

# Redmond Review – Consultation Responses

CL 07 11 20

CIPFA LASAAC Secretariat

## Overview

- CIPFA LASAAC Members will remember that this was not a structured consultation – the views are not necessarily representative of those that would have been received if specific questions were asked
- Wide ranging responses

## Overview

- Included them in full so CIPFA LASAAC can understand tone and content more fully
- Added bold for presentation purposes on occasion
- Some respondents commented on the whole of the Redmond Review
- Prioritise standardised statement of service information and issues relating to the Code included in the review

# Statement of Standardised Service Information

- Sixteen responses refer to the statement
- Five responses clearly support the statement
- Three clearly against
- Two presented appraisals of the recommendations (both including valid critical assessments)

# Statement of Standardised Service Information

- Comments included:
- *'the standardised statement of service information and costs proposed by the Redmond review, which is laudable in its aim to link the budget to the final accounts. However we are concerned that a requirement to add additional disclosures to the accounts must also be met by a streamlining of presentation in other areas to offset the additional work, and ensure that the accounts are focused on the needs of the primary users of the accounts.'*

## Alternative comments

*'many of the proposed contents of the proposed new separate statement are already required by the accounting code's provisions for a narrative report, and should therefore be included in the annual accounts under the current framework...'*

*'The Review is slanted towards unconvincingly justifying the new summary statements on the basis that these would increase transparency. 'As this would be a short (sic) stand-alone document, it would be much more accessible to taxpayers and service users'.*

# Statement of Standardised Service Information

- Further consultation on what is standardised
- Use of SeRCOP questioned
- Reliability of unit cost information
- What is meant by a brief narrative
- Need for appropriate prescription
- Numerous comments on resources
- Tensions between standardisation and localisation – is comparability important
- External audit and costs

## Further Comments

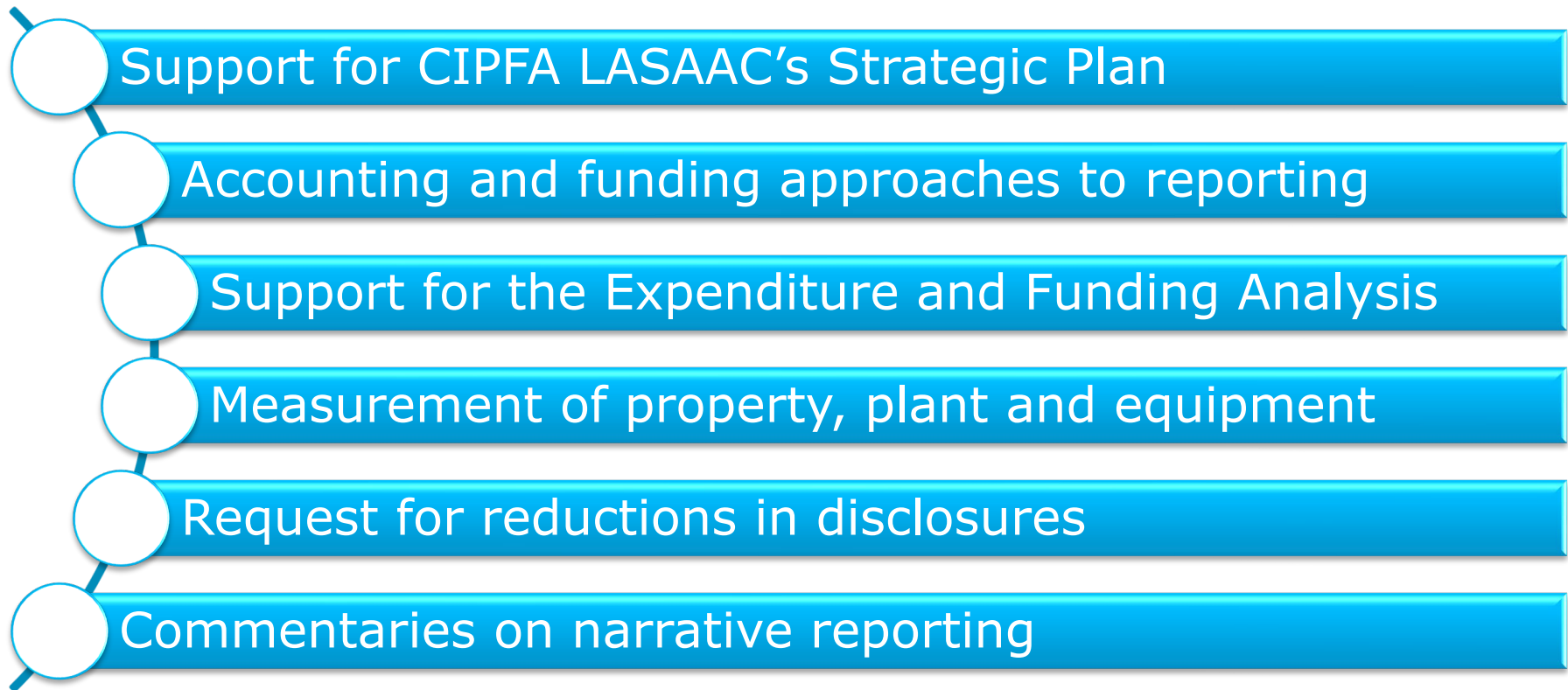
- How will the statement result in a smaller set of accounts
- Presentation styles
- Tone of language
- Length
- Use of signage
- Coverage/ capital revenue
- Inclusion of HRA



## Conclusions

- Support for the statement in principle though this is not a representative sample
- Content needs to be reviewed – subject to consultation
- Impact on workload for accounts preparers.

# Redmond Review – Impact on Code

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- Support for CIPFA LASAAC's Strategic Plan
  - Accounting and funding approaches to reporting
  - Support for the Expenditure and Funding Analysis
  - Measurement of property, plant and equipment
  - Request for reductions in disclosures
  - Commentaries on narrative reporting

## Accounting and Funding

- Largely commentaries support IFRS based accounts
- One authority suggested a funding based set of accounts which reconciles to an IFRS based set of accounts
- Move budgeting to the annual report while the accounts are produced on an IFRS basis (see commentaries in response to question 23)
- Move to FReM form of performance reporting and move budget considerations into accountability report (and other parts of the accounts).

## Support for Expenditure and Funding Analysis

- See also responses to question 23 where two respondents suggested that this statement was removed
- *'The EFA and note to the EFA included in our Accounts provides the link between costs detailed in the main statements and our budgeted and reported service costs.'*
- *'The EFA fully explains the difference between the management accounts outturn and the CIES if there are any parties interested in further technical analysis.'*

## Asset valuations

- Support for asset accounting but suggestions for alternatives:
- Authority and an independent consultant
  - Threshold for asset valuations
  - Small balances classification
- Measurement at current value move to Depreciated Replacement Cost (then only have two valuation bases)

## Disclosures

- General requests to streamline/reduce disclosures
- Pensions, financial instruments and to a lesser extent fixed assets
- Commentaries about the ability to reduce disclosures within the existing framework
- Related parties
- Non commercial transactions with unrelated parties

## Conclusions – On Impact on Code Development

- Generally supportive of principles of Redmond Review
- Some interesting and challenging suggestions included
- Suggestions in each area will be able to be included into the relevant parts of CIPFA LASAAC's Strategic Plan

## Other issues considered

- New audit body
- Audit fees
- Governance and audit committees
- Accounts deadlines (changes not wholeheartedly supported)
- Financial resilience