

# Local authority update

Ben Matthews

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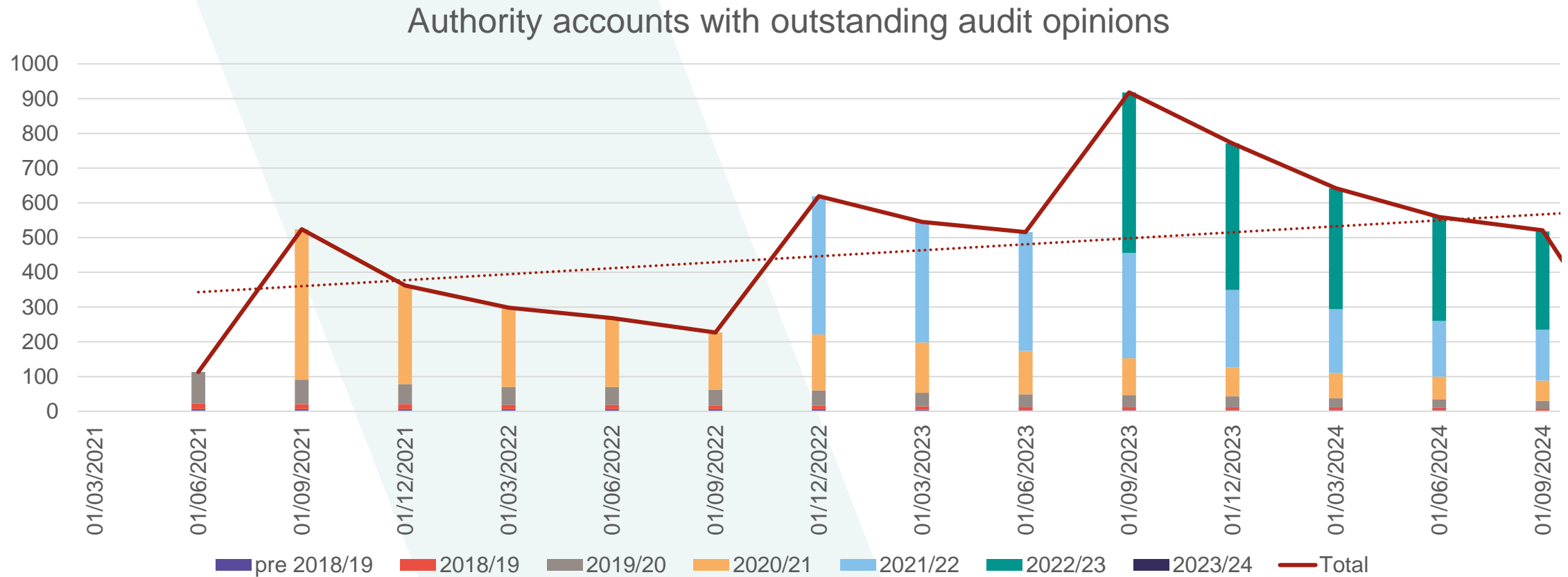
## Ben Matthews



- Member of the CIPFA LASAAC secretariat, supporting development of the Code on local authority accounting in the UK
- Member of the Better Reporting Group secretariat supporting the enhancement of local authority accounts to users

# Local audit backlog

# Recap - history of local audit backlogs



Taken from: [Quarterly quality monitoring reports - PSAA](#)

## Recap – Backstop dates

Backstop dates have been laid in parliament, alongside the necessary amendments to the NAO Code of Practice.

Accounts	Backstop Date
<del>2015/16 to 2022/23 accounts</del>	<del>13 December 2024</del> FIRST BACKSTOP
<del>2023/24 accounts</del>	<del>28 February 2025</del> SECOND BACKSTOP
2024/25 accounts*	27 February 2026
2025/26 accounts*	31 January 2027
2026/27 accounts*	30 November 2027
2027/28 accounts*	30 November 2028

\*Publication date for draft (unaudited) accounts is extended to 30 June

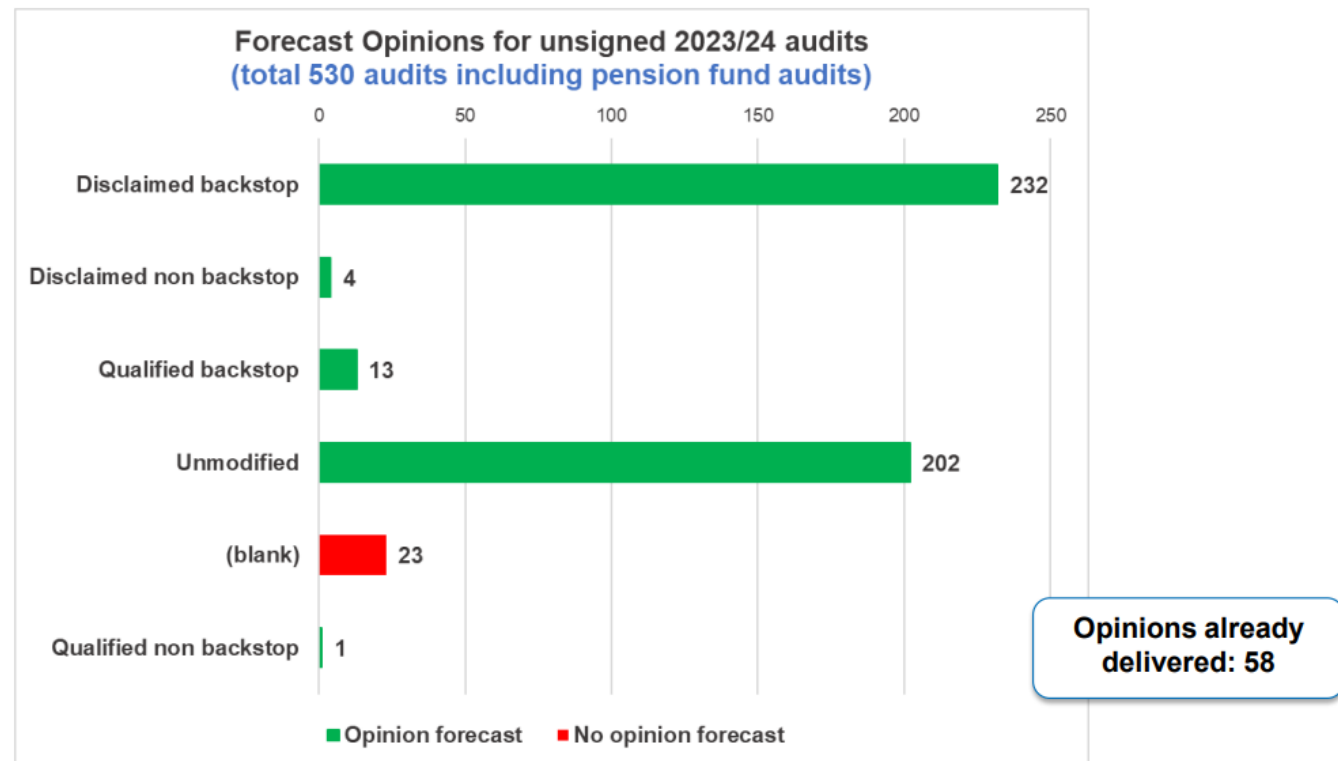
Taken from: [The Accounts and Audit \(Amendment\) Regulations 2024 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

# First backstop: backlog reduced from 521 to 69 (but many disclaimed or modified opinions)

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Not yet delivered	-	7	14	20	28	69
Delivered by the original publishing date	280	214	45	58	5	602
Unmodified after the original publishing date	199	240	370	274	210	1293
Disclaimed (backstop) by 13 December 2024	3	10	33	110	205	361
Non-standard after the original publishing date by 13 December 2024	4	6	10	3	17	40*
Delivered after backstop of 13 December 2024	1	1	2	2	2	8
<b>Total</b>	<b>487</b>	<b>478</b>	<b>474</b>	<b>467</b>	<b>467</b>	<b>2373</b>

\*This covers modifications and additional disclosures in the auditor's report  
([Definitions of audit opinions](#))

# Forecast 2023/24 audit opinions after second backstop (many disclaimers expected)



Firm-provided snapshot data

# MHCLG - Local audit reform strategy

MHCLG issued a consultation on 18 December 2024, committing to a series of measures to fix the broken local audit system which included:

- A local audit vision with 8 core principles
- Establishment of the Local Audit Office (LAO)
- Mandating audit committees



# MHCLG - Local audit reform strategy continued...

Proposals for the LAO's remit included:

- Co-ordinate and lead the local audit system (recently transferred to MHCLG)
- Contract management (currently PSAA)
- Set the Code of Audit Practice (currently NAO)
- Oversight (currently FRC)
- Reporting, insights and guidance (currently a mix of system partners)

Capacity and capability in the audit market was also included and there was a question if the LAO should adopt responsibility for CIPFA's Code of Practice on Local Authority Accounting.

The consultation closed at the end of January.

# How we're supporting local audit reform

- CIPFA Bulletin for preparers
- Better Governance Forum guidance for audit committees
- Events alongside LGA, FRC, and other systems partners
- Revamped and expanded Better Reporting Group

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# Better Reporting Group

The Chartered Institute of  
Public Finance & Accountancy

# Better Reporting Group

Some of the key themes to be explored include:

Users of Local Authority Accounts

Presentation of statutory items/adjustments

Reducing the burden of LGPS pension reporting

Implementation of Non-investment assets Thematic Review

Updated model accounts guidance

Group Accounts

Sustainability Reporting

Redmond Review

Materiality

\*Highlighted in Orange are themes starting in 2025.

# Interested in joining the Better Reporting Group?

**Core members:** responsible for key decisions/recommendations and direction of the Group

**Co-opted members:** participation in one or more specific projects following guidance from Core Members

**Feedback groups:** ad-hoc groups arranged to progress project work

If you're interested in contributing to the BRG, please get in touch at - [Policy.Technical@cipfa.org](mailto:Policy.Technical@cipfa.org)

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# CIPFA Code of Practice on Local Authority Accounting – 2025/26

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## 2025/26 Code key dates

- Consultation issued 5 December 2024
- Consultation closed on 14 February 2025
- Consultation responses being discussed at CIPFA LASAAC meeting this afternoon.
- Aiming to have 2025/26 Code published in June 2025

# Focus on Longer Term Reforms

CIPFA LASAAC is advancing the agenda in the context of longer-term reforms in line with its strategic plan

Aim is to initiate the process and start building momentum by implementing changes from the HM Treasury Thematic Review

Intended to enable a more proportionate approach to the accounting requirements for non-investment assets, primarily by utilising indexation between formal valuations

Changes are expected to result in considerable time savings for valuers, preparers and auditors while maintaining high quality financial reporting




# Other changes consulted on that impact 2025/26

- Standards
  - IFRS 17 Insurance Contracts
  - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)
- Legislative changes
  - IFRS 9 pooled investment override (England and Wales)
  - Extension of the temporary solution for Infrastructure assets

# CIPFA/LASAAC's strategic plan

Improvement projects included in the strategic work plan:

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- Better Reporting
  - HM Treasury Thematic Review of Non-investment Asset Valuation for financial reporting purposes
  - Infrastructure assets long-term solution
  - Review of structure and format of the Code

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# Questions?

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