

Draft Minutes

CL 03 04 24A

Board	CIPFA LASAAC Local Authority Accounting Code Board
Date	9 November 2023
Time	14:00-17:00
Venue	CIPFA Mansell Street, London plus Microsoft Teams

Members	Conrad Hall (Chair)	<i>London Borough of Newham</i>
CIPFA Nominees	John Farrar	<i>Grant Thornton</i>
	Christine Golding	<i>Essex County Council</i>
	Mark Green	<i>Maidstone Borough Council</i>
	Kate Havard	<i>Audit Wales</i>
	Collette Kane	<i>Northern Ireland Audit Office</i>
	Paul Mayers	<i>National Audit Office</i>
	Daniel Omisore	<i>London Borough of Camden</i>
	Alison Scott	<i>Three Rivers DC and Watford BC</i>
LASAAC Nominees	Nick Bennett	<i>Azets</i>
	Gary Devlin	<i>Azets (Vice Chair)</i>
	Joseph McLachlan	<i>East Ayrshire Council</i>
	Paul O'Brien	<i>Audit Scotland</i>
Observers	Jenny Carter	<i>FRC</i>
	Elanor Davies	<i>Scottish Government</i>
	Jeff Glass	<i>Department for Communities (NI)</i>
	Louise Armstrong	<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>
	Rebecca Hewitt	<i>CIPFA, Secretariat</i>
	David Lyford-Tilley	<i>CIPFA, Secretariat</i>
	Ben Matthews	<i>CIPFA, Secretariat</i>
	Hazel Watton	<i>CIPFA, Secretariat</i>

	Agenda item	Action Point
1	Welcome, introductions, and apologies for absence.	
	Apologies were received from: JJ Tohill Jake Bacchus Joseph Holmes Sudesh Chander Hugh Dunn Charlotte Goodrich Mohammed Sajid	
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.	
3	Items for approval	
	The Board agreed the below documents which can be finalised: <ul style="list-style-type: none"> - Minutes of 7 June 2023 meeting - Note of 6 July 2023 post FRAB meeting - Note of 17 July 2023 special meeting 	
4	Action points	
	The Board noted progress and gave directions on points in the Actions Monitor which can now be considered closed, as follows: <ol style="list-style-type: none"> 1. Closed 2. Included in agenda 3. Included in agenda 4. Included in agenda 5. Included in agenda 6. Included in agenda 7. Included in agenda 8. Included in agenda 9. Closed 10. It was suggested that this point may be revisited at the end of the meeting – However, it wasn't revisited so will take action in 2024. 11. Included in agenda 	Take action points 10 and 12 into the new year.

	Agenda item	Action Point
	<p>12. Leave on action log and take action in 2024</p> <p>13. Closed</p> <p>14. Closed</p> <p>JC noted that going concern disclosures were raised in a post FRAB meeting and this was not included on the Actions Monitor.</p> <p>Secretariat confirmed that the action points are only from the main meetings and action points from other meetings may need adding.</p>	Secretariat to update by next meeting.
5	Reflection on Board effectiveness review	
5.1	AS thought that the issue of value for money had been raised but could not see this in the notes. Insert into section 20.3 on paper CL 05 11 23A.	Secretariat to update by next meeting.
5.2	<p>A brief discussion followed in which it was agreed that</p> <ul style="list-style-type: none"> • CIPFA LASAAC needs to be clearer about what the Board's remit is, beyond simply setting a code each year. • Board membership needs to be refreshed to fill skills gaps and, the Board should then provide a statement of support needed from the Secretariat. • Another key issue is how the board communicates outwards. <p>CH to produce a statement for GD, AS, and MG to review.</p>	Chair to draft statement.
5.3	The Board requested that notes from the effectiveness review be provided going forwards to the next meeting as the meetings raised actions that can be progressed later.	Secretariat to update at next meeting.
	Items for decision or review	
6	Membership update	
	<p>Kate Havard's appointment as the Welsh audit representative has been approved by CIPFA Cymru Wales.</p> <p>A Welsh practitioner representative is being sought following Liz Thomas's resignation in the light of increased responsibilities.</p> <p>Hugh Dunn has retired and formally resigned from LASAAC. For representation reasons if Hugh resigns from CIPFA LASAAC this position would need to be filled by LASAAC.</p>	<p>Secretariat to liaise with CIPFA Wales</p> <p>LASAAC to provide a nominee</p>

	Agenda item	Action Point
	Jake Bacchus has indicated his intention to resign as a co-opted member.	
7	Matters arising from annual Code update process	
7.1	There was a good response to the consultation and it gives a strong basis for continuing the limited basis for Code changes.	
7.2	<p>CH asked to revisit IFRS 16 implementation in 2024/25.</p> <p>Board members discussed whether to implement IFRS 16, Points raised during the discussion were:</p> <ul style="list-style-type: none"> - It felt wrong to push ahead with implementing a complex accounting standard when the board is looking at reducing financial reporting pressures (CG). - IFRS 16 has been around for 7 years, local government is the only sector where it isn't implemented. Starting to look untenable if we delay. Long term view for the code is that it should be implemented (GD). - The code ought to comply with IFRS 16 and it will be easier to promote if it was part of an overall package which will also help reduce existing auditor and preparer burdens (MG). - It was noted that in all of the discussions on the local audit system, that there has been no expectation that CIPFA LASAAC delay IFRS 16 again (IM) - The code is UK wide and the board should implement standards the UK should be complying with. Look at 24-25 as "the pure code" and then any short-term measures are dealt with separately (NB). - Most practitioners concerns are around how it will be audited and materiality. Would help if NAO could provide early guidance to calm practitioner's fears (AS). - Auditing in health has gone smoothly, IFRS 16 was high risk at the beginning but has now reduced to business as usual (GD). - If IFRS 16 implementation had not been delayed it would have been established 4/5 years ago. The habit of deferring builds up problems. Can credibly defer only a limited number of times (PO'B). - Very aware that local authorities are under pressure and there is no ability to have meaningful early conversations with auditors due to the backlog (CG). <p>There was a clear majority view that the Board continue with implementation of the standard in 2024/25. Secretariat was asked to produce a clear statement on why the Board has taken that decision and put together communications to remind practitioners of the training and materials that have already been issued to assist with implementation.</p>	<p>Secretariat to draft a statement for publication on the CIPFA website.</p>

	Agenda item	Action Point
7.3	<p>AS raised that Service Concession Arrangements may have a revenue implication for some authorities due to the way MRP regulations and finance leases interact. GD wondered if this was an issue for the Code, as Scotland has a statutory override.</p> <p>The board agreed to proceed based on implementation in the 2024/25 Code however asked for information so can potentially issue a consultation to find out if it will be an urgent issue.</p>	AS to provide information
7.4	<p>IFRS 17 Insurance Contracts has been included in four previous consultations and no one has provided convincing arguments challenging the proposal to only include material in Appendix A. The board agreed to include in the 25/26 Code.</p> <p>However, the board would keep a watching brief regarding the impact for local authorities. (JM, SC).</p>	
7.5	<p>There was a brief discussion on Redmond Review and mandating the inclusion of information concerning s114 notices in the narrative report given its interaction with authorities being a going concern.</p> <p>It was acknowledged that S114 is a statutory basis of local authorities and their financial management ie to set a balanced budget, rather than a financial accounting implication. Therefore, it was suggested having standardised wording local authorities could use to protect the reputation of the sector (AS, IM).</p> <p>It was also noted Scotland have a mandatory approach to narrative reporting and it was questioned if this could work for England too (GD).</p> <p>The board agreed to postpone the Overview of Performance and Summary Financial Information. The Board agreed to add wording into the Code to require authorities to consider adding information on s114 notices into the Narrative Report.</p>	
7.6	<p>There was a request to see a digital version of the Code at a future meeting.</p>	Secretariat to arrange a demonstration.
7.7	<p>Environmental, Social and Governance (ESG) reporting cannot keep being deferred and it is very important, but there is not enough time to consider it in this meeting.</p>	
7.8	<p>The board wished to keep the last three items on Table 1 in mind when considering streamlining at a later date.</p> <p>The board is content to wait for the DFE to consult on whether to extend the DSG override.</p> <p>MH confirmed that the plan is for DLHUC to consult on the IFRS 9 statutory override much earlier this time around.</p>	

	Agenda item	Action Point
7.9	The Secretariat will prepare a revised Code draft for FRAB including the addition of s114 notices in the Narrative Report. The target publication date would be March 2024, although this would depend on what happens with the radical short term solutions.	Secretariat to prepare a draft Code.
8	Approval of protocol on CIPFA LASAAC use of working groups	
	The board agreed would be useful for a summary of the debate within working groups to be brought to CIPFA LASAAC in future to save having the debate twice. The Secretariat was asked to add this minor amendment to the protocol and recirculate for agreement via email.	Secretariat to recirculate the protocol.
9 to 11	CONFIDENTIAL Reports	
	The Board discussed confidential matters.	
12	Board to consider any matters to be referred to FRAB.	
	All of this needs to go to FRAB.	
	Items for information	
13	Sustainability standing Item	
	No time available today.	
14	Local Authority Accounting Conference	
	This will take place in January, content to be confirmed.	
15	Standard Setting Horizon Scanning	
	Nothing of any note.	
16	Any Other Business	
	CIPFA LASAAC will need to have another meeting before March.	
17	Dates of next Board meetings	
	Board members are requested to check that they have received Outlook schedulers for the meetings which have been scheduled: <ul style="list-style-type: none"> • 14 March 2024 • 13 June 2024 • 6th November 2024 face to face 	