

# Media Release



## Local Government Auditor's Report 2025

Northern Ireland's local councils reported a £39 million surplus at the end of 2023-24, but must continue to exercise caution in managing a volatile and uncertain financial environment. That is among the findings of a report published today (Thursday 11 December 2025) by Northern Ireland's Local Government Auditor.

Colette Kane's report summarises findings from her audits of 2023-24 accounts. It notes that total income generated across the 11 councils during the year was around £1.19 billion, an increase of around 15 per cent from the previous year. This was largely driven by a historic VAT claim. In contrast, expenditure across councils during the same period totalled around £1.15 billion. This represents a total surplus of approximately £39 million, with total income around 3.5 per cent greater than expenditure.

Commenting on the financial position of councils, Colette Kane said

*"While it is welcome to see higher levels of income reported, this is only the second year that income has exceeded expenditure since councils were restructured back in 2015. Indeed, my report last year noted the largest shortfall between total income and expenditure since 2015. This is reflective of a volatility in councils' financial position over recent years. Therefore, councils should consider exercising caution in allocating 2023-24 surpluses and prioritise long-term financial resilience over short-term spending."*

### Staffing Costs and Sickness Absences Levels

The report also finds that, in 2023-24, staff costs across councils amounted to around £475 million, representing around 42 per cent of operational expenditure. While these levels are consistent with previous years, the report describes more worrying trends in relation to staff sickness absence levels.

Over the last three years, absence levels have increased in each year, having fallen during the COVID-19 pandemic. In 2023-24, an average of 17.1 days absence per council staff member was reported. The average number of absence days of per staff member are much higher in local government than in central government. In 2023-24 the gap between local and central government was 24 per cent.

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:

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- The report states that the Local Government Auditor issued an unqualified audit opinion for all 11 councils' 2023-24 financial statements (although a range of issues and recommendations for improvement are outlined in the report).
- The processing of planning applications by councils continues to exceed targeted timescales. Just under two-thirds (63 per cent) of decisions on major planning applications across councils were not within the statutory 30-week target. Similarly, around 62 per cent of decisions on local planning applications were not processed within the statutory 15-week target. The report notes that performance varied significantly between councils.
- The report focuses on arrangements for procurement in local councils. It notes that a number of councils felt concerned about the skills and capacity that exists within local government to deliver a fully compliant and effective procurement service, especially given the introduction of the new Procurement Act (2023).
- The report also notes action taken in some councils to reduce the number of Direct Award Contracts (DACs). However, this remains a challenge for some councils where the number and value of DACs have consistently increased over the last number of years.

The 2025 report is Colette Kane's fourth and final report as Local Government Auditor, ahead of her retirement at the end of 2025. Reflecting on her time in post, Colette Kane commented:

*"During my tenure working with local government I have seen much change as the sector developed post reorganisation, and this latest report demonstrates that the landscape continues to evolve. In my time as Local Government Auditor, I have commended councils for providing essential support to local communities during the pandemic. Indeed, the pandemic's impact, both financially and operationally, has continued as a theme in my reports in the years during and since then."*

*"As I depart my role as Local Government Auditor I wish to thank the sector for the co-operation I have received in fulfilling my responsibilities. I would also like to wish the sector every success in the future in supporting local communities. Finally, I would like to express my best wishes to my successor."*

ENDS

## **Notes for Editors**

1. 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 Thursday 11 December 2025.
3. All 11 councils in Northern Ireland initiated legal proceedings against HMRC under a special legal regime for leisure sporting activities. As a result, eight councils received associated repayments of VAT amounts previously overdeclared in 2023-24. The repayment received led to additional increase in income of £60.4 million in real terms.
4. NIAO Director Brian O'Neill has been designated as the next Local Government Auditor by the Department for Communities, and will take up the post on 1 January 2026.