

Draft Minutes

CL 03 11 23A

Board	CIPFA LASAAC Local Authority Accounting Code Board
Date	7 June 2023
Time	14:00-17:00
Venue	Microsoft Teams

Members	Conrad Hall (Chair)	<i>London Borough of Newham</i>
CIPFA Nominees	Deryck Evans	<i>Audit Wales</i>
	John Farrar	<i>Grant Thornton</i>
	Christine Golding	<i>Essex County Council</i>
	Mark Green	<i>Maidstone Borough Council</i>
	Joseph Holmes	<i>West Berkshire Council</i>
	Collette Kane	<i>Northern Ireland Audit Office</i>
	Paul Mayers	<i>National Audit Office</i>
	Daniel Omisore	<i>London Borough of Camden</i>
	Liz Thomas	<i>Flintshire County Council</i>
JJ Tohill	<i>Mid-Ulster Council</i>	
LASAAC Nominees	Gary Devlin	<i>Azets</i>
	Joseph McLachlan	<i>East Ayrshire Council</i>
	Paul O'Brien	<i>Audit Scotland</i>

Observers	Jenny Carter	<i>FRC</i>
	Sudesh Chander	<i>HM Treasury</i>
	Elanor Davies	<i>Scottish Government</i>
	Jeff Glass	<i>Department for Communities (NI)</i>
	Charlotte Goodrich	<i>HM Treasury</i>
	Matt Hemsley	<i>DLUHC</i>
	Emma Smith	<i>Welsh Government</i>

In attendance	Iain Murray	<i>CIPFA, Director of Public Financial Management</i>
	Alan Bermingham	<i>CIPFA, Secretariat</i>
	Steven Cain	<i>CIPFA, Secretariat</i>
	Sarah Sheen	<i>CIPFA, Secretariat Advisor</i>

	Agenda item	Action
1	Welcome, introductions, and apologies for absence.	
	Apologies were received from Nick Bennet Jake Bacchus	
2	Declarations of interest.	
	There were no declarations of interest except to the extent that all members have an interest in the preparation and audit of local authority accounts.	
	Item for information to inform other discussion	
3	Update on local audit developments / HMT Thematic Review	
	The Board received confidential briefing on these matters. This was not recorded and no notes are provided.	
	Items for approval	
4	The Board agreed the below documents which can be finalised: <ul style="list-style-type: none"> • Minutes March 2023 • Notes of April post FRAB meeting 	

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5	Action points	
	<p>The Board noted progress and gave directions on points in the Actions Monitor which can now be considered closed, as follows:</p> <ul style="list-style-type: none"> - 1 example material on Code structure remodelling to be provided in the ITC / Strategic Plan development - 2 Work on materiality to be progressed as part of Strategic Plan projects - 3 Board performance review meeting to consider various matters - 4 CIPFA agreed to consider the implications of issuing a Code that has not been agreed with FRAB advice <p>The Board noted that while this matter was less pressing following discussions at the last FRAB meeting, the Board can, if it chooses, issue a Code that has not been agreed with FRAB advice. This would be a significant matter.</p> <ul style="list-style-type: none"> - 5 some Board members attended the webinar on infrastructure long term solution - 6 Some members provided information on additional matters to be included in the 2024/25 Code. - 7 The Board requested that the strategic plan be presented at the June meeting with the amendments requested, including materiality and narrative reporting 	<p>Included in Item 8</p> <p>Included in Item 8</p> <p>Meeting arranged for June</p> <p>Concluded after some discussion</p> <p>Noted</p> <p>Noted</p> <p>Included in Item 8</p>
	Items for decision	
6	Membership update	
6.1	Gary Devlin was confirmed as Vice-Chair.	
6.2	It was agreed and noted that Lucy Hume is no longer a member of the Board.	
6.3	Mark Green and Daniel Omisore were welcomed as members, currently attending in the capacity of observers. Full voting status will be confirmed after PFMB ratification.	
6.4	<p>Deryck Evans noted that he is changing responsibilities and a successor will be appointed.</p> <p>The Chair thanked Deryck for his contribution to the work of the Board.</p> <p>The Audit Wales representative will be Kate Havard, subject to completion of governance requirements</p>	<p>Secretariat to progress with CIPFA Cymru Wales</p>

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7	Development of the Consultation on the 2024/25 Code	CL 07 06 23
7.1	<p>The Board reviewed the consultation material. The Board was content with the proposed drafting in relation to</p> <ul style="list-style-type: none"> - Sale and Leaseback (after some discussion) - IAS 1 amendment - Legislation (currently not relevant) - Matters for 2025/26 Code / IPSAS - Matters for 2025/26 Code / IFRS 17 	
7.2	<p>On IFRS 16 implementation, the Board requested that</p> <ul style="list-style-type: none"> - wording built around encouragement be retained as this was part of the agreement with FRAB - there should be no hinting on deferral but the ITC should enquire re readiness 	Secretariat by end June 2023
7.3	<p>The Board directed that the ITC should raise the issues arising around pension reporting.</p>	Secretariat by end June 2023
7.4	<p>In relation to statutory overrides, the Board directed that the ITC gave instructions as follows:</p> <ul style="list-style-type: none"> - issues around Dedicated Schools Grant should be highlighted, noting the time limited nature of the override. The Narrative Report should consider what the position would be if the Statutory Override was withdrawn - for IFRS 9 pooled investments, local authorities need to prepare for withdrawal or non-renewal of the time limited override 	Secretariat by end June 2023
7.5	<p>The Board was content with the Secretariat recommendation that the Code should adopt the same transitional approach for PFI PPP liabilities under IFRS 16 and directed that this should be included in the ITC.</p>	Secretariat by end June 2023

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8	Strategic Work Plan Items for Consultation	
	(discussion was conducted along with Item 7)	
8.1	<p>In relation to Performance Overview and Narrative reporting</p> <ul style="list-style-type: none"> - MG expressed concern that this might be overloading the ITC, even on a voluntary basis. He also expressed concern over duplication. - PO'B noted his support for this material and that it does not necessarily add to the complexity of accounts, offering improved understandability - JC suggested it might be made clearer that the NR is talking about things which are already implicit in the financial statements. It might also be helpful if it included funding plans for longer term commitments. - SS noted the read across against the improved understandability requested by the Redmond Review. - CH noted the need to highlight that this reporting is under the current framework. Things might change in consequence of Redmond 	Secretariat to redraft by end June 2023
8.2	SS agreed with GD's observation that this is indeed a Strategic Work Plan not a Strategic Plan	
8.3	The Board was content with the ITC proposals around possible alternative structure for the Code	
8.4	The Board directed that the ITC should add exploratory enquiries around Sustainability Reporting, inviting freeform comment. Links to relevant material should be included.	Secretariat by end June 2023
8.5	<p>CH indicated that sustainability reporting needs to be addressed. JJT agreed. GD noted that this is a well trodden path for private sector entities and reference can be made to initiatives such as TCFD</p> <p>The Board directed that the ITC invite freeform comment on what the Board can do Audit and accounting delays (while recognising that there may be a limit to what the Board can do).</p>	Secretariat by end June 2023
8.6	GD noted LASAAC's process of stepping back and thinking about engagement, and various initiatives including a podcast and discussion on CIPFA website. JM and GD may be developing a programme of stakeholder engagement built around this, seeking to promote discussion and debate on accounting standards which ultimately affect the Code.	
8.7	<p>The Board directed that a placeholder date for a webinar should be built around the planned date for ITC issue.</p> <p>Having regard to SS comments on sequencing this was scheduled for September rather than shortly after issue.</p>	Secretariat to arrange for September 2023

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8.8	SS noted that the Better Reporting Group needs to build membership. These do not have to be CIPFA LASAAC members. Suggestions from Board members would be welcomed	Board members to make suggestions if they have any
8.9	GD noted concerns about the resources available to progress some of the Strategic Work Program. CH proposed that this be parked having regard to the need to progress other agenda items, also noting that the Board will be meeting in a face to face Effectiveness Review.	
9	Board to consider whether there are any matters they consider should be referred to FRAB.	
9,1	CH noted that issues around accounting and audit delays would be included in matters taken to FRAB.	Chair and FRAB representative
9.2	CG suggested that the findings of the Infrastructure Assets survey should be brought to the attention of FRAB. SS agreed but noted that analysis of the results had been delayed due to the departure of CIPFA's survey manager.	
	Items for information	
10	CIPFA Response to HMT Thematic Review	
10.1	The Board noted this response, which although a CIPFA response was prepared with input from CIPFA LASAAC members on the working group which developed the response.	
10.2	GD noted that perhaps CIPFA LASAAC should have developed its own response, notwithstanding its involvement in the CIPFA response. CH agreed that this is the sort of thing where the Board should seek to take a strategic perspective, while also progressing other essential and pressing matters.	
11	Update on Infrastructure Assets	
11,1	Due to bereavements, departures from CIPFA and other factors this report was not progressed.	Secretariat before September 2023
11.2	CH noted the need to progress this at some time, and in advance of the next main meeting in November 2023	
12	Sustainability presentation (Max Greenwood HM Treasury)	
12.1	The Board received a presentation on sustainability reporting from Max Greenwood.	
12.2	Subsequent discussion reflected on the fact that sustainability reporting in the public sector would not be expected to apply to smaller entities. <ul style="list-style-type: none"> - JJT noted issues around the frameworks applied, and different results obtained in other regions than England. MG commented on what is applied by central government, and initiatives being pursued to promote consistent reporting. - CH noted the very large scale of potential liabilities around addressing emission targets. 	

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12.3	SS enquired as to whether the proposals were to have reporting in the same reporting package as the financial statements. MG noted that this is the direction of travel of the standard setter, although current reporting in for example Wales and Scotland is presented separately.	Chair and Secretariat to put on CL agenda in due course
12.4	CH made various comments on matters to be consulted on in the ITC which are picked up under agenda item 8	
12.5	CH noted that the Board will eventually need to determine its position on this.	
13	Local Authority Accounting Conference	
13.1	The Board noted that this would be on 18 July. CH noted that it was sensible for the conference to have an item on local audit issues. IM noted that plans to have Chatham House discussions between CFOs and audit partners had been considered, but had been delayed in the light of recent developments.	
14	Standard Setting Horizon Scanning	
14.1	The Board noted the Horizon Scan, including the large number of recently issued IPSAS, which will at the very least require changes to the Code to cross-reference to updated and new standards.	
15	Any Other Business	
15.1	CH suggested that a placeholder be established for another, extra September meeting given the various matters being undertaken.	Secretariat and Chair before September 2023 Secretariat and Chair by July 2023
15.2	GD noted the desirability of having some face to face meetings at least annually, perhaps in the context of annual effectiveness reviews.	
15.3	IM noted suggested that it would be sensible for a placeholder to be established for an extra Summer meeting given other events that are going on.	