CIPFA The Chartered Institute of Public Finance & Accountancy

CIPFA BULLETIN 05

Closure of the 2019/20 Financial Statements

April 2020

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BULLETIN CONTENTS:

DEDICATED SCHOOLS GRANT (DSG) (ENGLAND)

Dedicated Schools Grant (England): Reporting of deficit or surplus balances carried forward in an authority's annual accounts

Background

1. On the 30 January 2020 the secretary of state for education laid before Parliament the [School and Early Years Finance (England) Regulations 2020]().

2. These regulations come into force on 21 February 2020 and are applicable to local authority accounting periods beginning on 1 April 2020.

3. The guidance below reflects the requirements under the Regulations that a deficit must be carried forward to be funded from future DSG income, unless permission is sought from the secretary of state for education to fund the deficit from general resources (for more detail see paragraph 8 b) below).

Local Authority Accounting Panel considerations

4. The new regulations from the DfE mandate that a DSG deficit may only be funded and recovered through DfE financial support and recovery arrangements. The regulations are effective commencing at start of day on 1 April 2020, but this is not problematic for the 2019/20 statement of accounts, as earmarked reserves report intentions for the succeeding financial years. Earmarked reserves are a presentational methodology (that do not exist within proper accounting practices) that allow a forward-looking analysis of what the general fund balance at 31 March means practically for future spending plans. CIPFA is of the view that the effect of the regulations is that a negative earmarked reserve should be presented in a note showing the breakdown of the general fund analysis, whereas this previously required an authority to have made a commitment itself not to fund the deficit from general resources.

5. This bulletin seeks to consider the nature of disclosures that support the reserve balances within the financial statements and to clarify the approach for the 2019/20 financial reporting period. The existing disclosure requirements are set out in the *Code of Practice on Local Authority Accounting in the United Kingdom, Guidance Notes for Practitioners for 2019/20 Accounts* (CIPFA, 2019) (the Code Guidance Notes), Module 3 paragraphs I102 to I109 (which include a detailed disclosure on the deployment of the DSG). However, these were written prior to the introduction of the statutory provisions for the DSG deficits. Amendments to the Code Guidance Notes are set out in Appendix 1 below.

6. This Bulletin also seeks to consider the adequacy of disclosures on future funding for any DSG deficits being held by local authorities.

Recommended practice

7. The new regulations are considered to provide a statutory basis for the holding and disclosing of negative earmarked reserves solely relating to the retained deficits arising from accumulated DSG expenditure.

8. The following sets out the position which is considered to exist and requires presentation in the 2019/20 annual accounts:

   a. The Department for Education (DfE) regulations ([The School and Early Years Finance (England) Regulations 2020]()) make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG, meaning authorities cannot fund a deficit from the general fund without the secretary of state's approval.

b. The Regulations require that where the DSG is in deficit at the end of the preceding year, an authority must:

- deduct the deficit from its schools budget
- carry forward some of the deficit into the next funding period or
- carry forward the full deficit into the next funding period.

The Regulations allow for the deficit to be funded from resources outside of the DSG only with the permission of the secretary of state.

c. The regulations relate specifically to the 2020/21 financial year, coming into effect on 1 April 2020. However, local authorities will have taken decisions to meet their budgetary requirements under the Regulations for the 2020/21 financial year in advance on 31 March 2020 and so it would be logical that their decisions be reflected in the financial statements as of that date.

d. Consequently, it is considered that to faithfully represent the balance sheet position for reserves at 31 March 2020, any accumulated DSG deficit should be disclosed as an **earmarked usable reserve**, thus creating a comparable position to the now statutory funding basis for the 2020/21 financial year.

9. Any DSG earmarked reserve balance (positive or negative) should be analysed and disaggregated in the disclosure note for the DSG. It is also useful to note that paragraph 3.4.2.58 of the Code sets out that local authorities are required to separately identify the total reserves held by schools.

10. Narrative supporting disclosure should make it clear that in 2019/20 the position on the DSG earmarking is a result of the statutory requirements for 2020/21, which affect the manner in which the council can use the general reserves held as at 31 March 2020.

11. The narrative should explain and allow users of the financial statements to understand:

a. what the DSG balance represents and how it has arisen. Arguably this has already been covered by the financial analysis on the deployment of the DSG

b. the basis for identifying this balance separately from general reserves that are at the full disposal of the authority ie the separate report of DSG deployment in accordance with the requirements of the Accounts and Audit Regulations 2015, as amended (Regulation 7 (4))

c. how this balance is to be recovered through future funding and/or explicit recovery plans agreed with the DfE.

12. Following the issue of the Regulations, paragraph I105 from Module 3 of the Code Guidance Notes will need to be amended. The relevant amendments in tracked changes format have been included in Appendix 1 to this Bulletin.

13. It is recommended that local authorities discuss their proposals for the presentation of the DSG earmarked reserve with their external auditors.

ACCOUNTING FOR MCCLOUD AND SARGEANT JUDGEMENTS IN 2019/20

Background

14. The McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes.

15. There was protection provided for older members under each scheme. The McCloud and Sargeant judgements have upheld the claimants' cases that the method of implementation of the new schemes discriminated against younger members. The government was refused leave to appeal the McCloud and Sargeant Judgements on 27 June 2019. This means that the various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes.

16. The CIPFA Pensions Panel has considered this issue and produced guidance through its briefing note published in March 2020. Full details from the briefing note can be found here: CIPFA McCloud Briefing Note - March 2020. The following is a summary of that guidance.

Obligations created

17. Paragraph 6.4.3.1 of the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* (the Code) requires authorities to account for post-employment benefits for defined benefit schemes where there is either a legal obligation, under the formal terms of the defined benefit plan or a constructive obligation.

18. While the regulations underpinning the Local Government Pension Scheme (LGPS), police and firefighters pension schemes have not been amended, the outcome of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. Furthermore the 15 July 2019 written statement by the chief secretary to the treasury that the McCloud and Sargeant judgements would apply to all public service pension schemes has also been deemed to provide evidence that there is a legal obligation. Therefore, councils should consider whether for 2019/20 the IAS 19 valuation of post-employment benefit liabilities in all three schemes should take into account the impact of the McCloud and Sargeant judgements.

Year-end accounting

19. Where authorities included the impact of the McCloud/Sargeant judgements in the 2018/19 accounts as an IAS19 liability, changes in the liability arising from changes in assumptions in the 2019/20 accounts should be treated as an actuarial gain/loss within remeasurement of the defined benefit liability (asset) line reported in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement (CIES) in the 2019/20 statement of accounts (see the Code paragraph 6.4.3.2(d)(i)).

20. However, where authorities have decided to recognise a liability for the McCloud/Sargeant judgements for the first time in the 2019/20 accounts, this cost should be recognised as a past service cost. Past service costs are reported within the surplus/deficit on the provision of services in the CIES in the 2019/20 statement of accounts (see the Code paragraph 6.4.3.2(c)(ii)).

21. In addition, practitioners should consider the need to disclose information about the basis of estimation of the IAS 19 liabilities with reference to the McCloud/Sargeant judgements where these might have a significant risk of material adjustment to the carrying amount of the IAS 19 liabilities (see the Code paragraph 3.4.2.90).

Events after the reporting period

22. As previously noted, the timetable for changes to the legislation for each of the three schemes is uncertain. However, it is anticipated that proposals to provide a remedy for the uniformed firefighters and police schemes may be drafted this summer, before the accounts are authorised for issue.

23. Paragraph 3.8.2.11 of the Code states that "published statements of accounts shall reflect events after the reporting period up to the date the accounts were authorised for issue". Therefore practitioners, particularly in fire and police authorities, should keep developments of the pension schemes under review. If changes to any of the schemes are proposed that could materially affect the figures disclosed for the reporting period, practitioners should consider the need to account for an event after the reporting period in accordance with Section 3.8 of the Code. Where a change in events does take place, CIPFA may issue supplementary guidance to support local authorities.

McCloud – contingent liability

24. While paragraphs 16-23 represent the collective view of the Pensions Panel of the accounting treatment for the McCloud and Sargent judgements there are also arguments that the issues which arise from the decisions made on McCloud should be treated as a contingent liability. Any potential changes to defined benefit obligations would need to be considered against the provisions of IAS 19 as adopted by the Code.

25. Paragraph 87 of IAS 19 requires that entities measure their defined benefit obligations on a basis that reflects (inter alia):

> *The benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period…*

26. This is followed by paragraph 89 which states:

> *Actuarial assumptions do not reflect future benefit changes that are not set out in the formal terms of the plan (or a constructive obligation) at the end of the reporting period…*

In addition, an IFRIC update of November 2007 confirms that the accounting for changes caused by government should be the same as for changes made by an employer. Paragraph 103 of IAS 19 requires that a past service cost is recognised as an expense only when a plan amendment occurs.

27. As the remedy for McCloud is not set out in regulations, following the requirements of IAS 19 it can be argued that they do not constitute a plan amendment that has occurred at 31 March 2020 and therefore should not be reflected in actuarial assumptions for future benefit obligations.

28. Instead, the circumstances are such that there is a contingent situation that events are still to be confirmed by future events.

29. As the outcome for the remedy for the McCloud case has yet to be decided upon or, where there may still be a decision on whether local authorities will carry the financial burden for the remedy, it can be argued that at the reporting date decisions on the McCloud case represent a possible obligation that has to be confirmed by those decisions.

30. It can also be argued that, as the remedy has not yet been decided on, that the obligation is such that it cannot be measured with sufficient reliability.

CHANGES TO FINANCIAL REPORTING DEADLINES FOR 2019/20 (ENGLAND)

31. The Ministry of Housing, Communities and Local Government (MHCLG) has confirmed the details of the changes made to the Accounts and Audit Regulations 2015 in a letter to authorities on 3 April 2020. The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) extend the statutory audit deadline for 2019/20 for all local authorities, apart from health service bodies.

32. The publication date for audited accounts will move from 31 July to 30 November 2020 for all local authority bodies.

33. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must commence the public inspection period **on or before** the first working day of September 2020. This means that accounts that must be confirmed by the responsible finance officer (RFO) must be published by 31 August 2020 at the latest. They may be published earlier. There will be no requirement to wait for a common inspection period. However, the requirements under the Accounts and Audit Regulations 2015 to follow the RFO's confirmation and publication of relevant documents in Regulation 9(1)(b) has not been amended by the new Regulations so local authorities will need to ensure that inspection period follows the confirmation by the RFO.

34. Authorities must publish the dates of their public inspection period. Guidance from the MHCLG recommends that local authorities provide public notice on their websites (where available) when the public inspection period would usually commence, explaining why they are departing from normal practice for 2020.

35. In relation to any meetings needed to approve the published accounts, separate regulations (The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 SI 2020 No.392) have been made to enable meetings to be held remotely, and to hold and alter the frequency and occurrence of meetings without the need for further notice.

Financial Reporting Deadlines for 2019/20 (Other Jurisdictions)

36. Practitioners are invited to note that the above amendments relate to England only. Statutory dates for the publication of the accounts in Wales and Scotland are defined by separate legislation. It is CIPFA's understanding from the Welsh and Scottish Governments that there is flexibility to permit publication of accounts beyond the current dates.

DEFERRAL OF THE IMPLEMENTATION OF IFRS 16 – LEASES

37. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of IFRS 16 Leases for one year in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. This will mean the effective date for implementation is now 1 April 2021.

38. An appendix to this Bulletin (Appendix 2) provides information on the feedback received from the 2020/21 Code consultation responses. Appendix 2 also outlines the key changes proposed following feedback and provides updates on the early implementation guidance for authorities.

39. CIPFA/LASAAC will consider the impact of that deferral on the 2020/21 Code and also on the consultation process for 2021/22. That consultation process would traditionally take place over the summer. It is the Local Authority Accounting Panel's (LAAP) understanding that further updates will follow once an action plan has been agreed.

AMENDMENTS TO IAS 19 EMPLOYEE BENEFITS: PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT

40. The Code prescribes the accounting treatment and disclosures for all normal transactions of a local authority, and is based on EU-adopted IFRS. LAAP wishes to clarify the position on adoption of amendments to IAS 19 Employee Benefits relating to plan amendment, curtailment or settlement.

41. This amendment to IAS 19 was included in the consultation for the 2019/20 Code. However, formal EU endorsement did not take place until March 2019. This was too late for the amendment to be included in the final 2019/20 Code.

42. This amendment has been adopted in the 2020/21 Code and will therefore be applicable to authorities for the 2020/21 financial year reporting (and not for 2019/20).

GOING CONCERN BASIS OF ACCOUNTING

43. The provisions in the Code on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that they have no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (ie management deciding to liquidate the entity or cease trading). As authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. Paragraph 3.4.2.23 of the Code

therefore confirms as a matter of fact that local authority accounts must be prepared on a going concern basis.

44. The requirements to use the going concern basis of accounting means that authorities therefore cannot apply paragraph 25 of IAS 1 mandating management to make an assessment of the authority's ability to continue as a going concern. The going concern assumption under the Code is therefore drawn up to assume that a local authority's services will continue to operate for the foreseeable future. This is despite the impact of COVID-19 on local authority financial sustainability because the going concern basis of reporting in the Code and the rationale behind it remains unchanged.

45. However, it is recognised that while the going concern assumption in the Code remains in place, this is separate from the need for local authorities to report on the impact of financial pressures in the narrative report and the relevant liquidity reporting requirements under the Code's adoption of IFRS 7 Financial Instruments: Disclosures. It is also recognised that these reports will be vital following the impact of COVID-19 on local authority financial sustainability. Local authorities will also need to ensure that their reports on credit risks appropriately reflect the impact of the COVID-19 pandemic.

ACCOUNTING FOR CORONAVIRUS (COVID-19) SUPPORT MEASURES IN LOCAL GOVERNMENT

Business Support Grant Funding from Department for Business, Energy and Industrial Strategy (BEIS) (England)

Background

46. As part of the COVID-19 response, the government announced two grant schemes to support businesses to be administered by local authorities:

   a. the Small Business Grant Fund, which awards businesses with properties, in receipt of small business rates relief or rural rate relief a grant of £10,000

   b. Retail, Hospitality and Leisure Grant Fund, this fund awards a grant to businesses with a property being used for a qualifying purpose a grant of £10,000 where the rateable value is up to and including £15,000 or £25,000 where the rateable value is over £15,000 and less than £51,000.

47. The eligibility criteria for these two schemes are set out in government guidance and local authorities which are billing authorities are required to use their business rates information system to identify the properties that meet the eligibility criteria. They are also responsible for paying over the grants to the businesses. Local authorities are reimbursed by government for the grant payments made using a grant under Section 31 of the Local Government Act 2003 (S31). There will be a continuous reconciliation exercise to make sure authorities are fully funded to the amount of grants they administer.

Principal or agent

48. Billing authorities will need to assess whether they should be accounting for the S31 grants paid to them from the Department for Business, Energy and

Industrial Strategy (BEIS) and the distribution of the grants to eligible business, as either principal or agent transactions in accordance with Section 2.6 (Principal and Agent Transactions) of the Code.

49. Paragraph 2.6.2.1 of the Code specifies that the authority is deemed to be an agent where it is acting as an intermediary. Paragraph 2.6.2.2 of the Code sets out that the authority is principal where it is acting on its own behalf. Only where the authority is acting as principal can the relevant amounts be included in its comprehensive income and expenditure statement.

50. To establish whether an authority is acting as principal or agent, local authorities will need to consider all the relevant facts and circumstances and consider how the grant operates. This might require consideration of the guidance that accompanies the grant as issued by BEIS.

51. The Code Guidance Notes Module 2 Section F provides additional guidance for local authorities in making the assessment about whether a local authority is acting as principal or agent. Paragraph F11 states:

> *Where an authority is acting as a distribution point for grant monies to other bodies and has no control over the amount of grant allocated to a recipient, then the authority is likely to be acting as agent.*

52. Where an authority is able to conclude that it has control over the distribution or amounts of the grant it would be deemed to be acting a principal. In terms of the two new schemes BEIS:

   a. has stipulated that local authorities are responsible for delivering the funding (paragraph 7 of the guidance)
   b. establishes how much funding is given to each business group (paragraphs 11 to 15)
   c. sets out the eligibility criteria and defines the exclusions (paragraphs 16 to 31).

   Local authorities are only given discretion to not award the grant until they identify the correct recipient (paragraph 33).

53. It appears from the above description of the guidance of the two grants that the authority is not acting on its own behalf although local authorities will need to take their own decisions taking into account all relevant circumstances.

54. Paragraph 2.6.2.4 of the Code requires that where an authority acts as an agent, transactions will not be reflected in an authority's financial statements, with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position.

LOCAL GOVERNMENT FINANCE CIRCULAR 5/2020: COVID-19 GRANT FUNDING SCHEMES (SCOTLAND)

55. The Scottish Government published Finance Circular 05/2020 to give local authorities guidance for the COVID-19 grant funding schemes. Local authorities will need to consider whether they are acting as principal or agent

in accordance with section 2.6 of the Code (see paragraphs 49 and 51 above for further guidance).

NNDR 1 2020/21 S31 GRANTS FOR 2020/21 PAID TO AUTHORITIES IN 2019/20 (ENGLAND)

Background

56. The MHCLG made payments on 27 March 2020 of the S31 grant amounts calculated on NNDR 1 2020/21 Part 1C, which were due for payment during 2020/21 to ease local authority cash flows. It paid the grant amounts in an upfront lump sum (these would normally be paid in instalments over the course of the year ie 2020/21). Given the monies have been received in the 2019/20 financial year local authorities will need to consider the timing of recognition of grants in accordance with section 2.3 of the Code.

Timing of recognition of grant

57. Paragraph 2.3.2.8 of the Code requires that grants and contributions including donated assets should not be recognised until there is reasonable assurance that:

    a. the authority will comply with the conditions attached to them, and

    b. the grants or contributions will be received.

58. When both the criteria above are met income should be recognised in the comprehensive income and expenditure statement. The guidance notes for the 2020/21 NNDR 1 form stipulated that "The Government will make S31 payments, "on account" over the course of 2020/21, based on 100% of this estimate. Sums will be reconciled to outturn figures when certified 2020/21 NNDR3s are available and any differences will be paid to, or recovered from, authorities."

59. It may be the case that the government's ability to recover overpaid sums from local authorities represents a condition ie 2020/21 grant agreement gives a right to reimbursement. If so, income should therefore not be recognised in the comprehensive income and expenditure statement until the authority has met these conditions in the 2020/21 year. This would mean that grant amounts received in the 2019/20 year will need to be carried forward into the 2020/21 year as a receipt in advance.

COVID-19 COUNCIL TAX HARDSHIP FUND 2020/21 (ENGLAND)

60. The COVID-19 Council Tax Hardship Fund has been established to deliver relief to council tax payers during 2020/21 by reducing council tax liability using discretionary powers under S13A(1)(C) of the Local Government Finance Act 1992. The awarding of the additional council tax discounts by collection fund billing authorities will be funded by a grant under S31.

61. The full cost of any section 13A(1)(c) discretionary discounts are borne only by the billing authority's general fund not the collection fund in accordance with the Localising Support for Council Tax: the Collection Fund (Council Tax

Reductions) (England) Directions 2013. An amount equal to the discount will therefore need to be transferred from the billing authority's general fund to the collection fund. The S31 grant will reimburse the billing authority's General Fund to the extent of the authority's S31 allocation.

FINANCIAL REPORTING ISSUES THAT ARISE FOR LOCAL AUTHORITIES AS A RESULT OF THE COVID-19 PANDEMIC

62. There will be numerous issues that will impact on local authorities as a result of the COVID-19 pandemic.

Events after the reporting period

(See section P of Module 3 of the Code Guidance Notes)

63. Local authorities began to see the most substantial impacts of COVID-19 in March 2020 and therefore before the end of the reporting period. The paragraphs below will cover how these might be reported in the financial statements. Nevertheless, local authorities will still need to consider the requirements of Section 3.8 (Events after the Reporting Period) and whether these events will be adjusting or non-adjusting (see paragraph 3.8.4.1 of the Code for the definition of events after the reporting period). It is likely that there will be more non-adjusting rather than adjusting events but local authorities will need to take these decisions on a transaction by transaction basis.

64. Local authorities will need to make significant judgements about these decisions and the nature of the COVID-19 pandemic will mean that they will need to continually review and update these assessments up to the date the accounts are authorised for issue.

Illustration 1

On 15 April 2020, White Haven Council decided that to ensure that a number of key services affected by the COVID-19 pandemic would be able to deliver their services directly to service recipients, regional hubs would be created. This would also assist with staff resource issues which have arisen because of the pandemic and permit more effective social distancing. The creation of regional hubs meant that White Haven Council announced that all of its local offices would be closed for the immediate future.

65. Both these events (creation of regional hubs and the closure of local offices) relate to conditions that existed after the reporting date and are therefore non-adjusting events. If these decisions cause a material impact on the assets used to provide services (eg the impact that this may have on the value of the local offices or the value of the offices used for the regional hubs or other financial effects), they would need to be disclosed but the relevant assets and liabilities in the balance sheet would not be adjusted.

66. Paragraph 3.8.4.3 requires for non-adjusting events that the following should be disclosed:

- the nature of the event, and
- an estimate of its financial effect, or a statement that such an estimate cannot be made.

67. Other examples of non-adjusting events might be:

- abnormally large changes in asset values after the year end
- new sources of financial support from government
- major changes to the operation of a local authority's services eg requiring restructuring which might either be temporary or permanent
- supply chain disruptions
- changes to the law that will effect a local authority's operations.

Illustration 2

In May 2020, White Haven Council's valuer was able to access better information on the impact of COVID-19 on the local market for office accommodation as at 31 March 2020. The valuer has therefore revised his assessment of the current value of the Council's head offices using this more reliable and relevant data and has valued the asset at £35m at the reporting date. This has increased from the previous valuation of £30m. This means that the local authority will have to adjust the revaluation losses already recognised in the financial statements by £5million.

68. The valuer has more evidence relating to conditions at the reporting date. This therefore is an adjusting event for this local authority. Paragraph 3.8.4.2 of the Code requires that, where material, if an authority has new information about the conditions that existed at the reporting date that the disclosures relating to that information should be updated.

69. Other examples of adjusting events might be:

- receipt of information after the reporting date indicating that an asset was impaired, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted (eg the bankruptcy of a debtor may confirm impairment loss for that debtor at the reporting date)
- notification after the reporting date of changes to grant entitlements (other than those caused by a change in grant conditions after the year end).

Impact on property, plant and equipment

(See Sections C and L of Module 4 of the Code Guidance Notes)

70. Local authorities will need to consider their approach to the measurement of property, plant and equipment carefully and should ensure that they discuss their approach with their external auditors. Where property held at current value is based on market valuations local authorities will need to consider with their valuers the impact that COVID-19 has had on current value though it is also possible that cost information may be subject to estimation uncertainty.

71. The COVID-19 pandemic may give rise to uncertainties in the aforementioned market valuations for local authorities. It is possible that local authorities will identify these material uncertainties in one of two ways:

- as a part of its programme of valuations in accordance with paragraphs 4.1.2.37 and 4.1.2.38 of the Code, or
- as a part of its annual assessment of whether an asset is impaired in accordance with paragraph 4.7.2.9 of the Code.

72. Both of the assessments for property, plant and equipment measured at market value might provide indications that there have been material changes in the current value of the asset, for example, the government's 'stay at home' measures under the COVID-19 pandemic might mean that property values for office accommodation in the area have declined substantially at 31 March 2020. The same measures might also provide an indication that a property is impaired because local authorities themselves are not using their own office accommodation. See paragraph 4.7.2.11 of the Code for indicators of impairment.

73. Local authorities will need to consider the information arising from the two assessments above. Does the programme of revaluations provide information that the value of a local authority's other holdings of property are no longer materially accurate in accordance with paragraph 4.1.2.37 of the Code? Does the assessment of the recoverable amount under Section 4.7 (Impairment of Assets) of the Code provide similar indications?

74. Where a local authority is undertaking a programme of revaluations it will need to discuss the valuations with the valuer and take into account the latest RICS guidance on the issue (eg the RICS Valuation practice alert - COVID-19). Local authorities will need to fully understand the impact of the Alert on valuations it is commissioning and particularly where valuers include a 'material valuation uncertainty' declaration in their reporting and advice. Where such declarations are made on a property, local authorities will need to discuss the significance of the declarations with their external auditors though it is important to note that this may not mean that valuers are unable to provide a reliable valuation for the asset so any report and statement needs to be considered carefully.

75. At the same time local authorities will need to be clear in their instructions to the valuer what estimation uncertainty means in financial reporting terms (see Code paragraphs 3.4.2.90 and 2.10.1.4, 3) h) for any property held at fair value). Paragraph 3.4.2.90 of the Code requires that local authorities disclose information about the assumptions concerning the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities, within the next financial year.

76. Paragraphs 77 to 80 below cover the impact on assets and liabilities measured at fair value which includes some classes of property, plant and equipment.

Fair value measurement – impact on financial instruments and investment property measurement

(see Section J Module 2 of the Code Guidance Notes)

77. Paragraph 2.10.2.18 of the Code establishes that when measuring fair value an authority is required to take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (ie 31 March 2020). This importantly establishes two issues: that the fair value measurement is at the measurement date (and not a future date) and that the measurement must reflect the market participant's views and assumptions

about the pricing of an asset or a liability at that date. Fair value measurements for financial instruments and investment properties held by local authorities will need to be reviewed against the conditions and assumptions at the measurement date. This will be difficult because of the volatility of the market at the measurement date and the potential for there to be a lack of reliable observable inputs.

78. Note that paragraphs B37 to B42 of IFRS 13 provide special arrangements for circumstances where the volume of activity for an asset (or where relevant a liability) has significantly decreased. Transactions may be adjusted where they are not orderly (see paragraphs B43 to B44 of IFRS 13).

79. Where previously fair value measurements had been based on market valuations and observable inputs and these are either no longer available or reliable, IFRS 13 Fair Value Measurement as adopted by the Code allows for changes in the inputs used and for different valuation techniques to be used (see IFRS 13 paragraphs 72 to 90 and paragraphs B5 to B11) including cost based measurements. Local authorities will need to assess what information was known or knowable at the measurement date.

80. Where local authorities have either changed the valuation technique or the inputs used to measure the asset or liability, Code paragraph 2.10.4.1 includes specific disclosure requirements so that users can understand the effects of these changes. It also might affect the sensitivity analyses in the disclosures.

Expected credit losses

(See Chapter 2 IFRS 9 Guidance Notes for Local Authority Practitioners)

81. Generally local authorities' holdings of financial instruments are held at amortised cost. Local authorities will need to consider their holdings of financial assets that are in the scope of the Code's adoption of IFRS 9 Financial Instruments and the Expected Credit Loss (ECL) model.

82. Paragraph 7.2.9.2 of the Code requires an authority to measure at the reporting date the loss allowance for a financial instrument at an amount equal to the lifetime ECLs if at year end the credit risk on that financial instrument has increased significantly since initial recognition. This could mean that ECLs for some financial assets which were previously based on '12-month' ECLs assessment may move to 'lifetime' ECLs.

83. The assessment of credit losses is based on information about past events, current conditions but also future forecasts. The economic outlook for an authority's financial assets as a result of the COVID-19 pandemic must be taken into account when making this assessment. Local authorities need to consider the risk of default of its financial assets, the exposure to that default risk and the estimated loss as a result of the default. Although facing similar events, local authorities ECLs will be individual to their debt portfolios, the nature of their financial assets held at amortised cost and the impact of the pandemic in its local area (as well as national economic events).

84. Paragraph 7.2.9.19 of the Code requires local authorities to measure expected credit losses in a way which represents:

a) an unbiased and probability weighted amount determined by evaluating a range of possible outcomes
b) the time value of money, and
c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

85. As current circumstances are unprecedented, it will be difficult for local authorities to make assessments. Evidence of impact on collection rates as of 31 March 2020 will show the effects but paragraph 7.2.9.19 c) above requires that calculations are made on the basis of reasonable and supportable information that is available without undue cost or effort at the reporting date.

86. IFRS 9 as adopted by the Code requires substantial disclosures to measure both quantitative and qualitative information about amounts arising from expected credit losses and credit risk exposure (see the Code paragraphs 7.3.3.13 to 7.3.3.18 for the relevant disclosure requirements).

Other reporting issues which are likely to be affected by the COVID-19 pandemic

87. The following areas will need to be considered by local authorities as having being impacted on by the COVID-19 pandemic (though this list is not likely to be exhaustive):

- Narrative reporting (see Section 3.1 of the Code): as well as the usual reporting requirements this will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability. Appendix 3 of this Bulletin includes a list of issues local authorities may wish to consider.
- Reporting judgements and estimation uncertainty (see paragraphs 3.4.2.88 and 3.4.2.90 of the Code): this could be affected in numerous ways as a result of the pandemic. Local authorities will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities discussed above (see paragraphs 70 to 80). Other areas might include uncertainty for local authority income streams including new government support, etc.
- IFRS 9 as adopted by the Code: measurement of assets and liabilities not discussed in paragraphs 70 to 86 above (eg measurement of a local authority's interests in other entities).
- impact of rent holidays where authorities have agreed them with lessees.

It should also be noted that most of the transactions impacted by the COVID 19 Pandemic will need to be considered under the Code's requirements for events after the reporting period.

THE IMPACT OF THE COVID-19 ON PENSION FUND INVESTMENT MEASUREMENT AND IMPAIRMENT

Measurement of year-end values

88. As the majority of investments for pension funds are measured at fair value, similar measurement and reporting issues to those described in paragraphs 77

to 80 above will exist. Practitioners will be aware that as a result of the COVID-19 pandemic pension fund investments have been subject to volatility. The markets, however, have continued trading and while it is recognised that the volatility exists, it is considered that information should still be available to measure the financial instruments at the measurement date in accordance with the requirements of the Code. It is important to engage early with custodians and fund managers to not only gather information for year-end measurements but to also understand any estimation techniques and any changes to those techniques that may be needed to measure the financial instruments.

89. Where such volatility exists it may mean that the inputs used in the fair value measurement hierarchy (levels 1 to 3) may change (see IFRS 13 paragraphs 72 to 90). Where trading has reduced such that there is a significant decrease in the volume or activity then practitioners will need to refer to paragraphs B37 to B42 of IFRS 13. Paragraph B37 provides a list of indicators that will help to determine whether there has been a significant decrease in the volume of activity.

90. If there has been a significant decrease in the volume or level of activity for the instrument, this may require a change of technique (or the use of multiple techniques see paragraph B40 of IFRS 13). Paragraph B41 of IFRS 13 sets out that even where there is a significant decrease in the volume or level of activity the objective of fair value measurement remains the same. Fair value is the price that would be received to sell an asset in an orderly transaction (ie not a forced liquidation or distress sale) between market participants at the measurement date under current market conditions. This may mean using changes to measurement inputs on the fair value hierarchy but, LGPS funds will be able to achieve measurement at the measurement date.

91. Measurement of inputs where they are based on an observable market price should be the prices quoted at the reporting date. Paragraphs 63 to 69 above provide guidance on the reporting of events after the reporting period. This will apply to pension fund investments. Any subsequent changes in values to the investments after the financial year end will not represent a change to the conditions at the year end so would not be adjusting events. Therefore, any material changes in values after the year end should not be reflected in the Net Assets Statement but included in a narrative disclosure note.

Other investments held by pension funds

92. Where pension funds have diversified into more illiquid investment classes each needs to be considered based on the characteristics of the instrument:

   a. Private equity and venture capital funds typically do not have 31 March year ends. The Code (paragraph 7.1.2.3) permits those values to be used and then simply adjusted for any calls or distributions since that date to the year end. However, given the general reduction in values it may be necessary for the value at 31 March to be estimated. Practitioners should liaise with the relevant fund managers to understand the valuation process they are using, document the uncertainties involved in the estimation and make the relevant disclosures for level 2 and 3 inputs used to measure financial instruments.

b. Property assets – the measurement of property assets will be at fair value and reference should be made to paragraphs 77 to 80 above for additional guidance on its measurement.

c. Infrastructure asset classes – again these assets are measured at fair value (see paragraphs 77 to 80 above).

In all cases practitioners should liaise with their fund managers, custodians and independent investment advisors to obtain up to date valuation information.

93. For instruments held at amortised cost, pension funds will need to consider the need for the appropriate measurement of expected credit losses in the same way as local authority accounts (see paragraphs 81 to 86 above).

94. The impact on the estimation processes and the judgements local authorities will need to make in relation to pension fund investments will mean that disclosures in relation to these will need to be clearly presented (see the Code paragraphs 3.4.2.88 and 3.4.2.90 and paragraph 2.10.4.1, 3) h) for any investments held at fair value).

95. Given the uncertainties surrounding valuations, LAAP would recommend that practitioners liaise with their auditors during closedown to discuss their approach to the estimation processes.

Disclosure

96. Where local authorities have either changed the valuation technique or the inputs used to measure the investments held by pension funds, paragraph 2.10.4.1 of the Code includes specific disclosure requirements so that users can understand the effects of these changes.

97. Such changes in measurement may affect the sensitivity analyses in the disclosures. In particular, if assets move into levels 2 and 3 on the fair value hierarchy, this will require greater disclosure and quantification about the valuation techniques, the inputs used in the fair value measurement, uncertainties and the sensitivity of the valuation to changes in assumptions. Practitioners will need to consider the need for any additional disclosures for events occurring after the reporting period in line with the Code's requirements (see paragraphs 63 to 69 above).

ADDITIONAL COVID-19 ADVICE AND SUPPORT FOR LOCAL AUTHORITIES

98. CIPFA has set up an online hub for COVID resources which can be found here.

Essential guidance for local authorities on all aspects of the coronavirus support can be found on the GOV.UK website.

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

99. Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose

information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

100. The standards that may be relevant for additional disclosures that will be required in the 2019/20 and 2020/21 financial statements in respect of accounting changes that are introduced in the 2020/21 Code (ie that are relevant to the requirements of paragraph 3.3.4.3 of the Code) are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

101. At the time of drafting this Bulletin the deferral of implementation of IFRS 16 to the 2021/22 Code has meant that the 2020/21 Code has not yet completed its full due process. Annually, Appendix C of the Code confirms the requirements of accounting standards that have been issued and not yet adopted and the 2020/21 Code will confirm these for the 2019/20 financial year. Appendix C of the 2020/21 Code only includes standards adopted in the Code and therefore for 2019/20 local authorities are not required to include IFRS 16 in their consideration of accounting standards that have been issued but not yet adopted, although this is subject to approval of the 2020/21 Code.

REGULATIONS ON FAIR VALUE GAINS AND LOSSES OF POOLED INVESTMENT FUNDS

102. Regulations on the treatment of fair value gains and losses on pooled investment funds have been issued for England (Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 (SI 2018/1207) and Wales (The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2020 (SI 2020/110)). The Regulations establish how these gains or losses are treated in local authority reserves. They specify that local authorities "must charge that amount to an account established, charged and used solely for the purpose of recognising fair value gains and losses in accordance with this regulation."

103. The Regulations were not issued in time for inclusion in the 2019/20 Code, but the provisions relate to the 2019/20 financial year. *IFRS 9 Financial Instruments: Guidance Notes for Local Authority Practitioners* (CIPFA, 2019) page 50 provides guidance on the issue for English local authorities. The Welsh Regulations can be similarly applied.

Appendix 1

PARAGRAPH I105 FROM THE CODE GUIDANCE NOTES (MODULE 3) – REVISIONS RELATING TO THE DEDICATED SCHOOLS GRANT (DSG)

The conditions of grant set by the Education and Skills Funding Agency provide that:

- DSG can only be used to support the schools budget.
- For DSG purposes, grant allocated to the ISB is taken to have been spent as soon as it is deployed – ie passed to schools' budget shares. There is no requirement to track DSG through the ISB to its use by individual schools, and changes in balances held by schools are not to be recorded in this note.
- Paragraphs 3.3 and 9 of the 2019/20 conditions of grant provide details of DSG payments.
- The regulations no longer provide for formal changes to the schools budget during the year, or redetermination of budget shares except in specific prescribed situations. Where the DSG changes, the authority (after consulting the schools forum) will need to decide how to deal with this change in terms of altering early years funding or central budgets or carrying forward additional grant or deficit to the following year.
- The final DSG for 2019/20 before the academy recoupment figure includes a provision for the early years block. This figure is derived from the 2018 to 2019 data. The final allocation for the 2019/20 early years block will be made in June 2020 using the January 2020 census figures and any adjustments to be treated as an 'in year adjustment' for 2020/21. This should be included as a note in the 2019/20 notes to the accounts. Local authorities will need to agree year-end practice with their auditors.
- ~~If an authority's actual spend on central expenditure or the ISB is greater than its central expenditure or ISB budgets, ie there is an overspend, the authority can decide.~~

    - ~~not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools budget in future years~~
    - ~~to fund part of the overspend from its general resources in the year in question and to carry forward part to the schools budget in future years~~
    - ~~to fund all of the overspend from its general resources in the year in question.~~

- ~~Where an authority takes the decision to carry all or some of the overspend forward, this becomes a first call on the next year's schools budget. The schools forum will need to approve any such charge and also the use of funding from the 2019 to 2020 schools budget for any overspend on central expenditure brought forward from 2018 to 2019. The schools forum also has to approve the use of funding from the 2019 to 2020 schools budget for any overspend brought forward from 2018 to 2019 on de-delegated services, irrespective of whether there is an underspend on central expenditure as a whole.~~
- New provisions have been put into Regulation 8, paragraphs (7) and (8), and Schedule 2 Part 8 of the School and Early Years Finance (England) Regulations 2020, so that local authorities are required to carry forward overspends of DSG to their schools budget either in the year immediately following or the year after. They can apply to the secretary of state to disregard this requirement. In the case of the secretary of state giving such permission, this may be for all or part of the sum requested by a local authority, and permission may be given subject to conditions.
  The impact of these statutory provisions will be that a local authority with a DSG deficit from the previous year must either:

- carry the whole of the deficit forward to be dealt with in the schools budget for the new financial year, deducting all of it under Regulation 8(7)(a) from the money available for that financial year
- carry part of it forward into the new financial year and the rest of it into the financial year following that, using Regulation 8(7)(b)
- carry all of it into the following financial year following the new year, using Regulation 8(7)(c)
- apply to the secretary of state under Regulation 8(8) for authorisation to disregard the requirements in Regulation 8(7) if it wishes to fund any part of the deficit from a source other than the DSG.

This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income, unless the secretary of state authorises the local authority not to do this.

- If an authority's actual spend on central expenditure is less than its central expenditure budget, the underspend must be carried forward to support the schools budget in future years, including any money that is moved into earmarked reserves.

The note at paragraph I108 is deleted.

Appendix 2

IFRS 16 LEASES

Implementation in the 2021/22 Code

1.0 The implementation of IFRS 16 Leases has been deferred by CIPFA/LASAAC until the 2021/22 Code. The following key amendments to the proposed draft text provided as Appendix B to the 2020/21 Code Invitation to Comment have been made as a result of stakeholder feedback and the advice from the government's Financial Advisory Board:

a. An adaptation to specifically exclude Housing Revenue Account tenancies from the scope of IFRS 16 Leases application.

b. Specific recognition that the adaptation to remove the requirement for financial consideration from the definition of a lease also applies to lessor arrangements.

c. All other lease identification criteria must be applied.

d. Identification of material 'nil consideration' lessor arrangements will be required on transition.

e. Transition arrangements are included for the authority as lessor where nil consideration leases are classified as finance leases. They require derecognition of the asset provided to the third party and recognition of any unguaranteed residual value.

g. Recognition that the Code's lease requirements can apply to heritage assets.

h. In relation to peppercorn or nil consideration leases, a requirement that where fair value cannot be obtained at a cost which is commensurate with the benefits, current value shall be used instead of fair value.

i. Clarification that where an authority reverts to the cost model rather than valuation for a right-of-use asset, the cost model must be compliant with the requirements of IFRS 16 as expressed in the Code.

j. Clarification that revaluation of existing finance lease assets or reversion to the cost model are not a transition adjustments. These should be presented as post transition items.

IFRS 16 LEASES: An Early Guide for Local Authority Practitioners

1.1 The changes noted to the Code IFRS 16 Leases requirements, as well as the deferral of IFRS 16 from 2020/21 to 2021/22, affect the application of IFRS 16 Leases: An Early Guide for Local Authority Practitioners. References in the Early Guide publication to the transition date of 1 April 2020 or transition year of 2020/21 will need to be updated to reflect the deferral. This will also impact on the various illustrations included. Additionally, queries and comments have helpfully identified some aspects where clarification or amendment is required.

1.2 Illustrations on page 42 and 72, the final column should be headed "A less C" not "A less B".

1.3 Illustration of the accounting treatment following reassessment of the lease liability: The journal on page 50 should read:

Dr	CIES (OCIE) – revaluation loss charged to revaluation reserve	£478,673
Dr	CIES (SDPS) – revaluation loss/impairment charged to attributable service line(s)	£116,066
Cr	Property, plant and equipment – land and buildings	£594,739

1.4 Movements in reserves: Illustration of impact on unusable reserves (page 111). The end total for the general fund balance should be £1m ie the table should show:

	General fund balance	Housing Revenue Account	Capital receipts reserve	Major capital reserves	Capital grants unapplied	Unusable reserves
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2021	1,000	500	750	-	50	-2,000
Adjustments on transition to new accounting arrangements for leases	194	-	-	-	-	-
Transitional adjustments between accounting basis and funding basis	-194	-	-	-	-	194
Adjusted balance at 1 April 2021	1,000	500	750	-	50	-1,806

IFRS 16 LEASES: Operating lease prepayments

1.5 Where an operating lease transitions to a 'right-of-use' asset, on transition the right-of-use asset (ie the deemed historical cost of the right of use asset) is adjusted for prepayments (or accruals) existing at the transition date.

1.6 Taking a prepayment situation as an example with annual rentals paid in advance on 15 March, including a prepayment in the right-of-use asset value on transition will increase the amount to be depreciated without similarly increasing the 'liability element' of future cash payments that will be treated as statutory repayment/ MRP and charged via the Capital Adjustment Account (CAA). This would, other things being equal, leave a balance on the CAA (of depreciation charged to the CAA) that was not offset by a charge to the general fund.

1.7 In principle, it could be suggested that to maintain consistency with previous charges, an initial entry in 2021/22 to Dr general fund and Cr CAA for the amount of the prepayment could be made. This would be equivalent to releasing the prepayment from the balance sheet to the General Fund (via the comprehensive income and expenditure statement) under the current treatment. However, this would only be appropriate where the prepayment relates wholly to use of the asset in 2021/22. Where all or part of the prepayment relates to later years, alternative arrangements will be needed to spread the debit balance over those years.

1.8 Given, however, that minimum revenue provision (MRP) charges for leases are understood to normally be linked to the element of liability repayment that occurs on the date of the cash payment, this raises the potential for the general fund to be charged twice in 2021/22 to fund the right-of-use asset.

1.9 Adopting this approach could therefore be argued to result in 2021/22 receiving a 'double charge': a 'catch up' charge for the prepayment that has been made and then a charge for liability repayment in March 2022. This therefore may have an impact on 2021/22 budget setting and the future profile of charges to the general fund compared to that which would have occurred under IAS 17.

English MRP Requirements

1.10 It is considered that in England the current English MRP guidance requirements to ensure that a prudent repayment of MRP is made allow sufficient flexibility to manage this situation. In particular in relation to leases and PFI paragraph 45 states: "It will be open to authorities to consider a different approach to the calculation, subject to compliance with the overriding statutory requirement to make a prudent level of MRP."

1.11 Where a material profile change arises, a council in England may consider adopting the cost element of right-of-use asset depreciation charges as the basis for MRP charges to the general fund, rather than the suggested approach detailed in paragraph 45 of the MRP guidance.

1.12 It should of course be noted that where payments are in arrears the requirement to make prudent MRP or statutory charges will also normally apply.

Appendix 3

COVID-19 – THE IMPACT ON NARRATIVE REPORTING

Areas local authorities may wish to consider for inclusion in the narrative report as a result of the COVID 19 pandemic (*note this list is not intended to be prescriptive or exhaustive but to assist local authorities in identifying key issues for inclusion in its narrative report*):

Area of impact	Issues to consider
Provision of Services Local authorities should focus on the principal issues that have affected service provision.	• High level commentary on COVID-19 response plans. • The impact on social care provision: – changes in operational procedures – resources etc. • The effects of school closures. • New initiatives to support those most vulnerable in the community. • New government initiatives eg new business rate relaxations, new grants to support business etc. • How will COVID-19 impact on the future provision of services.
Council's Workforce Local authorities will need to focus on the changes to the council's workforce.	• The impact of the 'stay at home' measure on its workforce. • The need to redeploy staff to support the front-line work force. • The impact of COVID-19 on sickness levels and consequential impact on services.
Supply Chains Local authorities will need to provide commentary on the operation of its supply chains.	• Its new priorities as a result of COVID-19. • Other service priorities for a local authority's supply chains. • How effective the supply chain is in delivering those priorities and how the authority identifies any gaps. • Any mitigating actions for those gaps where essential suppliers might fail.
Reserves, financial performance and financial position Local authorities will need to provide commentary on their level of reserves and include any impacts on the next financial year. It will also need to comment on financial sustainability.	• Commentary on the levels of general fund balances (including material earmarked reserves) as presented in the movement in reserves statement. A separate commentary on how the COVID-19 pandemic has/will affect these. • Housing authorities will need to comment on the levels of Housing

Area of impact	Issues to consider
	Revenue Account balances and the impact the pandemic will have on these. • Other reserves may be important to comment on eg capital receipts reserve, capital grants unapplied • The impact that the pandemic may have had on efficiency savings and transformation plans. • Impact of any of the material changes in the assets and liabilities in the balance sheet – impacts in the short to medium term and long term may need to be considered. • Impact of new business rates and grants awarded as a result of the pandemic. • Impact on service budgets where there may be a future spike in demand for services. • Overview of debt management, capital financing strategy. • Commentary on capital programmes delay, any slippage and revised plans.
Cash flow management Provide an overview of how the authority manages its cash flows and the controls it uses (including, daily, weekly and monthly reviews).	• Summarise the major changes – what are the material impacts. • Set out any mitigation actions where cash flows are on a downward trend. • Links these controls to the treasury management function.
Major Risks to the Authority Summarise major risks including effects of the COVID-19 pandemic.	Examples include: • subsidiaries and interests in other entities, particularly company performance • major elements of the capital programme eg major PFI schemes • resilience of the community ie the ability to support the local community in its recovery including through partner organisations or charities.
Plans for Recovery	• A summary of an authority's plans for recovery.