

Report

To: CIPFA LASAAC

From: Steven Cain, CIPFA/LASAAC Secretary

Date: 9 March 2023

Subject: Board effectiveness and governance

Purpose

The purpose of this report is to note

Report

1.1 This report

- Notes the requirement for CIPFA/LASAAC to review its terms of reference every three years and provides a revised draft Terms of Reference for consideration by the Board.
- Notes that the annual review of board effectiveness has been held in abeyance due to various pressures

Recommendations

The Board is invited to

- **consider the proposed revised Terms of Reference and agree their adoption in the short term**
- **consider whether other changes to the Terms of Reference need to be progressed**
- **reflect upon whether or how to progress a review of board effectiveness**

2. CIPFA LASAAC Terms of Reference

2.1 The CIPFA/LASAAC terms of reference contain the below provision:

11 REVIEW OF THE TERMS OF REFERENCE

11.1 CIPFA/LASAAC may review and update these terms of reference from time to time as it deems necessary. However, the maximum period for a full formal review of these Terms of Reference shall be no longer than three years.

2.2 Revised terms of reference were issued in 2019 and published on the CIPFA LASAAC website, following initial discussion in 2018. The requirement for review was due in 2022, but was not progressed due to the significant additional workload placed on the Board and secretariat with multiple additional consultations and meetings seeking to relieve timeliness issues and alleviate problems around infrastructure accounting. Ideally work on the review would again have started earlier.

2.3 The secretariat continue to be subject to additional pressures due to ongoing work on infrastructure assets and other factors. Attached is a proposed revised draft Terms of Reference for consideration by the Board. This is little changed, mainly updating the document to reflect

- changes to the names of government bodies and FRAB and CIPFA working groups, and
- changed arrangements for IFRS adoption following exiting the EU
- changed meeting practices under MS Teams

2.4 Some further text has been provided on the fact that nominations of voting Board members are personal to the individuals concerned. In addition to the existing text which requires that substitutions require the consent of the Chair, explanation has been provided such that persons substituted will only have observer status. Secretariat consider that this is clarifying the intention of the existing draft but would welcome confirmation from Board members.

2.5 Additional text has also been provided to note that longer-term substitutions due to ill-health absence would need to be agreed by CIPFA LASAAC. This may be an expansion on the existing terms and the Board are invited to confirm their agreement or provide other views.

3. Board effectiveness review

3.1 The Terms of Reference also contain a requirement for an annual review of board performance. This has not been progressed since at least 2020 due initially to pressures arising from the Covid pandemic, and more recently the increased Board and Secretariat workloads principally from the infrastructure assets issue. Resources are being increased but there is a time lag to this.

3.2 Current pressures mean that review of Board effectiveness is not able to be achieved at this meeting and the Chair would like to address this issue more broadly.