

Audit Progress Report

Trafford Council

March 2019





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1. AUDIT PROGRESS

Purpose of this report

This report provides the Accounts and Audit Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

Since the committee last met we have:

- commenced our interim audit visit covering the following areas:
 - obtaining and reviewing the PFI contract, accounting model and unitary service payments;
 - documentation and walkthrough of the cash reconciliation processes;
 - sample testing payroll and non-pay expenditure transactions and income transactions to the end of January 2019;
 - obtaining the data for payroll trend analysis up to Month 10;
 - sample testing additions to the Council's Property, Plant & Equipment balances to the end of January 2019
 - commenced our detailed audit work for our 2018/19 VFM conclusion.

Our work is on track, and there are no significant matters arising from our work that we are required to report to you at this stage.

Financial Reporting workshop

Mazars is proud to be one of the leading providers of external audit to Local Government. Reflecting our sector-leading position, we held our 2018/19 Financial Reporting workshop in Manchester in February 2019, and the Council finance officers attended and contributed to the discussions.

These workshops are designed to provide Council finance staff with our understanding of the key changes and challenges in the financial reporting requirements for the year. They enable our national Local Government technical experts to reflect their experiences and their discussions with CIPFA and the wider accounting profession, and provide a good networking and discussion opportunity for Councils.

This was our first such event in the North West, and we will discuss feedback with your finance team to ensure future events deliver what is needed for our clients.

1. AUDIT PROGRESS

Additional Audit Risks

We wish to draw to members' attention that the following area has been identified as an area of enhanced audit risk because of the management judgement applied in arriving at the accounting entries.

	Description of risk	Planned response
1	<p>Accounting for Private Finance Initiative (PFI) schemes</p> <p>In 2003 the Council entered into a 25 year PFI contract for the provision of new office and community facilities in Sale Town Centre.</p> <p>The outstanding liability relating to this scheme represents a material figure on the Council's balance sheet and is derived from a financial model that incorporates assumptions and estimates which impact materially on the reported value.</p> <p>There is a risk that the assumptions and methodology applied to calculate the accounting entries are not appropriate and given this is the first year of our appointment as your external auditors we will need to obtain assurance that accounting entries are not materially misstated.</p>	<p>We plan to address this risk by</p> <ul style="list-style-type: none">• reviewing the Council IFRIC 12 assessment and associated disclosures• considering whether the accounting model reflects the operator's model and produces reliable results for the financial statements• checking that outputs from the accounting model are correctly reflected in the financial statements, relevant disclosures have been made and these agree to supporting documentation

2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
National Audit Office (NAO)			
1	Local auditor reporting in England 2018	Main findings reported by auditors in 2017/18.	7-8
2	Local authorities - governance	Consideration of VfM and financial sustainability in local authorities.	8
3	NHS financial sustainability	Current picture not sustainable and yet to be seen whether spending plans will deliver the change required.	9
4	A review of the role and costs of clinical commissioning groups	Organisational stability needed.	10
5	Departmental overview: Commercial and contracting 2017-18	Using ten case studies from NAO's work over the last 18 months, this overview identifies the main things that government departments need to look out for as they develop commercial relationships with their suppliers.	11
6	Financial sustainability of local authorities 2018 visualisation	The NAO has made available its on-line 'interactive visualisations' which describe changes in local authorities' financial circumstances since 2010-11.	11
7	Planning for new homes	This report is part of a series on housing in England, including Housing in England: overview (2017) and Homelessness (2017). The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.	12
Public Sector Audit Appointments Ltd (PSAA)			
8	Local quality audit forum	December 2018 forum slides available online.	13
9	Oversight of audit quality, quarterly compliance reports	No significant issues.	13
Chartered Institute of Public Finance and Accountancy (CIPFA)			
10	Scrutinising Public Accounts: A Guide to Government Accounts	Online publication resource available.	14
11	CIPFA Fraud and Corruption Tracker 2017/18	Annual report. Increase in fraud detected or prevented.	14

2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
Chartered Institute of Public Finance and Accountancy (CIPFA)			
12	Measured resilience in English authorities	The Beta Version of CIPFA's Resilience Index, released to finance directors of English councils in December 2018, is a tool that enables authorities to view their positions, relative to others, on a range of measures linked to financial risk. This briefing note summarises key results from across the country, including a description of the measures chosen and their link to financial resilience.	14
13	Managing risk in the Local Government Pension Scheme	CIPFA has worked with Aon to revise and update its 'Managing Risk in the Local Government Pension Scheme' publication.	15
14	New statement of professional practice on ethics	The standard has been introduced by CIPFA to help provide clarity and support for members to meet global ethical standards and best practice, a matter of increasing importance in the context of demanding public finance environments	15
15	Social care risk tool	CIPFA and the Association of Directors of Adult Social Services (ADASS) have released the 2018 edition of the Social Care Risk Tool; an advisory risk assessment tool for discretionary use by councils with adult social care responsibility.	15
16	CIPFA guidance on streamlining accounts	CIPFA has released its publication on Streamlining local authorities' accounts. The publication covers a range of issues relating to streamlining both the financial statements and the accounts closure processes and includes information provided by local authorities who are already driving change in this area.	16
Mazars			
17	The NHS long-term plan – a summary	In this briefing on the new NHS long-term plan, we have highlighted the implications of the plan for local government and the key questions that local authorities should be considering.	17-19

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

1. Local auditor reporting in England 2018, National Audit Office, January 2019

Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors.

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the C&AG took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors. The report highlights a number of points as summarised below.

- Auditors gave unqualified opinions on financial statements in 2015-16, 2016-17 and 2017-18. This provides assurance that local public bodies are complying with financial reporting requirements. As at 17 December 2018, auditors had yet to issue 16 opinions on financial statements, so this does not yet represent the full picture for 2017-18.
- Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. Again, as at 17 December 2018, auditors had yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18. This level of qualifications reinforces the need to ensure that local auditors' reporting informs as much as possible relevant departments' understanding of the issues facing local public bodies.
- Auditors qualified their conclusions at 40 (8%) of local government bodies. The proportion of qualifications was highest for single-tier local authorities and county councils where auditors qualified 27 (18%) of their value for money arrangements conclusions. The qualifications were for weaknesses in governance arrangements, often also highlighted by inspectorates' ratings of services as inadequate.
- More local NHS bodies received qualified conclusions on arrangements to secure VfM than local government bodies. In 2017-18, auditors qualified 168 (38%) of local NHS bodies' conclusions; up from 130 (29%) in 2015-16, mainly because of not meeting financial targets such as keeping spending within annual limits set by Parliament; not delivering savings to balance the body's budget; or because of inadequate plans to achieve financial balance. The increase between 2015-16 and 2017-18 is particularly steep at clinical commissioning groups, with qualifications for poor financial performance increasing from 21 (10%) in 2015-16 to 67 (32%) in 2017-18.
- Local auditors are using their additional reporting powers, but infrequently. Since April 2015, local auditors have issued only three Public Interest Reports, and made only seven Statutory Recommendations. These Public Interest Reports have drawn attention to issues such as unlawful use of parking income, governance failings in the oversight of a council-owned company, management of major projects or members' conduct. Auditors have made Statutory Recommendations in relation to failing to deliver planned cost savings, poor processes for producing the annual financial statements and failure to address weaknesses highlighted by independent reviews.
- A significant proportion of local bodies may not fully understand the main purpose of the auditor's conclusion on arrangements to secure value for money and the importance of addressing those issues. 102 local public bodies were contacted where auditors had reported concerns about their arrangements to ensure value for money:
 - half of the bodies (51) said that the auditor's report identified issues that they already knew about;
 - fifty-seven (95%) of those responding said they had plans in place to address their weaknesses but only three were able to say that they had fully implemented their plans; and
 - twenty-six (25%) did not respond at all to the NAO's request.
- The extent to which central government departments responsible for the oversight of local bodies have formal arrangements in place to draw on the findings from local auditor reports varies. Processes in the relevant central government departments differ. The Department of Health & Social Care, NHS Improvement and NHS England have arrangements in place to monitor the in-year financial performance of local NHS bodies, and use information from local auditor reports to confirm their understanding of risks in the system. The Home Office and Ministry of Housing, Communities & Local Government consider the output from local auditors' reports to obtain a broad overview of the issues local auditors are raising, but there is a risk that these two departments may be unaware of all relevant local issues.

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

1. Local auditor reporting in England 2018, National Audit Office, January 2019 (continued)

- Under the current local audit and performance framework, there is no direct consequence of receiving a non-standard report from the local auditor. Before 2010, a qualified value for money arrangements conclusion would have a direct impact on the scored assessments for all local public bodies published by the Audit Commission at that time. While departments may intervene in connection with the issues giving rise to a qualification, such as failure to meet expenditure limits, there are no formal processes in place, other than the local audit framework, that report publicly whether local bodies are addressing the weaknesses that local auditors are reporting.

A list of all local bodies that received a non-standard local auditor report for 2017-18 was published alongside the report.

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

2. Local authorities - governance, National Audit Office, January 2019

The NAO has recently published a report on local authority governance, which examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable.

The report finds that local authorities have faced significant challenges since 2010. For example, they have seen a real-terms reduction in spending power of 29% and a 15% increase in the number of children in care. These pressures raise the risk of authorities' failing to remain financially sustainable and deliver services.

The way authorities have responded to these challenges have tested local governance arrangements. Many authorities have pursued large-scale transformations or commercial investments that carry a risk of failure or under-performance and add greater complexity to governance arrangements. Spending by authorities on resources to support governance also fell by 34% in real terms between 2010-11 and 2017-18, potentially increasing the risks faced by local bodies.

In 2017-18, auditors issued qualified VFM arrangements conclusions for around one in five single tier and county councils. A survey, carried out by the NAO, of external auditors indicates that several authorities did not take appropriate steps to address these issues.

Some external auditors have raised concerns about the effectiveness of the internal checks and balances at the local authorities they audit, such as risk management, internal audit and scrutiny and overview. For example, 27% of auditors surveyed by the NAO do not agree that their authority's audit committees provided sufficient assurance about the authorities' governance arrangements. Auditors felt that many authorities are struggling in more than one aspect of governance, demonstrating the stress on governance at a local level.

Some authorities have begun to question the contribution of external audit to providing assurance on their governance arrangements. 51% of chief finance officers from single tier and county councils responding to our survey indicated that there are aspects of external audit they would like to change. This includes a greater focus on the value for money element of the audit (26%). External auditors recognise this demand within certain local authorities. However, their work must conform to the auditing standards they are assessed against and any additional activity may have implications for the fee needed for the audit.

The report also finds that MHCLG does not systematically collect data on governance, meaning it can't rigorously assess whether issues are isolated incidents or symptomatic of failings in aspects of the system. MHCLG recognises that it needs to be more active in leading co-ordinated change across the local governance system. The report recommends that MHCLG works with local authorities and other stakeholders to assess the implications of, and possible responses to, the various governance issues identified. It should examine ways of introducing greater transparency and openness to its formal and informal interventions in local authorities and should adopt a stronger leadership role in overseeing the network of organisations managing key aspects of the governance framework.

<https://www.nao.org.uk/report/local-authority-governance-2/>

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

3. NHS financial sustainability, National Audit Office, January 2019

This is the NAO's seventh report on the financial sustainability of the NHS. In its recent reports, in December 2015, November 2016 and January 2018, the NAO concluded that financial problems in the NHS were endemic and that extra in-year cash injections to trusts had been spent on coping with current pressures rather than the transformation required to put the health system on a sustainable footing. To address this, local partnerships of clinical commissioning groups (CCGs), NHS trusts and NHS foundation trusts (trusts) and local authorities were set up to develop long-term strategic plans and transform the way services are provided more quickly.

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £20.5 billion by 2023-24. Between 2019-20 and 2023-24, this equates to an average annual real-terms increase of 3.4%. The government asked NHS England to produce a 10-year plan that aims to ensure that this additional funding is well spent. In return for this extra funding, the government has set the NHS five financial tests to show how the NHS will do its part to put the service onto a more sustainable footing.

This report covers 2017-18, so the NAO first concludes on financial sustainability for that year. The NAO considers that the growth in waiting lists and slippage in waiting times, and the existence of substantial deficits in some parts of the system, offset by surpluses elsewhere do not add up to a picture that can be described as sustainable. Recently, the long-term plan for the NHS has been published, and government has committed to longer-term stable growth in funding for NHS England.

In the NAO's view these developments are positive, and the planning approach seen so far looks prudent. The NAO further states that it will really be able to judge whether the funding package will be enough to achieve the NHS' ambitions when we know the level of settlement for other key areas of health spending that emerges from the Spending Review later in the year. This will help inform whether there is enough to deal with the embedded problems from the last few years and move the health system forward.

<https://www.nao.org.uk/report/nhs-financial-sustainability/>

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

4. A review of the role and costs of clinical commissioning groups, National Audit Office, December 2018

Clinical commissioning groups (CCGs) are clinically-led statutory bodies that have a legal duty to plan and commission most of the hospital and community NHS services in the local areas for which they are responsible. CCGs are led by a Governing Body made up of GPs, other clinicians including a nurse and a secondary care consultant, and lay members. They were established as part of the Health and Social Care Act in 2012 and replaced primary care trusts on 1 April 2013. Since their formation, there have been eight formal mergers of CCGs, which have reduced their number from 211 to 195 as at April 2018. The smallest CCG (Corby) covers a population of 78,000, while the largest (Birmingham and Solihull) covers a population of 1.3 million.

Since commissioning was introduced into the NHS in the early 1990s, there have been frequent changes to the structure of commissioning organisations. This looks set to continue, with the role of CCGs evolving as the NHS pursues a more integrated system across commissioners and providers. Consequently, there are likely to be more CCG mergers and increased collaborative working between CCGs and their stakeholders, for example healthcare providers and local authorities

This review sets out:

- changes to the commissioning landscape before CCGs were established;
- the role, running costs and performance of CCGs; and
- the changing commissioning landscape and the future role of CCGs.

CCGs were created from the reorganisation in how healthcare services are commissioned in the NHS. They were designed to give more responsibility to clinicians to commission healthcare services for their communities and were given resources to do this. NHS England's assessment of CCGs' performance shows a mixed picture. Over half of CCGs were rated either 'outstanding' or 'good', but 42% (87 of 207) are rated either 'requires improvement' or 'inadequate', with 24 deemed to be failing, or at risk of failing. Many CCGs are struggling to operate within their planned expenditure limits despite remaining within their separate running cost allowance. Attracting and retaining high-quality leadership is an ongoing issue.

There has been a phase of CCG restructuring with increased joint working and some CCGs merging. If current trends continue, this seems likely to result in fewer CCGs covering larger populations based around STP footprints. This larger scale is intended to help with planning, integrating services and consolidating CCGs' leadership capability. However, there is a risk that commissioning across a larger population will make it more difficult for CCGs to design local health services that are responsive to patients' needs, one of the original objectives of CCGs.

CCGs have the opportunity to take the lead in determining their new structures. NHS England is expected to set out its vision for NHS commissioning in its long-term plan for the NHS to be published in December 2018. NHS England has said it will step in where CCGs diverge from its vision of effective commissioning. However, it has not set out fully the criteria it will use to determine when to step in.

The NAO's previous work on the NHS reforms brought in under the Health and Social Care Act 2012 highlighted the significant upheaval caused by major organisational restructuring. It is therefore important that the current restructuring of CCGs creates stable and effective organisations that support the long-term aims of the NHS. Following almost three decades of change, NHS commissioning needs a prolonged period of organisational stability. This would allow organisations to focus on transforming and integrating health and care services rather than on reorganising themselves. It would be a huge waste of resources and opportunity if, in five years' time, NHS commissioning is going full circle and undergoing yet another cycle of restructuring.

<https://www.nao.org.uk/report/a-review-of-the-role-and-costs-of-clinical-commissioning-groups/>

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

5. Departmental overview: Commercial and contracting 2017-18

Using ten case studies from NAO's work over the last 18 months, this overview identifies the main things that government departments need to look out for as they develop commercial relationships with their suppliers. Overall the NAO found that:

- Many problems arise before procurement begins. Good contracting requires getting the basics right at the start by:
- Understanding what you are trying to contract out and the risks attached
- Understanding, by both sides carrying out due diligence, who is best placed to take on those risks
- Ensuring that the contract correctly allocates risks and responsibilities to those best able to manage them.
- There is a need for better performance measures and use of intelligence in managing contracts:
- Commercial capability is improving but contract management remains weak
- Performance measures need to be established at the start and assess quality as well as cost to ensure that the contract delivers value for money.
- Government departments need good intelligence on their suppliers to help them manage contracts effectively
- Government has had mixed results in managing markets, and to ensure that risks are managed and value for money is delivered it needs to develop a more interventionist approach to the markets it has created.

The full report can be found at the following link:

<https://www.nao.org.uk/report/departmental-overview-commercial-and-contracting-2017-18/>

6. Financial sustainability of local authorities 2018 visualisation

The NAO has made available its on-line 'interactive visualisations' which describe changes in local authorities' financial circumstances from 2010-11 to 2016-17. They can be used to explore broad trends identified in their report Financial sustainability of local authorities 2018 in order to gain a more detailed understanding of the experiences of individual local authorities. The data shows changes in income and spending alongside analysis of factors such as budget overspends and use of reserves.

The data and the original March 2018 report can be found at the following links:

<https://www.nao.org.uk/highlights/financial-sustainability-of-local-authorities-2018-visualisation/>

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

7. Planning for new homes (February 2019)

The NAO has recently published a report on *Planning for new homes*. This report is part of a series on housing in England, including *Housing in England: overview (2017)* and *Homelessness (2017)*. The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.

The report recognises that increasing the supply of new homes is a complex task and one of the measures MHCLG has introduced to help achieve the objective is reforming the planning system. The report notes that the planning system is fundamental to providing new homes and it assesses how effectively MHCLG supports the planning regime to provide the right homes in the right places through:

- supporting local authorities to produce plans for how the supply of new homes will meet need in their area;
- supporting local authorities and the Planning Inspectorate in having effective and sufficiently resourced planning processes and teams to deal with planning applications and appeals; and
- working effectively with local authorities, other government departments and developers to ensure infrastructure to support new homes is planned and funded.

The report finds that at present, the system is not providing value for money and that the supply of new homes has failed to meet demand. It notes that a number of factors have contributed to the planning system not working and some of these include:

- the process of setting the need for new homes;
- the reductions in local authority capability;
- the under-performing Planning Inspectorate; and
- failures in the system to ensure adequate contributions for infrastructure.

The report recognises that MHCLG's new National Planning Policy Framework is an important step, but it is too early to tell whether the changes it introduces will be effective. The report also makes a number of recommendations for MHCLG to implement alongside the framework to help the planning systems work more effectively. Auditors may find the report useful when considering their VFM arrangements risk assessment.

The data and the original March 2018 report can be found at the following links:

<https://www.nao.org.uk/report/planning-for-new-homes/>

2. NATIONAL PUBLICATIONS – PUBLIC SECTOR AUDIT APPOINTMENTS LTD

8. Local Audit Quality Forum, Public Sector Audit Appointments, December 2018

The Local Audit Quality Forum (LAQF) is a forum within which representatives of relevant audit bodies can work together and collaborate with others to share good practice and strive to enable improvements in the quality, efficiency and effectiveness of audit arrangements and practices in principal local authorities and police bodies in England. PSAA wants to develop a momentum and a passion for continuous improvement in audit arrangements throughout the entities and sectors for which PSAA has a mandate.

Slides of the Manchester December 2018 event are available on the PSAA website as per the link below.

The theme of the Manchester event was financial resilience and sustainability, a major challenge for all local authorities and police bodies in the current climate and a key strategic concern as bodies prepare 2019/20 budgets and update medium term plans. The event explored:

- the nature and scale of the sustainability challenges facing local bodies;
- the strategies and disciplines which can help to address them successfully; and
- the roles and responsibilities of Chief Finance Officers and Auditors in helping to maintain resilience and sustainability.

<https://www.psa.co.uk/local-audit-quality-forum3/local-audit-quality-forum/>

9. Oversight of audit quality, quarterly compliance reports 2018/19 – Quarter 2, Public Sector Audit Appointments Ltd

There are no significant issues arising in the latest quarterly compliance report issued by PSAA, which we are delighted to report shows Mazars being highly rated with nine of the eleven performance measures being rated green. The other two areas: % of Local Government opinion issued, and objections not determined within 9 months, Mazars perform ahead of the All Suppliers results.

<https://www.psa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality/>

2. NATIONAL PUBLICATIONS - CIPFA

10. Scrutinising Public Accounts: A Guide To Government Finances, CIPFA, November 2018

This guide provides an overview of the different processes for budgeting and performance reporting in central and local government, health bodies and includes key questions to ask when scrutinising government financial statements using examples based on UK public sector accounts.

This publication is only available online.

<https://www.cipfa.org/policy-and-guidance/publications/s/scrutinising-public-accounts-a-guide-to-government-finances>

11. CIPFA Fraud and Corruption Tracker 2017/18, CIPFA, October 2018

The CIPFA Fraud and Corruption Tracker (CFaCT) survey gives a national picture of fraud, bribery and corruption across UK local authorities and the actions being taken to prevent it. It aims to:

- help organisations understand where fraud losses could be occurring;
- provide a guide to the value of detected and prevented fraud loss;
- help senior leaders understand the value of anti-fraud activity; and
- assist operational staff to develop pro-active anti-fraud plans.

The 2017/18 report shows that fraud continues to pose a major financial threat to local authorities, with £302m detected or prevented by councils in 2017/18. While this was £34m less than last year's total, the report revealed an overall increase in the number of frauds detected or prevented – up to 80,000, from the 75,000 cases found in 2016/17. Among these cases there are reminders of some of the challenges being faced by local authorities, with the number of serious or organised crime cases doubling to 56, and a significant increase in the amount lost to business rates fraud, which jumped to £10.4m in 2017/18 from £4.3m in 2016/17.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/local-councils-detect-or-prevent-£302m-in-fraud-in-2017-18>

12. Measured resilience in English authorities (December 2018)

CIPFA's July 2018 consultation document outlined a proposed methodology for its Resilience Index, and illustrated how the results might be displayed in practice. The Beta Version of CIPFA's Resilience Index, released to finance directors of English councils in December 2018, is a tool that enables authorities to view their positions, relative to others, on a range of measures linked to financial risk. This briefing note summarises key results from across the country, including a description of the measures chosen and their link to financial resilience. The tool is a test version and CIPFA will be running a series of development workshops with finance directors across the country in 2019 ahead of the release of a final version, when CIPFA also aims to publish a new Financial Management Code. Following official publication of local authority revenue and expenditure outturn data in November 2019, the Index will be made publicly available online.

The briefing can be found at the following link:

<https://www.cipfa.org/policy-and-guidance/reports/measured-resilience-in-english-authorities>

2. NATIONAL PUBLICATIONS - CIPFA

13. Managing Risk in the Local Government Pension Scheme (December 2018)

CIPFA has worked with Aon to revise and update its 'Managing Risk in the Local Government Pension Scheme' publication. The guidance explores how risk manifests itself across the broad spectrum of activities that constitute LGPS financial management and administration. The publication then explains how, by using established risk management techniques, these risks can be identified, analysed and managed effectively.

A briefing on the updated publication can be found at the following link:

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-says-lgps-funds-need-to-take-the-right-view-of-risk>

14. New statement of professional practice on ethics (November 2018)

Coming into effect on 1 November 2018, the new SOPP on ethics aligns with the latest edition of the International Ethical Standards Board of Accountants Code (the Code) released in April 2018. The standard is accompanied by updated guidance and has been introduced by CIPFA to help provide clarity and support for members to meet global ethical standards and best practice, a matter of increasing importance in the context of demanding public finance environments. The five fundamental principles detailed in the updated Code are to be upheld by all CIPFA members, and include integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. CIPFA had earlier in the year carried out a member survey and found almost 60% of public sector finance professionals have come under pressure to act unethically at least once in their career. By updating the SOPP to the latest Code based on internationally recognised principles, and by providing relevant modern case studies, CIPFA wants to ensure that every one in public sector finance is supported to act ethically in their roles, and in line with the public good.

The Statement can be found at the following link:

[https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-introduces-new-statement-of-professional-practice-\(sopp\)-on-ethics](https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-introduces-new-statement-of-professional-practice-(sopp)-on-ethics)

15. Social care risk tool (February 2019)

CIPFA and the Association of Directors of Adult Social Services (ADASS) have released the 2018 edition of the Social Care Risk Tool; an advisory risk assessment tool for discretionary use by councils with adult social care responsibility.

The tool's objective is to help authorities assess whether unsustainable financial pressures might be faced by the adult social services department. It seeks to do this by assessing the extent to which various risk factors apply. This is the third version of the risk tool and it has been expanded to include new risks that have emerged since the previous version. In addition, a number of risks have been revised to make them clearer.

The risk assessment adopts a survey format and covers the following areas:

- savings;
- local pressures; and
- culture and relationships.

Each of the areas above includes a series of questions (or indicators), and authorities are required to assess whether the indicators are strongly present (score of 5); only present to some extent (scores 2 to 4); or not at all (score of 1). The total score helps to give an indication of where the authority lies. The maximum score is 195 (there are 39 questions altogether) which represents the highest risk possible. Some of the metrics (particularly those relating to unit costs) are more illustrative than prescriptive and local authorities may wish to adjust these to reflect their local circumstances.

The risk tool is available on CIPFA's website:

<https://www.cipfa.org/cipfa-thinks/health/articles/social-care-risk-tool>

2. NATIONAL PUBLICATIONS - CIPFA

16. CIPFA guidance on streamlining accounts (December 2018)

CIPFA has released its publication on Streamlining local authorities' accounts. The publication covers a range of issues relating to streamlining both the financial statements and the accounts closure processes and includes information provided by local authorities who are already driving change in this area. These local authorities report that clearer and shorter financial statements that are code compliant, can be prepared to a high standard, with a reduction in the time and resources required to complete them.

The publication Streamlining the Accounts: Guidance for Local Authorities is split into 2 parts as follows:

Streamlining financial statements

This involves streamlining the presentation of financial statements by ensuring that local authorities have identified the needs of the users of the financial statements and that financial statements convey key messages clearly, concisely and efficiently. In this part of the publication, CIPFA considers three aspects of streamlining the presentation of local authority financial statements and these include:

- *materiality* - using materiality to avoid key messages in the financial statements being obscured by excessive detail;
- *accounting policies* - reviewing accounting policies so that only relevant information is disclosed; and
- *presentation and layout* – considering the presentation of the financial statements so that the layout is such that it allows readers to navigate through the statement and focus on key messages.

Streamlining year-end closure

In the publication, CIPFA summarises the key elements to streamlining the accounts closure process as effective planning and project management – focusing on what is important and starting the process early to promote a “right first time” culture.

CIPFA has also included several examples of good practice in the publication, but also notes that these examples should be tailored to each individual authority's circumstances.

The publication is available on CIPFA's website:

https://www.cipfa.org/~media/files/policy%20and%20guidance/panels/local%20authority%20accounting%20panel/streamlining_guidance_pre_publication_version.pdf?la=en

2. NATIONAL PUBLICATIONS – MAZARS

17. Summary of NHS long-term plan, Mazars, January 2019

To support local planning, local health systems will receive five-year indicative financial allocations for 2019/20 to 2023/24 and be asked to produce local plans for implementing the commitments set out in the NHS Long Term Plan. But what does it mean for local government?

The Plan recognises that more focus is needed on community care, mental health and wellbeing, reducing health inequalities and preventative care. The implications for local authorities should become clearer with a green paper expected later this year. With NHS revenue funding to grow by an average of 3.4% in real terms a year over the next five years delivering a real term increase of £20.5 billion by 2023/24, this extra spending will need to deal with current pressures and unavoidable demographic change and other costs, as well as new priorities.

Relationships between the NHS and local government could be more challenging since the direct and significant financial relationship with the NHS through the Better Care Fund is facing an overhaul and the extent of structural overhaul facing the NHS, through the advancement of Integrated Care Systems, requires time and effort. In this briefing, we cover:

- System Architecture and Planning
- Prevention and Inequalities
- Out of Hospital Care - Primary/Community Services
- Urgent/ Emergency Care
- Elective Care

Theme	Key features	Implications and questions for local government
System Architecture and Planning	<p>Integrated Care Systems (ICS) will be everywhere by April 2021 with the 'triple integration' of primary and specialist care, physical and mental health services, and health with social care, at a place level with commissioners sharing decisions on planning with providers. Each ICS will have a single set of commissioning decisions at the system level. This will typically involve a single Clinical Commissioning Group (CCG) for each ICS area with CCGs to become leaner, more strategic organisations working with partners, population health, service redesign and delivery of the plan.</p> <p>ICS constitution will involve a partnership board consisting of commissioners, trusts, primary care networks, non-executive chair and an accountable Clinical Director for each Primary Care network. There will also be a new ICS accountability and performance framework to provide a consistent and comparable set of performance measures. It will include a new 'integration index' to measure how joined up the system is. This is interesting as it's the public voice.</p>	<p>Integrated Care Systems will have a key role in working with local authorities at the 'place' level and, through the ICS governance structure, commissioners will make shared decisions with providers on how to use resources, design services and improve population health.</p> <p>A review and revision of the Better Care Fund may have direct financial implications for local authorities, particularly those arrangements where some Better Care Fund streams are used as support funding for social care services.</p> <p>The NHS Plan does recognise social care in terms of pressures it may create on the NHS and the need to continue to support local measures to address rising demand and costs through pooled budgets, personal health and social care budgets and cites the example of the NHS overseeing a pooled budget with a joint commissioning team (Salford model), where the Council Chief Executive is the accountable officer.</p> <p>A Green Paper is expected to provide further clarity.</p>

2. NATIONAL PUBLICATIONS – MAZARS

Theme	Key features	Implications and questions for local government
Prevention and Inequalities	<p>From April 2019, Clinical Commissioning Groups (CCGs) will receive a health inequalities funding supplement, with the possibility of the commissioning of public health services, e.g. health visitors, school nurses, sexual health etc., to return to the NHS.</p> <p>A planned £30 million investment in rough sleepers.</p>	<p>The onus to reduce health inequalities falls to local authorities with the NHS as support. How / will funding flow into local authorities via CCGs or will we need to wait until the next spending review?</p> <p>Investment in the health of rough sleepers is a short-term fix – the wrap around is for local authorities to work on housing, mental health, care and employment.</p>
Out of Hospital Care - Primary/Community Services	<p>There will be a greater proportionate level of investment in Primary care and Community Health Services: with ringfenced local funding equivalent to a £4.5 billion increase by 2023/24.</p> <p>In return, the NHS Plan is expecting:</p> <ul style="list-style-type: none"> ▪ Fully integrated community support with training and development of multidisciplinary teams in primary and community hubs, including community hospitals. ▪ Integrated teams of GPs, community services and social care. Urgent response and recovery support will be delivered by flexible teams working across primary care and local hospitals, including GPs, allied health professionals, district nurses, mental health nurses, therapists and reablement teams. ▪ More support for Care Homes to address hospital admissions and sub-optimal medication, with an Enhanced Care in Care Homes vanguard model is to be adopted that aims to improve the links between Care Homes and Primary Care through a consistent healthcare team and named practice support, pharmacist led medication reviews, emergency support, and access to records. 	<p>When care transfers into the community, there is an increasing need to manage the multiagency points of contact. Having integrated teams implies local authority care workers working alongside private sector GPs and NHS staff: how will referrals, care pathways and advice on alternative services, for example housing, be managed?</p> <p>This also raises the need for some joined up thinking over estates management and the infrastructure of public service assets – where should teams be based?</p> <p>Local authority supply management of care homes becomes more challenging: the resilience of local market is stretched with the cost of care not always making provision financially viable – will any additional funding merely bring back some stability falling short of ambitions for Enhanced Care?</p> <p>Technology becomes increasingly important including considerations for secure data sharing between organisations. Proposals to support advances in home wearables/monitoring technology to predict hospital admission, linked to smart home technology create new forms of the same challenge: who monitors the data and who is it shared with for the person's best interests?</p> <p>With an increase in social prescribing and personal health budgets, local authorities, including park authorities, can provide support through existing provision of leisure and community services. How can you create community engagement and healthier lifestyles?</p>

2. NATIONAL PUBLICATIONS – MAZARS

Theme	Key features	Implications and questions for local government
Urgent/ Emergency Care	The goal is to achieve and maintain an average Delayed Transfers of Care figure of 4,000 or fewer delays. This aims to be achieved by placing therapy and social work teams at the beginning of the acute hospital pathway, with an agreed clinical care plan within 14 hours of admission that includes an expected date of discharge.	<p>A direct and an indirect impact to local authorities for those residents in care or living in local authority housing. There becomes an increasing need for local authorities to dexterously call on partners across the local authority boundary, including the use of existing disabled facilities grant funding, to ensure people can return home safely.</p> <p>The Stoke-on-Trent based Revival Home from Hospital service is working at record levels and is saving the NHS almost £500,000 a year. The service helps people to get home from hospital as quickly as possible by making sure their homes meet their health needs.</p>
Elective Care	An NHS Personalised Care model and expansion of Personal Health Budgets, for example bespoke wheelchairs and community-based packages of personal and domestic support, mental health services, learning disabilities, and those people receiving social care support. There is expected to trained social prescribing professionals connecting people to wider services.	Who is best placed to provide advice on connecting people to wider services? Who is well placed to deliver connected services and is there more space for framework contracts of approved providers for people to draw down from?

A summarised version of the Plan is available to download from our website:

<https://www.mazars.co.uk/Home/Industries/Public-Services/Health/NHS-Long-Term-Plan-summary>

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