The implications of the Redmond Review for Local Authorities

Ellen Millington
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
• 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:  

MHCLG response:  

CIPFA response:  