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Impact of local government reform on service delivery and cost effectiveness

DfC Analytics Division

November 2024

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1 EXECUTIVE SUMMARY

1.1 Background

This report examines the impact of local government reform on service delivery and cost effectiveness in Northern Ireland. The reform, which took place from 1 April 2015, reduced the number of councils from 26 to 11 and transferred additional functions and responsibilities to local government.

The content of the report is taken primarily from the experiences of local councils who identified the benefits, opportunities, challenges etc. encountered during the initial years following local government reform.

1.2 Summary of Key Findings

The analysis of the returns from councils shows several benefits and opportunities that have resulted from the reform:

- **Improved Service Delivery** - The reform has led to the development of new models of service delivery, resulting in more efficient and effective ways of delivering services to communities. The transfer of planning responsibilities to the councils has significantly improved the service provided to planning applicants and increased the sustainability of development within the districts.
- **Collaboration and Synergy** - The reform has facilitated collaboration and synergy between councils, enabling the implementation of shared services, collaborative procurement initiatives, and partnerships with external organisations. This collaboration has resulted in cost savings, improved service quality, and enhanced economic development opportunities.
- **Economic Development** - The reform has empowered local government to drive economic development and job creation through initiatives such as business support programs, investment incentives, and partnerships with local businesses and educational institutions. This has resulted in increased investment, growth in key sectors, and the attraction of new businesses to the region.
- **Community Engagement and Social Inclusion** - The reform has encouraged greater community engagement and social inclusion through the establishment of community planning partnerships, advisory groups, and community-led initiatives. These collaborations have allowed residents to have a voice in decision-making processes and have led to the development of programs and services that address the needs and aspirations of local communities.
- **Environmental Sustainability** - The reform has prioritised environmental sustainability through the implementation of initiatives promoting recycling, waste reduction and energy efficiency. Councils have invested in sustainable practices and technologies, reducing their environmental footprint, and promoting a circular economy.
- **Improved Governance and Decision-Making** - The reform has strengthened governance structures and decision-making processes, ensuring transparency, accountability, and effective representation of community interests. Councils have implemented streamlined decision-making processes, improved financial management practices, and established performance management systems to enhance governance and promote efficient use of resources.

While the reform has brought significant benefits and opportunities, it has also presented some challenges. These challenges include issues such as duplication of roles within departments, disparities in terms and conditions for employees, difficulties in integrating different working practices, and inadequate budgets for transferred functions.

Feedback would suggest that the challenges encountered during the reform process have been addressed through strategic planning, change management, and the implementation of standardised

procedures.

Whilst the financial metrics¹ in Section 7 would indicate that total combined expenditure for councils have increased, this does not reflect the detail of increased capital investment incurred by individual councils and feedback from councils would indicate that they believe they received inadequate budgets for certain transferred functions, particularly planning. A range of new powers transferred to local government within the Local Government Act (Northern Ireland) 2014; however, a number of these responsibilities were not allocated specific budget. These powers included community planning, democratic accountability / openness and transparency (increase in members and an increase in member allowances with no central government transfer of budget) and performance improvement etc.

Overall, the feedback from councils would suggest that the reform has transformed local government and created a more efficient, effective, and citizen-centric system that is well-positioned to meet the needs of communities and drive the region's future growth and development.

¹ Financial data has been collated from Northern Ireland Audit Office Local Government Auditor's Reports and has been adjusted for inflation.

2 INTRODUCTION

2.1 Background

From 1 April 2015, under the Reform of Local Government, the number of councils in Northern Ireland reduced from 26 existing councils to 11 new councils, established under the Local Government Act (NI) 1972 as amended by the Local Government Boundaries Act 2008.

The Local Government Finance Act 2011 and the Local Government Act 2014 set out the framework for the transfer of powers and functions previously delivered by Northern Ireland executive departments across to the new councils. The 2014 Act established the General Power of Competence in Northern Ireland, denoting the power to do “*anything that individuals generally may do*”, meaning councils do not have to look to enabling legislation. Instead, they have to check there is no legislation restricting an action.

From 1 April 2015 the NI Executive transferred some functions previously carried out by NI Government Departments and gave some new responsibilities to the 11 new councils. In addition to the move from the 26 legacy councils to the 11 new councils, the NI Executive decided that the following functions should transfer to local government on 1st April 2015:

- Planning (to transfer from Department of the Environment (DOE)
 - Local development plan functions
 - Development control (e.g., consideration and adjudication of planning applications)
 - Enforcement responsibilities
- Roads (to transfer from Department for Regional Development (DRD)
 - Off street parking (except Park and Ride)
- Urban regeneration and community development (to transfer from Department for Social Development (DSD)
 - Functions associated with physical development (e.g., environmental improvement schemes)
 - Area based regeneration (such as Neighbourhood Renewal)
 - Some community development programmes for the voluntary and community sectors
- Housing (to transfer from DSD/Northern Ireland Housing Executive (NIHE)
 - Registration of houses in multiple occupation
 - Housing unfitness responsibilities, including repair and demolition notices
- Local Economic Development (transfer from Invest NI)
 - Start a Business Programme and Enterprise Shows
 - Youth Entrepreneurship (such as Prince’s Trust and Shell Livewire)
 - Social Entrepreneurship
 - Investing for Women
 - Neighbourhood Renewal funding relating to enterprises initiatives
- Local Tourism (transfer from Department of Enterprise, Trade and Investment (DETI)
 - Small scale tourism accommodation development
 - Providing business support including business start-up advice along with training and delivery of customer care schemes
 - Providing advice to developers on tourism policies and related issues
- Other
 - Delivery of the EU Rural Development Programme
 - Authority to Spot List to enable councils to add a building to the statutory list on a temporary basis, subject to ratification by the DOE
 - Authority to draw up local lists of buildings that are of architectural and/or historic interest

- Armagh County Museum
- Local water recreational facilities
- Local sports (greater involvement of local government in local sports decisions)
- Donaghadee Harbour
- Community Planning²
- Performance Improvement³

As part of the Reform of Local Government certain urban regeneration and community development responsibilities and the associated resources were to transfer from central government to local government. The most recent proposal to transfer powers and resources was brought forward in 2015 when the then Minister, Mervyn Storey, decided not to progress the Bill due to a lack of support within the Assembly Committee.

2.2 Impact of local government reform on Service Delivery and Cost Effectiveness

This research was commissioned by the DfC Local Government Finance Team to address a recommendation in the 2017 Local Government Auditors Report that, *“the Department monitors and reports on efficiency savings gained”*. Whilst local government reform intended to deliver efficiencies across the NI Public Service, this study is focused solely on the impacts of local government reform on service delivery and cost effectiveness. This project will not explore the impact of local government reform on central government.

The Local Government Act (NI) 2014 has resulted in new and additional responsibilities for local councils including community planning and a focus on performance improvement.

2.3 Objectives/Scope

This research project will provide an assessment of the impact of local government reform on service delivery and cost effectiveness on councils during the period 1 April 2015 – 31 March 2022.

This research project will explore the impact of local government reform on councils with reference to the range, quality and cost effectiveness of services delivered by councils taking account of variation in the implementation of reform against original plans, the wider operating environment and demand for services. In particular, the study will:

- Analyse the annual cost of service delivery and key cost drivers over the period from April 2015 to March 2022 with reference to relevant factors, such as, the range and scale of services provided, together with a commentary in relation to the funding transferred from central government;
- Identify and analyse, where practical, key effectiveness indicators to gauge how the service delivery has changed over the period;
- Identify the challenges and opportunities that local government reform has presented to councils; and
- Examine how the range and quality of services delivered by councils has changed over the period with reference where practical to relevant indicators, metrics and limiting/influencing factors.

² Transferred via Local Government Act 2014

³ Ibid

2.4 Report Limitations

This report aims to highlight the impact of local government reform on service provision and cost effectiveness over a 7-year period. However, it should be noted that there are limitations in what can be reported upon given the timescales and information available. For example, whilst it is possible to use the financial data extracted from the Local Government Auditors Annual reports showing the total income and expenditure figures over the timeframe, it is not possible to give a robust analysis on cost effectiveness as the supporting information (such as standardised reporting metrics with established baselines) is not available.

This report has attempted to collate the feedback from local councils on efficiencies realised, challenges encountered and future opportunities that can be leveraged as a result of local government reform. However, it should be noted that the supporting data is over a limited timeframe (7 years) that includes the formative years of the new 11 local councils where the legislative basis and level of responsibility of the 26 councils was less than the new 11 councils. During this timeframe there was considerable political uncertainty within NI⁴ and the reporting period also includes the initial wave of Covid-19 enforced lockdowns⁵ and the associated impact on service delivery, income etc.

Whilst this initial research provides an insight into impacts of local government reform, it is the view of the researchers that a longer-term study with a more comprehensive data set is required. The key metrics to measure performance and cost efficiency should be established with councils in advance and an agreed annual monitoring data set agreed upon. This report largely is a collation of the experiences of local councils in the formative years following local government reform and is not a detailed financial analysis of the period.

⁴ NI Assembly dissolved on 16th January 2017 and only formed again on 11th January 2020.

⁵ <https://www.instituteforgovernment.org.uk/sites/default/files/timeline-lockdown-web.pdf>

3 EFFICIENCIES OF LOCAL GOVERNMENT REFORM

3.1 Introduction

To inform this research, each of the individual councils were issued with a template that attempted to capture the following information:

- Current Benefits and/or Efficiency Savings – Realised since 1st April 2015;
- Future Benefits and/or Efficiency Savings – Anticipated future benefits/savings;
- Identification of additional direct revenue generating opportunities that have been realised as a direct result of local government reform;
- Future investment/funding opportunities that are currently under consideration that you believe are linked to or have been aided by local government reform;
- Other benefits/opportunities created as a result of local government reform;
- Challenges encountered during the initial years of operation of new councils;
- Known and/or unforeseen costs incurred as a result of local government reform;
- Examples of shared services, synergies, and collaborations between councils since April 2015; and
- Existing or future potential enhanced collaboration between local government and central government that has been enabled by local government reform.

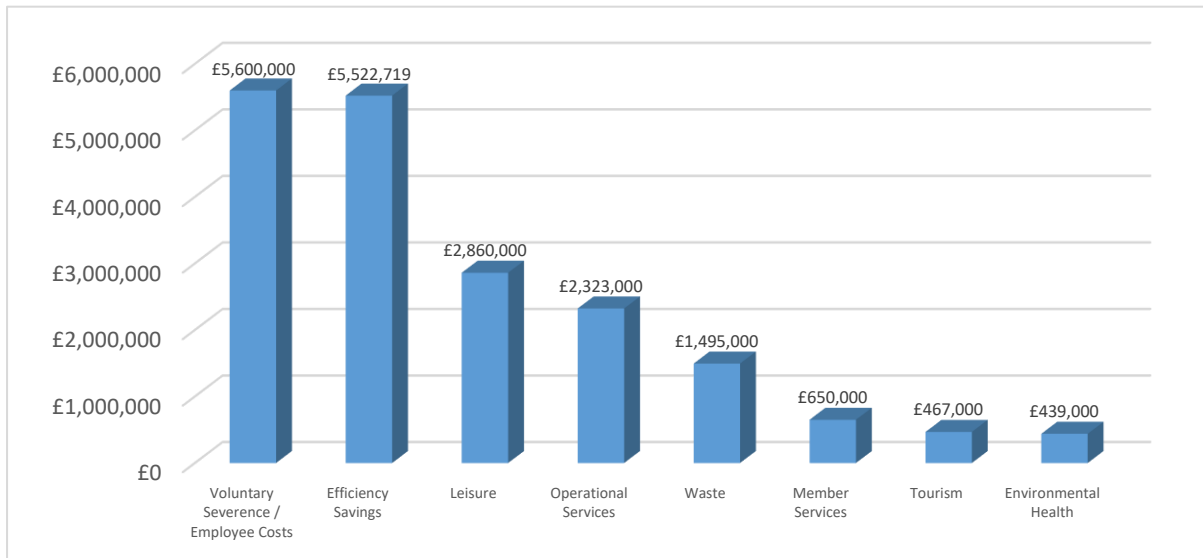
When possible, councils were asked to quantify benefits, costs, savings etc. however this was not always possible due to difficulties in attribution of benefits and costs, the comparatively short timeframe for realisation of these benefits and the challenging macro-economic and political circumstances during the initial period of reform⁶.

⁶ The data contained within this section is based on feedback from the 11 councils.

3.2 Efficiencies – Current

Councils were asked in their responses to identify any direct or indirect benefits and/or efficiencies that have been realised by their council following on from or enabled by government reform. In total, across the 11 councils, **£21,485,452** of efficiency savings were identified. The breakdown of these savings is shown in Figure 3.1 below.

Figure 3.1: Current efficiencies realised by local councils



A summary of some of the examples of efficiency savings that have been realised by the 11 councils in NI is outlined below.

3.2.1 Planning

It was noted that working collaboratively with Building Control to identify and address early and on-site breaches of planning control is helping to deter unauthorised development from occurring. Furthermore, close engagement with each council's department for Economic Development is enabling Planning to liaise with some of the council's key businesses and bring forward large scale investment proposals more speedily. Feedback indicated that:

- Planning was now a much more responsive service, which has much greater cognisance of local priorities and rural nature of the councils and their residents.
- The consensus was that the transfer of planning responsibilities to the councils has significantly improved both the service provided to planning applicants and other stakeholders and increased the sustainability of development within the district.
- It was noted that Local Development Plans, when finalised, will also be much more appropriate to the needs of the district than previous development plans which, as a result of being prepared by central government, were prepared with less cognisance of local issues and priorities.

3.2.2 IT

Collaboration with other councils has enabled implementation of much more effective and resilient IT infrastructure. It also facilitated compliant licensing arrangements enabling the councils to reap the benefits of increased collaboration and efficiencies to be derived from IT hardware and software developments. It was noted that councils are now much more able to remain compliant going forward

and to respond to IT threats and opportunities from a higher baseline of investment. Examples of efficiencies include:

- **IT Consolidation** - Noted reduction of duplication with existing systems being amalgamated, which enhances public services and rationalises network infrastructure.
- **Software and Licensing** - Maintenance support contracts for the council and compliant licensing arrangements have enabled increased collaboration and efficiencies in IT hardware and software developments. This makes the council more resilient and compliant in handling IT threats and opportunities.
- **Specialised ICT Team** - Increased emphasis and funding for ICT have led to significant investment in both staff and infrastructure, resulting in a more specialised, skilled, and secure ICT system.
- **HR Payroll System** - A new fully integrated HR Payroll system was implemented following the exit of a service provider, marking a critical enhancement in administrative technology.

3.2.3 Waste Management

There have been cost savings in waste contracts due to larger contracts for the wider districts. However, overall waste costs have increased over the period due to other factors, notably market pressures and additional statutory requirements and targets around waste disposal. Specific examples of efficiencies include:

- One council initiated a review of waste processes, leading to a social media campaign that increased recycling rates and reduced costs. Recycling rates rose from 47% in 2015 to 57.3% in 2019, saving £4.2 million in landfill costs.
- Cost savings were also achieved through more efficient vehicle contracts and route optimizations for new services like glass collection, all managed within existing budgets. Strategic collaborations have been formed between councils to align waste management practices more effectively.
- Significant service improvements and investments have been realised due to the amalgamation with other councils. These improvements span waste services, property and fleet maintenance, and community services like playgrounds and street lighting.

Despite these advancements, it was noted that overall waste management costs have risen due to market pressures and new statutory requirements. However, service enhancements, such as the introduction of additional brown bin services for garden and food waste, have been implemented without needing additional resources.

3.2.4 Collaboration and Economies of Scale

The larger council areas and powers have allowed closer working relationships to be established with regional organisations for the delivery of integrated services e.g., closer links with health trusts and the PHA have allowed projects and programmes to be developed which would not have been possible prior to 2015. This is particularly the case in relation to the Covid-19 response. Councils, because of their larger size and influence had the ability to shape the direction of the Covid-19 response for the benefit of residents. Specific examples of collaboration below:

- **Human Resources** - Savings were realised from 2015 to 2021 onwards through strategies like overtime reduction, agency cost reduction, and superannuation savings.
- **Procurement and Support Services** - Ongoing reviews of contracts and joined-up procurements have streamlined service delivery and budgeting.
- **Employee Costs** - There was a reduction in staffing levels, especially at senior management levels, leading to cost savings.

- **Insurance and Legal Services** - The introduction of specialist staff improved insurance procurement and reduced premiums, despite some cost increases. Economies of scale also facilitated the introduction of in-house legal teams.
- **Energy and Utilities** - Increased buying power and joint procurement among 11 councils led to more competitive pricing in electricity, gas, and fuel. Energy-saving initiatives like solar power and LED technology also contributed to savings.
- **Building Control and Regulatory Services** - A larger council area allowed for a more consistent approach to regulation, improving the relationship between planning, building control, and environmental health.
- **Community and Wellbeing** - Shared services have been delivered in areas like home safety, infectious disease control, and air quality monitoring, leveraging funding from external stakeholders.
- **Covid Response and Treasury Management** - Collaborative efforts in response to COVID-19 and unified procurement exercises for all councils streamlined processes and enhanced service delivery.
- **Multi-Agency Support** - Collaboration with statutory partners has supported vulnerable populations, reducing reliance on emergency services.

3.2.5 Governance and Decision-Making

Councils have been able to implement streamlined decision-making processes, such as reducing the number of approval layers and implementing clear guidelines for decision-making. This has resulted in faster and more efficient decision-making. Councils have been able to establish clear roles and responsibilities for council members and staff, ensuring effective governance and avoiding duplication of efforts.

The use of technology and digital platforms, such as online portals and collaboration tools, has improved communication and collaboration among decision-makers, allowing for more efficient and timely decision-making.

3.2.6 Financial Management and Budgeting

Councils have been able to implement robust financial management practices, including regular budget reviews and cost control measures. This has helped ensure that resources are allocated efficiently and effectively. Financial transparency and accountability have improved by providing clear and accessible financial reports to stakeholders, promoting trust and confidence in the council's financial management.

The use of data analytics and performance metrics by some councils have helped identify areas for cost savings and resource optimisation. By analysing spending patterns and performance data, the councils can make informed decisions to improve efficiency and effectiveness.

- **Cost Management and Procurement Efficiency** - Implementation of managed print services resulted in noticeable savings. Savings were also derived from collaborative tenders and multi-year contracts which streamlined procurement processes.
- **Statutory Compliance without Increased Budget** – Councils were able to manage the full cost impact of new statutory obligations, such as GDPR, without needing additional budget allocation.
- **Integrated Service Delivery** - Larger council areas and extended powers facilitated closer relationships with regional organizations, enhancing the delivery of integrated services, especially evident in the Covid-19 response efforts.
- **Financial System Improvements** - Streamlining financial regulations and the adoption of a new finance system (Software as a Service - SaaS) improved financial management. These changes provided better liquidity, yield, and resilience, particularly noted during the Covid-19 pandemic.

- **Resource Optimisation** - Efficiencies of scale were achieved through reduced staffing needs, even while managing increased workloads within existing budgets.
- **Strategic Financial Planning** - Councils were able to develop a medium-term financial plan, ensuring better financial predictability and management, contributing to a structured approach to budgeting and rate setting.

3.2.7 Service Delivery and Performance

Councils have implemented performance management systems to monitor and evaluate service delivery. This includes setting clear performance targets and benchmarks, as well as regularly reviewing and reporting on performance. They have been able to establish customer feedback mechanisms and actively seek input from service users to identify areas for improvement and ensure that services meet the needs of the community.

The use of technology and automation has streamlined service delivery processes, reducing waiting times and improving customer satisfaction. For example, online appointment booking systems and self-service kiosks have made it easier for residents to access services and reduced administrative burdens.

3.2.8 Infrastructure and Facilities

Councils have invested in upgrading and maintaining infrastructure and facilities to ensure they are safe, functional, and meet the needs of the community. They have implemented asset management systems to ensure efficient use of resources and timely maintenance. This includes regular inspections, proactive maintenance, and asset lifecycle planning. The use of sustainable and energy-efficient technologies has reduced operational costs and environmental impact. For example, councils have installed energy-efficient lighting, implemented smart building systems, and utilised renewable energy sources where possible.

3.2.9 Environmental Sustainability

Councils have implemented sustainable practices and initiatives to reduce their environmental footprint. This includes promoting recycling and waste reduction programs, implementing water conservation measures, and encouraging sustainable transportation options.

They have invested in renewable energy sources and energy-efficient technologies, reducing energy consumption and costs. This includes installing solar panels, utilising geothermal heating and cooling systems, and implementing energy management systems.

The use of recycling and waste management programs has minimised waste and promoted a circular economy. Councils have implemented recycling initiatives, composting programs, and educational campaigns to encourage residents and businesses to reduce, reuse, and recycle.

3.2.10 Education and Skills Development

Councils have implemented efficient processes for education and skills development programs, such as streamlined enrollment procedures and online learning platforms.

They have improved coordination with educational institutions and training providers to ensure effective delivery of programs. This includes partnerships, joint initiatives, and sharing of resources and expertise.

The use of technology and e-learning platforms has expanded access to education and skills development opportunities. Councils have implemented online courses, virtual classrooms, and digital

resources to reach a wider audience and provide flexible learning options.

3.2.11 Economic Development and Employment

Councils have implemented initiatives to support economic development and job creation, such as business incubators, entrepreneurship programs, and investment incentives. They have improved coordination with local businesses and industry stakeholders to identify growth opportunities and address barriers to economic development. The use of data analysis and market research have helped identify emerging industries and target resources and support accordingly.

3.2.12 Cultural Heritage and Tourism

Councils have implemented initiatives to preserve and promote cultural heritage, such as heritage conservation programs, cultural events, and historical site preservation. They have improved tourism infrastructure and services, such as visitor information centers, signage, and tourist accommodations, to enhance the visitor experience. The use of digital platforms and virtual tours has expanded access to cultural heritage and tourism experiences, allowing residents and visitors to explore and learn about the community's history and attractions.

3.2.13 Public Safety and Emergency Management

Councils have implemented efficient emergency management systems, such as emergency response plans, communication protocols, and training programs. They have invested in public safety infrastructure, such as surveillance cameras, emergency alert systems, and fire and police stations, to ensure the safety and security of residents. The use of technology, such as GIS mapping and predictive analytics, has improved emergency response times and resource allocation.

3.2.14 Community Planning

Establishment of Community Planning Partnership and identification of an overarching strategic vision and plan for the district; better working relationships across partners; delivery of partnership actions and evidenced contributions towards achieving outcomes.

These additional themes cover a wide range of areas in which councils have made achievements and improvements. Each theme highlights the councils' efforts to improve processes, optimise resources, and deliver high-quality services to the community. Examples include:

- **Relationship Building and Shared Leadership** - Community planning has fostered stronger relationships among public bodies and local communities, aiding in quicker, smoother joint operations. This was particularly beneficial during the Covid-19 response. Shared leadership supported by Carnegie Trust training has also been advantageous, enhancing collaboration across various levels.
- **Innovation and Strategic Focus** - Initiatives like the innovative Place Shaping pilot for Armagh and participatory budgeting projects have spurred further community-focused innovations. Community planning has introduced a more evidence-based, strategic planning process that is adaptable to changes and challenges like pandemics or economic shifts.
- **Increased Collaboration and Community Involvement** - There is a noted increase in collaboration and co-production in delivering public services, with a significant involvement of community and voluntary sectors in planning for the future. This approach has created added value by combining resources to achieve more substantial outcomes.

- **Efficiencies in Service Delivery** - A review of Community Services functions, including management arrangements for Community Centres, has potential cost savings for the council, illustrating an efficient resource allocation.

These points illustrate how community planning has not only improved strategic focus and collaborative efforts but has also brought about new approaches and potential efficiencies in public service delivery.

3.3 Efficiencies – Future

Councils were asked in their responses to detail any benefits and or efficiencies that are projected to be achieved in the future but have not yet been realised given the relative early stage of this review. Many respondents felt that it was not possible to accurately project future efficiency savings. A summary of anticipated future efficiencies are noted below.

- **Human Resources:** Implementation of strategies for overtime reduction, agency cost reduction, and superannuation savings, contributing to a more efficient and cost-effective human resource management approach.
- **Procurement and Support Services:** On-going reviews and streamlining of contracts, procurements, and service delivery to achieve better budgetary control and service provision efficiency.
- **Digital Strategies and Service Provision:** A significant focus on digitalisation to streamline council processes, enhancing external customer service through digital offerings, and promoting more efficient online services for planning applications.
- **Growth Deals:** Initiatives like the Mid-South West Growth Deal aim at securing funding for strategic infrastructural projects, indicating a move towards larger-scale, multi-partner projects for economic growth.
- **Environmental Sustainability:** Efforts to address climate change impacts through dedicated teams, sustainability working groups, and the potential transfer of landlord health registration to support environmental health are highlighted as critical future directions.
- **Community Planning and Services:** Feedback emphasised the importance of community engagement and planning, with a strategic growth plan predicting significant economic and social benefits, including capital investment, job creation, and improvements in social, economic, and environmental well-being.
- **Legal, IT, and Finance:** Enhanced legal knowledge, especially in planning, increased IT capacity for more efficient and family-friendly working arrangements, and a new finance system aimed at automating processes and improving decision-making highlight the focus on leveraging technology and legal expertise for operational efficiency.
- **Estates and Asset Management:** A proactive approach towards estates management, including the identification of surplus properties for disposal or community asset transfer, underlines the council's strategy to optimise its asset portfolio for economic and community benefits.

4 BENEFITS AND OPPORTUNITIES

4.1 Introduction

In the Terms of Reference (TOR) for this report we said that this would examine:

- The challenges that councils have encountered during the first six years of reform – to include where practicable, quantitative and qualitative feedback from individual councils on challenges, opportunities and impact of reform on service delivery and other aspects of local government, including, for example, greater transparency and responsiveness in terms of decision making, delivery, accountability and advocacy.
- Highlight the shared services, synergies and collaborations between councils since April 2015 and where possible, highlight any benefits that have resulted.
- Reference synergies resulting from amalgamating and reducing the number of councils and transfer of functions and/or powers from central government to councils.
- Potential for enhanced collaboration between local government and central government.
- Reflect evidence to determine if there are economies of scale from creation of larger councils; and
- Examine available metrics on quality-of-service delivery.

4.2 Benefits and Opportunities Realised

Councils were asked to outline any other benefits/opportunities created as a result of local government reform that they wished to note. A summary of responses highlighted the following:

4.2.1 Service Delivery

- The development of new models of service delivery has allowed local government to find more efficient and effective ways of delivering services to their communities. This includes implementing risk management strategies and a digital framework for health and safety, which have improved safety standards and reduced costs.
- The introduction of performance management systems has helped local government organisations to monitor and evaluate their performance, identify areas for improvement, and support innovation and efficient practice. Economies of scale have been achieved in various aspects of council activity, such as waste management, procurement, and contract management. By consolidating these functions, local government has been able to negotiate better deals with suppliers, reduce costs, and improve service quality.
- Collaborative procurement initiatives have been implemented in areas such as insurance, finance software, and energy. By pooling resources and expertise, local government organisations have been able to secure better deals and achieve cost savings.

4.2.2 Economic Development

- The planning process has provided greater market intelligence, allowing local government to identify opportunities for business investment and expansion. This has attracted new businesses to the area, created jobs, and stimulated economic growth.
- Local government has coordinated regional support programs and developed sub-regional projects to promote economic development. By working together with other stakeholders and partner organisations, local government has been able to leverage resources and expertise to drive economic growth.

- Partnership working has been a key driver of economic development. Local government has formed partnerships with businesses, educational institutions, and community organisations to support economic development initiatives. This collaboration has led to the creation of new business opportunities, skills development programs, and community-led regeneration projects.

4.2.3 Covid-19 Response

- The reform of local government organisations has enabled a more efficient response to the Covid-19 pandemic. By pooling resources and expertise, local government has been able to coordinate the distribution of food parcels and grants to those in need through regional responses.
- The reform has also led to more consistent planning responses to the pandemic, ensuring that measures are implemented in a timely and effective manner. Local government has been able to enforce planning regulations to ensure public safety and compliance with health guidelines.
- The reform of local government has strengthened local government's ability to respond to future crises by improving coordination, communication, and decision-making processes.

4.2.4 Democracy

- Decision making: The reform of local government has improved decision-making processes, allowing for more informed and evidence-based decisions that are aligned with community needs and aspirations.
- Representation of community and democratic issues: The reform of local government has strengthened the representation of community and democratic issues, ensuring that the voices of residents are heard and that decisions are made in the best interests of the community.

4.2.5 Employee Initiatives

- Local government has implemented various initiatives to support the health and wellbeing of its employees. This includes providing increased offerings in health and wellbeing programs, such as mental health support, fitness programs, and flexible working arrangements.
- The reform of local government has resulted in larger teams with greater synergy and expertise. This has created opportunities for collaboration, knowledge sharing, and professional development among employees.
- The reform of local government has also provided opportunities for greater engagement with key stakeholders, such as community groups, businesses, and partner organisations. This has allowed employees to have a more meaningful impact on the community and contribute to the strategic direction of local government.
- Staff welfare and training: The reform of local government has allowed for greater investment in staff welfare and training, ensuring that employees have the skills and support they need to deliver high-quality services.

4.2.6 Local Government's Role

- The reform of local government has given local government a stronger voice and increased powers in local politics. This has allowed local government to advocate for the needs and interests of their communities and influence decision-making processes at a regional and national level.
- The reform of local government has also resulted in greater consistency in service delivery across the region. By aligning policies, procedures, and standards, local government has been able to provide a more seamless and efficient service to residents and businesses.

- Local government now has a greater ability to shape the future of their respective areas. Through strategic planning, policy development, and community engagement, local government can drive positive change, promote sustainable development, and address the needs and aspirations of their communities.

4.2.7 Specific Areas of Focus

- Cemeteries administration: The reform of local government has allowed for more efficient and coordinated management of cemeteries, ensuring that burial services are provided in a respectful and timely manner.
- Registration services: The reform of local government has streamlined registration services, making it easier for residents to access birth, death, and marriage certificates, and ensuring accurate and up-to-date records.
- Democratic services: The reform of local government has strengthened democratic processes, ensuring that residents have a voice in decision-making and that local government is accountable to the community.
- Land and property policies: The reform of local government has allowed for the development of consistent land and property policies, promoting sustainable development, and ensuring fair and transparent processes for land use and development.
- Planning: The reform of local government has resulted in more consistent and coordinated planning processes, ensuring that development is aligned with community needs, environmental considerations, and regional priorities.

4.2.8 Regeneration Powers

Councils have gained additional regeneration powers, allowing them to deliver prosperity to local communities more effectively. This includes greater synergy between the 11 councils, easier collaboration, and expertise in legal services, marketing, planning, and regeneration.

4.2.9 Customer Service Improvements

Councils have implemented several initiatives to improve customer service. This includes food waste and glass recycling campaigns, increased social media presence for better information sharing and engagement, the introduction of Citizen Space as a consultation and survey platform, and the initiation of the "Big Plan" and partnership arrangements for its delivery. They have also developed new websites, managed events, and achieved awards for parks and tourism.

4.2.10 Operating Improvements

Some Councils have achieved Investors in People platinum status, developed an organisational development strategy and Our People Plan, and invested in staff training and development. They have also implemented health and safety frameworks, developed a health and wellbeing program, streamlined policy development, and launched sustainability programs. Additionally, they have improved communication through intranet and extranet platforms, rolled out Microsoft 365 for better collaboration, and implemented shared service models for recruitment and HR functions.

4.2.11 Economic Development

Councils have focused on economic development initiatives to stimulate growth and create job opportunities in the region. They have established partnerships with local businesses, industry leaders, and educational institutions to promote entrepreneurship and innovation. Councils have supported the

development of key sectors such as tourism, manufacturing, and digital technology through targeted investment and infrastructure improvements. Initiatives like the City Deal and the establishment of enterprise zones have attracted new businesses and investment to the area.

4.2.12 Environmental Sustainability

Councils have prioritised environmental sustainability and taken steps to reduce carbon emissions and promote renewable energy sources. They have implemented energy efficiency measures in council buildings, including the installation of solar panels and LED lighting. Councils have also encouraged sustainable transportation options, such as cycling infrastructure and electric vehicle charging points. Initiatives like the Zero Waste Strategy and the promotion of recycling and composting have helped reduce waste and promote a circular economy.

4.2.13 Infrastructure Development

Councils have invested in infrastructure development projects to improve the quality of life for residents and attract visitors to the area. This includes the construction and renovation of public spaces, parks, and leisure facilities. Councils have also focused on improving transportation infrastructure, including road upgrades and public transport enhancements. Initiatives like the City Centre Regeneration Plan and the development of cultural and arts venues have revitalised urban areas and boosted tourism.

4.2.14 Education and Skills Development

Councils have worked closely with educational institutions to enhance educational opportunities and skills development in the region. They have supported initiatives to improve school facilities, provide access to digital technology, and promote lifelong learning. Councils have also collaborated with local businesses to offer apprenticeships, internships, and training programs to equip residents with the skills needed for employment. These additional thematic headings provide a more detailed overview of the council's achievements and initiatives in various areas, showcasing their commitment to economic development, environmental sustainability, community engagement, infrastructure development, and education and skills development.

4.2.15 Other

- **Improved governance:** The reform of local government has led to improved governance structures and processes, ensuring transparency, accountability, and effective decision-making.
- **Service resilience:** The reform of local government has increased the resilience of local government services, allowing for more efficient and effective responses to emergencies and crises.
- **Investment in IT systems and security:** The reform of local government has provided opportunities for investment in IT systems and security, improving data management, communication, and cybersecurity.

These opportunities highlight specific examples and tangible outcomes resulting from the local government reform, showcasing the positive impact on governance, economic development, efficiency, collaboration, and staff well-being.

5 SYNERGY/COLLABORATION

Councils were asked to highlight any examples of shared services, synergies, and collaborations since April 2015 and where possible highlight any benefits that have resulted. Where possible councils were asked to quantify the benefits that could be obtained from these synergies/collaborations. The ability to undertake larger scale strategic capital and regeneration projects, which require a multi partner approach from a financial and logistical/delivery approach was highlighted often. Examples included:

5.1.1 Procurement Collaboration

The Local Government Procurement Group was established to achieve increased savings and efficiency through collaboration. The group aims to facilitate consistency in procurement practices and provide opportunities for local businesses, including Small, Medium Enterprises (SMEs) and micro enterprises. By collaborating, the group can leverage their collective purchasing power and negotiate better deals with suppliers. This collaboration also promotes knowledge sharing and best practices in procurement across the 11 councils.

5.1.2 Community Planning Partnerships

The Community Planning Officers Network meets regularly to identify synergies across the 11 councils and promote community planning partnerships. These partnerships involve collaboration between local government, community organisations, and other stakeholders to develop and implement plans that address the needs and aspirations of local communities. The community response to the Covid-19 pandemic highlighted the value of local government in delivering better outcomes for residents through effective community planning and partnership working.

5.1.3 Shared Services

The Community and Wellbeing Directorate has established shared services in various areas, including home safety, tobacco, infectious disease, and air quality monitoring. These shared services help leverage funding from external stakeholders and promote quality and productivity. By pooling resources and expertise, the councils can provide more efficient and effective services to their communities. This collaboration also allows for the sharing of data and information, leading to better decision-making and improved outcomes.

5.1.4 Tourism Collaboration

Tourism Northern Ireland holds regular meetings with all councils to collaborate on shared activities and funding opportunities. This collaboration aims to achieve economies of scale in tourism and marketing efforts, ensuring that Northern Ireland's tourism industry is promoted effectively and efficiently. By working together, the councils and Tourism Northern Ireland can pool their resources and expertise to attract more visitors, generate economic growth, and enhance the tourism experience in the region.

5.1.5 Performance Improvement

The Local Government Performance Improvement Working Group was established to share knowledge and information on performance improvement. The group examines audit and assessment arrangements, develops guidance, and establishes relationships with relevant bodies. By sharing good practices and lessons learned, the councils can continuously improve their performance and deliver better services to their communities. This collaboration also helps ensure consistency in performance measurement and reporting across the 11 councils.

5.1.6 Economic Development

The councils collaborate to support business starts, entrepreneurship, and broadband and digital infrastructure. They leverage funding streams from various sources, including the Department for Communities and Invest NI, to optimise economic development programs. By working together, the councils can attract investment, promote innovation, and create employment opportunities in their respective areas. This collaboration also allows for the sharing of resources and expertise, leading to more effective economic development initiatives.

5.1.7 Finance Collaboration

The Association of Local Government Finance Officers and the Finance Working Group provide mechanisms for finance leaders to collaborate and share strategies. Through these collaborations, finance leaders can exchange ideas, discuss challenges, and develop innovative solutions to financial issues. The Society of Local Authority Chief Executives offers regional leadership and opportunities for collaboration with central government and other stakeholders. This collaboration ensures that financial management practices are consistent and aligned across the 11 councils, promoting transparency and accountability.

5.1.8 Collaborative Procurements

The councils engage in collaborative procurements in various areas, including insurances, treasury management services, animal welfare, and waste management and utilities. By pooling their procurement needs, the councils can achieve cost savings, negotiate better contracts, and streamline their procurement processes. They also collaborate on planning initiatives, property certificates, and recruitment advertising, ensuring consistency and efficiency in these areas.

5.1.9 Covid-19 Response Collaboration

The councils collaborate with the Department for Communities in response to the Covid-19 pandemic. Additional funding has been channeled through the Community Support Programme to support community-led initiatives and assist the most vulnerable. This collaboration allows for a coordinated and effective response to the pandemic, ensuring that resources are allocated where they are most needed, and that support reaches those who need it the most.

5.1.10 Other Collaborations and Shared Services

The councils collaborate on various initiatives and programs, such as the Go for It Programme, Belfast Region City Deal, Digital Voucher Scheme, Levelling up Fund, and the development of the Support Hub. They also collaborate on strategic capital and regeneration projects, public realm improvement works, and town center investment plans.

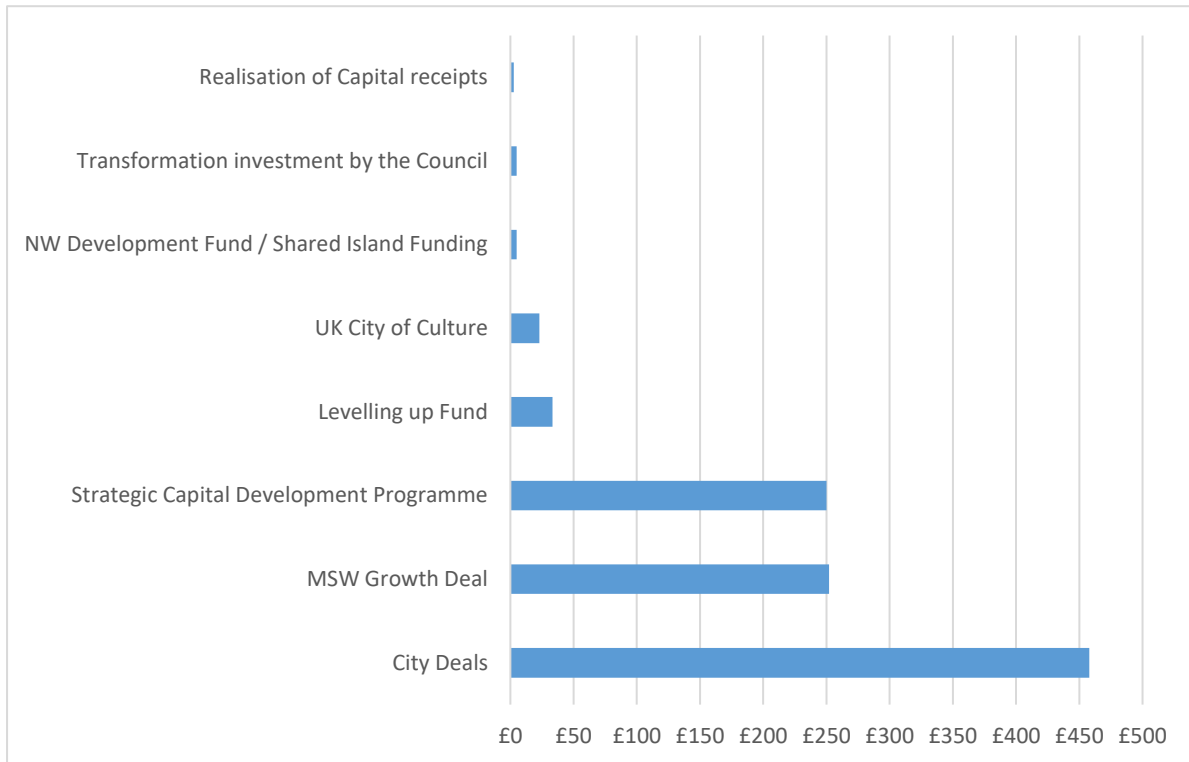
These collaborations aim to maximise the impact of resources, attract external funding, and deliver positive outcomes for the communities they serve. The feedback emphasised the importance of collaboration and synergy among local government entities in Northern Ireland to achieve savings, efficiency, and better outcomes for residents.

Through these collaborations, it was felt the councils can leverage their collective resources, expertise, and influence to address common challenges, deliver high-quality services, and promote the well-being and prosperity of their communities.

Councils attempted to quantify the future funding this new collaboration would yield, and results are

summarised below. In total over £1 billion of additional funding is expected to be leveraged through increased collaboration and powers of the new councils.

Figure 5.1: Future collaborative funding opportunities (£m)



These collaborations and shared services aim to enhance efficiency, effectiveness, and service delivery across the councils, leading to better outcomes for residents and the region as a whole.

6 CHALLENGES & ISSUES

The challenges encountered by individual councils can be grouped into several general headings as below with some examples included:

6.1 Budgetary Shortfalls

Councils face challenges such as statutory pressures associated with pay increases and increased waste prices. The amalgamation of legacy councils with wide geographical spread and low population has led to some duplication of provision and additional costs.

Councils also faced funding challenges, particularly in areas where central government investment was lacking. This impacted some council's ability to deliver services and meet the expectations of the community. As a result of this councils had to explore alternative funding options and prioritise spending to address these challenges.

6.2 Lack of central government investment in certain services

Some councils faced challenges due to the lack of central government investment in certain services. This limited council's ability to deliver against expectations and meet the needs of the community. The challenges due to lack of investment or funding included significant statutory pressures from mandated pay increases, escalating waste prices, and inadequate budgets for planning and other transferred functions including Community Planning.

Additionally, it was felt that there is a notable gap in central government resources needed to advance strategic projects and difficulties engaging with central government, especially during times of executive collapse, adding to the challenge of delivering community planning without a dedicated budget. It was evident that councils felt that transferred powers and functions often come with unresolved legacy issues like funding and IT system disparities.

6.3 Assets transferred without resources

In some scenarios, councils received assets, such as off-street car parks, from central government as part of the reform process. However, the councils felt that they did not receive the necessary resources to maintain and manage these assets effectively. This created a financial burden for those councils, as they had to find alternative funding sources or reallocate existing resources.

6.4 Issues with duplication

- **Duplication of Roles** - When departments merged, there was an overlap of roles which initially affected operational efficiency and staff morale. This problem was systematically addressed through structural reviews, a severance scheme, and the reassignment of staff to eliminate redundancy and optimise resource allocation.
- **HR and Process Integration** - The integration phase saw initial inconsistencies in employee terms and conditions and operational processes across merging entities. These issues were gradually resolved by aligning processes and terms through extensive reviews, leading to improvements in efficiency and employee satisfaction over time.

6.5 Conflicting processes in initial stages of RPA

During the initial stages of reform, there were conflicting processes and procedures between the

merging councils. This caused confusion and hindered the smooth integration of services. Councils have had to conduct comprehensive reviews of processes and implemented standardised procedures to address these challenges.

6.6 Capacity issues

Councils faced challenges in managing the additional duties resulting from the transfer of functions. The capacity issues are primarily related to the operational strains experienced by councils following the restructuring and transfer of functions. Examples include:

- **Training and Technical Support** - The removal of centralised group systems like the Building Control and Environmental Health group systems has created significant gaps. Previously, these groups provided capacity for training, technical support, and other operational assistance. Their removal has shifted these responsibilities directly to individual councils, increasing their workload and exacerbating capacity issues.
- **Handling Additional Duties** - Councils are struggling with additional duties, such as off-street car parking, which have been transferred without the corresponding resources. This has led to increased operational demands on councils that already face resource limitations.
- **Maintaining Transferred Assets** - The transfer of assets like off-street car parks from central government without any accompanying resources for maintenance has burdened the councils with additional responsibilities that they are not equipped to handle financially or operationally.

Councils have had to prioritise and allocate resources effectively to ensure the smooth delivery of services.

6.7 Communication and engagement challenges

Some councils faced significant challenges in meeting public expectations regarding citizen engagement, information sharing, and consultation. Some councils felt they were not adequately resourced to deliver on these expectations, resulting in dissatisfaction among the community. The councils implemented new communication strategies and invested in engagement initiatives to improve transparency and public participation.

6.8 Disparity in employee terms and conditions, and working practices

The merger with other councils brought together different terms and conditions, and working practices. This created challenges in ensuring fairness and equity across the newly formed councils. The councils had to review and align rates, terms and conditions, and working practices to create a unified approach.

6.9 Impact of central government grant cuts

It was noted that some councils were significantly impacted by central government grant cuts, particularly the erosion of the Rates Support Grant. This placed a strain on councils' finances, especially in areas that relied heavily on government funding. Councils had to find ways to mitigate the impact of these cuts, such as exploring alternative revenue streams or implementing cost-saving measures. These additional details provide a deeper understanding of the challenges faced by councils during the reform process and the specific actions taken to address them.

6.10 Statutory pressures

Some councils faced statutory pressures primarily involving national negotiations for pay increases and

other rising costs, notably in waste management. Councils face challenges due to the inability to raise planning charges despite increasing costs, creating significant rate challenges.

Additionally, councils are under pressure to deliver new investments and services to foster district growth, such as capital projects and city deals. These demands are compounded by inadequate budgets for transferred functions and the need for community planning without a dedicated budget.

6.11 Demand for new investment and services

There was a significant demand for councils to deliver new investment and services to support district growth. This included capital projects, investment in areas of growth, and participation in City Deals. Meeting these demands required additional resources and strategic planning.

6.12 Service alignment and cultural integration challenges

Some councils faced challenges in aligning services, cultures, and harmonising practices between the merging councils and transferred functions. This required effective communication, collaboration, and change management strategies.

6.13 Difficulties engaging with central government during the collapse of the Executive

A number of councils faced difficulties in engaging with central government during the collapse of the Executive. This created challenges in delivering community planning without a detailed program for government and clear guidance.

6.14 Challenges of building a unified council identity

Some councils initially faced challenges in building a unified council identity with local citizens and stakeholders. This required effective branding, communication, and engagement strategies to foster a sense of unity and shared purpose.

6.15 City versus rural tensions

In some cases, councils faced tensions between the city and rural areas, which created challenges in managing a more diverse area. The reformation process led to difficulties in creating a unified council perception, especially in the context of diverse areas where city and rural tensions are pronounced. These geographical and demographic differences added complexity to the integration efforts, impacting the ability to form a solid and universally accepted council identity.

6.16 Increased member travel distances and costs

The increase in the number of elected members resulted in increased travel distances and mileage costs for some councils. This required adjustments in budgeting and logistical arrangements to accommodate the expanded council.

7 FINANCIAL PERFORMANCE OVERVIEW

7.1 Introduction

As noted in Section 2.1, the NI Executive decided that a range of additional functions should transfer to local government on 1st April 2015. This section provides a high-level overview of the financial performance of councils during the time period immediately following local government reform during the period 1 April 2015 – 31 March 2022, there is also inclusion of data from the three years which preceded local government reform to provide some context. The review of financial data also includes knowledge of additional responsibilities and costs associated with LG Act NI 2014.

This financial data is for ALL councils in aggregate and does not specifically analyse individual council areas. It should also be noted that this is not a like for like comparison between the baseline position (26 councils) and the new delivery structures (11 councils). All financial data has been sourced from Northern Ireland Audit Office – Local Government Auditors Annual Reports.

This analysis does not include an in-depth review of individual council's annual accounts nor seek to identify specific efficiencies or make assumptions about how the review of local government reform has impacted on financial performance as there are a wide range of external factors at play and the research team did not have the resources to investigate detailed financial records for each council.

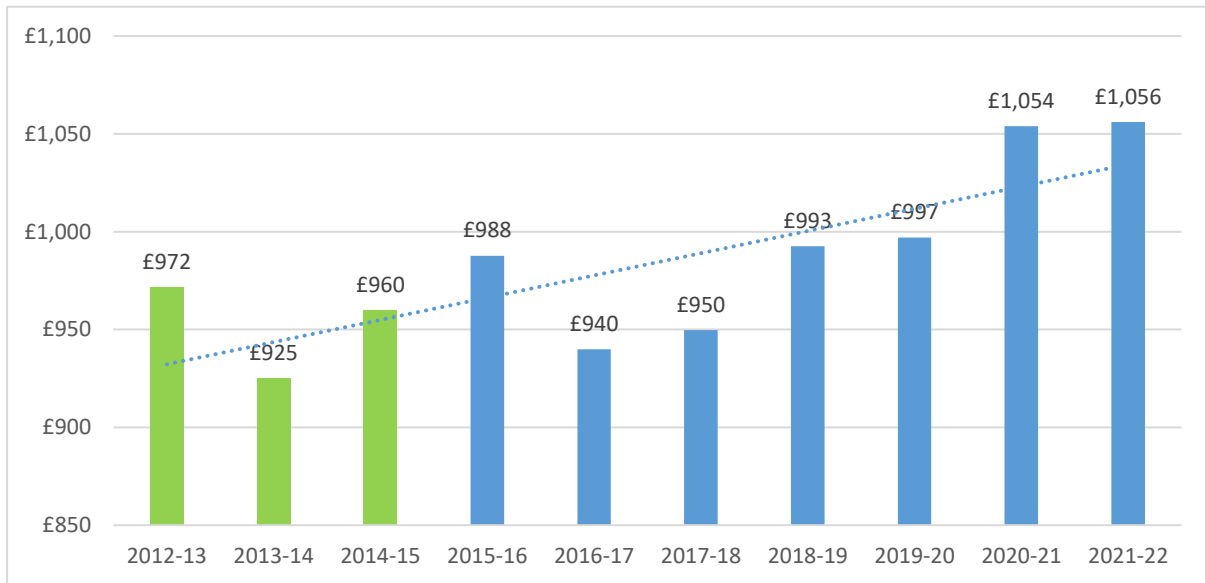
7.2 Financial Analysis Caveat

It is noted that analysing councils' audited accounts or treasury returns data could potentially be misleading as they include costs such as depreciation and pension fund movements that are funded from non-usable reserves. Councils have stated that they have driven annual recurrent savings through voluntary severance and other initiatives. There has also been a significant investment in new capital projects and services, despite being impacted by central government grant cuts.

7.2.1 Income

Figure 7.1 shows total income for all councils from 2012-13 to 2021-22. All previous years' figures have been restated using HMT deflators as at December 2022.

Figure 7.1: Total Income (£m) For All Councils 2015-16 to 2021-22



The average income for all councils combined in the three years that preceded local government reform in NI was £952m. In the seven years since local government reform, the average income for all councils was £997m. This represents a percentage increase of 4.7%.

In the period 2015-16 to 2021-22 there has been a 6.9% increase in income with a general upward trend over the period.

7.2.2 Expenditure

Figure 7.2 shows the total expenditure for all councils over the time period 2012-13 – 2021-22.

Figure 7.2: Total Expenditure (£m) For All Councils 2012-13 to 2021-22

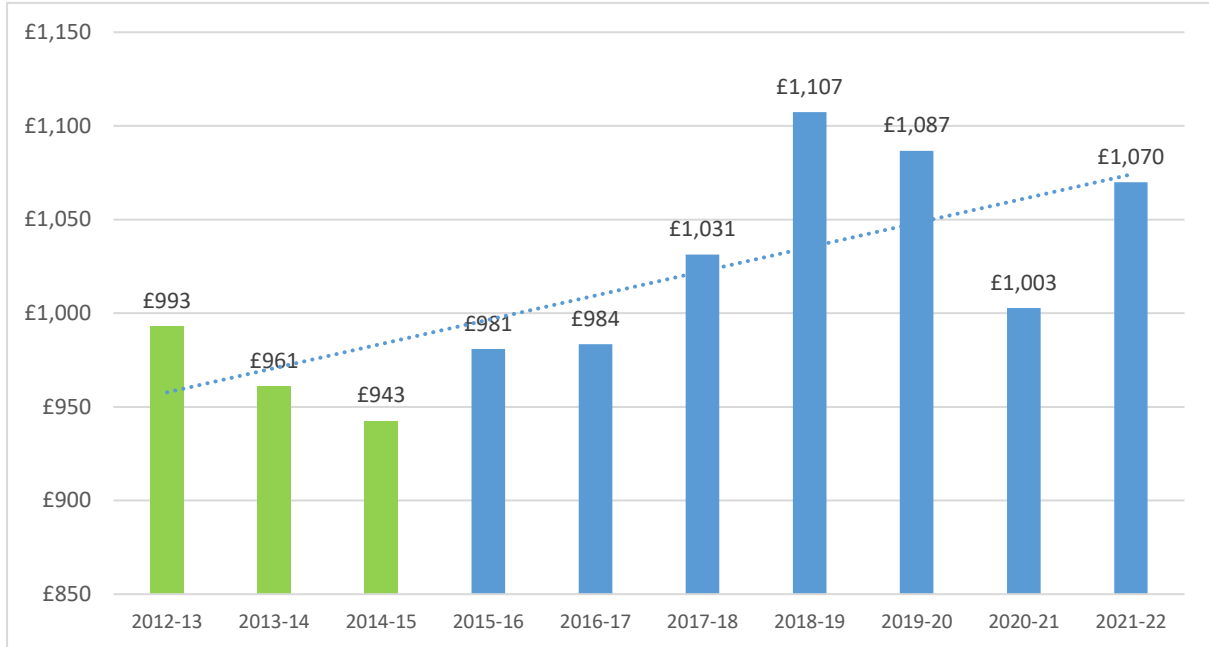


Figure 7.2 shows that there has been a gradual year on year increase in total expenditure for combined total council expenditure over the period, however it has not been linear with expenditure decreasing in 2019-20 and again in 2020-21.

The total percentage change over the 10-year period is an increase of 7.8%. The average expenditure in the three years prior to local government reform was £966m. In the 7 years post reform, the average total expenditure was £1,037m. This represents an increase of 7.5%.

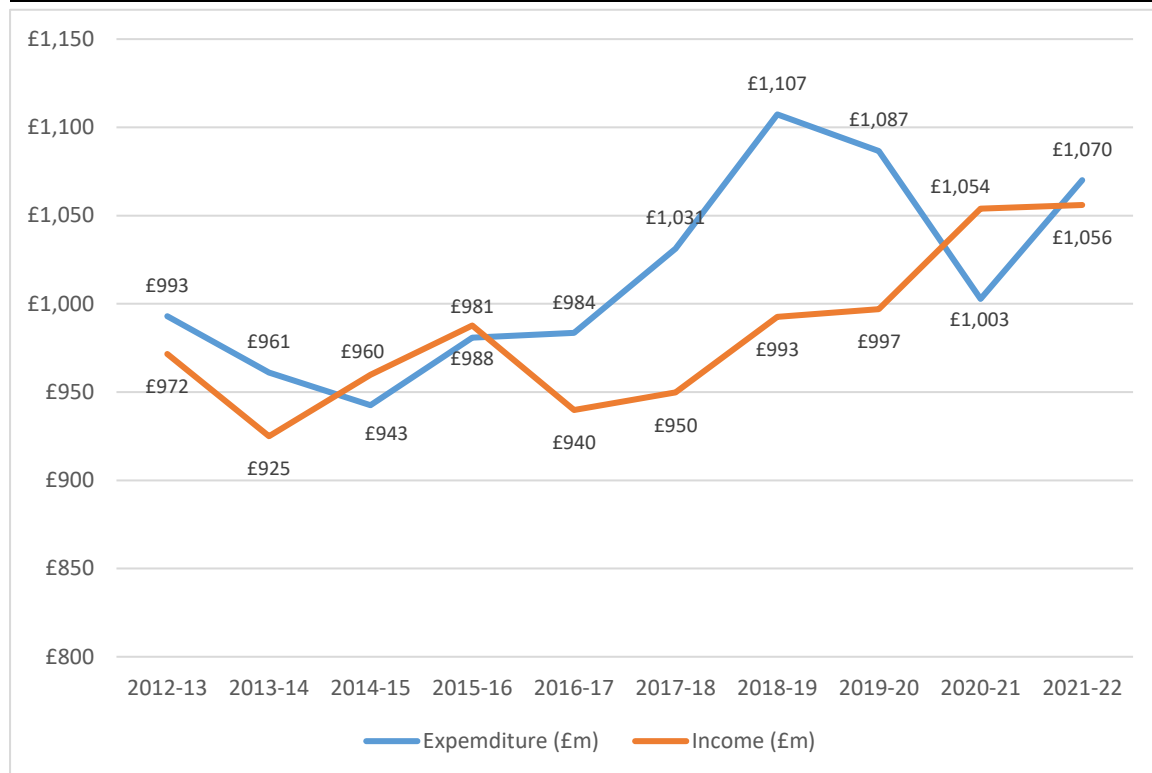
7.2.3 Income/Expenditure

Figure 7.3 below shows that in 7 of the 10 years surveyed, total expenditure by all councils exceeded total income. On average this equated to an average additional expenditure of £32.57m per annum over the period.

In the period since reform (2015/16 – 2021/22), expenditure has exceeded income in five of these seven years. The total spending deficit over this seven-year period equals £286m across all councils or an average of £40.8m per annum.

Additional expenditure over this period has been funded by use of borrowing/reserves.

Figure 7.3: Total Income / Expenditure (£m) For All Councils 2012-13 to 2021-22



It should also be noted that many councils have invested significant amounts in capital investment projects in recent years. Capital investment relates to assets which are purchased, constructed or improved by the councils to support delivery of their services. These relate from one-off purchases in-year to larger projects that can take several years to complete.

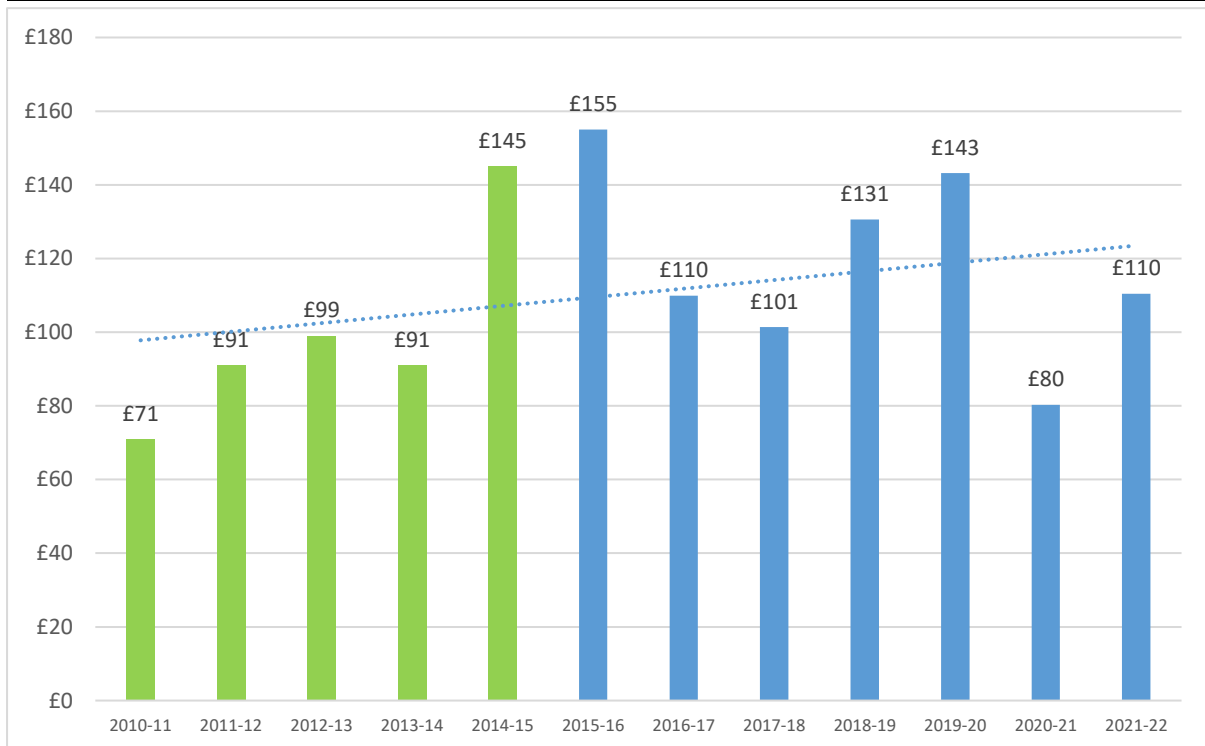
Figure 7.4 overleaf shows the financial commitment to capital investment over a 10-year period (pre and post local government reform).

7.2.4 Capital Investment

The chart in Figure 7.4 below shows that capital investment has been trending slightly upwards over the past 12 years. In the five years pre local government reform total capital investment averaged £99 million. In the 7 years post local government reform total capital investment has averaged £119 million.

In the immediate five years post reform the capital investment average was slightly higher (£128m), but Councils have had to cut capital investment due to the impacts of Covid-19 on budgets.

Figure 7.4: Total Capital Investment (£ million)



7.2.5 Loan Position

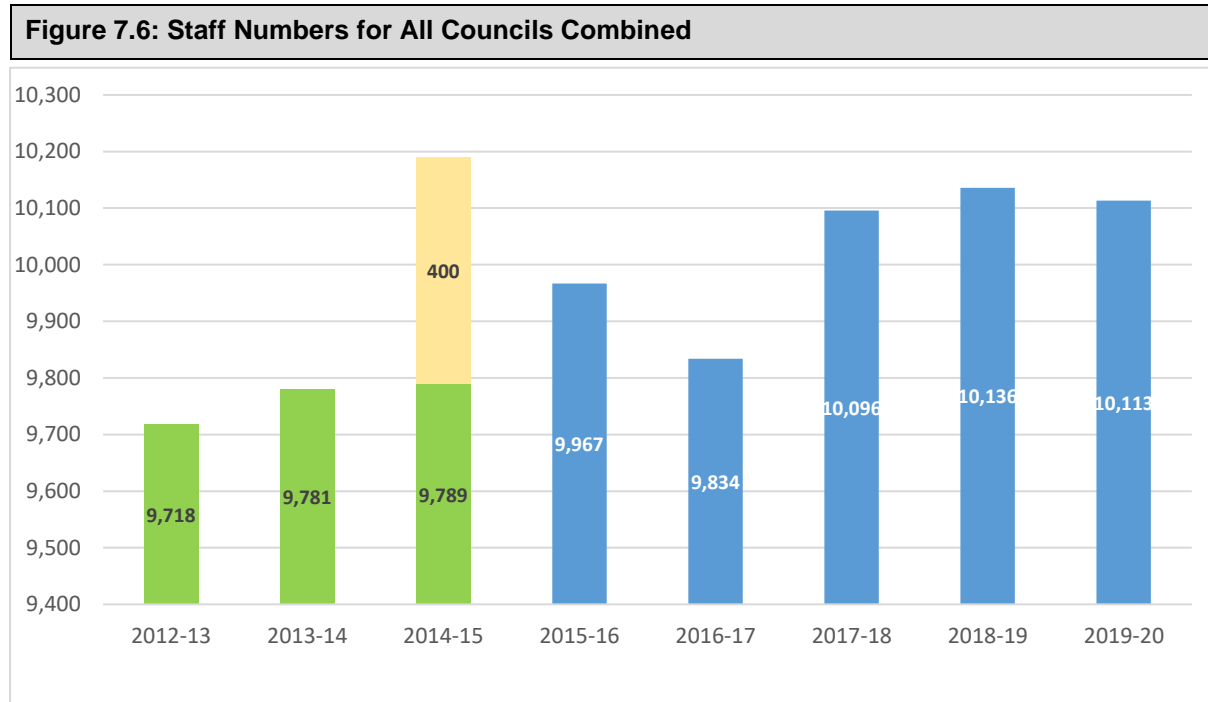
Figure 7.5: Change in Loan Position (2015/16 – 2021/22)

Date	Total Borrowing
31 st March 2016 2017 LGA Report	£493.7 million
31 st March 2022 2023 LGA Report	£481.2 million

The total borrowing total has decreased by £12.5 million (2.6%) over the 7-year period since reform. The majority of debt relates to external borrowing (mostly from central government) to enable the financing of capital investment.

7.2.6 Staff Numbers

Figure 7.6 below shows the change in total staff numbers within all councils over the period 2012/13 – 2019/20⁷.



On 1 April 2015, all staff from the 26 legacy councils plus over 400 staff from the Planning Service transferred to the new councils (9,967 FTE from Councils + 400 from Planning Services = Total of 10,367 FTE Staff).

Despite the impact of the Planning staff transfers (400) from the Northern Ireland Civil Service, for 2015-16 the overall net increase in Full Time Equivalent (FTE) from 2014-15, was only 178, largely due to the impact of staff leaving under exit packages. The total staffing complement for all councils actually appeared to be lower considering the additional functions that had been carried across.

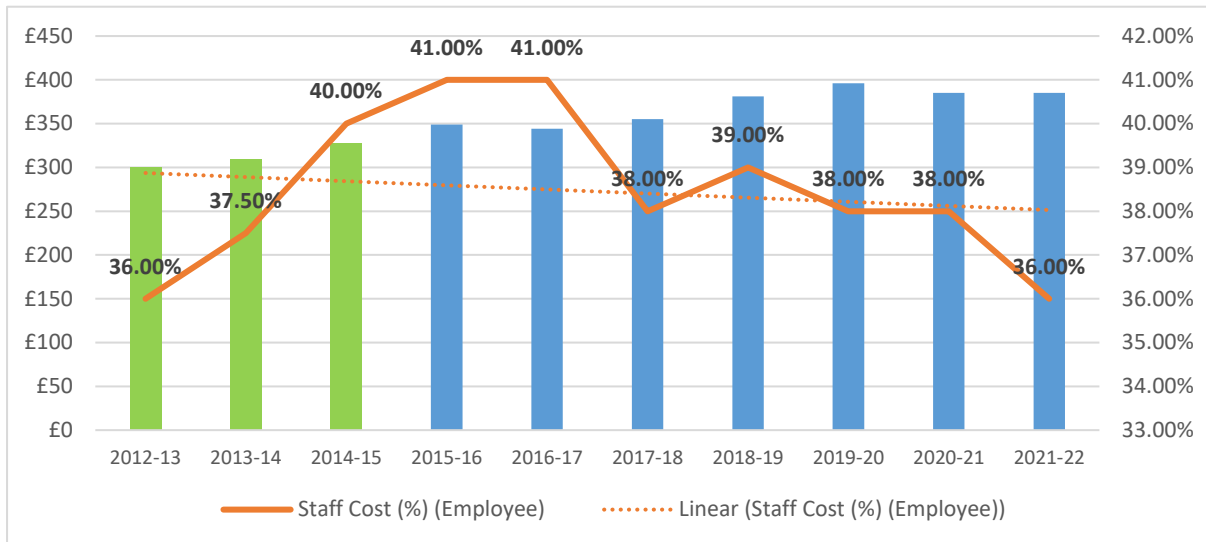
Given that in 2014-15 the local government FTE count (across 26 councils) equaled 9,789 and the staffing complement for planning etc. totaled 400, this equaled a total FTE number of 10,189. The FTE count across all 11 councils in 2019-20 was 10,113. This equates to a decrease of 0.75% in FTE staff in spite of the fact additional functions have been transferred across to local government and the requirement of additional staff to operate new functions under LG Act NI 2014 (such as community planning etc.).

⁷ Specific staff numbers for 2020/21 and 2021/22 were not included within the Local Government Auditors Report 2023.

7.2.7 Staff Costs

Figure 7.7 below shows the Total Staff Cost (and Staff Cost as a percentage of Total Costs) over a 10-year period.

Figure 7.7: Staff Cost (£m and % of Total Costs) for All Councils Combined



The total Staff Cost has increased by £85m (28.3%) over the 10-year period; however, it should be noted that the Staff Cost as percentage of total costs has actually remained the same. If looking specifically at the 7-year period post reform, the Staff Cost as a percentage of Total Costs has decreased from 41% in 2015/16 to 36% in 2021/22.

8 SUMMARY

8.1 Report Limitations

This report aims to highlight the impact of local government reform on service provision and cost effectiveness over a 7-year period. However, it should be noted that there are limitations in what can be reported upon given the timescales and information available. For example, whilst it is possible to use the financial data extracted from the Local Government Auditors Office reports showing the total income and expenditure figures over the timeframe, it is not possible to give a robust analysis on cost effectiveness as the supporting information (such as standardised reporting metrics with established baselines) is not available.

This report collates the feedback from local councils on efficiencies realised, challenges encountered and future opportunities that can be leveraged as a result of local government reform. However, it should be noted that the supporting data is over a limited timeframe (7 years) that includes the formative years of the new 11 local councils. During this timeframe there was considerable political uncertainty within NI⁸ and the reporting period also includes the initial wave of Covid-19 enforced lockdowns⁹ and the associated impact on service delivery, income etc.

Whilst this initial research provides an insight into impacts of local government reform, it is the view of the researchers that a longer-term study with a more comprehensive data set is required. The key metrics to measure performance and cost efficiency should be established with councils in advance and an agreed annual monitoring data set agreed upon. This report largely is a collation of the experiences of local councils in the formative years following local government reform.

8.2 Efficiencies

The councils have identified £21,485,452 of current efficiency savings. In terms of planning, collaborative working with Building Control has helped deter unauthorised development and enabled faster processing of investment proposals. The transfer of planning responsibilities to the councils has improved the service provided to planning applicants and increased the sustainability of development. Local Development Plans are now more appropriate to the needs of the district.

The implementation of effective and resilient IT infrastructure through collaboration with other councils has resulted in compliant licensing arrangements and increased collaboration and efficiencies in IT hardware and software developments. Councils are now more able to remain compliant and respond to IT threats and opportunities. While there have been cost savings in waste contracts due to larger contracts for the wider districts, overall waste costs have increased due to market pressures and additional statutory requirements.

The larger council areas and powers have allowed closer working relationships with regional organisations for the delivery of integrated services, particularly in relation to the Covid-19 response. Councils have been able to shape the direction of the Covid-19 response for the benefit of residents.

Streamlined decision-making processes, clear guidelines, and the use of technology and digital platforms have resulted in faster and more efficient decision-making. Councils have established clear

⁸ NI Assembly dissolved on 16th January 2017 and only formed again on 11th January 2020. There was also no sitting NI Assembly in the period 3 February – 31st March 2022.

⁹ <https://www.instituteforgovernment.org.uk/sites/default/files/timeline-lockdown-web.pdf>

roles and responsibilities, ensured effective governance and avoided duplication of efforts.

Robust financial management practices, regular budget reviews, and cost control measures have helped allocate resources efficiently. Financial transparency and accountability have improved through clear and accessible financial reports. The use of data analytics and performance metrics has identified areas for cost savings and resource optimisation.

Performance management systems have been implemented to monitor and evaluate service delivery. Customer feedback mechanisms have been established to identify areas for improvement. The use of technology and automation has streamlined service delivery processes.

Councils have implemented sustainable practices and initiatives to reduce their environmental footprint, including recycling and waste reduction programs, water conservation measures, and sustainable transportation options. Efficient processes for education and skills development programs, coordination with educational institutions and training providers, and the use of technology and e-learning platforms have expanded access to education and skills development opportunities.

Initiatives to support economic development and job creation, coordination with local businesses and industry stakeholders, and the use of data analysis and market research have targeted resources and support accordingly. Initiatives to preserve and promote cultural heritage, improve tourism infrastructure and services, and the use of digital platforms and virtual tours have enhanced the visitor experience.

Efficient emergency management systems, public safety infrastructure, and the use of technology have improved emergency response times and resource allocation. The establishment of Community Planning Partnership and the identification of an overarching strategic vision and plan for the district have improved working relationships and contributed towards achieving outcomes.

Overall, the achievements and improvements made by the councils in various areas, emphasising their efforts to improve processes, optimise resources, and deliver high-quality services to the community.

8.3 Benefits and Opportunities

The section on the non-monetary assessment of local government reform highlights several positive aspects of the reform process. Through quantitative and qualitative feedback from individual councils, the section sheds light on the challenges, opportunities, and impact of reform on service delivery and other aspects of local governance.

One of the key positives identified is the increased efficiency and effectiveness of service delivery. Many councils reported improvements in their ability to deliver services to their communities, with streamlined processes and better resource allocation. This has resulted in enhanced customer satisfaction and a more responsive local government.

Furthermore, the reform has provided councils with the opportunity to innovate and explore new ways of delivering services. Many councils have embraced technology and digital solutions to improve service delivery and engage with their communities. This has resulted in greater accessibility, transparency, and citizen participation in local government decision-making processes.

The reform process has also brought about positive changes in governance structures and practices. Many councils have implemented stronger accountability mechanisms, improved strategic planning, and enhanced community engagement. This has fostered a culture of transparency, trust, and inclusivity within local government.

Overall, the non-monetary assessment of local government reform highlights several positive outcomes. The increased efficiency and effectiveness of service delivery, enhanced collaboration and

partnership, innovation in service delivery, and improved governance practices are all positive impacts of the reform process. These findings provide valuable insights for councils and policymakers as they continue to navigate and refine local government reform efforts.

8.4 Synergy and Collaboration

Collaborations have proven to be effective in addressing common challenges and promoting the well-being and prosperity of communities. One area of collaboration is procurement. The Local Government Procurement Group was established to leverage the collective purchasing power of local government entities. By negotiating better deals with suppliers and sharing best practices in procurement, the group has achieved increased savings and efficiency.

Community planning partnerships have also been instrumental in promoting collaboration between local government, community organisations, and other stakeholders. These partnerships aim to develop and implement plans that address the needs and aspirations of local communities. The value of effective community planning and partnership working was particularly evident during the Covid-19 pandemic.

Shared services have been established in various areas, such as home safety, tobacco, infectious disease, and air quality monitoring. These shared services help leverage funding from external stakeholders and promote quality and productivity. Tourism collaboration is another important aspect of local government collaboration. Tourism Northern Ireland collaborates with all councils to achieve economies of scale in tourism and marketing efforts. By pooling resources and expertise, they can attract more visitors, generate economic growth, and enhance the tourism experience in the region.

The Local Government Performance Improvement Working Group plays a crucial role in sharing knowledge and information on performance improvement. By sharing good practices and lessons learned, the councils can continuously improve their performance and deliver better services to their communities. Economic development is also a key focus of collaboration among local government entities. The councils collaborate to support business starts, entrepreneurship, and the development of broadband and digital infrastructure. By working together, they can attract investment, promote innovation, and create employment opportunities in their respective areas.

Finance collaboration is essential to ensure consistency and transparency in financial management practices across the councils. The Association of Local Government Finance Officers and the Finance Working Group provide mechanisms for finance leaders to collaborate and share strategies. Collaborative procurements have been successful in achieving cost savings, better contracts, and streamlined processes. The councils engage in collaborative procurements in various areas, leveraging their collective buying power. During the Covid-19 pandemic, the councils collaborated with the Department for Communities to respond to the crisis.

Additional funding was allocated through the Community Support Programme to support community-led initiatives and assist the most vulnerable. In addition to these collaborations, the councils collaborate on various initiatives and programs, such as the Go for It Programme, Belfast Region City Deal, Digital Voucher Scheme, Levelling up Fund, and the development of the Support Hub. They also collaborate on strategic capital and regeneration projects, public realm improvement works, and town centre investment plans. These collaborations have not only resulted in immediate benefits but also hold promising future funding opportunities. It is estimated that over £1 billion of additional funding will be leveraged through increased collaboration and the enhanced powers of the new councils. This funding will further enhance efficiency, effectiveness, and service delivery across the councils, leading to better outcomes for residents and the region as a whole.

The collaborations and shared services among local government entities in Northern Ireland have

proven to be highly beneficial. They have resulted in increased savings, efficiency, and better outcomes for residents. These collaborations have addressed common challenges, promoted community well-being, and attracted investment. The future looks promising with the potential for significant additional funding and further improvements in service delivery. Collaboration and synergy continue to be key drivers in achieving the well-being and prosperity of communities in Northern Ireland.

8.5 Challenges and Issues

During the reform process, the councils faced numerous challenges. One major challenge was the duplication of roles within departments. When different teams merged, there were instances where roles overlapped or duplicated, leading to inefficiencies and confusion.

Another challenge was the differing terms and conditions of employees from the merging councils. This created difficulties in ensuring fairness and consistency across the workforce. The councils had to negotiate and harmonise terms and conditions to create a unified approach. Conflicting processes and procedures between the merging councils also caused challenges during the reform process. This led to confusion and hindered the smooth integration of services.

The councils also faced capacity issues in managing the additional duties resulting from the transfer of functions. This included responsibilities such as off-street car parking, which required additional resources and expertise. The councils had to prioritise and allocate resources effectively to ensure the smooth delivery of services. Financial challenges were also a significant issue for the councils. The transfer of functions did not occur on a cost-neutral basis, resulting in resource shortfalls that had to be addressed through rate increases.

Additionally, the councils received assets from central government without the necessary resources to maintain and manage them effectively, creating a financial burden. The councils had to find alternative funding sources or reallocate existing resources to address these challenges. The councils also faced challenges in meeting public expectations regarding citizen engagement, information sharing, and consultation.

Furthermore, the councils were significantly impacted by central government grant cuts, particularly the erosion of the Rates Support Grant. This placed a strain on the councils' finances, especially in areas that relied heavily on government funding. The councils had to find ways to mitigate the impact of these cuts, such as exploring alternative revenue streams or implementing cost-saving measures. Other challenges included difficulties in engaging with central government during the collapse of the Executive, building a unified council identity with local citizens and stakeholders, managing tensions between the city and rural areas, increased travel costs due to the increase in elected members, and the lack of central government investment in certain services.

Overall, the councils faced a range of challenges during the reform process, requiring careful planning, effective communication, and strategic decision-making to overcome them and successfully implement the necessary changes.

8.6 Conclusion

The aim of this research paper is to provide an assessment of the impact of local government reform on service delivery and cost effectiveness on councils during the period 1 April 2015 – 31 March 2022.

Whilst annual costs have increased this should be viewed in light of significant additional functions taken on by local councils as well as the investment in capital infrastructure over the timeframe. Inflationary uplifts should also be factored into the cost increases.

For the most part local councils have stated that it is not possible to quantify current and future efficiency savings due to lack of available information/limited timeframe. Those efficiencies that could be quantified highlighted **savings of £21.5m as well as identifying a range of potential future savings moving forward**. Feedback has suggested a range of non-quantifiable benefits have been realised – greater collaboration (Covid-19 response etc.) and sharing of knowledge. **Future investment opportunities of over £1bn have also been identified** – feedback from councils suggest this level of leveraged funding would not have been achievable if not for enhanced scope of powers of new councils.

It is the view of the research team that it is too early in the process to conclude if local government reform has been cost effective or not due to the lack of supporting data and limited scope for councils to fully realise benefits. The review period reflects only the initial seven-year period since the formation of the 11 new councils in NI. This timeframe is far from ideal due to:

- The limited timeframe for councils to fully leverage any benefits of increased powers; and
- Political instability within NI during the limited timeframe of the review (no functioning NI Assembly for over 3 of the 7 years).

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