

# Media Release

## Local Government Auditor's Report 2024



Northern Ireland's local councils' have reported the largest shortfall between total income and expenditure since the current council structure was established in 2015. That is among the findings in a report published today (Friday 25 October 2024) by Northern Ireland's Local Government Auditor.

Colette Kane's report, summarising her audit of 2022-23 accounts, notes that total income generated across the 11 councils during the year was around £1.03 billion, a reduction of around 8.5 per cent reduction from the previous year. In contrast, expenditure across councils during the same period totalled around £1.16 billion. This represents a total shortfall of approximately £128 million, with total income around 11 per cent lower than expenditure

Today's report describes the volatility of council income in recent years. Grants paid to councils by central government in 2020-21 and 2021-22 were significantly higher than usual to support councils managing the economic pressures arising from the COVID-19 pandemic, and subsequently from inflationary increases in costs. A significant drop-off in this central government support was the primary reason behind the overall reduction in council income in 2023.

Commenting on the findings, Colette Kane said:

"This gap between decreasing levels of income and rising expenditure is being experienced across most councils. I am concerned that any sustained continuation of this trend could potentially challenge the long-term financial sustainability of the overall local government sector. Financial resilience, through effective planning and strong oversight, will be crucial in the period ahead, and my report makes several recommendations in this regard."

"The data I have analysed shows that the income generated by councils, through charges and service fees, fell in both of the last two financial years. There may be merit, therefore, in councils considering the scope for increasing income generation, and for sharing details about initiatives they have taken or plan to take to maximise income going forward."

"My report also observes that the value of usable reserves held by councils continues to be higher than before the pandemic, totalling around £447 million in 2022-23. It is essential that councils have clear and robust plans in place for managing and using these reserves in a way that delivers maximum value and benefit for ratepayers."

### Staffing Costs and Sickness Absences Levels

Today's report also finds that, in 2022-23, staff costs across councils amounted to around £436 million, representing around 40 per cent of operational expenditure in 2022-23. While these levels are consistent with the proportion of operational

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expenditure consumed by staff costs in previous years, the report describes more worrying trends in relation to staff sickness absence levels.

Sickness absence rates across the public sector were significantly impacted by the COVID-19 pandemic. However, there has been a significant rise in absence levels post-pandemic, with an average of 16.9 days per council staff member reported in 2022-23, much higher than the 11 days reported in 2020-21. Furthermore, in 2018-19 (i.e. prior to the pandemic) the average number of days lost per employee to sickness absence was around 10 per cent higher in local government compared with central government - this has now increased to 37 per cent in 2022-23. The report notes the Local Government Auditor's concerns over this widening gap, and emphasises the continued importance of closely monitoring and actively managing sickness absence to improve operational efficiency and reduce productivity losses.

### Other Findings

Other findings noted in the report include the following:

- The report states that the Local Government Auditor issued an unqualified audit opinion for all 11 councils' 2022-23 financial statements (although a range of issues and recommendations for improvement are outlined in the report).
- Levels of borrowing have continued to reduce across all councils, with the total level of debt having fallen, from £481 million in 2021-22, to £437 million in 2022-23. This is largely attributable to a reduction in overall capital expenditure across local government since before the pandemic, with total expenditure of £145.6 million in 2019-20 compared with £90.3 million in 2022-23 (although there was some variation between individual councils). The report notes that the overall fall in capital expenditure is unsurprising, given the significant economic pressures and uncertainty facing councils.
- The processing of planning applications by councils continues to exceed targeted timescales. 63 per cent of major planning applications across councils were not within the statutory 30-week target. In regard to local planning applications, around 62 per cent were not processed within the statutory 15-week target. The report notes that performance varied significantly between councils.
- The value of suspected frauds reported by councils to the Local Government Auditor increased to around £24,000 in 2022-23 (an increase from £9,400 during 2021-22). This figure has fluctuated significantly in recent years, and it is unclear whether the cases reported represent the full extent of attempted frauds perpetrated (with the actual total for 2022-23 likely to be higher than what has been reported). The report observes that there is currently no mandatory reporting requirement for local government bodies to report any actual, suspected, or attempted frauds (in contrast, there is a mandatory requirement in place for central government bodies).
- Following delays, the Local Government Auditor understands that the Department for Communities is due to publish a report 'DfC review of impact

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of local government reform on service delivery and cost effectiveness' in early October 2024.. The Local Government Auditor intends to consider the report in more detail and reflect this in her next Annual report.

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## **Notes for Editors**

1. In The results of work undertaken by the Local Government Auditor are reported to the Members of Local Councils and local government bodies. Her report on each set of accounts is published with the accounts by the audited body. She also provides an Annual Audit Letter to each body, which is also published by the audited body. In addition, a summary of her key findings at each local council in relation to the improvement audits and assessments will be published in her Annual Improvement Reports.
2. This report is available on the Audit Office website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk). The report is embargoed until 00.01 hrs on Friday 25 October 2024.