Audit Update Report

Derbyshire County Council and Derbyshire Pension Fund

Year ending 31 March 2020

MAZARS

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1. EXECUTIVE SUMMARY

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor for Derbyshire County Council and the Derbyshire Pension Fund and also summarising key national publications that may be of interest to Members.

Changes in accounts and audit timetable

In April 2020 The Ministry of Housing, Communities and Local Government (MHLCG) confirmed that a statutory instrument (SI) amending the Accounts and Audit Regulations had been laid and came into force on 30 April 2020. The new effects of the amendments to the regulations are to change the dates that local authorities, are required to publish draft and final accounts, and to remove the 'common' period during which local electors can inspect and object to local authority accounts.

The key changes for publication of draft and final accounts are as follows:

• The deadline for authorities to publish draft financial statements moves from 31 May to **31 August 2020**.

• The deadline for publication of final (audited) financial statements moves from 31 July to **30 November 2020**.

The requirement for a 'common' inspection period has been removed. The requirement to hold a 30-working-day inspection period remains, but for 2019/20 authorities can commence the inspection period at any time, except it must commence **no later than 1 September 2020**. This will allow authorities to produce their draft accounts and commence their inspection periods as soon as they are able.

We received the accounts of the Derbyshire County Council and Derbyshire Pension Fund on 8 June 2020 and the public inspection period commenced on 9 June 2020 and concluded on 20 July 2020.

Progress to date

We agreed dates to complete the audit fieldwork and our work has progressed reasonably well. Covid19 has created challenges to our ability to work efficiently, but management have been both supportive and cooperative as our work has progressed.

We do not expect, however, to be able to conclude the audit until October / November. This relates to the current position on the review process and our need to clarify the position on pensions and going concern. We are aiming to complete our work in October and we envisage our Audit Completion Reports for Derbyshire County Council and the Derbyshire Pension Fund being available in late October to facilitate sign offs in early November.

2. SIGNIFICANT FINDINGS TO DATE

Set out below are the significant findings from our audit to date. These findings include:

- matters arising from the work performed to date regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. At this stage we envisage concluding that the financial statements have been prepared in accordance with the financial reporting framework and have not identified any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk	**Description of the risk**
Management override of controls (DCC and DPF)	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting on amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Current Position The majority of our testing has been completed, with no matters arising. As management override could occur at any point up to the end of the audit, we need to perform our final procedures closer to the completion stage of the audit.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
Revenue recognition (DCC)	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. Having considered the factors for revenue recognition and the Council's income streams, we believe the risk is relevant to "fees, charges and other service income". We have applied our judgement and believe the risk is not present in income from interest and investments, council tax, business rates and government grants. In our auditor judgement, we believe the risk is focused on the year-end balance sheet and in particular the existence and accuracy of "fees, charges and other service income" receivables.
	How we addressed this risk We addressed this risk by performing work in the following areas: • ensuring the accounting policies in relation to revenue recognition and recognition of accruals are appropriate and consistently applied; • testing year end debtors to confirm that they have been correctly valued and are correctly treated as a debtor of the authority; and • carrying out cut-off testing to confirm income has been charged to the correct accounting year.
	Current position Our work is substantially complete with no significant findings, however we need to perform our final procedures and quality control reviews before concluding.

Significant risk	Description of the risk
Valuation of land and buildings, investment properties (where material) and assets held for sale (where material) (DCC)	The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's Property, Plant and Equipment that is held at a valuation. The Council uses an internal valuation expert to provide information on valuations because there is a high degree of estimation uncertainty caused by significant judgements and number of variables involved in providing valuations. We have therefore identified the valuation of material balances of land and buildings, investment properties (if material) and assets held for sale (if material) to be an area of significant audit risk. At the outset of the Covid19 outbreak, guidance issued by the Royal Institute of Chartered Surveyors set out an expectation that valuers are likely to conclude that there is "material uncertainty" over the valuation of land and buildings at the balance sheet date.
	How we addressed this risk
	We have considered the Council's arrangements for ensuring that the valuation of land and buildings are reasonable and whether valuation movements are in line with market expectations using available indices where appropriate. We have assessed the competence, skills and experience of the valuer. We test a sample of revaluations in year to valuation reports and supporting calculation sheets to ensure these are consistent with underlying source records (such as floor plans) in addition to challenging the methods and assumptions used by the valuer. Where necessary we also perform further audit procedures on individual assets to ensure that the basis and level of revaluation is appropriate. In addition, we assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer.
	Current position
	Our work is substantially complete with non-material findings relating to the indexation of values in order to fully reflect the position at the balance sheet date. The Council's valuer has included a statement of 'material uncertainty' over the valuation as at 31 March 2020 and we have considered this as part of our testing approach. We are considering the impact to our Audit Report, which we expect will lead to an 'emphasis of matters' paragraph to draw attention to the relevant disclosure note in the financial statements. This would not be a modification to the audit opinion and our approach is taken consistently across all local authority audits.

Significant risk	Description of the risk
Valuation of net defined benefit liability (DCC)	The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. Moreover, in 2019/20 the local government pension assets and liabilities are subject to triennial revaluation, which will set the contribution rates for 2020/21 onwards. This results in an increased risk of material misstatement.
	How we addressed this risk In relation to the valuation of the Council's defined benefit pension liability in addition to our standard programme of work in this area we: • review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PwC, the consulting actuary engaged by the National Audit Office; • agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements; • critically assess the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans; and • gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate.
	Current position Our work is ongoing and these assurances will also inform us of any concerns relating to the valuation of pension fund assets as a result of any uncertainty caused by Covid19. We will need to consider the impact of this before issuing our opinion. In July 2019, MHCLG consulted on the proposed remedy for the 'McCloud' and 'Sargeant' cases. This indicates that the approach adopted for 2018/19 and 2019/20 is likely to have led to an overstatement of the pension fund liability as at 31 March 2020. We have requested the Council obtain an updated actuarial valuation to identify whether the pension fund assets and liabilities require adjustment.

Significant risk	Description of the risk
Valuation of unquoted investments for which a market price is not readily available (DPF)	As at 31 March 2019 the fair value of investments which were not quoted on an active market was £912m, which accounted for 18 percent of net investment assets. Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end. As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.
	How we addressed this risk We addressed this risk by completing the following additional procedures: • agreeing holdings from fund manager reports to the global custodian's report; • agreeing the valuation to supporting documentation including investment manager valuation statements and cashflows for any adjustments made to the investment manager valuation; • agreeing the investment manager valuation to audited accounts or other independent supporting documentation, where available; and • where audited accounts are available, checking that they are supported by a clear opinion.
	Current position Our work is substantially complete with only non-material findings, however we need to perform our final procedures and quality control reviews before concluding.

2. SIGNIFICANT FINDINGS (CONTINUED)

Key areas of management judgement	
Minimum revenue provision (MRP) (DCC)	**Description of the issue** Local authorities are normally required each year to set aside some of their revenues as a provision for debt in respect of capital expenditure financed by borrowing or long term credit arrangements, by reference to the prior year's closing Capital Financing Requirement. The amount to be set aside each year is not prescribed although an overarching principle of prudency is expected to be adopted. This is supported by statutory guidance as to how this could be achieved and the Council is required to have regard to this in setting its MRP policy. Management judgement is therefore exercised is determining the level of its prudent provision.
	How we addressed this issue We addressed this judgement by: • reviewing the Council's MRP policy to ensure that it has been developed with regard to the statutory guidance; • assessing whether the provision has been calculated and recorded in accordance with the Council's policy; • assessing whether the amount provided for the period is appropriate, taking into account the Council's Capital Financing Requirement; and • confirming that any charge has been accounted for in accordance with the Code.
	Current position Our work is substantially complete with no significant findings, however we need to perform our final procedures and checks before concluding.

Key areas of management judgement	
SinFin waste recycling (DCC)	**Description of the issue** The long-term waste management contract between Derbyshire County Council, Derby City Council and Resource Recovery Solutions came to an end in 2019. Work is underway to determine the condition and capability of the currently non-operational treatment facility. The Council's management will need to make a judgement on how to account for the impact in 2019/20.
	How we addressed this issue We evaluated the basis of the accounting judgement and the impact on the financial statements for 2019/20 including the adequacy of disclosures.
	Current position Our work is substantially complete with no significant findings, however we need to perform our final procedures and checks before concluding.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant matters discussed with management

We have, and will continue to have, ongoing dialogue with management over key aspects of the audit. These have included:

- the impact of Covid19 on the entity's business, including potential impact on risks of material misstatement; and
- discussions in connection with the application of auditing standards and fees for audit.

Covid19

We have discussed the impact of Covid19 on the Council's business and concluded there were no additional financial statement significant audit risks arising.

One area of concern is the Council's financial resilience. The Council must re-evaluate its budget and medium term financial outlook. The full financial impact of Covid19 is not yet certain, however the initial outbreak impacted on the Council's ability to enact its original 2020/21 plan, including services redesign, reducing expenditure and / or investment opportunities.

We recognise the Council is working through the implications and considerations. The impact of this cannot be understated. The Council's useable reserves are under significant pressure and action must be taken in order to ensure the Council's financial resilience is assured.

Financial Statement Matters: Going Concern

The Council's going concern status is confirmed through the 2019-20 local government accounting code, and must also follow International Accounting Standard (IAS) 1: Presentation of financial statements. We must comply with a revised ISA (UK) 570 Going Concern, effective for periods commencing on or after 15 December 2019. The above, combined with the impact of Covid-19, means an additional level of scrutiny is required over the going concern assertion in 2019/20. In particular, reviewing management's explicit considerations of whether the financial statement disclosure for going concern should more explicitly describe the impact of Covid-19.

We have provided a briefing note to management and have requested the Council perform a formal going concern assessment for 2019/20 prior to us forming our final audit opinion.

Financial Statement Matters: Financial Instruments

Whilst the Government has introduced a number of measures to ease financial hardship, the Council will need to consider the impact on expected credit losses or the impairment of financial assets.

Financial Statement Matters: Sources of estimation uncertainty, including pension fund assets and liabilities

The Council is required to provide disclosures regarding the key sources of estimation uncertainty that management has made in preparing the financial statements, specifically those with a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the ensuing financial year.

Audit fees

As explained in our Audit Strategy Memorandum, we continually strive to maintain high standards of audit quality. One mechanism for doing this is to consider the outcome of independent quality reviews, in particular by the Financial Reporting Council, of our audit work and that of other audit suppliers. In particular, we have increased the level of work we do on:

- defined benefit pension schemes;
- valuation of property, plant and equipment; and
- Major local audits.

We expect this to be a permanent uplift to the audit fee and have provided management with an estimate, to be confirmed on completion of our work, of between £9,000 to £15,000.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant matters discussed with management (continued)

Audit fees (continued)

In addition to the fees relating to scope changes to the valuation of land and buildings and in relation to the pension fund assets and liabilities, we have discussed with management the additional audit testing and audit work required relating to:

- Valuation uncertainty on land and buildings and pension fund assets caused by Covid19;
- Additional testing and evaluation of the going concern assertion and financial instruments; and
- Potential changes to the financial statements as a result of the McCloud remedy.

We have provided management with an estimate of between £6,750 and £14,000 for these matters. The final amount will be agreed on completion of our work and be proportionate to the level of specific additional work required.

Management co-operation

During the ongoing coronavirus situation, Mazars has implemented clear and decisive measures to ensure the welfare of our people and clients while ensuring that we continue to deliver for those who rely on us. Remote working has meant the audit is not as efficient as we would like or expect, including an extended period of query resolution. This is consistent across all our clients and a reflection of the impact of Covid19.

Management have been under substantial pressure to deliver against many competing priorities since March 2020 and we want to extend our thanks to the finance team for their positive support and co-operation during the course of the audit.

Audit adjustments

In our Audit Completion Report, we will provide full disclosure of audit adjustments and any unadjusted misstatements for approval. From the work performed to date, the main items for the Audit Committee to note are:

- Property Plant & Equipment - Management identified that the Tupton Hall School Academy disposal had been adjusted from purchased built not PFI asset line in the PPE table.
- Minor disclosure update to credit risks arising from financial instruments – Management identified that figures in the disclosure narrative and tables had not been updated for a pre-audit adjustment to trade debtors.
- We have identified non-material changes which could be made relating to the indexation of property values to make them relevant to the balance sheet date and the proposed remedy for the 'McCloud' and 'Sargeant' pensions cases. There is also the potential for change through another pension case called 'Goodwin'.
- Pension Fund Accounts – Management identified that for current assets the latest table was not pasted in (the table was before a £191k loss allowance for rental debtors), the current assets in the net assets statement is however correct.
- Minor changes identified by Mazars to date in the Council Accounts include:
    - Accounting Policies – updated to include the following in respect of valuation of heritage assets "Where a valuation has been applied to this class of assets, other than a historic valuation, a range of valuation bases have been used which include external valuations, curatorial valuations and a limited number of cases of insurance valuations. Where a curatorial valuation has been applied the valuation is dependent upon the experience and knowledge of the Derbyshire Museums Manager".
    - Note 16 - updated to show heritage assets by separate classes this year and last, with movements, with explanation of the different classes added.
    - Note 51 – sentence added: "The Council's maximum exposure to credit risk is deemed to be the gross carrying amount of the financial assets held."
    - Note 22 – these sentences added: "The Council's pooled investment funds are traded on active markets, for which the Council can access the measurement data. The fair values of these funds are determined by the closing bid prices at 31 March 2020. The fair values of the Council's deposits and the loans it has made are determined with reference to the principal, term, rate and timing of the interest and the borrower's credit rating" Also extra lines added to split out non-current investments in the 'Non-Current Financial Assets' table to separately disclose the Pooled Investment Funds (at FV hierarchy level 1) and the loan for Buxton Crescent (at FV hierarchy level 3).

3. VALUE FOR MONEY CONCLUSION

Our approach to Value for Money

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified the following significant risk to our VFM work:

Risk:	SinFin Waste Recycling
Description	The long-term waste management contract between Derbyshire County Council, Derby City Council and Resource Recovery Solutions came to an end in 2019. The facility was due to be operational in 2017, however this did not happen as intended. Following a sustained period of the Councils asking the funding banks to step-in and get the Waste Recycling facility fully operational, the banks issued a legal notice (called a "No Liquid Market" notice) that brought the contract to an end and the councils did not dispute the notice. Work is underway to determine the condition and capability of the currently non-operational treatment facility.
Planned response	We will review the governance and decision making in respect of this project before offering our 2019/20 VFM conclusion. In undertaking this work we will consider the timeline of key decisions made by the Council and any reports issued in support of those decisions.

3. VALUE FOR MONEY CONCLUSION

Risk:	Financial resilience
Observations to date	A new two year contract has been put in place by the Council and Derby City Council to make sure waste that residents cannot recycle or choose not to recycle continues to be dealt with and that recycling centres and waste transfer stations continue to operate. The contract for these services is with waste management company Renewi UK Services Ltd. Work had been progressing on the facility to determine its condition and capability, however due to the measures introduced by the UK Government to counter the Covid-19 pandemic, work on site has been affected. This work is also being carried out by Renewi UK Services Ltd and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational. Funding for the facility had been loaned to RRS by the UK Green Infrastructure Platform and three leading international banks; Sumitomo Mitsui Banking Corporation and Shinsei Bank from Japan and Bayerische Landesbank from Germany. The councils are in negotiations to pay the banks an "estimated fair value" for the plant taking into account all of the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards. The Council and Derby City Council are putting a second Inter Authority Agreement (IAA) into place to cover the period of the contract with Renewi UK Services Ltd. As with the previous IAA, this will establish that each council is represented on the board set up to oversee and implement the delivery of the project and has 50:50 voting rights, the councils collectively are considered to have power over the relevant activities and hence have control collectively. The relevant activities are the long term running of waste disposal for the councils. As decisions about the relevant activities will require the unanimous consent of both parties, the arrangement is considered to meet the definition of a joint arrangement. As the proposed arrangement is not structured as a separate entity it is classified as a joint operation and each council will recognise its share of the arrangement's assets, liabilities, income and expenditure. The Council has considered the accounting treatment for the NWTF and has determined that no asset or liability can be recognised on the balance sheet at 31 March 2020 because the asset has not been brought into service as intended. The capital costs being incurred are therefore being treated as relating to an asset under construction. We have considered the accounting treatment being applied and consider this to be appropriate to the current circumstances. In terms of our Value for Money Conclusion, our determination is based on the arrangements put in place during 2019/20 as described above. Further considerations will be needed depending on the "estimated fair value" paid and the extent to which the plant can be brought into operation to recycle the types and amounts of waste originally intended. It appears unlikely that this will be known for some time and we therefore intend to roll forward this issue into 20120/21 for continued consideration.

A. SUMMARY OF NATIONAL PUBLICATIONS

This section of our report contains national publications which may be of interest to Members. This summary does not intend to provide an exhaustive list of all recent publications, but to provide an overview of key areas.

Within Mazars, we liaise with the regulators for your sector on a regular basis and this will continue during the coming periods, so that we ensure we are up-to-date with emerging issues; we feed back any messages as part of on-going two-way communications.

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy (CIPFA)		
1.	**Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, CIPFA, July 2020**	Guidance on financial accounting in local government.
2.	**Delivering Outcomes in the Public Sector, CIPFA, August 2020**	Provides advice to practitioners on how to use an outcomes approach to deal with challenges in public spending.
National Audit Office (NA0)		
3.	**Whole of Government Accounts 2018-19, NAO, July 2020**	The Whole of Government Accounts consolidates the accounts of public sector bodies.
4.	**Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19, NAO, June 2020**	This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak.
Public Sector Audit Appointments (PSAA)		
5	**PSAA publishes the outcome of its market engagement exercise, PSAA, July 2020**	This exercise sought views from all registered firms to inform PSAA's consideration of whether a further procurement would be appropriate in order to try to attract additional, good quality capacity into the market, and if so, how such a procurement might best be designed.
Ministry for Housing, Communities and Local Government (MHCLG)		
6	**Launch of Planning for the future consultation to reform the planning system, MHCLG, August 2020**	An overhaul of the country's planning system that will aim to deliver the high-quality, sustainable homes communities need will be at the heart of the most significant reforms to housing policy in decades, the Housing Secretary has announced.
7	**Reforming local government exit pay, MHCLG, September 2020**	As part of a wider programme of cross-public sector action on exit payment terms, this consultation paper sets out the government's proposals for reforming local government exit payments.
Local Government Association (LGA)		
8	**Digital innovation in adult social care: how we've been supporting communities during COVID-19, LGA, September 2020**	Work has been undertaken in capturing examples of social care digital innovation across local government in this new report.
House of Commons: Public Accounts Committee (PAC)		
9	**Local authority investment in commercial property, PAC, July 2020**	Significant concerns have been expressed over local authority approaches to commercial property investment.

A. NATIONAL PUBLICATIONS

1. Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, CIPFA, July 2020

This edition of the Code introduces a number of important amendments relating both to context and an understanding of requirements. Changes include:

- implementation and emphasis of IFRS amendments relating to the application of materiality, and the requirement to avoid obscuring material information.
- implementation of Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement; with guidance on initial proxy assessment of quantitative materiality.
- amendments to reporting by pension funds to align with presentation practices under the Pensions SORP.
- amendments relating to financial instruments.

Importantly, the 2020/21 Code includes a new appendix which sets out the agreed reporting text for the implementation of the deferred IFRS 16 Leases standard. This appendix will apply from 1 April 2021 and it will allow local authority accounts preparers to make effective preparations for the implementation of the standard in the 2021/22 financial year.

https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202021

2. Delivering Outcomes in the Public Sector, CIPFA, August 2020

Delivering Outcomes in the Public Sector is a practical guidance for anyone with an interest in making sure public money is used correctly. The book provides advice to practitioners on how to use an outcomes approach to deal with challenges in public spending. Outcomes are a way of defining effectiveness, or benefits, but in order to assess value for money, practitioners need to consider costs as well as benefits. Political judgement is also required to determine spending priorities depending on the relative importance of different outcomes. The rationale for an outcomes approach – a way of thinking and working that focuses on things that customers value – seems self-evident, but public sector organisations face significant challenges in: translating outcomes into measurable indicators of performance and assessing the impact that a particular service or programme has on outcomes. This guidance provides advice about how to navigate these challenges and avoid the various pitfalls that can trap the unwary. Key points are illustrated with examples that give a real insight into the detailed work required to plan and implement an outcomes approach.

https://www.cipfa.org/policy-and-guidance/publications/d/delivering-outcomes-in-the-public-sector

3. Whole of Government Accounts 2018-19, NAO, July 2020

The Whole of Government Accounts consolidates the accounts of over 9,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

https://www.nao.org.uk/report/whole-of-government-accounts-2018-19/

4. Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19, NAO, June 2020

Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk. Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for. This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on: annual reports; financial reporting; the control environment; and regularity of expenditure.

https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/

A. NATIONAL PUBLICATIONS CONTINUED

5. PSAA publishes the outcome of its market engagement exercise, PSAA, July 2020

This exercise sought views from all registered firms to inform PSAA's consideration of whether a further procurement would be appropriate in order to try to attract additional, good quality capacity into the market, and if so, how such a procurement might best be designed. The review reaffirmed the current challenges facing the world of local audit. It also highlighted that there are some subtle differences in the firms' perspectives on the challenges and correspondingly they are adopting different response strategies. Importantly, it identified that there is the potential to attract some additional capacity into the local audit market subject to a lead-in period of around 12-18 months from contract award. However, access to this capacity would be dependent on certain circumstances, not all of which are within PSAA's gift.

https://www.psaa.co.uk/2020/07/psaa-publishes-the-outcome-of-its-market-engagement-exercise/

6. Launch of Planning for the future consultation to reform the planning system, MHCLG, August 2020

An overhaul of the country's outdated planning system that will deliver the high-quality, sustainable homes communities need will be at the heart of the most significant reforms to housing policy in decades, the Housing Secretary has announced. Features are envisaged to include:

- plans to streamline process, cut red tape and harness technology to deliver homes faster;
- valued green spaces protected for future generations, with more building on brownfield land;
- building beautiful homes with communities at heart of new planning system; and
- 30% discount through First Homes, with an emphasis on key workers.

https://www.gov.uk/government/news/launch-of-planning-for-the-future-consultation-to-reform-the-planning-system

7. Reforming local government exit pay, MHCLG, September 2020

As part of a wider programme of cross-public sector action on exit payment terms, this consultation paper sets out the government's proposals for reforming local government exit payments. It is seeking information on:

- the effects that the proposals for reform will have on the regulations which currently govern exit payments (including both redundancy compensation pay and early access to pensions) in local government; and
- the impact that the proposals for reform will have on the local government workforce.

https://www.gov.uk/government/consultations/reforming-local-government-exit-pay

8. Digital innovation in adult social care: how we've been supporting communities during COVID-19, LGA, September 2020

The Local Government Association (LGA) and Association of Directors of Adult Social Services (ADASS) commissioned the Institute of Public Care at Oxford Brookes University to work with councils in capturing examples of social care digital innovation across local government in a new report. This report comes at a time when the health and social care sector has been making repeated calls to the government to resolve the immediate financial pressures arising from COVID-19 and to address the long-term funding and reform of adult social care. The full report has three parts:

- what has been done to support the use of technology for connection, wellbeing and bringing communities closer together;
- what has been learned about the factors which lead to successful digital innovation in adult social care and those that don't; and
- what next if we want to keep up the momentum and sustain new learning, approaches and ways of working?

For councils, it is hoped that this report is a useful stock take of recent digital activity across local government which can be used to promote and stimulate continued work in this area with local communities.

https://www.justiceinspectorates.gov.uk/hmicfrs/publications/fire-and-rescue-service-inspections-2018-19-tranche-2/

9. House of Commons: Public Accounts Committee: Local authority investment in commercial property, PAC, July 2020

The Public Accounts Committee has expressed significant concerns over local authority investments in commercial property and has made a series of recommendations, including:

- further strengthening of guidance and the prudential framework; and
- further strengthening of local governance arrangements.

https://publications.parliament.uk/pa/cm5801/cmselect/cmpubacc/312/31202.htm

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