

## Enhancing Local Government Financial Statements: Overcoming Barriers in PPE Valuation and Audit

### Workshop outputs from 2<sup>nd</sup> and 4<sup>th</sup> December 2025

This workshop set out the projects that CIPFA are undertaking to ensure local government financial statements provide users with the information that they require on a timely basis, with a focus on changes to the measurement of property, plant and equipment for the 2025-26 financial year. There was an opportunity to discuss the barriers to valuing, accounting for and auditing property, plant and equipment, as well as how valuers, accountants and auditors can find solutions to ensure that financial statements contain timely and high-quality information.

This document provides an overview of discussion points during the workshop.

How will the changes to the measurement of property, plant and equipment affect the preparation of your authority's financial statements?

- Need for good engagement between finance teams and valuers
- Ensure there is a shared understanding of what is required and what it should be based on
- Both finance teams and valuers potentially face more work and responsibility, especially in the short term
- This may detract from "value-added" activities for valuers
- All staff will need to upskill in 2025-26

- Uncertain how indices will be applied to various asset categories
- Questions over what date indices will need to be applied at and the timing of index releases
- Concerns about whether fixed asset registers and systems are set up to handle new outputs
- Significant time will be required to input information onto those systems
- In the medium term there is the potential for reduced costs and less engagement with external valuers if processes are streamlined
- There are questions around compliance with the Code, especially for bodies with non-standard rolling programmes

What are the biggest obstacles your authority faces in obtaining timely and accurate valuation information for property, plant and equipment?

- As noted above, there is potentially more work required in the first year, with limited time before 31 March 2026
- This is coupled with delays in getting information to valuers and staff capacity issues
- Delayed prior-year audits make this more pronounced
- There are likely to be issues with finding and accessing the right index
- There is a lack of indices for certain asset types (e.g. land and farms)
- Currently there is uncertainty over how localised indices should be and whether there will be appropriate indices available for all areas
- Although indexation works in the NHS, there are a much wider range of assets in Local Government bodies
- The costs (particularly for those using external valuers) to implement the changes are currently unknown
- It is hard to recruit into internal valuation teams, therefore succession planning is difficult
- Where external valuers are used, there can be an extra layer of complexity and time required in communications
- As noted above, there are likely to be challenges with integration in systems like CIPFA Asset Manager and understanding how software will process indices
- There are some concerns with the completeness of underlying asset data

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|   | <ul style="list-style-type: none"><li>• There will be significant amounts of data and evidence required</li><li>• There has been increased scrutiny on estimates by external auditors, but it can be difficult for finance teams to quality review the information received from valuers</li></ul>  |
| <p>What practical steps or tools have you, or do you intend to, put in place to streamline the valuation, accounts preparation and audit process?</p> | <ul style="list-style-type: none"><li>• There needs to be an emphasis on early and ongoing engagement with valuers and auditors, agreeing timelines and learning from prior years</li><li>• Finance teams need to agree with valuers on the appropriate indices to be used</li><li>• CIPFA have provided additional guidance in Bulletin 22 around the practicalities of implementation</li><li>• Authorities need to decide on their approach (ie. proportionate restatement or elimination)</li><li>• Sufficient time should be built into timescales to check calculations</li><li>• Early and interim testing would be helpful, and a rolling programme of audit work was suggested</li><li>• Auditors should seek to discuss/meet directly with valuers where possible, so that judgements and documents can be explained</li><li>• Consideration of changes in software or moving towards rolling revaluation programmes.</li><li>• Potential for reserves deadlines to be brought forwards</li><li>• It is important to ensure consistent processes are put in place, including documenting the rationale for the choice of indices.</li></ul> |

How can valuers, accountants and auditors work more effectively together to overcome these challenges?

- Setting up working groups for local authority valuers (potential for teams meetings)
- Using the North Wales Collaboration Group
- Collaboration between Police Forces
- Using existing groups (such as Chief Accountants)
- Encouraging good working relationships between finance teams and valuers
- Direct contact between valuers and auditors to resolve queries and explain rationale for decisions.
- Local authorities sharing methods and approaches
- Local authorities potentially working together where necessary to procure external expertise
- Ensuring consistency across Audit Wales teams
- Continue engagement with CIPFA (ie. guidance, indices)
- Clearly defining roles early and forward planning