs of engaging legal services and associated with litigation decisions. The Chairman suggested that it may be more beneficial for NOAC to seek to influence the scope and timing of the projects selected by the Committee.

### Date of Next Meeting

Members were reminded that the next meeting is on Friday 17<sup>th</sup> of April at 9.00 a.m. and will be held in Local Government House, Usher's Quay.