



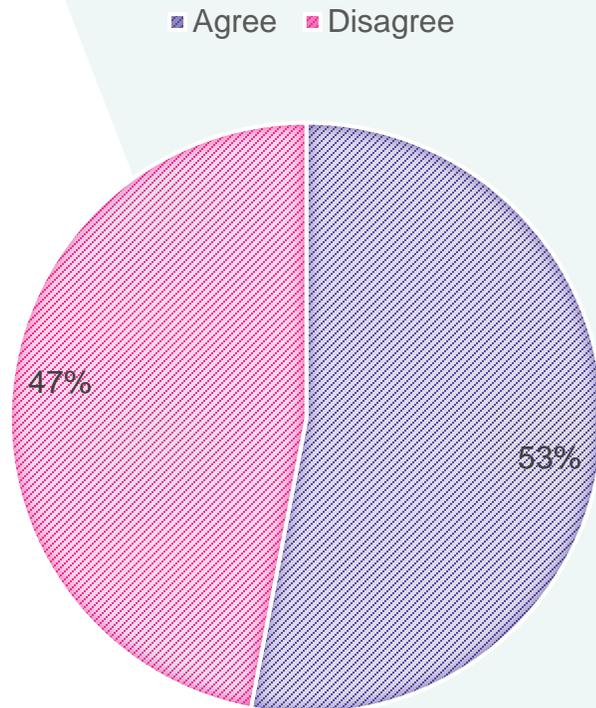
Exceptional consultation on time-limited changes to the Code

CIPFA LASAAC

The Chartered Institute of
Public Finance & Accountancy

KEY QUESTIONS

Responses to question 1a: Pausing formal valuation (no indexation)



- 98 responses agree
- 87 responses disagree
- 29 responses equivocal or unclear

Responses to question 1a: key stakeholder positions (auditors)

- Audit agencies do not support pausing valuation
- Audit firms views are mixed. Those that do support are concerned that FRC need to be content with the approach if implemented, and suggest a uniform mandatory pause would be required

Responses to question 1a: key stakeholder positions (preparers)

- DCN supports pausing
- SLT content if audit effort would be reduced. If implemented, pausing should be mandatory
- Many individual preparer responses indicate that they support the approach if and only if it results in reduced auditor and preparer effort
- SCT does not support
- Estates teams have mixed views

Responses to question 1a: key stakeholder positions (others)

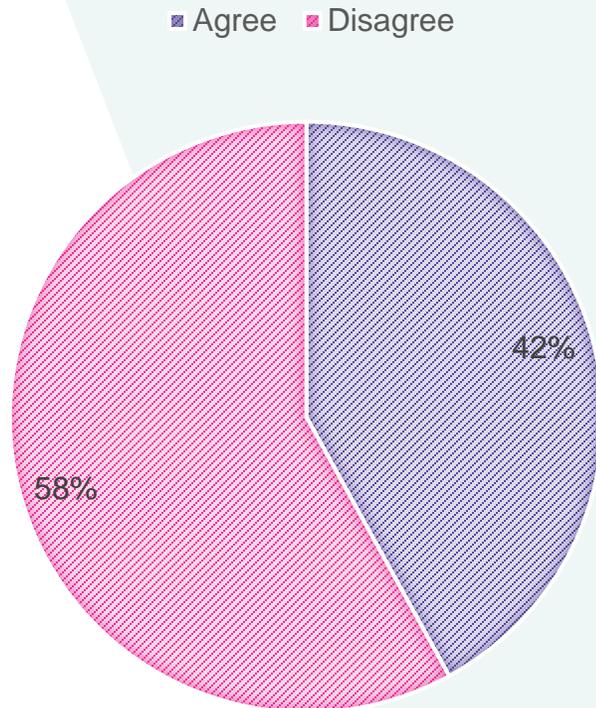
- RICS do not support the approach
- FRC did not formally respond but provided feedback
 - financial reporting representatives were not supportive per se, but did not rule out the proposed approach as unsound. They did however raise concerns that the rationale provided for operational PPE would not apply to mixed use assets with any significant commercial element.
 - audit and assurance representatives did not rule out the proposed approach as unsound, although they did raise concerns in relation to any scoping out that might be required as a result of the issue raised by .

Responses to question 1a: Secretariat analysis

- The response breakdown is very balanced and does not seem to provide a mandate
- Some supporters of 'pausing' would only support mandatory pausing
- Auditors do not generally support. Those who do would require re-assurance in relation to the FRC position
- The FRC position probably falls short of providing that reassurance.
- FRC also raise a technical issue which may undermine the rationale used to support pausing

RECOMMENDATION: pausing is not progressed due to audit risk and the prospect that the benefits will not outweigh the cost

Responses to question 1b: Pausing formal valuation plus indexation



- 98 responses agree
- 103 responses disagree
- 35 responses equivocal or unclear

Responses to question 1b: key stakeholder positions (auditors)

- Audit agencies do not support pausing valuation
- Audit firms views are mixed. Those that do support are concerned that FRC need to be content with the approach if implemented, and suggest a uniform mandatory pause would be required

Responses to question 1b: key stakeholder positions (preparers)

- DCN supports optional indexation
- SLT content if audit effort would be reduced. If implemented, pausing should be mandatory
- SCT does not support.

Responses to question 1b: key stakeholder positions (others)

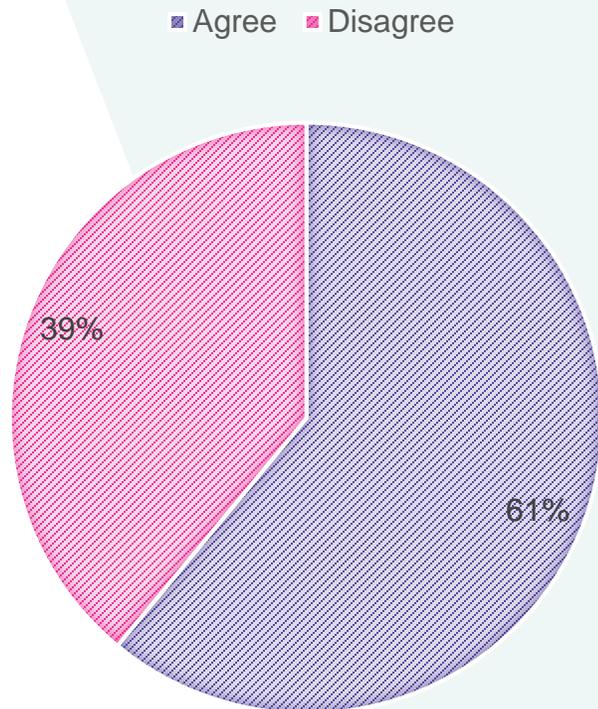
- Secretariat were not able to successfully engage with RICS in the time available
- RICS responded and do not support the approach
- FRC did not provide comment on this in our discussions, given that Secretariat had not determined an appropriate indexation approach

Responses to question 1b: Secretariat analysis

- The response breakdown does not support indexation
- Those who did support had mixed views on optional v mandatory indexation
- There are also conflicting views as to whether indexation should be simple and uniform or granular and for example, encompass regional variation
- Auditors do not generally support. Those who do would require re-assurance in relation to the FRC position
- More critically, Secretariat were not able to engage with RICS or otherwise make progress on determining acceptable indices.

RECOMMENDATION: indexation is not progressed due to audit risk and the prospect that the benefits will not outweigh the cost

Responses to question 1c: Explore pausing valuation in 2022/23 Code



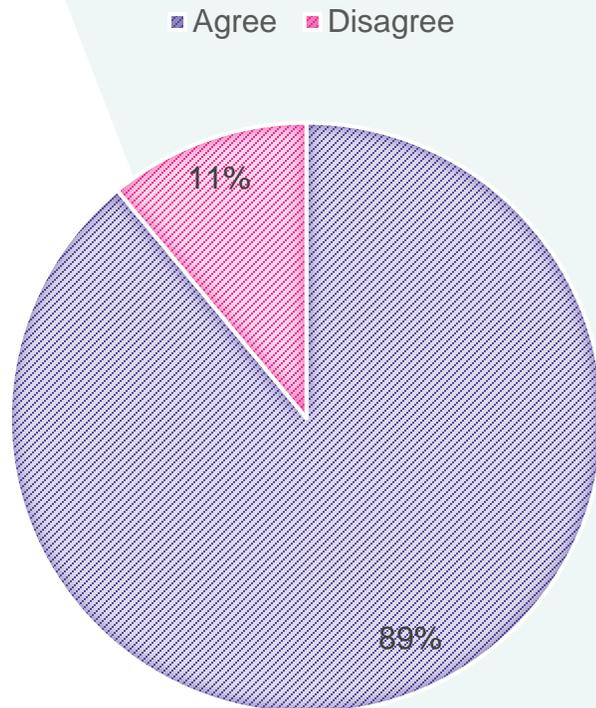
- 99 responses agree
- 62 responses disagree
- 41 responses equivocal or unclear

Responses to question 1c: Secretariat analysis

- The response breakdown shows some appetite for consulting on this in slower time
- However the responses to questions 1a and 1b show substantial conflicts as to whether any approach should be optional or mandatory, and whether pausing or pausing with indexation should apply

RECOMMENDATION: consultation on this matter is not carried out in relation to the 2022/23 Code

Responses to question 6: Deferred implementation of IFRS 16



- 180 responses agree / support
- 23 responses disagree
- 13 responses unclear or n/a

Responses to question 6: key stakeholder positions

- Audit agencies do not support deferring implementation of IFRS 16
- ICAS and ICAEW do not support deferring implementation of IFRS 16
- Audit firm views are generally supportive
- Preparers show overwhelming support for deferral
- RICS are neutral, but suggest that deferral would help local authorities
- LASAAC do not support, while reserving their position if there is substantial public sector support, having regard to the views of HM Treasury and the FRAB

Responses to question 6: Secretariat analysis

Based on the analysis so far, from the preparer perspective the benefits outweigh the costs. We recommend that CIPFA LASAAC considers the conflicting views of stakeholder groups and the weighting attached to each of them, before reaching a position

Responses to question 8: Jurisdictional application (IFRS 16)

Responses difficult to analyse, but the majority who did not oppose deferral supported UK wide application

Some English authorities provided no view on application outside England.

LGA suggested consulting with local authority representative bodies

2 audit firms supported England only application. 1 audit firm deferred to Treasury and the devolved governments.

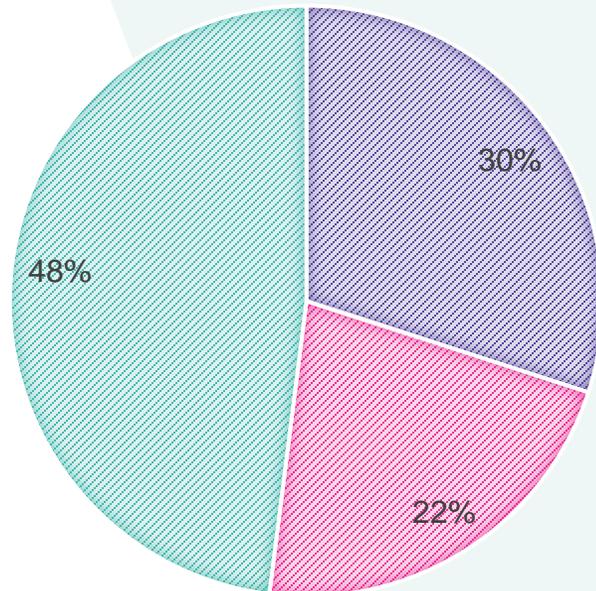
INFORMATION ON OTHER QUESTIONS

Response information on other questions is provided in the following slides.

Secretariat do not expect the Board to need to consider these questions, given the relative lack of support for pausing valuation and for indexation.

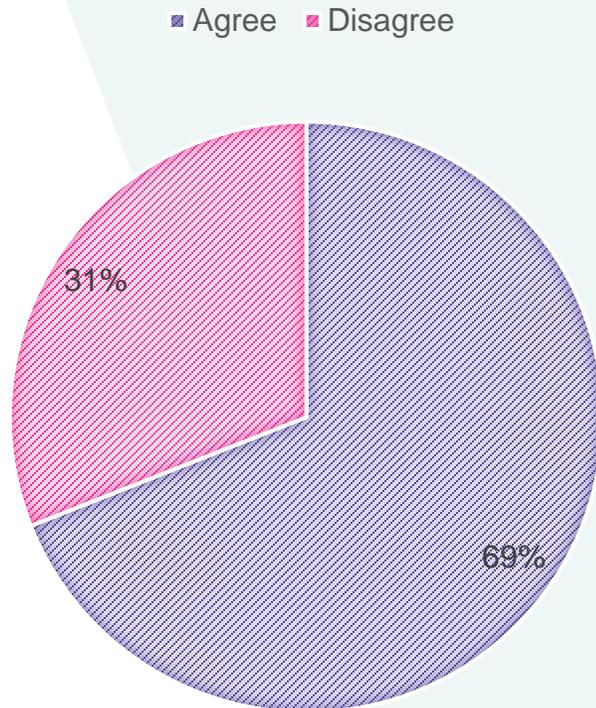
Responses to question 3: Jurisdictional application (pausing/indexing)

■ UK wide ■ England only ■ By jurisdiction



- 21 UK wide
- 16 England only
- 34 jurisdiction government to choose
- 40 disagree
- 100 non-response or unclear

Responses to question 4: Application to HRA assets

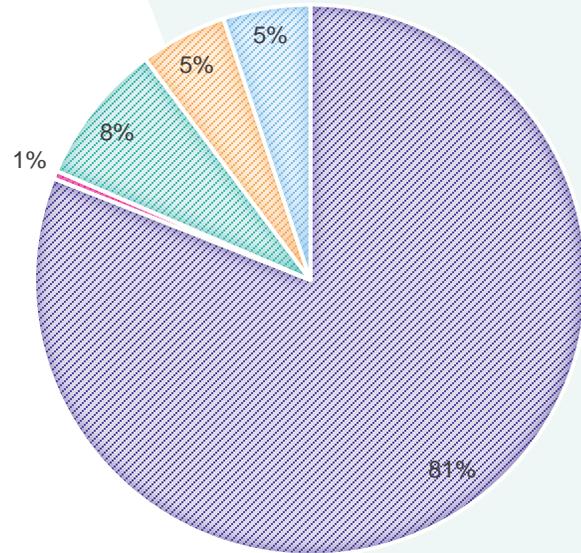


- 103 responses agree
- 47 responses disagree
- 62 responses unclear or n/a

INFORMATION ON RESPONDENTS TO THE CONSULTATION

Jurisdictional Distribution of respondents

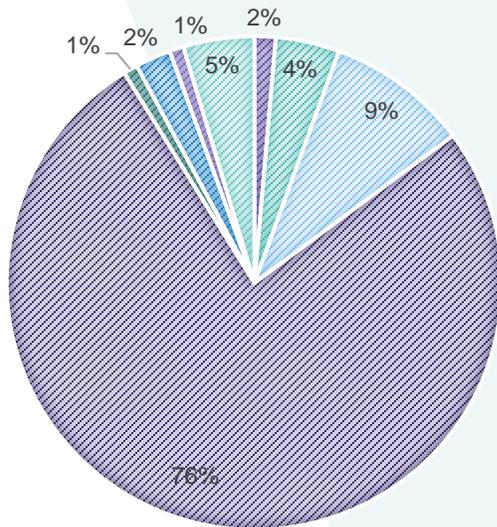
■ England ■ Northern Ireland ■ Not Applicable ■ Scotland ■ Wales



Jurisdiction/Other	Number of Responses
England	175
Northern Ireland	1
Not Applicable	18
Scotland	11
Wales	11
Total	216

Types of Respondents

- Auditors
- Emergency Services
- Other Specialist Authority
- Regulators and Governments
- Consultants
- Local Authority
- Personal
- Society/Institute



Respondent	Number of Responses
Auditors	3
Consultants	9
Emergency Services	20
Local Authority	165
Other Specialist Authority	2
Personal	5
Regulators and Governments	2
Society/Institute	10
Total	216