Summary Of Consultation Responses

Note – a group of interested parties best described as professional accounting firms that audit local authorities is abbreviated in this Appendix to ''firm'' or "firms"

Stable Platform

Question		Agree	Disagree	No Comment
1	Do you agree with the approach to the changes to the Code ie to maintain a stable platform in the 2023/24 Code? If not, why not? Please provide your views on why this might be the case.	18 (90%)	0 (0%)	2 (10%)

	Comments	Response	RAG Rating
1	Do you agree with the approach to the changes to the Code ie to maintain a stable platform in the 2023/24 Code? If not, why not? Please provide your views on why this might be the case.		
1.1	The majority of respondents agreed with the stable platform. Indicating: • It took into account local audit issues, including the impact of significant delays and the lack of resource in the system (which also comprised technical issues). • The deferral of IFRS 16 was the correct and pragmatic response. (but agreeing with the Chair of CIPFA LASAAC's views that IFRS 16 was the best form of financial reporting for leases). • Noting postponing is welcomed while offering the opportunity for some authorities to adopt if they so wished. In one response a representative body supporting CIPFA LASAAC's previous urgent consultations and commented: *'In those responses (March and June) we noted that local audit is currently in crisis and that the reasons for this are complex and have a number of causes which will take time to address. They require a concerted response*	No further comments this is consistent with the approach outlined in the consultation paper. The infrastructure assets Update includes changes to the 2024/25 Code.	Amber – as this is delaying any significant changes there are arguably some risks as this omits improvement. However, the stable platform is necessary in the current local audit environment. The 2023/24 Code will only proceed with those changes required by standards and legislation.

	Comments	Response	RAG Rating
	from a range of stakeholders including Central Government, the audit firms, the regulators and CIPFA.' The respondent also noted that it was disappointing not to have seen the outcomes of the (presumably) last consultation on infrastructure assets. Though this response may have referred to the other issues listed in the emergency consultation. We suggest that when CIPFA makes any temporary changes to the 2022/23 Code, the same changes should also be made to the 2023/24 Code, unless there is a clear reason not to.		
1.2	Although agreeing with the way forward in the consultation paper respondents made the following comments:		
1.2a)	An audit body noted that this should not prohibit enhancements to the Code's provisions	This was a point made in the consultation paper. However, any significant enhancement should be subject to a consultation process.	Amber – as this is delaying any significant changes there are arguably some risks as this omits improvement. However, the stable platform is necessary in the current local audit environment. The 2023/24 Code will only proceed with those changes required by standards and legislation.
1.2b)	An audit firm suggested that a year of minimal changes would represent a good opportunity for local authorities to adopt climate change reporting, following an approach similar to the FReM. The firm noted that this could be for larger authorities initially.	The Secretariat agrees that sustainability reporting is important, this being the rationale for including this in the strategic plan. However, 1) This would no longer be a stable platform. 2) It would be important that local government adopt the sustainability reporting requirements which best supports its needs. This will require a review process and will be subject to the decisions taken internationally. 3) Some sustainability reporting can be	Amber – there are risks to not moving forward soon on sustainability reporting though moving forward without ensuring that this is the best approach to sustainability reporting for local government. The 2023/24 Code will only proceed with those changes required by standards and legislation.

	Comments	Response	RAG Rating
		encouraged under the current framework. 4) More work would need to be done on a differential framework.	
1.2c)	An authority commented: i. the Code is due a critical review of the less useful disclosures in the near future, and remove disclosure requirements that don't make a useful contribution for readers (e.g. too much detail on IAS 19). ii. the nature of the financial reporting and audit requirements as they stand are hindering the transparency of local authority activity, no amount of additional disclosure is going to assist that the reporting requirements which will have a knock-on benefit to the audit process. The levers that were put forward recently (but not adopted) to assist the audit position should be explored again but as permanent changes. iii. the amount of internal resource and external costs in audit fees would be difficult to justify to residents, and the impact on the audit market has been stark as reflected in the PSAA procurement process. We appreciate CIPFA are not the only player in this discussion, but it would be useful for CIPFA to acknowledge that this is the direction of travel.	Responses: i. It is notable that the working group that looked at simplification (including this authority that chaired the Group) did not choose IAS 19 disclosures but instead focussed on the review of Group Accounts etc (as set out in the consultation paper). The removal of any of the disclosures will have to run the high bar set by FRAB of maintaining high quality financial reporting. ii. Not clear what ii means but the local audit liaison group sub-group will review the other levers, most of which are not in CIPFA LASAAC's gift. iii. See ii).	Amber – as this is delaying any significant changes there are arguably some risks as this omits improvement. However, the stable platform is necessary in the current local audit environment. The 2023/24 Code will only proceed with those changes required by standards and legislation.
1.2d)	Another authority commented: i. The local audit framework is clearly under-resourced, and this in combination with the accounting areas already undergoing consultation, such as the accounting for	The secretariat acknowledges i) and agrees but would note that CIPFA and CIPFA LASAAC have committed significant resources to aid the resolution of the infrastructure asset issue. Item ii) is in line with the stable platform.	Amber – as this is delaying any significant changes there are arguably some risks as this omits improvement. However, the stable platform is necessary

	Comments	Response	RAG Rating
	infrastructure assets is having a significant impact on the timely conclusion of the year-end process. This delay is detrimental to internal staff resources and to maintaining transparency for taxpayers. ii. it supports updates to the code and legislative changes where they improve communication with the users of the accounts and wished to avoid narrative and restatements.		in the current local audit environment. The 2023/24 Code will only proceed with those changes required by standards and legislation.

Definition of Accounting Estimates, Amendments IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Question		Agree	Disagree	No Comment
2	Do you agree with CIPFA LASAAC's view that the changes included in the Definition of Accounting Estimates, Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors should be implemented in the Code as outlined in the ITC? If not, why not? What alternatives do you suggest?	17 (85%)	0 (0)	3 (15%)

	Comments	Response	RAG Rating
2	Do you agree with CIPFA LASAAC's view that the changes included in the Definition of Accounting Estimates, Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors should be implemented in the Code as outlined in the ITC? If not, why not? What alternatives do you suggest?		
2.1	The majority of respondents agreed approach to the changes in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Indicating: • the changes provide clarity to assist local authorities in distinguishing between accounting policies and accounting estimate • they expected the amendments will represent (incredibly) helpful guidance for local authorities in determining whether changes are to be treated as	No further comment. This is consistent with the approach outlined in the consultation paper. The Code Update for infrastructure assets includes changes to the 2024/25 Code.	Green - CIPFA LASAAC is applying the standard without adaptation on interpretation and these amendments will assist both accounts preparers and users in the presentation of local authority financial statements.

	Comments	Response	RAG Rating
	changes in estimates, changes in policies, or errors. There were no dissenting views.		
2.2	One authority commented that the wording of paragraph 3.3.2.18 in Exposure Draft 1 is rather confusing and wonder whether the meaning could be made more explicit.	The Secretariat would note that this is the wording in accordance with IAS 8 and is of the view that it is clear ie *The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.* It is suggested that this is explained in more detail in the Code Guidance Notes. Note that a number of authorities considered examples in the Code Guidance Notes would be helpful.	Green – this is the wording per the standard and can be clarified by means of the Code Guidance Notes.
2.3	An accounting institute commented that the ED has excluded the examples provided in IAS 8.32(b) and (e), but recognise these examples of inventories and warranty obligations are less relevant for local authorities it commented that: *'We believe the changes proposed to the Code in the ITC appropriately reflect the amendments to IAS 8 in a public sector reporting environment.'*	Yes, CIPFA LASAAC only included examples in the Code which were particularly relevant to local authorities.	Green – although the examples are not particularly relevant to local authorities, if necessary, a local authority can refer to the standard,
2.4	An audit body commented: '*We note the proposed paragraph 3.3.2.16 which explains that the accounting code sometimes uses the term 'estimate' where it is not referring to an accounting estimate. .. we suggest that understanding would be enhanced if relevant references to 'estimate' throughout the accounting code were replaced with 'accounting estimate', where applicable, to ensure consistent differentiation.*	The Secretariat does not concur. The IASB has not done this. There is a risk that this exercise may omit some examples thus creating confusion. It is suggested instead that the Code Guidance Notes focuses on this issue giving a number of examples.	Green – the use of the word 'estimate' which is not an 'accounting estimate' has not been raised as an issue in any previous consultation when accompanied by relevant examples. This should be sufficient for local authority understanding.
2.5	An authority commented:	The Secretariat agrees that it may improve understanding in	Green – the Secretariat would

	Comments	Response	RAG Rating
	This change will be particularly useful in the context of infrastructure assets, where several authorities will likely have their assumptions around useful lives challenged and work in this area may identify new information which impacts the measurement technique (useful lives used), impacting future years' calculation of depreciation. Another authority commented: *Given current economic uncertainties, it seems prudent to strengthen the communication around the accounting estimates used in producing the financial statements, but we support an overall view that materiality should still take precedence.*	this area. The Secretariat would note that materiality is a part of relevance, a fundamental qualitative characteristic of useful financial information.	agree this will assist local authorities in understanding the difference changes between estimates and accounting policies and will be able to support decisions relating to the current uncertainties.

Disclosure of Accounting Policies, Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2, Making Materiality Judgements

Question		Agree	Disagree	No Comment
3	Do you agree with CIPFA LASAAC's view that Disclosure of Accounting Policies, Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements should be implemented in the Code as outlined above? If not, why not? What alternatives do you suggest?	15 (75%)	0 (0%)	5 (25%)

	Comments	Response	RAG Rating
3	Do you agree with CIPFA LASAAC's view that Disclosure of Accounting Policies, Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements should be implemented in the Code as outlined above? If not, why not? What alternatives do you suggest?		
3.1	The majority of respondents supported the consultation proposals with regard to Disclosure of Accounting Policies, Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice	No further comments.	Green – CIPFA LASAAC's proposals are to implement the changes to the standard without adaptation. This will also encourage a

	Comments	Response	RAG Rating
	Statement 2 *Making Materiality Judgements.*		clearer presentation of a local authority's material accounting policies.
3.2	An authority commented: *There would be a significant benefit to practitioners to provide an interpretation of the amendments to IAS 1 for public sector. This would provide a clearer steer into what is material in terms of accounting policy. Taking this interpretation to provide practical examples would be very useful to be included as part of the guidance to the code of practice… there is an issue with materiality levels in relation to the balance sheet and a separation between revenue and capital levels is needed*. Large counties have capital projects that individually run into much more than the current materiality level and some pragmatism is required.	The Code Guidance Notes will provide guidance and illustrative examples on the proposed amendments to the standard. The Secretariat considers that these materiality judgements will be able to be considered against the guidance.	Green – the Code Guidance Notes will be able to consider this from a financial reporting perspective.
3.3	An accounting institute commented: *'the disclosure of accounting policies can sometimes be viewed as a boilerplate 'copy and paste' exercise by preparers, perhaps making use of an audit firm's illustrative examples, and not always considering the information needs of users of the financial* statements. The institute encouraged CIPFA LASAAC to actively promote this update to the Code in respect of: 1. the IAS 1 and IFRS Practice Statement 2. perhaps by running workshops for local authority preparers to reinforce the importance of understanding users' information needs when preparing this section of the local authority financial statements	There is a risk of 'boilerplate' exercises in the local government sector, and this will be considered when drafting guidance in the Code Guidance Notes. The amendments to IAS 1 will be promoted in the accounting conference and in the CIPFA FAN year end workshops.	Amber – the Guidance Notes will attempt to guard against a 'boilerplate' approach but there are risks that this may happen.
3.4	An audit firm commented: *'Determining whether accounting policies are material or not requires greater use of judgement. CIPFA should*	The Code does normally directly refer IFRS Practice Statement 2 as it is written from a private sector perspective, and this was a	Green – the Code Guidance Notes will allow for proper interpretation of the amendments including

	Comments	Response	RAG Rating
	encourage authorities to revisit their accounting policy information disclosures to ensure consistency with these amendments…ED 2, does not refer to the IFRS Practice Statement 2 which provides helpful guidance and illustrative examples…' An authority also sought views on whether Practice Statement 2 should be referred to in the Code.	deliberate decision. The Code Guidance Notes can provide appropriate examples and if necessary, refer to the Practice Statement but ensure that this is set within appropriate context.	providing appropriate examples.
3.5	A few authorities noted the need for transparency with one indicating: *Ensuring appropriate consideration of those areas which are material in a non-monetary way is one way to achieve this, as is ensuring the information is clear and easily distinguishable as having a material impact.* Another authority commented that there would still be a degree of subjectivity in determining what constitutes a material accounting policy, but the proposed parameters provide greater clarity on the matters that ought to be considered.	There will be subjectivity in the decisions made.	Amber – to reflect the work and possible risks around subjectivity though this will be mitigated by the standard.
3.6	An authority indicated that it partly agreed and had reservations that this will result in a far less extensive disclosure of accounting policies. It indicated it saw issues with the following: i. Whether an accounting policy can be considered as material separately from the item in the financial statements to which it relates. ii. Whether the application of materiality will lead to fewer accounting policies than some users of the accounts would wish to see. iii. Whether disclosure of accounting policies will be driven by the financial materiality of the Notes in the financial statement rather than by an objective assessment of the impact	The reduction is only intended to ensure that material accounting policies are included which would aid the objective of ensuring the key messages or those that are material to the users of local authority accounts. If they are useful to the users of the accounts, then this should mean the right number of accounting policies are included (though as noted above there is a level of subjectivity). It is likely that there will be more work the first time the amendments to the standards are applied and this will have to be a review annually, but as local authorities become used to applying the amendments this will reduce. It is suggested that there are early	Amber – though nearly green as the changes to the Code promote the effective presentation of the key messages in the accounts there is significant guidance in the standard, but this will be supported by the Code Guidance Notes.

	Comments	Response	RAG Rating
	of accounting policies in total. iv. Whether it would be onerous and time consuming for authorities to assess which accounting policies are material. v. Whether the above would lead to a challenge from auditors. Another authority questioned whether there would be any guidance from CIPFA on what materiality levels practitioners should adhere to? Provide guidance on qualitative examples to demonstrate and where reporting immaterial information may obscure material information.	discussions with local authorities. The Code Guidance Notes provides guidance on materiality decisions but will not provide thresholds. Guidance will be provided on issues where reporting immaterial information may obscure material information	

Deferred Tax relating to Assets and Liabilities arising from a Single Transaction, Amendments to IAS 12 Income Taxes

Question		Agree	Disagree	No Comment
4	Do you agree with CIPFA LASAAC's view that Deferred Tax relating to Assets and Liabilities arising from a Single Transaction, Amendments to IAS 12 Income Taxes should be implemented in the Code as outlined in the ITC? If not, why not? What alternatives do you suggest?	16 (80%)	1 (5%)	3 (15%)

	Comments	Response	RAG Rating
4	Do you agree with CIPFA LASAAC's view that Deferred Tax relating to Assets and Liabilities arising from a Single Transaction, Amendments to IAS 12 Income Taxes should be implemented in the Code as outlined in the ITC? If not, why not? What alternatives do you suggest?		
4.1	The majority of respondents supported the consultation proposals with regard to Deferred Tax relating to Assets and Liabilities arising from a Single Transaction, Amendments to IAS 12 Income Taxes a number of authorities and an accounting institute agreed that this would only	No further comments.	Green – the Code will adopt the amendments to the standard without adaptation.

	Comments	Response	RAG Rating
	affect a local authorities' Group Accounts.		
4.2	A treasury management advisor and a local authority commented that there need to be something included to address issues for Councils' wholly owned companies as this may be applicable to group reporting. For local authorities with group accounts, it may be useful for the Code to provide further guidance that outlines under what scenarios the amendment would impact on local authority group accounts.	The Code does not normally provide guidance on the application of a standard.	Amber – because of the risks identified in row 4.3
4.3	An audit firm commented By leaving the Code unchanged it is possible the amendment to IAS 12 will go unnoticed by practitioners, creating a risk of reporting errors. Over recent years more local authorities have entered into group arrangements, and accordingly publish group accounts. It is often local authority practitioners that prepare the accounts of the subsidiaries which are then consolidated in group accounts. In our view CIPFA should: i. draw attention to the change in Appendix A of the Code and explicitly state whether it is to be applied in 2023/24. ii. consider incorporating the requirements of international accounting standards mainly applicable to subsidiaries, such as IAS 12, into the group accounts chapter (either in the Code or the supporting Guidance Notes). This should help practitioners to familiarise themselves with material differences between those standards and UK GAAP, and consequently to identify all necessary consolidation adjustments.	The Code will include reference to all amendments to standards that apply to that Code in both Appendices A and D for the avoidance of doubt. The Code does not provide detailed guidance on the detailed application of IAS 12. Reference to the amendments will be included in the Code Guidance Notes.	Amber – it is concerning that local authorities are at risk of not noticing these transactions. The Code has generally not provided significant guidance on taxation as this is a specialised area and if the transaction is relevant direct reference should be made to the standard.

Reference to the Conceptual Framework, Amendments to IFRS 3 Business Combinations

Question		Agree	Disagree	No Comment
5	Do you agree with CIPFA LASAAC's view that Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations should be implemented in the Code as outlined above? If not, why not? What alternatives do you suggest?	17 (85%)	0 (0%)	3 (15%)

	Comments	Response	RAG Rating
5	Do you agree with CIPFA LASAAC's view that Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations in the Code should be implemented as outlined above? If not, why not? What alternatives do you suggest?		
5.1	The majority of respondents supported the consultation proposals with regard to Reference to the Conceptual Framework – Amendments to IFRS 3 *Business Combinations.*	No further comments.	Green – the Code will adopt the amendments to the standard without adaptation.
5.2	An accounting institute agreed with CIPFA LASAAC's decision not to directly amend the Code in respect of the amendments to IFRS 3. It noted that in the event of a local authority needing to apply IFRS 3, it would use IFRS 3 as endorsed for use in the UK, as is currently the case under the Code. A treasury management advisor firm made a similar comment accepting that the amendments to IFRS 3 are not likely to significantly affect local authorities. An audit firm noted that the amendments would be cited in Appendix D and that paragraph 9.1.2.64 of the Code currently requires practitioners to refer to IFRS 3 when determining the recognition and measurement of assets acquired and liabilities assumed. This should ensure that practitioners apply IAS 37 and IFRIC 21, where appropriate, as required by the amendments to IFRS 3.	No further comments.	Green – the Code will adopt the amendments to the standard without adaptation.

	Comments	Response	RAG Rating
5.3	An authority requested more explanatory material be provided in the guidance to practitioners e.g., Illustrative examples	Guidance is not typically provided on IFRS 3 as it is anticipated that local authorities should follow the provisions of IFRS 3 directly.	Green – the Code will adopt the amendments to the standard without adaptation.

Legislative Changes

Question		Agree	Disagree	No Comment
6	Do you agree with CIPFA LASAAC's approach to legislative changes? If not, why not? What alternatives do you suggest?	11 (55%)	3 (15%)	6 (30%)

	Comments	Response	RAG Rating
6	Do you agree with CIPFA LASAAC's approach to legislative changes? If not, why not? What alternatives do you suggest?		
6.1	Two respondents made comments about the equitability of the changes to the account's publication deadlines without some form of change to the unaudited accounts deadlines. One authority supported faster closing. One authority commented on the need to resolve the current significant difficulty in meeting the statutory deadlines for publication of the audited financial statements. Note at the September webinar a significant proportion of the questions related to current problems in local audit.	No further comments.	NA this is not an issue for the Code. The Code itself will present the statutory position.
6.2	An authority responded indicating that CIPFA should support an extension to both the statutory overrides. Other commentaries on the override were included and on the impact of movements in the funds. With one authority commenting: *'the removal of the statutory override makes such funds much less attractive and could mean Councils miss an opportunity to earn investment income which would then either*	CIPFA's joint response with the ICAEW to the Future of the IFRS 9 Statutory Override is available on the CIPFA website. The Secretariat awaits changes to the Regulations to be included in the Code.	NA this is not an issue for the Code

	Comments	Response	RAG Rating
	need to be reflected by increased taxation or reduced services'. An accounting institute indicated that it encouraged CIPFA LASAAC to work with DLUHC in ensuring the accounting treatment for such gains and losses is aligned to IFRS 9 *Financial Instruments*; noting that divergence in financial reporting can lead to confusion and reduces financial statement users' ability to compare organisations' financial performance. A representative association indicated that in its response to the consultation it was arguing that the override should be extended or made permanent.		
6.3	Several respondents noted the significant financial (budgetary and resource) issues facing local authorities with regard to the Dedicated Schools Grant. A representative body commented '*It will take several years for the proposals set out in the SEND Green Paper to be taken through the legislative process, before becoming law. In the meantime, making additional high needs funding available to all councils, as well as the targeted 'safety valve' and the 'Delivering Better Value in SEND' programmes are welcome, but the Government must go further and develop a plan that eliminates every council's Dedicated Schools Grant deficit.'*	No further comments.	NA this is not an issue for the Code
6.4	A treasury management advisor noted '*The inclusion of areas that remain undecided and subject to the outcome of separate consultations is useful as a means of getting a view of likely forthcoming updates, but it does not allow for meaningful feedback as to the Code's approach to implementing the change in local authority reporting'.*	It is not possible to feedback on the Code's approach (if there is a requirement to include Code amendments) if the legislative position had not been finalised.	Amber – it is not possible to present an accounting view of legislative changes until they are issued. Often these changes simply reflect factual change while on other occasions an accounting treatment may need to be set out though this does not

	Comments	Response	RAG Rating
			always require changes to the Code.
6.5	One audit body that disagreed commented: *'The following statutory guidance issued by the Scottish Government (after the consultation paper was issued) and any guidance applicable to 2023/24 issued in the future should be reflected:* • *Finance Circular 9/2022 which sets out statutory overrides for infrastructure assets* • *Finance Circular 10/2022 which sets out statutory guidance on accounting for service concession arrangements and leases* *In addition, The Low Emissions Zones (Scotland) Regulations 2021 set out requirements for keeping accounts related to low emission zones (Reg 21).'*	Yes, as the response notes these would need to be added as they were issued post consultation. Care will need to be taken with how the Scottish Statutory Guidance interacts with the amended provisions of the Code Update.	Amber – only relating to infrastructure assets. The relationship between the Code and the statutory guidance in circular 9/22 may need to be clearly specified in the forward to the Code to avoid confusion for Scottish local authorities. Other two items green as the Code will reflect the statutory provisions.
6.7	An audit firm commented that the Code should specify the treatment when either of the two statutory overrides (either in relation to fair value gains and losses on pooled investments (England and Wales) or the Dedicated Schools' Grant, CIPFA should ensure the Code clearly explains how the closure of accounts set up solely for those purposes should be dealt with if either statutory override discontinues.	It is difficult for the Code to specify the treatment when the overrides discontinue as such the statutory overrides do not specify what should happen at this juncture. The Secretariat will raise the issue with government. If this is not specified it is suggested that this should be instead dealt with in guidance. CIPFA raised this issue in its original response to the statutory override.	Amber – as statutory provisions have specified the treatment there are risks for the Code in subsequently specifying the treatment. This may best be dealt with in guidance.

IFRS 17 Insurance Contracts

Question		Agree	Disagree	No Comment
7	Do you agree with CIPFA LASAAC's approach to the implementation of IFRS 17 Insurance Contracts in the Code? If not, why not? What alternatives do you suggest?	13 (65%)	2 (10%)	5 (25%)
8	Do you agree with the timing of the implementation of IFRS 17 Insurance	14	1	5

	Contracts in the Code ie in the 2025/26 Code? If not, why not? What alternatives do you suggest?	(70%)	(5%)	(25%)

	Comments	Response	RAG Rating
7	Do you agree with CIPFA LASAAC's approach to the implementation of IFRS 17 *Insurance Contracts* in the Code? If not, why not? What alternatives do you suggest?		
7.1	The majority of respondents supported the consultation proposals without comment.	No further comments.	Green subject to resolution of other comments
7.2	An audit firm supported the proposals not to include material in the Code, noting that their 2022/23 response that Code Guidance Notes can explain which arrangements are captured by IFRS 17 rather than IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*	This is helpful and it may be necessary to include material in the Code Guidance Notes.	Green subject to resolution of other comments
7.3	A local authority supported the proposals not to include material in the Code but suggested that illustrative examples would be helpful.	Subject to satisfactory resolution of the point raised at 7.4, this can be appropriately managed through Code Guidance Notes	Green subject to resolution of other comments
7.4	A local authority disagreed with the proposals not to include material in the Code, noting the application of IFRS 4 to some pension guarantees	Consultation suggests the circumstances under which IFRS 17 applies are limited, and the Society of London Treasurers provided reasoning indicating that some arrangements currently accounted for under IFRS 4 should follow IFRS 9. However, it is appropriate to engage with stakeholders including the local authority and the audit firm per 7.2 to determine the likely scope of this issue to determine the approach or other more specific material which might or might not be provided by CIPFA/LASAAC or CIPFA. The Secretariat would note its view that accounting for pension guarantees which do	Amber – further work needs to be done to confirm the proposed approach or to develop material if the circumstances under which IFRS 17 applies are more commonplace than anticipated. We would not at this stage rule out the inclusion of quite brief explanation in the Code.

	Comments	Response	RAG Rating
		in fact reflect insurance risk is not expected to be complex.	
7.5	A local authority disagreed with the proposal to adopt IFRS 17.	Covered in response to Question 8.	
7.6	A fire authority supported the proposals generally but explained that it was involved with a mutual insurance company as a joint arrangement with other fire authorities. While noting that Code material was not required for the mutual (which will follow UK GAAP) or the interest of each fire authority, it raised a query in relation to the fact that each of the fire authorities in the mutual stands as guarantor in the fall back position where the mutual is not able to service its liabilities to service insurance claims.	This response provides additional information on actual insurance businesses set up by local authorities. These are anticipated to be few in number, and to follow FRS 103 Insurance Contracts on which guidance would not be required in the Code. However, the question raised in relation to authorities acting as fallback guarantors is a new one which Secretariat needs further time to assess. Unresolved issues at this stage are: - Whether IFRS 17 would apply at all - Whether the more complex requirements and disclosures of IFRS 17 would apply - The numbers of fire and other local authorities for which this might be relevant.	Amber – further work needs to be done to confirm or challenge the proposed approach in the context of mutual insurance or other local authority run insurance companies. We would note that even if the points raised require more thorough consideration of IFRS 17 by affected authorities, they may still not be sufficiently widespread to warrant inclusion of material in the Code.
8	Do you agree with the timing of the implementation of IFRS 17 Insurance Contracts in the Code ie in the 2025/26 Code? If not, why not? What alternatives do you suggest?		
8.1	The majority of respondents supported the consultation proposals on timing of adoption.	No further comments.	Green – there should be sufficient time to allow for resolution of issues raised and this will be less risky if the same implementation approach applies as per IFRS 4.
8.2	One local authority which supported the proposal noted that CIPFA LASAAC should have regard to the number of new standards being introduced after the stable platform.	Though not unsympathetic Secretariat is of the view that there will be limits in CIPFA LASAAC's governance processes to the length of the stable platform and this implementation date has already been deferred.	Amber – as the Secretariat is not yet fully confident that it has identified all the circumstances where IFRS 17 might apply though at the moment it tends towards a similar application as with IFRS 4.

	Comments	Response	RAG Rating
8.3	One local authority disagreed with implementation in 2025/26.	See response to row 8.2.	

Further Guidance

	Comments	Response	RAG Rating
14	Are there any areas within the Code where additional guidance or improvements to the Code would be helpful? Please support your answer by giving details of the amendments you would suggest.		
14.1	An authority was of the view that the Code and Code Guidance notes should contain most local government reporting requirements, ideally the two should minimise the need for practitioners to refer to source Standards. This would provide clearer guidance and would promote, high quality financial reporting. It also suggested that the Code and Code Guidance combined as one document could be beneficial to practitioners as referring to both as well as the IFRS standards. We would also encourage as many working examples as possible being included to aid practitioners. Another local authority suggested that SeRCOP and the separate guide on IFRS 9 should also be included.	Other stakeholders eg firms have encouraged direct reference to standards (for one form on an almost annual basis). The Secretariat was aware of the view of this authority and has tried to do this for most regular transactions of local authorities though would seek CIPFA LASAAC's views on this. This would obviously have an impact on the future approach to the drafting of the Code. It is anticipated that the electronic platform that CIPFA is investing in will be able to provide links between the Code and the Code Guidance Notes and possibly the Code Disclosure Checklist. However, it is not likely to be possible to include IFRS standards into this platform. The guidance on IFRS 9 was produced as a separate publication as the Code Guidance Notes had become unwieldy at approximately 1000 pages and the complexity in IFRS 9 required more detailed guidance to support practitioners. Though the electronic platform may be able to provide more of a direct link between the publications and guidance.	Amber – it is important that the Code is able to deliver its provisions in an easily accessible way.
14.2	An authority commented: '*Although not responding to a specific question we also believe that auditors should concentrate on the requirements of the Code rather than the perceived expectations of the Financial Reporting Council or its successor*.'	No further comments except that the financial statements are required to be prepared based on the legislation in the local audit and capital finance framework and the prescriptions of the Code.	Amber – this perception is a difficult issue for local authorities.
14.3	An authority commented	Module 6 of the Code Guidance Notes deals with	Amber – understanding the

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	'We would also appreciate further guidance on pensions reporting for local authorities rather than for pension funds, particularly how the disclosure in authorities' accounts link with the disclosures made by the pension funds.'	both. It is not clear what additional guidance is required.	relationship with the two issues or where additional guidance would be required.
14.4	An authority considered that clarity was required on infrastructure assets	The Update to the Code will be issued imminently and this will be accompanied with guidance by means of a Bulletin.	Red – the Board is aware of the risks surrounding infrastructure assets reporting including the risk of audit qualification.
14.5	The same authority commented on the need for information in the accounts to be able to be used to provide government with information required, rather than providing separate government returns.	Arguably this was more likely to be possible when the segmental analysis was based on the SeRCOP Service Expenditure Analysis but the decision taken in the 2016/17 Code was to allow the segmental analysis to be decided by local authorities to match their local reporting needs/structures. Either way statistical returns often require more granular information than required by the financial statements and this would therefore not allow for 'streamlined' accounts.	Amber – this is not within the gift of CIPFA LASAAC.
14.6	An authority referred to the needs of the primary users of local authority accounts ie residents and therefore suggested that guidance should be issued to 'streamline' accounts to make them more intelligible to their primary users e.g., meeting the needs of residents to whom we are ultimately accountable to. Any proposed improvements should be on a cost neutral basis.	The Secretariat agrees that the accounts should support the information needs of local authority residents and that they are the primary user. It is particularly difficult to meet their needs as IFRS anticipates that information will be used by an informed user.	Red – it is vital that the usefulness of local authority accounts is able as much as possible to be communicated to its primary users ie council taxpayers, service users and members as representatives of service users.
14.7	An authority commented: *'There needs to be a strengthening of what should or can be inspected and it should have a clear link to specific items in the accounts. Requests from individuals can be*	The Secretariat can understand the problem, particularly if there are vexatious inquires but considers that the local authority inspection process is an important part of	Red – it is vital that local authority democratic rights are maintained Mrs Justice Thornton noted that a public right to inspect the accounts of a local

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	extremely time consuming and rarely have a strong link to the accounts; and unlike FOI legislation we cannot apply a time limit if the information being requested is of a large volume or complex detail. It needs to prevent time wasting and facilitate genuine interest.'	democratic accountability. CIPFA LASAAC will be aware of the recent judgement In Moss v Royal Borough of Kingston Upon Thames [2021]. The Secretariat would note that this is not within the gift of CIPFA LASAAC.	authority dated back to the Poor Law Amendment Act of 1844.
14.8	An authority commented: *'the materiality levels and a separation between revenue and capital or Comprehensive Income and Expenditure Statement and Balance Sheet levels would be welcomed.'*	The Code does not give specific guidance on materiality thresholds and is not clear what the issue is for this local authority. The Secretariat is of the view that the proposed changes to Practice Note 10 may be helpful in this regard.	Amber/red – the Code and the Code Guidance Notes provide extensive guidance on materiality. But this will be key to supporting that the main messages are communicated to the users of the accounts.
14.9	An audit body noted that there could be augmentation of the Code for asset valuation noting: *'A specific example is the exclusion from the accounting code of paragraph 34 of IAS 16. That paragraph provides important direction on determining the appropriate valuation frequency taking into account the expected significance and volatility of changes in the value of particular assets. We recognise that paragraph 34 applies to local authority accounting in any event but are concerned that its omission from the code (while all the paragraphs in IAS 16 around it – including those not in bold – are reflected in the code) may cause local authorities to overlook it.'*	The Secretariat would be reluctant to change the Code in that area as in it post implementation review on the introduction of the Code CIPFA LASAAC spent significant time presenting its view of the measurement requirements of IAS 16 in a proportionate way to ensure emphasise the five year period and to try and avoid annual or significantly more regular remeasurements while acknowledging the requirements of IAS 16.	Red – this is a key area of concern for local authority accounts preparers and auditors and is a part of the mechanism for demonstrating proportionality is necessary for local authority financial statements.
14.10	An auditor indicated that clarifications for the following would be useful: i. that the different conditions for grant recognition caused confusion. It would be helpful if CIPFA could remove the apparent inconsistencies between:	i. The grants provisions have applied since the introduction of the IFRS based Code. This is one of the first times this has been raised as an issue since the post implementation review in 2013/14. There are flow charts to assist with	Amber – it is vital that the provisions of the Code with respect to all these issues are clearly understood.

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	- Reasonable assurance an authority will comply with conditions (paragraph 2.3.2.8) versus conditions being met (paragraph 2.3.1.2) or satisfied (paragraph 2.3.2.9). - Conditions relating to initial recognition (paragraphs 2.3.2.9 and 2.3.2.14) versus any condition (paragraphs 2.3.1.2 and 2.3.2.8). ii. The Code does not adapt IAS 37 *Provisions, Contingent* Liabilities *and Contingent Assets* but the firm mentioned that the FReM comments that the Code is compliant with the FReM other than the exemptions listed. iii. It would be helpful if the Group Accounts section of the Code is expanded to incorporate key points, from the *Accounting for Collaboration in Local Government publication, especially* if they are mandatory. For example, Paragraph 9.7 of CIPFAs 2015 publication 'Accounting for Collaboration in Local Government' says it is not expected that adjustments will be made for statutory reversals that only the authority is permitted to make. However, this is not stated in the Code. The firm noted that it had seen examples of authorities transferring amounts between group reserves, as if the statutory overrides which apply to the authority also applied to its subsidiaries. In our view there is no statutory basis for overrides to be applied by bodies not subject to the same legal framework as the authority.	these relatively complex positions. These provisions in the Code cannot be changed without being subject to consultation but the individual circumstances for each different recognition point are correct as there are different tests for asset and income recognition. The Secretariat will review the Code Guidance Notes to ensure clarity and will add appropriate clarifications in the CIPFA Year End Bulletin. The Secretariat is of the view that this is a correct interpretation of IPSAS 23 but notes that this standard is under extensive review by the IPSASB ii. The FReM does not provide authoritative guidance or interpretation for the Code and the Code follows IAS 37 without the FReM adaptations. This has been clearly set out in the Code since its inception (in section 8.2). The Code Annex C should clearly include this as a difference which has existed since the move to the IFRS based Code. This will be added to Annex C of the 2023/24 Code. Though it is notable that Annex C is not a part of the Code itself. iii. The firm is correct that the legal framework for the statutory reversals applies to local authorities with one exception to provide that in the case of a Mayoral development corporation a capital receipt may be	

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		used to meet any liability to pay corporation tax though this is unlikely to cause issues (see [The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017]). Although the Code presents the mechanism for the statutory reversals they rely first on the statutory position. The provisions in the Code that apply to the alignment of the accounting policies would only apply to like transactions. If statutory reversals do not apply then they cannot be described as like transactions. This can be added to the Code Guidance Notes and the Year End Bulletin. The Secretariat would not normally consider that this should be covered in the Code, but this could be considered in the consultation on next year's Code.	
14.11	An authority suggested: *'We would support CIPFA taking the opportunity to consider whether there is continued public value in producing accounts to satisfy the requirements of IFRS. There are several public-sector specific accounting adjustments (e.g., IAS 19, service property valuations) that reverse out in the EFA (Expenditure and Funding Analysis) to correctly reflect that these items have no impact on the general fund. Eliminating the requirement to account for them in the first place would place a greater focus on information on the financial performance of an authority that was relevant to the users of the accounts (e.g., the*	There is no accounting framework in the UK for entities of the size of the vast majority of local authorities that would allow for transactions to be accounted for on a quasi-cash basis (ie the amount that is required to be paid into the pension fund, and cash and other financing transactions for capital). These transactions are not reversed in the Expenditure and Funding Analysis which is a note which reflects the transactions in the Movements in Reserves Statement where the reversals take place. The current framework under which the Code is produced would not allow such	Red - the basis of accounting is fundamental to high quality financial reporting. The only alternative frameworks which would be able to be used (although it is doubtful that there would be government support), would be to move to • IPSAS which would probably result in no significant change as IPSAS is based on IFRS unless there is a move to cash accounts, or • FRS 102 based UK GAAP (it is

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	Council Taxpayers). An individual supported the comments on IAS 19. The authority did '*not suggest deviating from IFRS or removing any accounting or reporting requirements that genuinely enable accurate and appropriate reporting of financial performance, this comment is instead about the tradeoff between applying IFRS and the practical value to public sector stakeholders.*' '*For example, one area is the regular professional valuations of service property where this is purely for the purpose of preparing IFRS compliant accounts. Clearly it is in the public interest to have accurate and timely valuations of investment properties, but the valuation and subsequent audit of property used for the provision of services such as schools adds additional cost and requires additional audit resource where the value to the stakeholders in understanding the financial position of the authority is questionable. It may be a good opportunity for CIPFA therefore to consider whether it would be appropriate for the public sector to reassess this requirement. In this example, an approach which would meet the needs of users would be to use periodic valuations aligned with operational asset management activity. In recent years external audit have become more focused on asset valuations and insist on indexation, resulting in additional cost incurred to revalue assets, increased officer time to work on these and to engage with external audit. All these extra costs outweigh any benefit for users of the accounts. This authority in its response to question 10 suggested that the Guidance on exit packages be included in the Code.*	adaptations it would not represent high quality financial reporting as supported by CIPFA LASAAC and under the advice of FRAB. Local authorities have to follow the same accounting framework as the rest of the public sector. No other formal accounting framework able to be used in the UK would allow for this (other than a significantly retrograde step to full cash-accounting). This is unlikely to be acceptable to Government and it is very difficult to see an argument for local authorities to be treated this differently to the rest of the public sector. It is notable that other public sector bodies also have to deal with the difference of budgetary and accounting transactions and a complex statement is provided for the Central Government Departments ie the Statement of Parliamentary Supply. It is not the case that valuations of property have been introduced because of the move to IFRS. Property has been held at valuation since 1994. CIPFA LASAAC is aware that valuations of property, plant and equipment have been subject to significant commentary since 2017/18. CIPFA and CIPFA LASAAC have held the view that this is the best measurement basis for property assets since that date. The historical cost of an asset is not useful for assets with relatively long-useful lives as this does not reflect the use of an asset to the operations of the authority, will not reflect the value or the condition of the asset to the authority and is therefore not useful for stewardship so will not be	notable that local authorities did used to report on this basis). However this would not resolve the issues raised by this respondent. Measurement of operational property, plant and equipment will be considered by the HM Treasury Thematic Review.

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		decision useful to the users of the accounts. It also does not support intergenerational equity for the users of the accounts. However, CIPFA would support a proportionate approach to asset measurement in the financial statements and its audit and has supported the recent augmentation to Practice Note 10. The Guidance on exit packages can be included in next year's Code consultation.	
14.12	An individual commented on the timeliness of local audit including the timetables for the publication of the non-audited accounts and the audited accounts and the perceived inequity particularly on a resource basis for the moved deadline. This individual also commented on the pressures of auditors from the FRC. The individual also suggested: • instead of forming part of the accounts, consideration could be given to a high-level note with an overall calculation, not per asset, of what the cost of depreciation would be if adopted. • noted the impact of impairment particularly on service cost • indicated that the Revaluation Reserve approach in 2007 was a compromise • suggested that the employee benefit of accrual was not used by local authorities. • indicated that the rationale for the introduction of IFRS 16 was not an issue for local authorities. • did not agree with the impact of IFRS 9 for local authorities particularly with respect to pooled funds.	The issues with regard to the local audit framework are items of concern. This individual appears to be challenging the accounting framework see response to row 14.11 above.	Red – see row 14.11.