

National Oversight and Audit Commission

Annual Report

2014

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Chairman's Statement



I am pleased to submit the first annual report of the National Oversight and Audit Commission (NOAC), which covers the period 1 July – 31 December 2014. Provision was made for the establishment of NOAC under the Local Government Reform Act 2014 and NOAC was formally established on 1 July 2014 under S.I. No. 297 of 2014.

NOAC was set up to provide independent scrutiny of local government performance in fulfilling national, regional and local mandates, including performance in respect of its financial resources.

The establishment of NOAC is part of the reform process provided for in the Local Government Reform Act 2014 and is a very significant development in public accountability at local government level. The need for enhanced scrutiny of local government performance was recognised in the *Action Programme for Local Government*, published by the Minister for the Environment, Community and Local Government in October 2012, particularly in terms of community and local economic development.

It is the aim of NOAC to utilise the knowledge and experience of agencies that already operate within the local government sector. Our initial activities have been focused on identifying these resources and establishing working relationships that will complement the limited resources directly available to NOAC.

NOAC will take account of work already being conducted by agencies within the sector, to ensure that its work is in no way duplicated and that the output of NOAC adds value.

We welcome comments and suggestions from all of our stakeholders as NOAC aims to be an

open and participative body that respects the views of all stakeholders. However, it is also NOAC's intention to prioritise issues that have sector wide applicability over those that are particular to an individual local authority and for which alternative resolution mechanisms are more appropriate.

NOAC would like to acknowledge the support of the Department of Environment, Community and Local Government (D/ECLG). NOAC is an independent body but receives significant support, including its secretariat, from the Department, and also support from the Strategic and Business Support Unit who developed the NOAC website, Local Government Finance Section who deal with NOAC's funding and the Accounts Section who process NOAC's payments.

Pat McLoughlin

Chairman

24 April 2015

Membership of NOAC

NOAC's membership is statutorily prescribed as a minimum of 6 and a maximum of 9 members. There is provision for the Minister for the Environment, Community and Local Government to increase by order the number of members to 12 for a period of up to two years. S.I. No. 298 was made by the Minister on 1 July 2014 and increased the number of members to 12 for the period up to 30 June 2016.

The appointed members bring a variety of expertise to their work, including from the legal, consumer, audit and local government elected member and management perspectives. The members and their appointment dates are as follows:

Chairman	Pat McLoughlin	1/7/2014
Members	Kevin Baneham	10/7/2014
	John Buckley	1/7/2014
	Tara Buckley	1/7/2014
	Garrett Fennell	1/7/2014
	Connie Hanniffy	1/7/2014
	Paul Lemass	2/9/2014
	Padraig McNally	11/7/2014
	Martina Moloney	1/7/2014
	Micheál Nolan	1/7/2014
	Colleen Savage	1/7/2014
	Henry Upton	1/7/2014

NOAC Strategy

Statutory Mandate

The Local Government Reform Act 2014 gave legislative effect to proposals set out in the *Action Programme for Effective Local Government* for a range of reforms designed to strengthen local government, including its structures, functions, funding, operational arrangements and governance.

The reforms included the establishment of a National Oversight and Audit Commission. Accordingly, NOAC was established by the Minister for the Environment, Community and Local Government under Part 12A of the Local Government Act 2001 (as amended) on 1 July 2014 to oversee the local government sector at a local, national and regional level.

The functions assigned to it by Part 12A are to:

- a) *Scrutinise the performance of any local government body against relevant indicators as selected by NOAC or as prescribed in regulations by the Minister,*
- b) *Scrutinise financial performance, including value for money, of any local government body in respect of its financial resources,*
- c) *Support best practice (development and enhancement) in the performance by local government bodies of their functions,*
- d) *Monitor and evaluate adherence to service level agreements entered into by any local government body,*
- e) *Oversee implementation by local government bodies of national policy for the local government sector,*
- f) *Monitor and evaluate public service reform implementation by any local government body or generally,*
- g) *Monitor adequacy of corporate plans prepared by regional assemblies or local authorities and evaluate implementation of the plans by any local government body or generally,*
- h) *Take steps under its other functions for the purpose of producing any report requested by a Minister under section 126D of the Act,*
- i) *Produce reports under its own initiative, in addition to the section 126D requested reports*

and the section 126K annual report requirement ,

j) Carry out any additional functions that are conferred by Ministerial Order.

As part of its strategic planning, NOAC established its vision, mission and values as:

NOAC's Vision

NOAC will contribute positively to the optimisation of the level of service provision in the local government sector through its independent scrutiny of performance and its identification of best practice in the sector.

NOAC's Mission Statement

NOAC will independently oversee the local government sector by reviewing the financial and operational performance of bodies within its remit, overseeing implementation of national local government policy and identifying opportunities for best practice.

NOAC's Values

NOAC is committed to operating to the highest standard of integrity and fairness in discharging its duties. It will adhere to the following core values:

- NOAC and its members will be independent, objective and fair in performing their functions.
- NOAC's findings and recommendations will be based on the best available evidence and information.
- NOAC will work with local government bodies and utilise available existing resources in carrying out its work.
- NOAC will engage with relevant stakeholders in undertaking its work.
- NOAC will report its conclusions in an open and transparent fashion.

The full Statement of Strategic Intent 2015 – 2016 is set out on NOAC's website at <http://noac.ie/wp-content/uploads/2015/01/NOAC-Statement-of-Strategic-Intent.doc>.

Approach and Objectives of NOAC

In implementing its mandate NOAC aims to:

- forge a working relationship with its stakeholders, including the Department of the Environment, Community and Local Government, the Chief Executives and elected members of the local authorities and citizens
- conduct evidence based scrutiny that delivers quality, objective, balanced and relevant reports, which will afford the local government sector the opportunity to improve its performance, enhance the existing culture of continuous improvement and embed best practice within the system as a whole
- add value to the local government sector and provide recommendations to build on the efficiencies and savings delivered by the sector to date, with a focus on customer service and cost effectiveness
- establish a collaborative approach with the relevant bodies and agencies at the heart of NOAC's work
- identify and focus upon those aspects of local authority functions and activities that are important to the citizen/customer
- facilitate engagement around improved performance, and
- monitor the adequacy of local authority corporate plans and assess how well these are being implemented.

Its key output will be reports published by NOAC and presented to relevant Joint Committees of the Houses of the Oireachtas. It will monitor the outcome of its work in terms of the implementation of NOAC's recommendations by the relevant local government bodies as reported to NOAC and to the elected members in the Chief Executive's monthly management report to the councils.

Operating Procedures

NOAC is clear that its function in relation to national policy for the local government sector is to oversee implementation of agreed policy and will not in its reports question the merits of policy or policy objectives.

NOAC will independently scrutinise performance by means of thematic reports and, where warranted, oral hearing, on matters falling within its statutory remit. Its focus will be on the wide range of service delivery systems operated and maintained by local authorities and regional assemblies.

NOAC will not deal with cases that in its view fall within the review jurisdiction of a statutory procedure or body or with matters that are the subject of litigation in the Courts.

While NOAC welcomes suggestions from stakeholders and takes them into account in scoping its work, it will not, in general, scrutinise a lone specific aspect of an individual local government body's performance of a particular function, or investigate the handling of individual cases, save where NOAC determines that a wider investigation may be warranted.

It is envisaged that activities undertaken by NOAC in the period up to end 2016 will relate primarily to matters that have a national or regional relevance.

Operating Environment and Capacity to Deliver

Although NOAC is a statutory body, it does not retain any staffing complement of its own. The secretariat provided to NOAC from Department of the Environment, Community and Local Government resources consists of three staff whose functions are to provide support for meetings, communicate with members, discharge formal requirements, etc. and, under the guidance of the Chair, coordinate any research being undertaken on behalf of NOAC and information sought by NOAC. It also has a limited budget for engaging outside expertise. Funding of €200,000 is being made available for the operation of NOAC in 2015.

NOAC will be relying significantly on the LGMA (Local Government Management Agency), which is the main resource within the local government sector, and on the regional assembly structures as they develop, to undertake (as is statutorily provided for in Part 12A of the Local Government Act 2001) research, investigation, analysis and assessment tasks. It will also be relying on the expertise of relevant sections within Government Departments and other agencies that are operating within the local government sector.

While NOAC will have no involvement in directing the statutorily independent Local Government Audit Service (LGAS) audit function, the outcome of work by its Value for Money Unit will assist NOAC in its scrutiny of performance.

A critical success factor for NOAC will be the extent to which the available resources, have the capacity and expertise and can be deployed to, facilitate performance of its functions through the provision of reliable data and critical analysis, which will be essential to NOAC's role.

Activities

Meetings

From its establishment on the 1st of July 2014 to the end of that year, NOAC held three meetings and one work-shop as follows:

Date: Tuesday 16th of September 2014

Location: Private Residential Tenancies Board (PRTB) Offices, O'Connell Bridge House, D'Olier Street, Dublin 1

Date: Tuesday 28th of October 2014

Location: PRTB Offices, O'Connell Bridge House, D'Olier Street, Dublin 1

Date: Tuesday 25th of November 2014 (Facilitator Led NOAC Work-Shop)

Location: LGMA Offices, Local Government House, 35 – 39 Usher's Quay, Dublin 8

Date: Tuesday 16th of December 2014

Location: LGMA Offices Local Government House, 35 – 39 Usher's Quay, Dublin 8

NOAC's initial meetings centred on exploring the meaning of the statutory functions of NOAC and clarifying what is expected from the body. The result is set out in its Statement of Strategic Intent. Key decisions on actions to be taken by NOAC included:

- ◇ determining the set of performance indicators to be used for the report on local authority activity in 2014 as an immediate priority
- ◇ looking at areas of local authority activity in a thematic way so as to identify what works best in particular authorities and also to inform the development of more focussed performance indicators over time
- ◇ agreeing that the initial reviews would focus on the Housing area and further areas will be considered in 2015

- ◇ conducting a local authority customer awareness survey.

It was decided to set up sub-groups to progress the thematic reviews and other aspects of NOAC's functions as the most pragmatic approach to utilise the individual expertise and knowledge of its members. Three sub-groups were established before the end of the year tasked with examining;

- Performance Indicators
- Housing
- Customer Awareness

During 2014 these groups held the following meetings:

- 5/11/2014 Customer Awareness Group — conference call
- 12/11/2014 Performance Indicators Group — conference call
- 20/11/2014 Housing Review Group — Custom House
- 4/12/2014 Housing Review Group — Custom House

At NOAC's meeting of 28 October 2014 presentations were made by and discussions held with the Director of Audits and two Principal Auditors of the Local Government Audit Service and with the Senior Responsible Officer and two other representatives of the Local Government Management Agency Programme Management Office.

It was also at this meeting that the members decided they should have a half-day work-shop with a suitable facilitator for the purpose of developing their Statement of Strategic Intent and deciding on the specific activities for inclusion in their workplan for the following two years. This work-shop was facilitated by Dr Seán Ó Riordáin of Seán Ó Riordáin & Associates, who are a consultancy firm dealing with public management issues, particularly local government reform, and held on 25 November 2014. The outcome was the development of NOAC's Statement of Strategic Intent substantially reproduced on pages 6 - 10 of this Report and a workplan for 2015-2016 available on the NOAC website at <http://noac.ie/wp-content/uploads/2015/01/NOAC-Workplan-to-end-2016.doc>. NOAC would like to thank Dr Ó Riordáin for his assistance in this regard.

Performance Indicators

Service indicators were introduced in 2004 to measure the performance of Ireland's then 34 city councils and county councils across a selection of the services that they provide. Information relating to the services of town and borough councils was incorporated into the indicators for the relevant city and county councils. The indicators were originally drawn up by the Local Government Customer Service Group, which was representative of the D/ECLG, the local government sector and the Institute of Public Administration.

The service indicators have measured a wide range of the functions carried out by local authorities, including housing, planning, environmental services and recreation. Although many aspects of local authorities' activities are difficult to quantify in this way, the service indicators nevertheless give a balanced picture of performance in many areas over time.

There was a commitment in the Government's *Action Programme for Effective Local Government* to undertake a review of the current suite of Service Indicators with a view to moving towards a more qualitative set of Performance Indicators/Standards against which local authorities can report. At the request of the Minister for the Environment, Community and Local Government, the County and City Managers' Association set up a Key Performance Indicators Working Group to review the Service Indicators and that Group's report was provided to NOAC.

NOAC's Performance Indicators sub-group developed a revised list of indicators for use in reporting on local authority activity in 2014 and as the basis for 2015. The replacement performance indicators continue to measure a wide range of the functions carried out by

local authorities, including housing, planning, environmental services and finance. Many of the indicators that have been chosen for 2014 are as recommended by the CCMA Working Group. The indicators are also largely consistent with the Measurement Methodology for suggested baseline data included in the Supplementary Guidelines for the preparation of local authority Corporate Plans for the period 2015—2019 that were issued to local authorities by D/ECLG in November 2014. The total number of indicators has been reduced.

A significant lead-in time would be required in order to make substantial changes to the indicators in use so that local authorities would have the opportunity to set up appropriate data collection systems prior to the commencement of the year being reported on.

Development of more qualitative and outcome focussed indicators by NOAC is an on-going activity and will be informed by the thematic reviews that it will be undertaking. Emphasis will be placed on assessing local authority customers' experience of service delivery in their areas. Performance indicators should also reflect value for money and the cost effective use of resources by local authorities so that they can:

- provide local people with more information about some of the activities undertaken by their local authority and on how it is performing, and how this performance is changing over time;
- enable the authority to monitor its progress and assist in the allocation of resources locally and assist Ministers and Departments similarly;
- allow comparative analysis of performance between local authorities.

Housing Review

Housing is a priority for Government and a commitment within *Construction 2020*. Further, the *Social Housing Strategy 2020* was published in November 2014. The efficient management of the local authority housing function is of key public interest. NOAC felt it was an appropriate area for initial thematic review and thus established a sub-group to scope out this work. The local authority housing function is wide-ranging, including the provision of social housing, supporting overall housing supply via the planning system and a regulatory role within the private rented housing sector.

In view of this, the sub-group sought advice from relevant individuals with expertise on the issues arising within the sector that would merit examination by NOAC. The outcome of these discussions was that the sub-group recommended focussing on the following four areas:

- **Maintenance and Management of Local Authority Housing** - *The scope of the review will be the effectiveness of local authority processes for dealing with repairs requests, planned maintenance, the preparation of vacated units for re-letting, minimising voids, anti-social behaviour and estate management of their housing stock.*

- **Private Housing Inspections** - *The scope of the review is to assess performance by local authorities in:*
 - *carrying out inspections of private rented houses to ascertain if the accommodation is of an appropriate standard and if the tenant is in receipt of an up-to-date rent book*
 - *taking any follow-up action that is warranted**and to examine the systems (if any) used to select units for inspection.*

- **Social Housing Assessment and Allocation** - *The scope of the review will be to assess compliance by local authorities with the Social Housing Assessment Regulations 2011 (as amended) and the Social Housing Allocation Regulations 2011 by examining the processes used by authorities to assess eligibility for inclusion on housing lists, to maintain the waiting lists and to allocate units that become available for letting.*
- **Delivery of Housing Supply** - *The scope of the review will extend to processes used by authorities to manage the delivery of housing, both private and public provision, in respect of the targets outlined in their respective local development plans.*

The work of the housing sub-group is on-going but it is expected that each of the reviews into maintenance and management of local authority housing and private rented housing inspections will be completed in 2015. The review of social housing assessment and allocation will commence in 2016 and the review of the delivery of housing supply will take a number of years arising from the varying publication dates of the relevant local authority development plans.

Local Government Customer Awareness Survey

The decision to conduct a local authority customer awareness survey stemmed from discussions about the definition of NOAC's functions, one of which is to *scrutinise the performance of any local government body against or in comparison with any indicative matter which shall include indicative matters relating to customer service.*

With that in mind, NOAC felt that it was important to assess and understand the level of engagement by the wider public with their local government, reasons for engagement and satisfaction with any interactions. As an initial benchmarking exercise, NOAC via a sub-group undertook a market research exercise that aims to establish a baseline understanding of the general public's engagement with local government across the country. It is a 2 phase project that is on-going at present and is structured as follows:

Phase 1 - National Omnibus to establish awareness of local government services, typical levels of engagement by key demographics, actual modes of communication, preferred modes of communication and relative ranked importance of services.

Phase 2 - National surveys, representative of each local authority, of satisfaction of consumers with key services provided in terms of transparency and level of customer service.

Phase 1 was completed in late December 2014 and the indicative results will be used to map out the scale and detail for the national surveys and to assist in designing the sample framework.

Resources

NOAC has limited resources available to it outside of the expertise of its membership. NOAC is supported by a secretariat with three staff members who are provided by the Department of Environment, Community and Local Government. NOAC is funded from the Local Government Fund and its allocation in 2015 is €200,000.

Expenditure in 2014

NOAC spent €47,192.22 during 2014. This sum was made up as follows;

Member Fees	€40,717.27
Training and Market Research Services	€4,950.75
Travel & Subsistence:	€1,347.90
Meetings Expenses:	€176.30

Appendix

NOAC Member Fees and Attendance at Meetings

The annual fee payable to those members of NOAC who did not waive payment and a table listing their attendance at its meetings in 2014 are below. 50% of the fee was paid in respect of 2014. Travel and subsistence expenses incurred are paid using standard Civil Service rates available at <http://www.revenue.ie/en/business/payee/guide/employers-guide-payee-expenses.html>.

Member	€7,695
Chair	€11,970

Member	16/9/2014	28/10/2014	16/12/2014
Pat McLoughlin	Present	Present	Present
Kevin Baneham	Absent	Present	Present
John Buckley	Present	Present	Present
Tara Buckley	Present	Present	Present
Garrett Fennell	Present	Present	Present
Constance Hanniffy	Present	Present	Present
Paul Lemass	Present	Present	Present
Padraig McNally	Absent	Present	Present
Martina Moloney	Present	Present	Present
Micheál Nolan	Present	Present	Present
Colleen Savage	Present	Present	Present
Henry Upton	Absent	Present	Absent