

Local Government Auditor Report 2024

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This report has been prepared under Article 4 of the Local Government (Northern Ireland) Order 2005.

The Local Government Auditor has statutory authority to undertake comparative and other studies designed to enable her to make recommendations for improving economy, efficiency and effectiveness in the provision of services by local government bodies and to publish her results and recommendations.

Colette Kane
Local Government Auditor

Northern Ireland Audit Office
25 October 2024

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List of Abbreviations

AGS	Annual Governance Statement
C&AG	Comptroller and Auditor General
The Department	Department for Communities
FTE	Full Time Equivalent
NICS	Northern Ireland Civil Service
RSG	Rates Support Grant

“My report highlights both the ongoing progress made by councils in returning to normal operations following the impact of Covid-19 and more recent economic pressures that have posed a significant challenge to sustainable service delivery by councils.”

Local Government Auditor for Northern Ireland

Foreword

Local Government Auditor Foreword

1. The Department for Communities (the Department), with the consent of the Comptroller and Auditor General for Northern Ireland (the C&AG), designated me as the Local Government Auditor in March 2021. As Local Government Auditor it is one of my responsibilities to provide an opinion on the financial statements of the 11 councils in Northern Ireland. I am also required to prepare an annual report on the exercise of my functions.
2. This report provides my perspective on local councils, based upon the findings of the various audits I have conducted across the 2022-23 financial year. My report highlights both the ongoing progress made by councils in returning to normal operations following the impact of Covid-19 and more recent economic pressures that have posed a significant challenge to sustainable service delivery by councils.
3. Part One of my report details the financial performance of councils, using figures from their audited financial statements and comparing these against previous years to highlight trends. A major theme of this section of the report is how the high-level financial trends evident in 2022-23 are more consistent with trends evident in the years before the pandemic.
4. Part Two identifies the key governance issues and themes that have emerged from my audit work during 2022-23. This includes: my annual audit of councils' financial statements; issues arising from my annual audit and assessment of councils' performance improvement activities; management of staff sickness absence; fraud notifications reported to me by councils; the latest progress in reviewing the effectiveness of arrangements for local councils to adhere to improvement legislation which has now been in place for eight years; progress in evaluating the success of reform introduced as a result of the Review of Public Administration; sickness absence levels amongst council staff; and recent performance trends across local councils in meeting targets for the length of time to process planning applications.
5. Part Three of my report considers two key challenges currently facing local councils in greater detail: financial resilience, and staff recruitment and retention. Both issues feature prominently as key risks for the sector within the Governance Statements produced by councils in 2022-23. In April 2024 I requested that each council complete a self-assessment checklist in relation to these areas, and I discuss the findings emerging from this exercise in Part Three.
6. Throughout my report, I have made a number of recommendations aimed at supporting improvements arising from my various findings. I encourage council Audit Committees to monitor councils' progress on implementing these recommendations.

Colette Kane

Local Government Auditor

Recommendations

The lack of meaningful comparable expenditure data for local government (Paragraph 1.13)

I recommend that the Department and councils explore the feasibility of gathering enhanced and consistent expenditure data across the local government sector.

Findings from my most recent assessment of proper arrangements (Paragraph 2.5)

I recommend that all councils take the necessary steps to ensure proper arrangements for good governance and use of resources are fully in place within each council.

Notification of actual and suspected fraud cases to the LGA (Paragraph 2.27)

I recommend that all councils review how well their fraud notification procedures are operating in practice and, if necessary, take further steps to ensure that I am informed of all suspected and actual fraud cases on a timely basis.

I also recommend that all councils report annually to their Audit Committee on their disclosure of suspected fraud cases to me.

Days lost to sickness absence (Paragraph 2.31)

I recommend that all councils review recent sickness absence trends, to identify key problem areas and consider whether best practice management approaches could be applied to improve operational efficiency and reduce lost productivity.

Planning performance (Paragraph 2.48)

I recommend that councils consider what refreshed efforts can be made to try and achieve outcomes which more closely reflect the target levels, particularly for those councils still performing well outside these.

Financial resilience (Paragraph 3.14)

I recommend that councils use the questionnaire document as a reference tool for assessing their processes on an ongoing basis and, where necessary, take steps to strengthen and enhance these. I would also strongly encourage councils to work collaboratively to strengthen areas of weakness and adopt good practice from each other.

Staffing data (Paragraph 3.21)

Councils should review the robustness of staffing data currently available and assess if this is sufficient to support effective workforce planning. They should also collectively explore the scope for addressing key workforce gaps through greater co-operation and flexibility in staff sharing initiatives.

“Throughout my report, I have made a number of recommendations aimed at supporting improvements arising from my various findings. I encourage council Audit committees to monitor councils’ progress on implementing these recommendations.”

Local Government Auditor for Northern Ireland

Part One:

Financial Performance

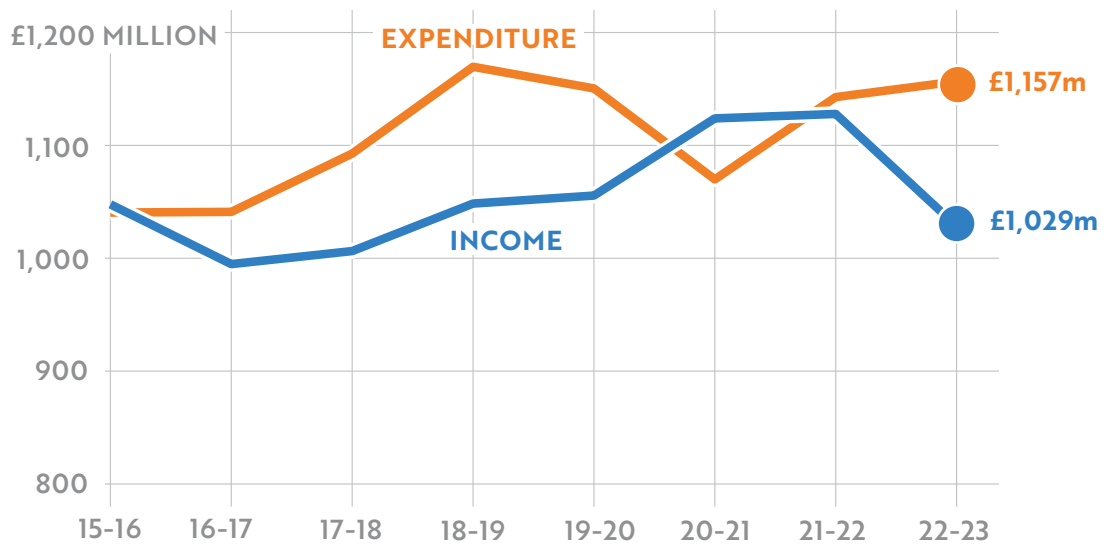
Financial Performance

1.1 This section of my report provides an overview of the financial position of local government in 2022-23.

Income and Expenditure

1.2 In 2022-23 councils reported the largest shortfall between income and expenditure that has been recorded since the new council structure was established in 2015-16 (see **Figure 1** and **Appendix 1**). Total income generated across the 11 councils was 11 per cent lower than expenditure, higher than the previous largest reported deficit of 10 per cent in 2018-19. This significant gap has been driven by a combination of decreasing income and increasing expenditure across most individual councils. It must be noted that any sustained continuation of this trend could potentially bring issues around the long-term financial sustainability of the overall local government sector.

Figure 1. Local government income decreased in 2022-23



NOTE

Income and expenditure figures restated at 2022-23 values using HMT deflators at December 2023

Source: Councils’ audited financial statements

Income

- 1.3** Councils generate income from three main sources: district rates, service fees and charges, and grants from central government. In most years, there has been a fairly consistent breakdown of the proportion of income generated by councils from these different sources. **District rates** typically account for around two thirds of council income, with around one quarter being generated from **service fees and charges**. The remaining ten per cent of council income relates to **grants received from central government departments**.
- 1.4** However, there has been some volatility in these patterns in recent years. The level of grants paid to councils by central government was significantly higher than usual in 2020-21 and 2021-22, as councils received additional support to help them manage the immediate economic pressures they faced, initially due to the Covid-19 pandemic, and subsequently as a result of inflationary increases in costs.
- 1.5** The overall reduction in council income recorded in 2022-23 has been primarily driven by a significant drop-off in the level of central government financial support being provided to councils (see **Figure 2**). Details on the breakdown of income across individual councils and changes in income across the three categories are set out at **Appendix 2**.

Figure 2. Council income by source

SOURCE	REAL TERMS INCOME (£ MILLION)			CHANGE vs PREVIOUS YEAR	
	20-21	21-22	22-23	21-22	22-23
District rates	715	732	717	↑ 2.4%	-0.2%
Charges and service fees	263	252	245	↓ -4.0%	↓ -6.7%
Central government grants	146	144	67	↓ -1.6%	↓ -54.3%
TOTAL	1,124	1,128	1,029	0.4%	↓ -8.5%

NOTE

Previous years' figures restated using HMT deflators at December 2023. Percentage change figures based on actual figures and not rounded figures presented in table.
 Source: Councils' audited financial statements

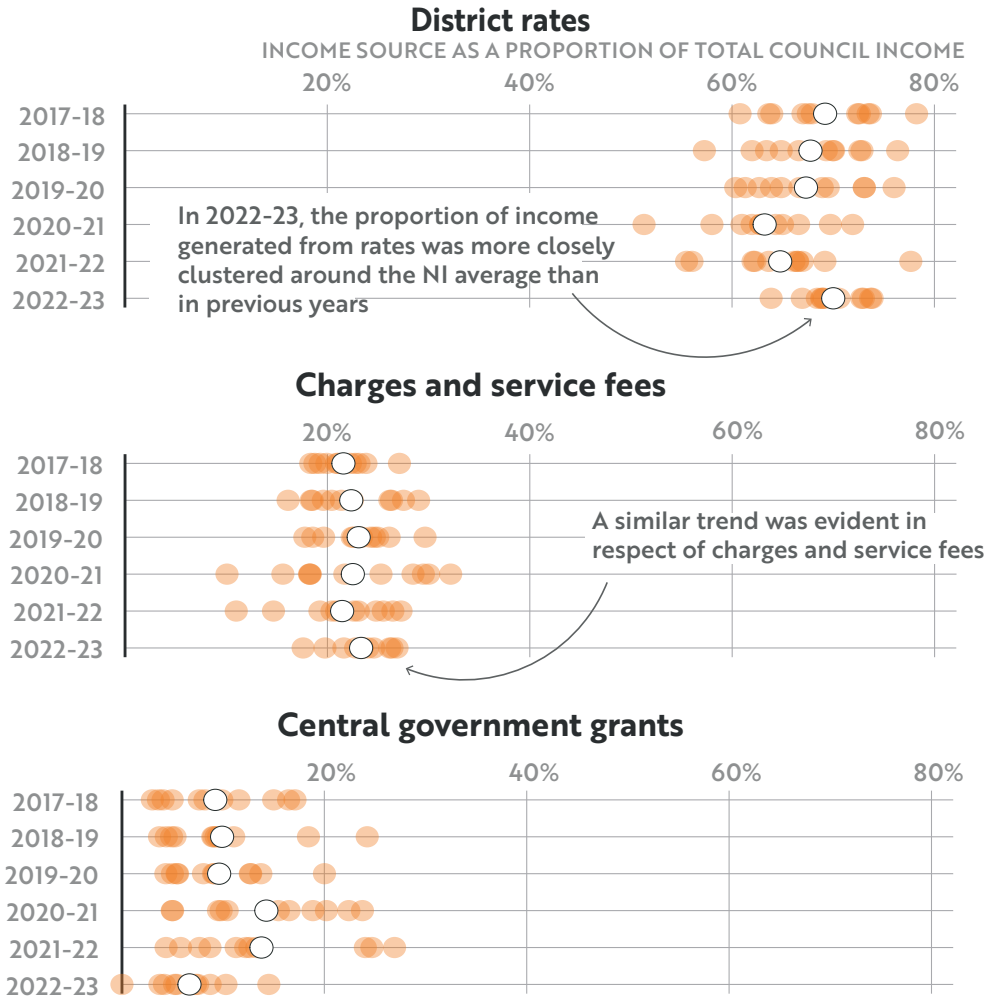
Income by Type

- 1.6** In the years preceding the pandemic there tended to be substantial local variation in the extent to which individual councils depended upon particular income streams. My analysis of financial information over recent years has highlighted that the extent of this local variance has reduced. In particular, the proportion of council income provided by both rates and other fees is the closest it has been since 2017-18 (see **Figure 3** and **Appendix 2**). For example, reliance on district rates as a proportion of total income ranged from 61 per cent to 78 per cent across councils in 2017-18, with a range of 64 per cent to 74 per cent in 2022-23.

Figure 3. Council income by category

Charts illustrate the proportion of council income driven from councils' main income streams.

Each ● represents an individual council. The ○ represents the average across all councils for that year.



Source: Councils' audited financial statements

1.7

It is notable within the data I have analysed that in real terms the income generated by councils, through charges and service fees, has fallen over both of the last two financial years. Given the wider context of an increasing gap between council income and expenditure levels (see **Figure 1**), I consider that there may be merit in councils seeking to consider and explore if scope exists for increasing income generation, including individual councils sharing details across the sector about any initiatives they have taken, or plan to take, to maximise income.

Expenditure

- 1.8** Overall council expenditure has increased by 8 per cent in real terms between 2020-21 and 2022-23. As I have previously noted, the structure of local government financial reporting makes it difficult to meaningfully understand the nature of such changes at a more granular or detailed level.
- 1.9** Councils are not required to manage and report their expenditure within a prescriptive or consistent framework. Instead, each council has freedom to tailor its financial reporting arrangements to its own particular circumstances. A disadvantage of this arrangement is that it is difficult to undertake any form of comparative analysis of this information between councils, or even at a more detailed level within individual councils.
- 1.10** In the absence of comparable data published by councils, I have reviewed central analysis undertaken by the Department, which profiles local government expenditure against six high-level common service areas (see **Figure 4** and **Appendix 3**). However, even within this process the bulk of expenditure incurred by councils (62 per cent) is reported against a single non-defined reporting category ('Other Services').
- 1.11** My analysis has highlighted increases in this broad category since 2020-21 of £83 million (almost 21 per cent), underscoring the need for clearer information about this category of expenditure. In this period, spend on all other categories has also increased to varying degrees. This likely partly reflects a return to full-scale service provision following the impact of the pandemic, combined with general inflationary increases.
- 1.12** I consider that gathering and reporting more consistent and detailed data on annual expenditure being incurred by councils would help enhance the Department's oversight. I would also provide ratepayers and other key stakeholders with more meaningful and transparent information on this important area.

Recommendation

I recommend that the Department and councils explore the feasibility of gathering enhanced and consistent expenditure data across the local government sector.

Figure 4. Council expenditure by expenditure category

SOURCE	REAL TERMS EXPENDITURE (£ MILLION)			CHANGE vs PREVIOUS YEAR	
	20-21	21-22	22-23	21-22	22-23
Waste collection	119	127	136	↑ 6.6%	↑ 6.5%
Other cleaning	48	53	55	↑ 10.8%	↑ 5.1%
Economic development	35	44	41	↑ 25.0%	↓ -5.9%
Community services	28	33	33	↑ 18.3%	-0.3%
Tourism	24	27	31	↑ 14.8%	↑ 13.7%
Other services	397	465	480	↑ 17.2%	↑ 3.1%
TOTAL	650	749	775	↑ 15.1%	↑ 3.5%

NOTE

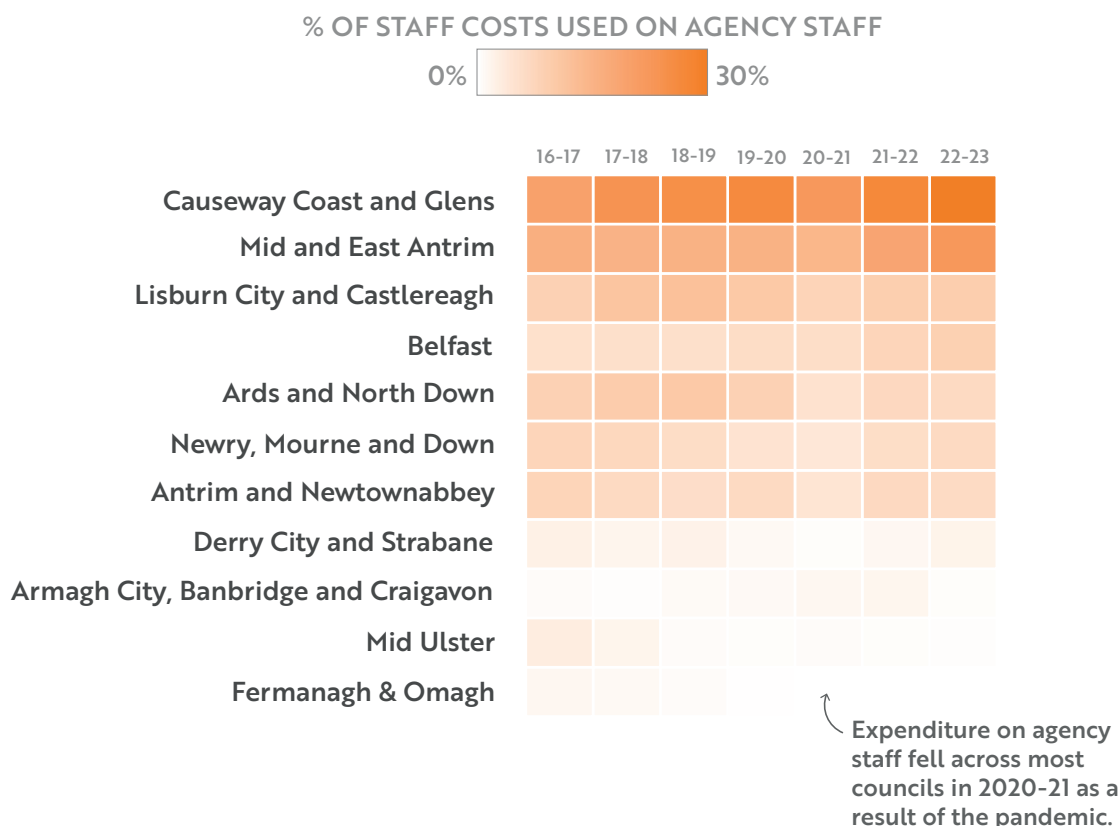
Previous years' figures restated using HMT deflators at December 2023. Expenditure figures exclude depreciation costs. Percentage change figures based on actual figures and not rounded figures presented in table.

Source: Returns provided by councils to the Department for Communities

Staff Costs

- 1.13** During 2022-23, staff costs across councils amounted to £436.2 million. These costs represented around 39 per cent of councils' operational expenditure in 2022-23, which is consistent with the proportion of operational expenditure consumed by staff costs in previous years (**Appendix 4**). In addition, councils spent a further £37.6 million on agency staff during 2022-23.
- 1.14** My audit work has identified significant differences between councils in the proportion of their staff costs spent on agency staff (see **Figure 5** and **Appendix 4**). The impact of public health measures on a range of council functions meant that most councils spent significantly less on agency staff in 2020-21 than they had done in previous years. However, since then this expenditure has recovered to pre-pandemic levels. I have also noted that two councils, Causeway Coast and Glens and Mid and East Antrim, have consistently been particularly reliant on agency staff, with these accounting for 29 per cent and 21 per cent of their respective total staffing costs in 2022-23. I consider it important that all councils, and particularly those spending a high proportion of staff costs on agency staff to support service delivery, continually review their requirements for agency staff and that they have appropriate oversight in place to ensure that these arrangements represent good value for ratepayers.

Figure 5. There is substantial variation between councils on the proportion of staff costs used on agency staff

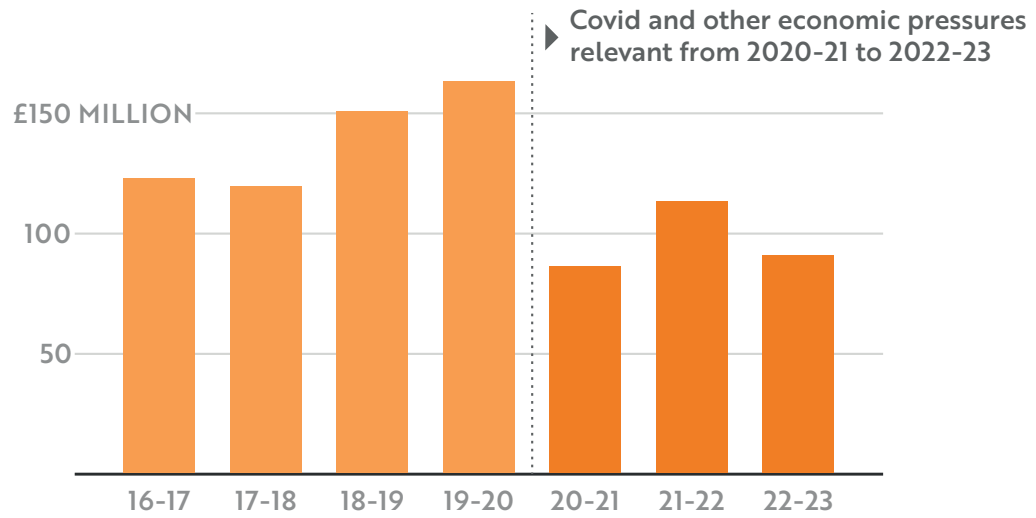


Source: Councils' audited financial statements

Capital Expenditure

- 1.15** Capital expenditure is money which is used to purchase, construct, or improve assets that are used by councils to support the delivery of services over a number of years. Given that such expenditure often relates to large-scale one-off projects, capital expenditure levels can fluctuate considerably between individual financial years. Identifying meaningful trends over time can therefore be difficult, with any given year not necessarily being comparable to preceding periods.
- 1.16** I have, however, noted a significant decrease in overall capital expenditure levels across local government over the last three years compared to pre-pandemic levels (see **Figure 6** and **Appendix 5**). Given the substantial economic pressures and uncertainty that have impacted councils over this period, this is not unexpected. This overall trend was driven by decreases in capital expenditure compared to the previous year in five individual councils.
- 1.17** Despite this overall trend, capital expenditure increased over this period at five other councils, and was the same at one council. There have been particularly notable increases at Causeway Coast and Glens Borough Council (from £4.1 million to £8.5 million), Newry, Mourne and Down District Council (from £6.1 million to £10.5 million), and Antrim and Newtownabbey Borough Council (from £5.2 million to £9.7 million), reinforcing how expenditure trends can fluctuate due to the ongoing delivery and timing of major projects.

Figure 6. Capital expenditure levels continue to be lower than pre-Covid years



NOTE

Previous years' figures restated using HMT deflators at December 2023

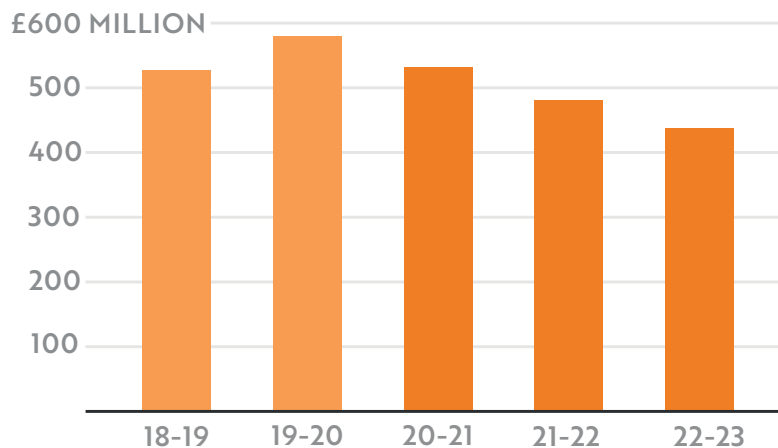
Source: Councils' audited financial statements

Borrowing

1.18

The majority of borrowing undertaken by councils relates to loans intended to finance capital expenditure investments. As such, a strong relationship exists between capital investment levels and borrowing trends. In line with the reduction in capital expenditure, borrowing by councils has also recently fallen. In recent years, the value of repayments made by councils against existing debt has been higher than the extent of any new borrowing. As a result, the total level of debt across councils has fallen from £531 million in 2020-21 to £437 million in 2022-23 (see **Figure 7** and **Appendix 6**). This trend has been consistent at individual council level, and there are no councils where the value of borrowings owed has been increasing in recent years.

Figure 7. The value of borrowings held by councils has fallen over the last three years.



Source: Councils' audited financial statements

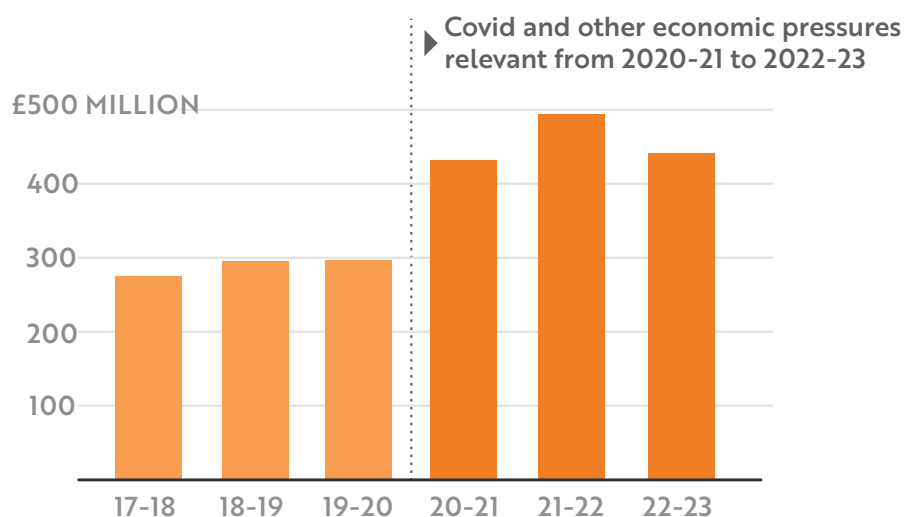
Reserves

1.19 Councils have two main types of reserves: usable and unusable. Usable reserves are cash balances that councils may hold and can be readily used to fund expenditure or reduce local taxation, subject to a statutory requirement to maintain a prudent level of reserves (although guidance on the level of recommended reserves has not been formally developed since the reform of local government). Unusable reserves are balances held by councils that are not readily available for use. Typically, such balances relate to unrealised accounting gains or losses (for example when the market value of capital assets increase due to indexation or revaluation). Such balances only become usable once the balance is realised (for example, when a revalued asset is sold).

1.20 My previous report highlighted how the value of reserves held by councils had increased over the last two years, mainly due to the significant increase in support received from central government over that time. As highlighted in paragraph 1.5 however, the extent of such support fell significantly during 2022-23. At the same time, expenditure by councils has returned to the level it was at prior to the disruption experienced during 2020-21 and 2021-22.

1.21 These factors have contributed to a decrease of 3.3 per cent in the overall value of usable reserves held by councils during 2022-23 compared to 2021-22 (see **Figure 8** and **Appendix 7**), with total usable reserves (£447.4 million) 68 per cent higher than in 2019-20 (£266 million).

Figure 8. The value of usable reserves held by councils continues to be higher than pre-Covid years



NOTE

Previous years' figures restated using HMT deflators at December 2023.

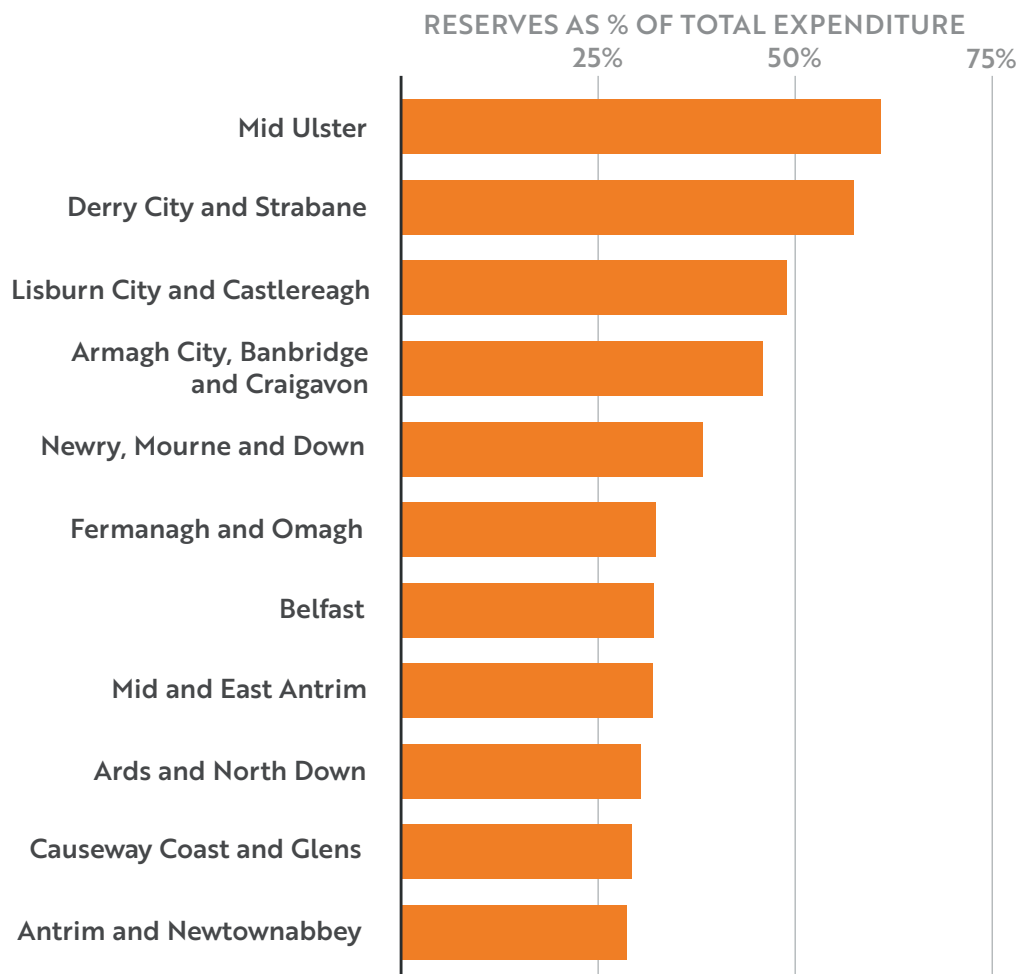
Source: Councils' audited financial statements

1.22

Managing reserves over the medium-term is one of the Chartered Institute of Public Finance and Accountancy’s key pillars of financial resilience in local government. Councils must ensure that they have clear and robust plans in place for managing and using these reserves in a way that delivers maximum value and benefit for ratepayers. Conversely where the level of usable reserves reduces because of funding pressures, councils must ensure they are able to demonstrate financial resilience through strong planning. Our review of councils’ financial statements has shown that the value of usable reserves held by most councils in Northern Ireland fell within a range of 25 to 50 per cent of that council’s expenditure in 2022-23 (see **Figure 9** and **Appendix 7**).

Figure 9. Usable reserves

Chart shows the value of the usable reserves held by each council at 31 March 2023 as a percentage of total expenditure during 2022-23.



Source: Councils’ audited financial statements

Part Two:

Governance Issues

Governance Issues

- 2.1** Over the last year my staff have worked alongside council officers to complete the statutory audits I am responsible for undertaking, as well as specific investigations in respect of emerging high-profile issues. This section of my report highlights the key issues affecting council performance and governance I have identified whilst undertaking this work.

Annual Audit Activity

- 2.2** The Local Government (Northern Ireland) Order 2005 requires me to be satisfied each year that local government bodies have appropriate arrangements in place to ensure they achieve economy, efficiency, and effectiveness (value for money) in their use of resources:
- **Economy** – careful management of resources, keeping costs as low as possible whilst meeting appropriate standards and objectives;
 - **Efficiency** – obtaining an optimal relationship between the resources used and the outputs/impacts achieved; and
 - **Effectiveness** – achieving alignment between intended and actual outcomes.
- 2.3** To demonstrate they are meeting these requirements, I require councils to complete an annual questionnaire detailing the arrangements they have in place. Councils are also required to provide me with supporting documentation to evidence their processes and procedures. This questionnaire covers a wide range of key corporate activities, including financial planning and reporting, IT security, procurement policy and procedures, risk management and governance arrangements. This process has helped me identify some areas where councils have not fully implemented adequate arrangements to ensure economy, efficiency and effectiveness.
- 2.4** My reviews over the last year have identified various issues across eight councils where I considered they needed to make improvements to the arrangements they had in place. In particular, and as I reported last year, there continue to be a number of policies across various councils (including some which originated from legacy councils) that require review and updating (see **Figure 10**). It should also be noted, however, that since my work was completed, councils may have been working to address these issues and may have made some progress in introducing improvements.

Figure 10. Summary of issues identified by the Local Government Auditor through annual audit activity 2022-23

A recurring theme across some councils was an absence of policies, policies that were dated and overdue for review, or policies that were only in draft format covering various areas including: resource or succession planning; human resource policies; medium-term financial strategies; and asset management strategies.

The following issues were also noted across individual councils or a small number of councils:

Need to achieve further progress towards achieving the prompt payment target.

Business Continuity Plans either not being in place or not being approved or finalised or updated

Corporate Plans not being updated.

Staff not being provided with fraud awareness training.

Monthly management accounts not being prepared on a timely basis.

Lack of bank reconciliations leading to an unreconciled year-end difference.

Passwords and access to systems not being regularly reviewed.

Internal Audit function not being subject to timely review.

Governance issues including limited assurance on HR policies and procedures on trade waste.

Staffing gaps in senior management.

Weaknesses in procurement and contract management arrangements, including excessive utilisation of Direct Award Contracts.

Limited Internal Audit assurance on ICT arrangements particularly around system access controls, and wider IT environment not being ISO 27001 compliant.

Issues around the monitoring of overtime.

Recommendation

I recommend that all councils take the necessary steps to ensure proper arrangements for good governance and use of resources are fully in place within each council.

Review of Annual Governance Statements

- 2.5** My staff audit the financial statements prepared by local councils annually. This work includes review of the Annual Governance Statement (AGS) prepared by each council and included within the annual report that accompanies the financial statements.
- 2.6** The AGS is a key document through which local government bodies communicate to ratepayers, elected members and other stakeholders, the key risks that the body is exposed to, and which may impair its ability to deliver on its objectives, as well as actions the body has taken to mitigate these risks.
- 2.7** Each body has autonomy to determine the content of its own AGS with the objective that they use this flexibility to ensure it provides meaningful commentary about their particular operating environment and the challenges they are facing.

- 2.8** In practice, however, many of the key issues or challenges that local government bodies encounter are common, and a substantial degree of overlap in terms of the risks which are identified and the responses which can be applied by those responsible for managing the bodies is to be expected.
- 2.9** The AGSs prepared in relation to 2022-23 have been heavily influenced by the high inflation levels, increasing energy and fuel prices, salary costs, contractor costs, and heightened uncertainty due to Brexit trade laws, against a backdrop of ongoing Covid-19 recovery.
- 2.10** The accumulation of these factors resulted in financial pressures being identified as a pervasive risk across local government. A further common issue highlighted by many councils was staff recruitment and retention, with eight of the councils citing this as a key problem. In addition, digital transformation and cyber security continues to present challenges, with seven councils highlighting it as an issue in 2022-23, albeit reduced from ten councils in 2021-22.

Review of Financial Statements

- 2.11** I issued unqualified audit opinions for all 11 councils upon completion of my audit of 2022-23 council financial statements. I did, however, identify a range of issues across these audits and made recommendations for improvement. Priority 1 recommendations reflect significant issues for the attention of senior management which may have the potential to result in material weakness in internal control. Priority 2 recommendations are important issues to be addressed by management in their specific areas of responsibility.
- 2.12** I have identified particular scope for improvement in Mid and East Antrim, with four Priority 1 recommendations arising from my audit work within that council. In total, I identified 25 Priority 1 and Priority 2 recommendations across the 11 councils. **Figure 10** provided some individual examples of issues identified, but in more generic terms these spanned various areas, including:
- financial control environment;
 - disposal of assets;
 - contract management and use of Direct Award Contracts and Single Tender Actions;
 - management of land and buildings;
 - limited assurance from Internal Audit reports; and
 - weaknesses in financial management processes.
- 2.13** It is important that councils take appropriate action to address these recommendations. I would also highlight that most of these areas have often been the subject of findings within the C&AG's Report on Financial Audit Findings which is published annually. This highlights how both local and central government face broadly similar issues and challenges and need to continually consider how risks in these areas can be controlled and mitigated.

Performance Improvement

2.14 The Local Government Act (NI) 2014 imposes a statutory responsibility on councils to make arrangements for, and to report on, continuous improvement in their functions or services. Such improvement should be more than gains in service output or efficiency, or the internal effectiveness of an organisation, and should enhance the sustainable quality of life and environment for ratepayers and communities. The Legislation also places a statutory responsibility on me to conduct an 'improvement audit and assessment' annually and report my findings. I do this by reviewing each councils' self-assessment reports for the year gone by, and their current year improvement plans. My latest review involved examining self-assessment reports for 2022-23 and improvement plans for 2023-24. I am required to report on whether each council:

- discharged its duties in relation to improvement planning;
- published the required improvement information;
- acted in accordance with guidance issued by the Department in relation to those duties; and
- was likely to comply with legislative requirements for performance improvement.

2.15 In the course of this annual audit work I will review the performance of each council against the targets it has set itself for that year as well the improvement plan it has set for the next year. Therefore, my most recent review was carried out in respect of actual performance during 2022-23 and the plan set for the 2023-24 year. In subsequent paragraphs this is referred to as my 2023-24 review.

2.16 The Local Government (Meetings and Performance) Act (Northern Ireland) 2021 set aside the requirement for councils to publish an improvement plan for 2020-21 due to the Covid-19 pandemic. As a result, in my audit of the arrangements for 2020-21, I was unable to consider the reporting of outcomes against self-imposed objectives that would normally have been set out in that plan. Given the wider context, there were significantly fewer recommendations for improvement in my review of plans for the 2020-21 year, compared to my subsequent reviews of the plans established for 2021-22 to 2023-24. My latest review of the 2023-24 plans has identified six recommendations for improvement compared to 12 in 2022-23 (see **Figure 11**).

Figure 11. Summary of proposals for improvements made to each council during the Performance Improvement Audits 2020-21 to 2023-24

COUNCIL	2020-21	2021-22	2022-23	2023-24
Antrim and Newtownabbey	-	2	1	-
Ards and North Down	-	5	3	1
Armagh City, Banbridge and Craigavon	-	1	1	1
Belfast	-	1	1	-
Causeway Coast and Glens	-	3	1	-
Derry City and Strabane	-	2	1	2
Fermanagh and Omagh	1	-	-	-
Lisburn City and Castlereagh	-	2	-	-
Mid and East Antrim	-	1	1	-
Mid Ulster	1	-	-	1
Newry, Mourne and Down	-	2	3	1
Total	2	19	12	6

Source: Northern Ireland Audit Office

- 2.17** Within my latest review, I have had to qualify my opinion for Derry City and Strabane Council in respect of its statutory reporting duties due to it not publishing its 2023-24 improvement plan and 2022-23 self-assessment report until 2 October 2023 and 4 October 2023 respectively, compared to the statutorily required date of 30 September 2023.
- 2.18** I also qualified my opinion for Belfast City Council on the grounds that in my review of the councils performance against its targets in 2022-23 I was unable to gain assurance that the council has demonstrated a track record of improvement. In response, the Council has highlighted that its performance plan and assessment focus on a limited set of improvement objectives, some of which are outside its control. It has also advised that it was required to place greater emphasis on focusing the City's recovery from the Covid-19 pandemic and the ongoing cost of living crisis.

2.19 Performance improvement legislation also requires me to compare performance improvement information amongst councils so far as is reasonably practicable. To meaningfully undertake this comparison, a consistent and appropriate framework for measuring and reporting performance would need to have been developed across all 11 councils. As limited progress has been made in establishing such a framework, my ability to progress this work has been restricted. Further progress in this area would allow a broader range of functions to be compared, to support councils with their General Duty to Improve in accordance with the Legislation.

Reform of Local Government Performance Improvement Legislation Arrangements

2.20 In my report for 2023, I highlighted that performance improvement legislation had been in place and operational for seven years, and recorded my view that it was now appropriate to consider the overall effectiveness of how these requirements had worked in practice and what impact they have had.

2.21 Since then, progress in reviewing these arrangements has, however, been limited. The Department has advised it was unable to commence a formal review during the period in which the Assembly and Executive were not functioning as this would have required Ministerial approval. It has, however, informed me that this matter will be put to the Minister for consideration. I would restate the importance of ensuring that the effectiveness of the current arrangements is assessed and any changes required are made after consultation with stakeholders.

Fraud Notifications

2.22 Published in November 2015, the NIAO best practice guide 'Managing Fraud Risk in a Changing Environment' aimed to help government bodies manage the widely accepted risk that the likelihood of frauds being perpetrated against organisations significantly increases during periods of significant change or crisis. As organisations alter working practices to respond to external changes, their risk management practices may not keep pace with change. This can create new areas of vulnerability whereby frauds that would otherwise be prevented or detected may evade the systems of control and not be identified.

2.23 The value of suspected frauds reported by councils to me in recent years has fluctuated significantly. It increased from £5,000 in 2019-20 to £92,000 in 2020-21, before reducing again to £9,400 during 2021-22. Most recently, it has again risen in 2022-23 to £24,080 (18 cases). Furthermore, as only six of these 18 suspected frauds reported included an estimated value (this was unknown or unquantifiable for the other 12 at the time), the total value for 2022-23 is almost certainly higher.

2.24 I would again highlight that it is unclear whether the cases reported to me represent the full extent of attempted frauds perpetrated against councils. Under Managing Public Money NI, all central government bodies are obliged to report any actual, suspected, or attempted frauds to both the C&AG and the Department of Finance. However, there is currently no similar mandatory reporting requirement in relation to local government.

- 2.25** In 2016, councils agreed to voluntarily report frauds to me on the same basis and through the same proforma used by central government bodies. However, I am concerned that compliance with this arrangement may have been inconsistent. Since 2016, some councils have reported very few instances of suspected fraud (one council has only reported one suspected case to me, two councils have only reported two cases, and another council has only reported three).
- 2.26** Reporting suspected frauds to me is very important in the context of helping to monitor the strength of the control environment in place across local government and assessing the sector's vulnerability to fraud.

Recommendation

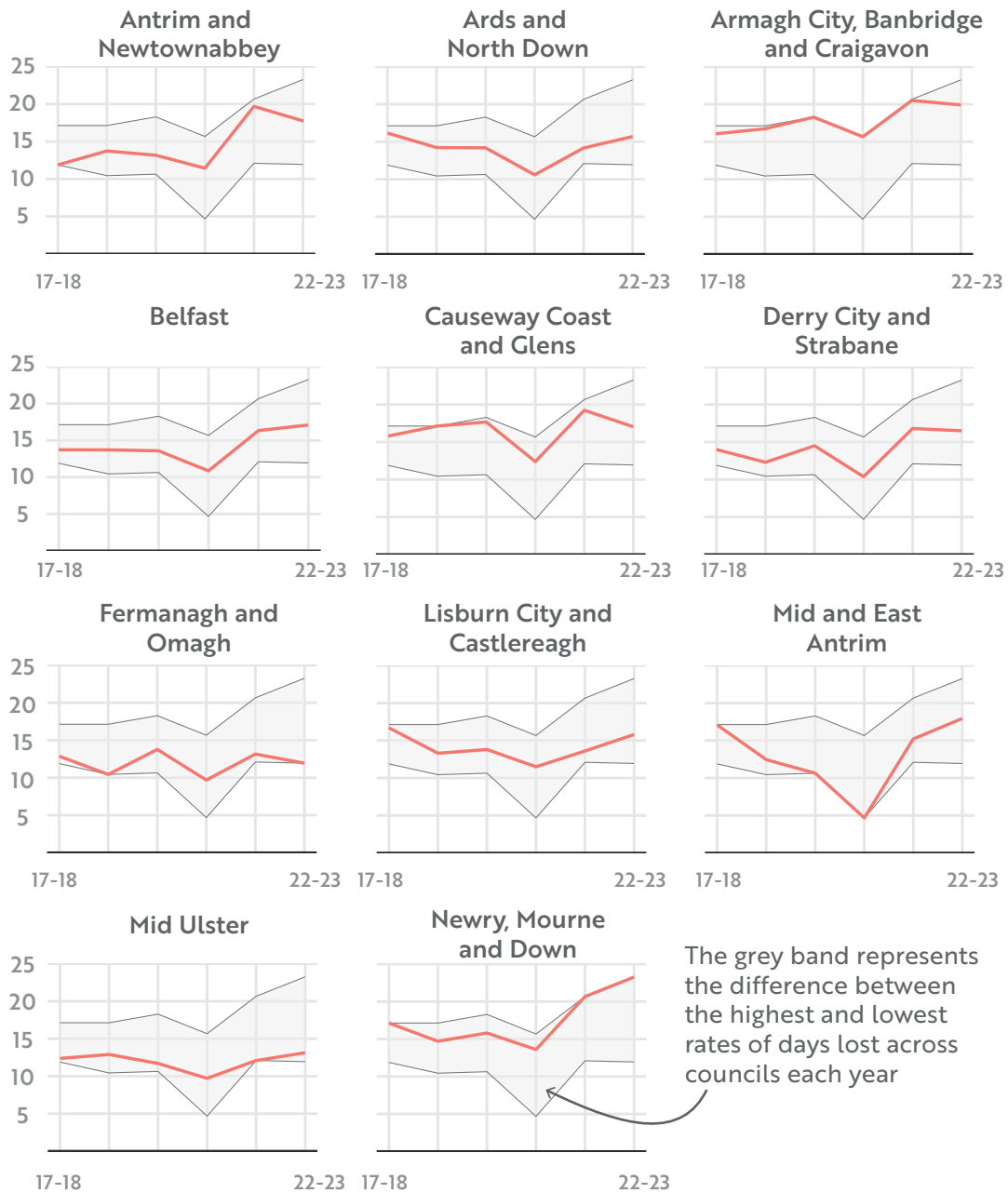
I recommend that all councils review how well their fraud notification procedures are operating in practice and, if necessary, take further steps to ensure that I am informed of all suspected and actual fraud cases on a timely basis.

I also recommend that all councils report annually to their Audit Committee on their disclosure of suspected fraud cases to me.

Managing Sickness Absence

- 2.27** Staff sickness absence rates across the public sector were significantly impacted by the global pandemic. In all 11 councils, absence levels reduced during the early stages of the Covid-19 pandemic in 2020-21 to their lowest over the previous five years. However, as the pandemic ended and restrictions eased, this trend has reversed. In overall terms, the average 16.9 days absence per council staff member in 2022-23 is much higher than the 11.0 days in 2020-21. This rising post-pandemic trend is also apparent across the vast majority of the 11 councils (see **Figure 12** and **Appendix 8**).

Figure 12. Number of days lost per staff member to sickness absence per year



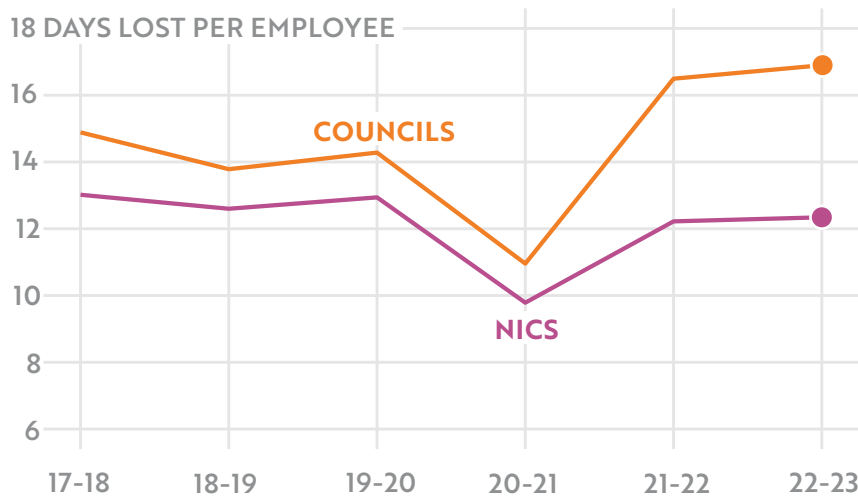
Source: Councils' Annual Audit Letter

2.28 In November 2020, I published a good practice guide on Managing Attendance in Central and Local Government which provided an overview of sickness absence across the two sectors in Northern Ireland. Using the latest comparable data then available, this publication noted that sickness absence across local councils (an average of 13.9 days per staff member in 2018-19) was then slightly higher than for the Northern Ireland Civil Service (NICS) (12.9 days in 2019-20). It also reported that the average 14.9 days lost to sickness absence in local councils in 2017-18 was far greater than councils in Scotland (11.4 days) and England and Wales (8.6 days). The guide set out identified best practice principles for managing attendance that are consistent across all areas of the public sector.

2.29 More recent analysis highlights that the overall 50 per cent increase in sickness absence across councils in 2021-22 compared to 2020-21, was double the 25 per cent increase reported in central government during the same period.

2.30 Overall absence levels continued rising in 2022-23 albeit less significantly. It is a concern that there is a continuing pattern of local government having notably higher sickness absence levels compared to central government, and that this gap has continued to widen. Prior to the Covid-19 pandemic the average number of days lost per employee to sickness absence (in 2018-19) was 10 per cent higher in local government in comparison to central government (see **Figure 13** and **Appendix 8**). This has increased to 37 per cent in 2022-23. I continue to emphasise the importance of closely monitoring and actively managing sickness absence levels to achieve improved operational efficiency and reduce the considerable productivity losses.

Figure 13. Absence rates in local government have been increasing faster than in central government.



Source: NICS average days lost to absence taken from NISRA: Sickness absence in the Northern Ireland Civil Service 2023-24. Local government figures represent the average days lost across all councils each year.

Recommendation

I recommend that all councils review their recent sickness absence trends, to identify key problem areas and consider whether best practice management approaches could be applied to improve operational efficiency and reduce lost productivity.

Review of Council Restructuring

2.31 In the 2018 LGA report, my predecessor recommended that the Department should give early consideration to, and clear guidance to councils on, devising an appropriate methodology for measuring efficiency savings and reporting outcomes relating to the reduction in the number of local councils which had taken effect in 2015. This reflected the importance of assessing the impact of the largest ever reform of local government in Northern Ireland.

2.32 The Department intended to complete a cost benefit analysis of local government reform during 2019-20, but this was initially delayed until 2020-21, with the outbreak of the Covid-19 pandemic resulting in this being further postponed until 2021-22.

2.33 I now note that DfC is due to publish a report '*DfC review of impact of local government reform on service delivery and cost effectiveness*' in the near future. I therefore intend to consider the report, when published, in more detail and reflect this in my next annual report.

Rates Support Grant

2.34 The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 enables the Department to pay an annual Rates Support Grant (RSG) to those local councils assessed as being 'less wealthy' (i.e. councils which have the greatest deficit between their financial requirements and available income and resources). This additional support aims to help eligible councils sustain the delivery of key services without having to increase rates. Under the legislation the RSG support which the Department can provide is discretionary, and not statutorily binding in nature.

2.35 When the RSG was established, seven of the 11 local councils (Armagh City, Banbridge and Craigavon, Causeway Coast and Glens, Derry City and Strabane, Fermanagh and Omagh, Mid and East Antrim, Mid Ulster, and Newry, Mourne and Down) were identified as being eligible for support in accordance with the legislation, and these councils have continued receiving discretionary assistance annually since then. None of the other four councils have met the criteria for support in any year. The enabling legislation included a formula to help the Department calculate how much funding eligible councils are entitled to receive. Between 2015-16 and 2021-22, the total annual amount of RSG paid to the seven eligible councils fell from £18.3 million in 2015-16 to £8.9 million in 2022-23.

2.36 Aside from providing additional assistance to the least wealthy councils, no underlying objectives have been set for the RSG. Councils also have autonomy over how they use the funding. As RSG funding is reliant upon the agreement of departmental budgets, notification of the amount to be paid to councils is usually provided late in the financial year. This presents challenges to councils receiving this funding as they have settled their district rates much earlier than the notification of the amount of RSG to be received.

2.37 In March 2024, the department commissioned a review of how the RSG has been operating in practice. The review is considering the following issues:

- whether the RSG remains fit for purpose in that the need it sought to address still remains;
- whether the initial policy intent remains relevant;
- if provision of the RSG meets the needs of people in the areas receiving it and whether other funding streams could meet this need; and
- what councils use the RSG for.

2.38 The Department envisages that this review will be completed by October 2024. As it has been some time since the RSG was introduced, I welcome the review and consider it timely in assessing how councils have used the funding, the impact of the support, and if the RSG has been operating as intended.

Performance of Local Councils in Processing Planning Applications

- 2.39** The planning system's objective is to secure the orderly and consistent development of land whilst furthering sustainable development and improving wellbeing. It is designed to support the sustainable creation of successful places in which people want to live, work and invest. As it can contribute significantly to achieving key economic and social outcomes, it is vital that the system operates effectively. Responsibility for managing most of the main planning functions passed from central government to local councils from April 2015.
- 2.40** Following this, the C&AG and I jointly published a report '*Planning in Northern Ireland*' in February 2022, which reviewed how the planning system was performing. It found that between 2017-18 and 2019-20, councils had not processed almost three quarters of 'Major' planning applications (i.e. those categorised as having the potential to be of significant interest to communities) within the statutory 30 week target. Performance varied substantially across councils, with the median processing time for the slowest council more than three times that of the fastest.
- 2.41** I would make the following observations on more recent trends:

Major planning applications

- 2.42** **Overall performance** – between 2019-20 and 2020-21, the overall average time taken to process Major applications across all councils increased notably. Whilst I welcome that some improvement is evident since then the statutory target requires all Major applications to be processed within this 30 week timescale, and in 2023-24, almost 64 per cent failed to meet this target (see **Figure 14**).
- 2.43** **Variable performance across individual councils** – performance across different councils continues to vary widely. In 2023-24, average processing times at the council with the lengthiest times were more than seven times longer than the best performing council. The percentage of applications processed within 30 weeks also continues to vary significantly across councils.

Local planning applications

- 2.44** In addition to Major applications, most planning applications submitted annually (around 99 per cent) are classified as 'local' applications (mostly related to residential and minor commercial works). The statutory target is for councils to process these within an average of 15 weeks from the date of a valid application. In 2019-20, this target was achieved across Northern Ireland as a whole (average processing time was 14 weeks), with eight of the eleven individual councils also achieving the target. However, since then, performance has slipped very significantly.
- 2.45** **Overall performance** - between 2019-20 and 2023-24, the overall average time taken to process local applications has increased to 20.8 weeks. The percentage of applications processed within the 15 week target has also reduced considerably over this period. Six of the eleven councils comprehensively failed to meet the 15 week target, with performance deteriorating at all 11 councils since 2019-20 (see **Figure 14**).

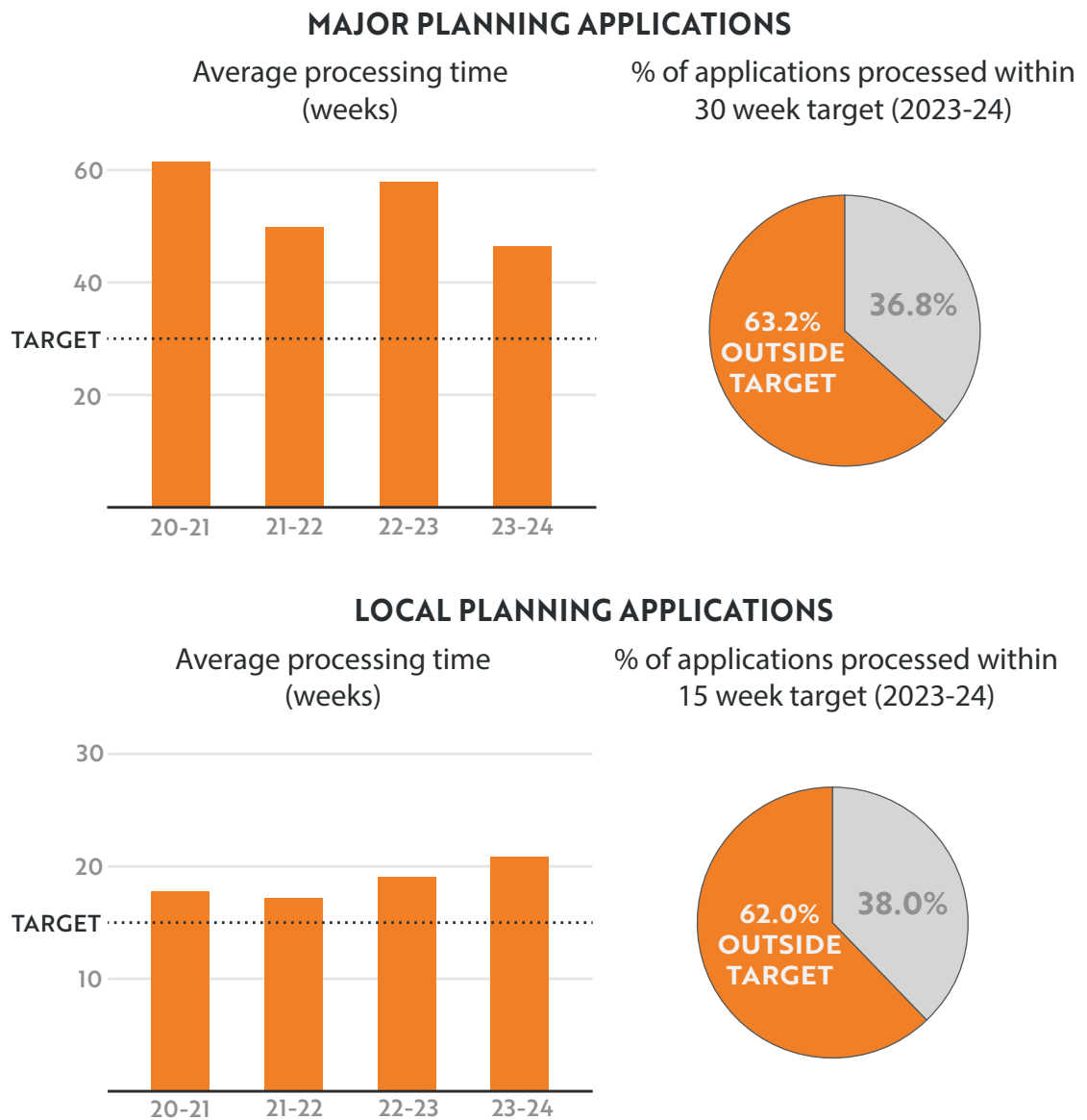
2.46 **Performance again varies considerably across individual councils** - in 2023-24, the average time taken to process local applications ranged from 9.4 weeks to 42.4 weeks. Eight of the eleven councils processed fewer than 50 per cent of applications within 15 weeks.

2.47 I acknowledge the pressures facing the planning system with some decisions, particularly around Major applications, becoming increasingly complex, and requiring more interaction with those who have specialist knowledge or skills, including around assessing and managing environmental impacts. However, despite some small recent improvements for Major applications, current performance remains well below target levels, and the gap between the best and poorest performing councils remains far too wide.

Recommendation

I recommend that councils consider what refreshed efforts can be made to try and achieve outcomes which more closely reflect the statutory planning processing targets, particularly for those councils still performing well outside these.

Figure 14. Processing times for planning applications continue to be in excess of target timescales



Source: Department for Infrastructure Planning Activity Statistics

Part Three:

Key Challenges

Key Challenges

- 3.1** In the key challenges section of my report this year, I am providing some further detail and analysis in respect of two key issues that councils evidently face: financial resilience, and staff recruitment and retention.
- 3.2** To help inform my assessment of financial resilience across local government in Northern Ireland, I asked all councils to complete a detailed questionnaire which covered a range of key themes: leadership, governance and culture; financial skills and capabilities; short-term budgeting and performance management; medium-term financial planning; and monitoring of financial performance. The questionnaire also sought to gather key information and make conclusions on issues in recent years which have impacted on the ability of councils to recruit and retain staff both in general terms and for key specialisms.
- 3.3** It is important to note that I did not carry out any detailed testing of the responses provided to me by councils. They therefore represent each council's assessment of its own position, relating to the standards being assessed.

Financial Resilience

- 3.4** An organisation develops good financial resilience by seeking to maximise its use of effective financial planning and management. This is important to help enhance its ability to withstand events and disruptions (including those that are unexpected) which could undermine its financial security. To assess this, I have used the councils' responses to benchmark how they currently compare against recognised best practice in financial management in government, particularly in the areas of strategic planning and budgeting. This best practice establishes key fundamental assumptions about how organisations should seek to manage their financial position:
- Financial planning should align with an organisation's medium and long-term strategic objectives.
 - Financial planning should be integrated through the entire organisation, and all individuals should understand how it contributes to organisational success.
 - Planning assumptions and forecasts should be regularly updated to enable timely decision-making.
 - Organisations should analyse past performance and challenge optimism bias to generate a realistic financial plan.
 - Finance leaders should be aware of areas of risk and uncertainty within financial plans and present financial information in a way which aids decision-makers.
- 3.5** All 11 councils submitted responses to this section of my questionnaire document. The themes and questions within the survey document are set out as **Appendix 9**. The main findings which emerged from the councils' responses are set out at **paragraphs 3.6 to 3.14**.
- 3.6** **In respect of leadership and governance**, I am pleased to report that the responses received indicate generally strong compliance with good practice. However, I did also note that one council did not have any qualified financial professionals within its senior leadership team, and that in two councils, financial management was not currently a standing item at Executive Team meetings.

- 3.7** The responses indicate that most councils are currently well equipped in the area of **financial skills and capabilities**. Despite this, scope for improvement was also identified:
- Three councils do not currently have a detailed assessment of the capacity and capability required within their finance teams. One of the councils which did have such an assessment also acknowledged that its current staffing complement did not meet its identified requirements. In two other councils, it has been three years or longer since their assessment of this area was completed.
 - Four councils stated that they currently had various skills deficits (one council each highlighting gaps for qualified accountants, dedicated finance business partners, VAT and treasury management expertise, and procurement expertise).
 - One council did not have clear, up-to-date process notes for critical processes undertaken within the finance team by a single or small number of team members.
- 3.8** **In the area of short-term budgeting and financial management**, all councils reported having a formally agreed financial plan for the 2024-25 financial year, which had been presented to full Council in either February 2024 or March 2024. However, the plans for two councils did not incorporate uncertainty or highlight a range of different potential scenarios.
- 3.9** **Responses to the area of medium-term financial planning** indicated that most councils had developed a formal financial plan which covered a minimum of the next three financial years (2024-25 to 2026-27) and which had been presented to full Council on a timely basis (i.e. between February 2024 and April 2024). However, there was also some non-compliance with good practice. Three councils had not compiled such a financial plan. In addition, the plans developed by a further three councils did not incorporate uncertainty or highlight a range of different potential scenarios, and in three instances the plans developed had not been presented to full Council.
- 3.10** **Finally, in respect of monitoring of financial performance**, I welcome that all councils are preparing monthly management accounts which are accompanied by a narrative report and include analysis of variances and actual expenditure to date. Most councils also indicated that these accounts were available relatively quickly after month end (i.e. between seven and 15 days) and were made available to their strategic policy and resources committee and the corporate management team.
- 3.11** However, in some councils, current arrangements could also be enhanced:
- In six councils, the management accounts did not include projections of the total level of anticipated income and expenditure at year-end.
 - In three councils, the accounts did not profile future income and expenditure by month.
 - There were delays in producing the management accounts in three councils (i.e. up to a month in two councils, and four months in another council). In the latter case, the council stated that work was ongoing to improve this.

My Overall Opinion on the Strength of Council Financial Resilience

- 3.12** I wish to thank all councils for participating in this exercise. Overall, their responses indicate a welcome degree of compliance with good practice around financial management. Despite this overall positive assessment, it is clear that there are opportunities for strengthening procedures in a number of councils across all areas.

- 3.13** It is important to again highlight that we did not validate the responses received from councils, and even for those councils which stated they have the necessary procedures in place, it is important that they continually ensure that these are operating effectively in practice. In the current difficult financial and operating environment, councils need to take all possible and feasible steps to ensure that they demonstrate financial resilience, including through strong planning and oversight.

Recommendation

I recommend that councils use the questionnaire document as a reference tool for assessing their processes on an ongoing basis and, where necessary, take steps to strengthen and enhance these. I would also strongly encourage councils to work collaboratively to strengthen areas of weakness and adopt good practice from each other.

Staff Recruitment and Retention

- 3.14** The questionnaire also requested information on staff recruitment and retention across councils. Sufficient workforce capacity and capability is key to ensuring that councils perform strongly and deliver services which meet ratepayer needs and achieve good value for money. However, in their most recent AGSs, eight of the 11 councils highlighted staff recruitment and retention as a key current challenge. I therefore sought to identify the extent to which councils currently consider they have the required workforce in terms of staff numbers and skills to support them in discharging their duties and functions, and of any gaps which need to be addressed.
- 3.15** Unfortunately, a key issue coming from the responses to the questionnaire was that councils were only able to provide limited and incomplete responses. I can only attribute this to a lack of readily available workforce data. The 'Capacity and Capability in the Northern Ireland Civil Service' report published by the NIAO in November 2020 highlighted how the NICS had then recently acknowledged the need for better quality management information on staffing levels and needs, and was in the process of developing this. The limited responses received to this area of my survey indicate that some councils also need to address this area.

Current and Optimal Staffing Levels

- 3.16** Only three of the eleven councils were able to provide a finalised and formal assessment of the ideal number of Full Time Equivalent (FTE) staff required to deliver their services and actual staffing levels at 31 March 2024. I am somewhat surprised at this, as it is important in assisting workforce planning. I would urge the councils who have not yet gathered this data to do so. These projections should be updated and reviewed regularly against the actual staffing position to identify workforce gaps. The limited nature of the responses received made it very difficult to draw meaningful conclusions around the current position.
- 3.17** To obtain a longer-term insight into workforce trends, I asked councils to provide details of FTE staff numbers in post at the commencement and end of the year between 2019-20 and 2023-24, as well as in-year staff departures and recruitments. As only six councils provided this information, I again cannot comment on the full picture across Northern Ireland. However, for three of the six councils that responded, it was evident that staffing numbers at March 2024 were marginally below the levels which had been in place five years previously at April 2019.

Recruitment and Retention Challenges

- 3.18** To help identify specific challenges experienced with staff recruitment in recent years, I also asked the councils to provide details of how many FTE positions they had attempted to fill between 2021-22 and 2023-24 but in which they had been unsuccessful in identifying an appropriate candidate(s).
- 3.19** Only five councils provided the requested information. All of these expressed some degree of difficulty in recruiting posts over this period, with two councils experiencing particular problems in that they reported a high number of posts unfilled in recent years.
- 3.20** Finally, I asked councils whether there were any particular areas in which they had found it difficult to recruit and retain appropriately skilled or qualified staff. The six councils which responded all reported some degree of challenges across various areas. Recurring areas across a number of councils included drivers, procurement, planning officials, environmental health, and waste collection and management. Individual councils also reported difficulties in the fields of sustainability, digital content, fleet maintenance, leisure, grounds maintenance, solicitors and accountants.

Overall Conclusion on Staffing Issues

- 3.21** I thank those councils which provided the necessary information in this area. It is, however, disappointing that a fuller set of responses was not forthcoming and that some councils did not have readily available information to fully complete the questionnaire. Whilst this has hindered me in drawing more definitive conclusions, the fact that eight of the local councils highlighted staff recruitment and retention as a key current challenge in their latest AGSs clearly indicates that this is currently a problematic area.

Recommendation

Councils should review the robustness of staffing data currently available and assess if this is sufficient to support effective workforce planning. They should also collectively explore the scope for addressing key workforce gaps through greater co-operation and flexibility in staff sharing initiatives.

“In the current difficult financial and operating environment, councils need to take all possible and feasible steps to ensure that they demonstrate financial resilience, including through strong planning and oversight.”

Local Government Auditor for Northern Ireland

Appendices

Appendix 1: Overall Council Income and Expenditure

Local government income and expenditure (Nominal)

YEAR	£ MILLION		
	INCOME	EXPENDITURE	DIFFERENCE
2015-16	864	858	6
2016-17	839	878	-39
2017-18	862	936	-74
2018-19	917	1,023	-106
2019-20	945	1,030	-85
2020-21	1,061	1,010	51
2021-22	1,056	1,070	-14
2022-23	1,029	1,157	-128

Local government income and expenditure (Deflated)

YEAR	£ MILLION		
	INCOME	EXPENDITURE	DIFFERENCE
2015-16	1,048	1,041	7
2016-17	995	1,041	-46
2017-18	1,006	1,093	-86
2018-19	1,048	1,170	-121
2019-20	1,056	1,150	-95
2020-21	1,124	1,070	54
2021-22	1,128	1,143	-15
2022-23	1,029	1,157	-128

Appendix 2: Council Income by Type

Total council income 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	68.9	76.0	70.5
Ards and North Down	75.8	70.1	76.4
Armagh City, Banbridge and Craigavon	111.7	106.4	109.2
Belfast	241.9	247.0	253.2
Causeway Coast and Glens	74.4	80.2	69.9
Derry City and Strabane	97.0	106.9	90.7
Fermanagh and Omagh	63.7	60.2	56.4
Lisburn City and Castlereagh	75.5	72.5	77.5
Mid and East Antrim	83.7	78.0	77.6
Mid Ulster	76.8	70.7	64.8
Newry, Mourne and Down	91.7	88.4	82.4
Total	1,061.1	1,056.4	1,028.5

Council district rates income 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	49.6	50.3	51.4
Ards and North Down	52.8	54.4	56.3
Armagh City, Banbridge and Craigavon	69.3	70.7	73.1
Belfast	161.1	165.4	173.2
Causeway Coast and Glens	47.8	49.8	51.6
Derry City and Strabane	59.1	59.9	64.0
Fermanagh and Omagh	36.9	37.5	38.8
Lisburn City and Castlereagh	49.0	50.2	53.4
Mid and East Antrim	52.6	49.7	53.6
Mid Ulster	39.4	39.2	41.4
Newry, Mourne and Down	57.6	58.7	60.1
Total	675.3	685.7	716.9

Council income from central government 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	6.8	8.6	2.6
Ards and North Down	15.3	5.4	6.7
Armagh City, Banbridge and Craigavon	25.1	9.3	11.2
Belfast	12.0	14.3	13.2
Causeway Coast and Glens	7.7	21.6	0.0
Derry City and Strabane	9.3	26.4	4.9
Fermanagh and Omagh	15.1	7.4	3.7
Lisburn City and Castlereagh	3.8	3.2	3.3
Mid and East Antrim	12.9	10.4	5.8
Mid Ulster	12.7	17.0	9.4
Newry, Mourne and Down	17.3	11.2	6.0
Total	138.0	134.6	66.8

Council income from fees and other sources 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	12.6	17.2	16.5
Ards and North Down	7.6	10.3	13.4
Armagh City, Banbridge and Craigavon	17.4	26.4	24.9
Belfast	68.9	67.4	66.8
Causeway Coast and Glens	18.8	8.8	18.3
Derry City and Strabane	28.6	20.6	21.8
Fermanagh and Omagh	11.6	15.4	13.9
Lisburn City and Castlereagh	22.6	19.2	20.8
Mid and East Antrim	18.2	18.0	18.2
Mid Ulster	24.7	14.5	14.0
Newry, Mourne and Down	16.8	18.5	16.3
Total	247.9	236.1	244.8

Appendix 3: Council Expenditure Analysis

Council waste collection expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	14.1	14.6	19.5
Ards and North Down	6.7	5.6	6.9
Armagh City, Banbridge and Craigavon	11.8	15.0	11.6
Belfast	19.0	19.7	24.0
Causeway Coast and Glens	3.8	4.2	5.5
Derry City and Strabane	7.1	7.5	9.1
Fermanagh and Omagh	5.5	6.5	7.0
Lisburn City and Castlereagh	4.4	4.9	5.3
Mid and East Antrim	15.9	15.3	16.9
Mid Ulster	7.6	7.8	8.8
Newry, Mourne and Down	16.7	18.0	21.0
Total	112.7	119.1	135.6

Council other cleaning expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	2.8	2.8	3.0
Ards and North Down	1.3	3.0	3.1
Armagh City, Banbridge and Craigavon	2.3	2.4	2.5
Belfast	16.6	15.5	18.5
Causeway Coast and Glens	2.3	2.9	2.6
Derry City and Strabane	4.1	5.4	6.3
Fermanagh and Omagh	2.4	2.7	3.1
Lisburn City and Castlereagh	2.4	2.6	2.7
Mid and East Antrim	3.2	3.6	4.1
Mid Ulster	3.8	4.2	4.6
Newry, Mourne and Down	3.7	4.2	4.8
Total	45.0	49.4	55.5

Council economic development expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	-0.3	1.3	1.8
Ards and North Down	0.9	1.1	1.2
Armagh City, Banbridge and Craigavon	2.4	3.3	3.8
Belfast	8.9	9.3	10.0
Causeway Coast and Glens	1.1	1.3	1.3
Derry City and Strabane	5.5	5.3	3.3
Fermanagh and Omagh	1.0	6.3	7.9
Lisburn City and Castlereagh	2.0	3.9	2.2
Mid and East Antrim	3.9	2.2	4.5
Mid Ulster	3.0	3.4	3.4
Newry, Mourne and Down	4.5	3.5	1.6
Total	32.9	40.8	41.0

Council community services expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	2.1	2.5	2.8
Ards and North Down	0.8	1.9	1.8
Armagh City, Banbridge and Craigavon	1.5	1.6	2.0
Belfast	7.0	7.0	8.0
Causeway Coast and Glens	1.0	1.6	1.8
Derry City and Strabane	2.1	3.8	4.1
Fermanagh and Omagh	0.9	1.0	1.0
Lisburn City and Castlereagh	1.9	2.4	2.2
Mid and East Antrim	3.3	3.8	4.4
Mid Ulster	2.1	2.4	3.0
Newry, Mourne and Down	3.4	2.7	1.3
Total	26.0	30.6	32.5

Council tourism expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	0.5	0.3	0.3
Ards and North Down	1.3	1.8	1.8
Armagh City, Banbridge and Craigavon	1.9	2.9	3.6
Belfast	4.0	5.3	6.0
Causeway Coast and Glens	0.8	0.8	2.1
Derry City and Strabane	2.8	2.3	3.1
Fermanagh and Omagh	0.9	1.4	1.4
Lisburn City and Castlereagh	0.8	1.1	1.1
Mid and East Antrim	4.5	4.8	4.9
Mid Ulster	2.2	2.3	2.8
Newry, Mourne and Down	2.6	2.5	3.8
Total	22.3	25.4	30.8

Council other services expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	16.8	21.3	27.3
Ards and North Down	32.9	39.7	46.1
Armagh City, Banbridge and Craigavon	52.6	47.3	57.4
Belfast	89.1	115.9	116.8
Causeway Coast and Glens	36.3	35.3	34.4
Derry City and Strabane	34.1	39.6	42.3
Fermanagh and Omagh	24.3	26.3	31.1
Lisburn City and Castlereagh	32.8	36.8	41.5
Mid and East Antrim	17.7	18.8	21.3
Mid Ulster	13.3	25.1	28.6
Newry, Mourne and Down	25.2	29.8	32.8
Total	375.1	435.8	479.8

Appendix 4: Staff Costs

Staff costs as proportion of operating expenditure 2017-2023

YEAR	£MILLION		STAFF COSTS AS % OF TOTAL
	STAFF COSTS	TOTAL OPERATING EXPENDITURE	
2017-18	355.0	884.7	40
2018-19	381.2	982.0	39
2019-20	395.7	985.2	40
2020-21	385.1	956.5	40
2021-22	385.1	1,021.4	38
2022-23	436.2	1,111.7	39

Agency staff costs as proportion of total staff costs 2016-2023

COUNCIL	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	7%	6%	6%	6%	4%	7%	6%
Ards and North Down	8%	9%	10%	8%	5%	7%	6%
Armagh City, Banbridge and Craigavon	1%	0%	1%	1%	1%	2%	0%
Belfast	5%	5%	5%	6%	6%	7%	8%
Causeway Coast and Glens	19%	23%	24%	25%	21%	26%	29%
Derry City and Strabane	2%	2%	2%	1%	1%	1%	2%
Fermanagh and Omagh	1%	1%	1%	0%	0%	0%	0%
Lisburn City and Castlereagh	8%	11%	12%	10%	8%	9%	9%
Mid and East Antrim	15%	14%	15%	15%	14%	18%	21%
Mid Ulster	3%	2%	1%	0%	1%	0%	0%
Newry, Mourne and Down	7%	7%	6%	5%	4%	6%	6%

Appendix 5: Council Capital Expenditure 2016 – 2023

COUNCIL	£ MILLION													
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	3.8	2.5	4.8	8.7	3.4	5.2	9.7	3.8	2.5	4.8	8.7	3.4	5.2	9.7
Ards and North Down	6.0	18.5	19.3	2.8	4.6	3.4	4.5	6.0	18.5	19.3	2.8	4.6	3.4	4.5
Armagh City, Banbridge and Craigavon	3.7	5.9	12.9	32.7	9.8	7.1	5.9	3.7	5.9	12.9	32.7	9.8	7.1	5.9
Belfast	48.4	22.3	38.9	43.9	21.6	46.9	23.2	48.4	22.3	38.9	43.9	21.6	46.9	23.2
Causeway Coast and Glens	8.9	6.2	9.1	10.1	5.3	4.1	8.5	8.9	6.2	9.1	10.1	5.3	4.1	8.5
Derry City and Strabane	6.2	13.8	7.1	8.6	6.7	10.4	10.8	6.2	13.8	7.1	8.6	6.7	10.4	10.8
Fermanagh and Omagh	2.0	3.9	5.6	5.7	10.4	5.2	4.2	2.0	3.9	5.6	5.7	10.4	5.2	4.2
Lisburn City and Castlereagh	3.0	3.7	7.2	7.9	0.5	2.1	2.1	3.0	3.7	7.2	7.9	0.5	2.1	2.1
Mid and East Antrim	4.9	5.6	4.0	8.1	7.3	8.1	5.4	4.9	5.6	4.0	8.1	7.3	8.1	5.4
Mid Ulster	3.3	2.2	5.0	9.4	7.1	6.9	5.5	3.3	2.2	5.0	9.4	7.1	6.9	5.5
Newry, Mourne and Down	12.9	17.3	17.3	7.8	4.4	6.1	10.5	12.9	17.3	17.3	7.8	4.4	6.1	10.5
Total	103.1	101.8	131.3	145.6	81.0	105.5	90.3	103.1	101.8	131.3	145.6	81.0	105.5	90.3

Appendix 6: Borrowing repayments

COUNCIL	£ MILLION						
	OPENING BALANCE (01/04/2021)	NEW BORROWING G (2021-22)	LOANS REPAID (2021-22)	OPENING BALANCE (01/04/2022)	NEW BORROWING G (2022-23)	LOANS REPAID (2022-23)	CLOSING BALANCE (31/03/2023)
Antrim and Newtownabbey	45.2	0.0	2.5	42.7	0.0	2.4	40.3
Ards and North Down	73.0	0.0	6.2	66.9	0.0	3.1	63.7
Armagh City, Banbridge and Craigavon	76.5	0.0	11.5	65.0	0.0	8.2	56.8
Belfast	57.0	0.0	8.0	49.0	0.0	5.2	43.8
Causeway Coast and Glens	66.7	0.0	5.3	61.3	0.0	4.9	56.5
Derry City and Strabane	43.5	0.0	3.2	40.3	0.0	3.3	37.0
Fermanagh and Omagh	5.3	0.0	0.7	4.5	0.0	0.7	3.9
Lisburn City and Castlereagh	24.2	0.0	1.9	22.4	0.0	1.2	21.2
Mid and East Antrim	60.7	0.0	5.9	54.7	0.0	4.1	50.6
Mid Ulster	5.5	0.0	0.7	4.8	0.0	0.7	4.1
Newry, Mourne and Down	74.1	0.0	4.4	69.7	0.0	10.3	59.4
Total	531.6	0.0	50.4	481.3	0.0	44.0	437.2

Appendix 7: Usable Reserves

Council usable reserves 2017-2023

COUNCIL	£ MILLION					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	10.4	12.3	10.1	19.6	30.4	26.3
Ards and North Down	9.9	10.4	9.0	20.0	25.0	25.7
Armagh City, Banbridge and Craigavon	28.5	28.1	26.7	40.2	47.9	53.7
Belfast	57.4	58.8	67.4	92.2	87.9	87.8
Causeway Coast and Glens	11.8	9.2	9.3	16.6	22.0	23.4
Derry City and Strabane	29.3	36.4	39.7	53.2	70.7	60.4
Fermanagh and Omagh	20.4	22.5	25.3	31.4	31.4	23.1
Lisburn City and Castlereagh	26.8	26.8	25.0	36.5	39.8	40.9
Mid and East Antrim	15.6	16.2	13.8	22.9	28.5	26.1
Mid Ulster	11.6	24.1	27.3	46.8	43.5	44.2
Newry, Mourne and Down	13.5	13.5	12.5	28.1	35.6	35.7
Total	235.3	258.2	266.0	407.6	462.8	447.4

Reserves as percentage of expenditure

COUNCIL	£ MILLION		
	EXPENDITURE 2022-23	USABLE RESERVES AT 31 MARCH 2023	RESERVES AS % OF EXPENDITURE
Antrim and Newtownabbey	81.4	26.3	32.3%
Ards and North Down	88.1	25.7	29.2%
Armagh City, Banbridge and Craigavon	117.1	53.7	45.9%
Belfast	275.3	87.8	31.9%
Causeway Coast and Glens	1.7	23.4	28.7%
Derry City and Strabane	105.2	60.4	57.4%
Fermanagh and Omagh	72.2	23.1	32.0%
Lisburn City and Castlereagh	83.7	40.9	48.9%
Mid and East Antrim	86.0	26.1	30.4%
Mid Ulster	72.6	44.2	60.8%
Newry, Mourne and Down	93.4	35.7	38.2%
Total	1156.7	447.4	38.7%

Appendix 8: Days lost due to sickness

Number of days lost to sickness absence per year

COUNCIL	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	11.9	13.7	13.2	11.4	9.7	17.7
Ards and North Down	16.2	14.2	14.2	10.6	14.2	15.7
Armagh City, Banbridge and Craigavon	16.1	16.7	18.3	15.7	20.5	19.9
Belfast	13.7	13.7	13.6	10.9	16.3	17.1
Causeway Coast and Glens	15.8	17.1	17.7	12.4	19.2	17.0
Derry City and Strabane	14.0	12.3	14.5	10.4	16.8	16.5
Fermanagh and Omagh	12.9	10.4	13.8	9.7	13.1	11.9
Lisburn City and Castlereagh	16.7	13.3	13.8	11.5	13.6	15.8
Mid and East Antrim	17.1	14.1	10.6	4.7	15.2	17.9
Mid Ulster	12.4	12.9	11.7	9.7	12.1	13.1
Newry, Mourne and Down	17.1	14.7	15.8	13.6	20.7	23.3

Appendix 9: Themes covered and questions asked within the Local Government Auditor's questionnaire on financial management

Theme	Questions asked
Leadership, governance and culture	<p>Are finance leaders within the council included in key executive committees and within strategic meetings?</p> <p>Are there qualified financial professionals within the council's senior leadership team?</p> <p>Is the council's financial performance a standing item at each of the council's Executive Team meetings?</p> <p>Are any significant issues discussed in relation to financial performance appropriately documented within meeting minutes?</p>
Financial skills and capabilities	<p>Does the council have a detailed assessment of the level of financial capability and capacity it needs within its finance team? (i.e. an understanding of the ideal number of FTE staff and skills required)</p> <p>When was this assessment finalised?</p> <p>Are there any particular skills that the council requires but does not possess within its finance team?</p>
Short-term budgeting and performance management	<p>Does the council have a formally agreed financial plan and budget for the 2024-25 financial year?</p> <p>On what date did Council agree this financial plan? - Please provide month and year, and any additional information you consider necessary.</p> <p>Do the financial plans that were prepared and presented to full Council incorporate uncertainty and highlight a range of different potential scenarios?</p>
Medium-term financial planning	<p>Does the council have a formally agreed forward-looking financial plan covering a minimum of the next three financial years?</p> <p>Does this plan incorporate uncertainty and highlight a range of different potential scenarios over the plan's lifetime?</p> <p>Has this plan been presented to full Council?</p> <p>On what date was the plan presented to full Council? Please provide month and year, and any additional information you consider necessary.</p>

Monitoring financial performance

Does the council prepare monthly management accounts?
 Are the management accounts accompanied by a narrative report?
 Do the management accounts (and/or the accompanying report) contain analysis of variances between planned income and expenditure and actual expenditure to date?
 Do the management accounts include projections of the total level of anticipated income and expenditure for each reporting area at year-end?
 Do the management accounts profile future income and expenditure by month?
 How quickly after month end are the management accounts and accompanying report available?
 What executive or governance committees/groups are the management accounts and accompanying reports presented to?
 Are any significant issues discussed in relation to the accounts and accompanying report appropriately documented within meeting minutes?

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