

# The implications of the Redmond Review for Local Authorities

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# Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting by Sir Tony Redmond

- Report published September 2020
- Ensuring the sustainability of the local audit market
- Transparency and quality of reporting
- Government response published December 2020

# Key recommendations from the Redmond Review

- Formation of a new independent oversight body (OLAR)
- Extension to external audit timeframes and increase in fees
- Amendments to entry requirements
- Require all auditors to be suitably trained
- Renewed focus on financial sustainability
- Review of associated governance and reporting arrangements
- Introduction of a standardised statement

# Standardised statement of service costs

- Increase transparency and enhance accessibility of financial information for the council tax payer
- Demonstrate how local taxation is being spent
- *“Our ambition is for the standardised statements to be introduced as soon as possible... with a view to rolling out statements in 2021/22”*
- Suggestion of 1-2 pages in length
- Communication to all taxpayers and service users – alongside council tax bills?
- Subject to external assurance

## MHCLG response – December 2020

- Broad acceptance of the majority of recommendations

But

- Delay in conclusion around central recommendation for creation of a new system leader

# Action to support immediate market stability

- Consultation on financial reporting and audit timeframes
- Proposed changes to regulations around setting of fees and entry requirements
- Discussion with stakeholders around options for increasing auditor and local authority training
- Additional funding to sector to meet additional audit fees and financial reporting requirements

# The governance for responding to local audit findings

- Agrees that external auditor present annual audit report to Full Council; alongside formalising the meeting between chief officers and the key audit partner
- Accepted the recommendation on appointment of independent members to audit committees
- Agreement of recommendations around collaboration between internal and external audit and between external audit and inspectorates

# Transparency of local authority accounts

- Agrees the recommendation on producing a standardised statement (1-2 pages?)
  - “Our ambition is for the standardised statements to be introduced as soon as possible.”
- Will work with CIPFA to roll out in 2021/22
- Additional funding to local authorities to enable them to prepare

## CIPFA's role

- Working with MHCLG and other stakeholders for an effective resolution to the system leadership issue
- Participation in stakeholder forums and working groups convened by MHCLG to lead on taking forward specific recommendations – governance, training
- Development of the standardised statement in consultation with the sector

# Risks going forward

- Market fragility
- Pace of change
- Ongoing pressures from Covid
- Ongoing delays to audits
- Potential missed opportunities

# Resources

Redmond Review:

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

MHCLG response:

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review>

CIPFA response:

<https://www.cipfa.org/policy-and-guidance/responses-to-consultations/local-government-consultations>