

# Minutes

CL 03 11 24A

Board	CIPFA LASAAC Local Authority Accounting Code Board
Date	13 June 2024
Time	14:30-17:00
Venue	Microsoft Teams

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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>
	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	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>
	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>
	David Lyford-Tilley	<i>CIPFA, Secretariat</i>
	Hazel Watton	<i>CIPFA, Secretariat</i>

	<b>Agenda item</b>	<b>Action Point</b>
<b>1</b>	<b>Welcome, introductions, and apologies for absence</b>	
	Apologies were received from: JJ Tohill Colette Kane Joseph Holmes Louise Armstrong Charlotte Goodrich Mohammed Sajid	
<b>2</b>	<b>Declarations of interest.</b>	
	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.	
<b>3</b>	<b>Items for approval</b>	
	The Board agreed the below documents which can be finalised: <ul style="list-style-type: none"> <li>Draft Minutes of 17 April meeting</li> </ul>	
<b>4</b>	<b>Action points</b>	
	The Board requested the Secretariat review the Actions Monitor and consider which actions can be closed or consolidated if they are part of the ordinary course of business or have since been superseded by further developments.	Secretariat to revisit action log and provide a revised list to the Board around the end of the month.
	<b>Items for decision or review</b>	
<b>5</b>	<b>Membership update</b>	
	The Board expressed thanks to Hugh Dunn and Nick Bennett for their valuable contributions over the years and wished them all the very best. The Board would like to send a message of thanks on behalf of the Board.  LASAAC are working to fill their two vacancies on the Board.  KH and ES have spoken to Treasurers and the Chief Accountants Groups in Wales regarding the Welsh preparer representative vacancy on the Board. The Secretariat have also met with the Welsh Local Government association with further actions planned to try and generate interest in the position.  The Chair noted the difficulties being experienced in recruiting volunteers to the Board is something for the Board to reflect on.  The Board briefly discussed appointing a co-opted member to the Board and how this links to the Better Reporting Group membership.	Secretariat to set up a card for Hugh Dunn and Nick Bennett for the Board to express thanks.

	<b>Agenda item</b>	<b>Action Point</b>
<b>6</b>	<b>Strategic Plan update</b>	
	<p>The Secretariat introduced the strategic plan acknowledging the Board's recent work has included considering measures to assist in alleviating the local audit backlog.</p> <p>Ideas suggested for the strategic plan were:</p> <ul style="list-style-type: none"> <li>• MG noted that the scope of the BRG had grown and could be extended further, although capacity would need to be considered.</li> <li>• MG also noted reducing the size of the Code should be considered.</li> <li>• AS suggested pausing Code development and instead focus on longer term improvements whilst the local audit system recovers. MG, JMc and GD supported this position. POB noted that the measures to alleviate the local audit backlog relate to England only.</li> <li>• GD suggested the Board think about the work it does, how it does it, including support to the Board and interaction with key stakeholders. Lots of the work has been historical in nature and it could be worth reviewing if any improvements could be made.</li> <li>• GD also proposed identifying a shorter list of items that would make the biggest difference and focus on progressing those.</li> <li>• JC queried if the Better Reporting Group could possibly look at guidance issued to local authorities eg model accounts when considering longer term improvements.</li> </ul> <p>Further comments were:</p> <p>JMc noted the Board reject criticism the Code has contributed towards the Local Audit Backlog in England.</p> <p>The Secretariat noted that further examination to identify constraints and agreement with FRAB would be needed before being able to proceed with any decision to pause Code development. The Board would need to be clear on what it means and the consequences (including any unintended consequences).</p> <p>The Chair summarised the aim is to make long term changes to the Code which improve financial reporting for local authorities. There is a significant concern that short term changes are taking up a disproportionate amount of resource for limited benefit. The Board requested the Secretariat explore the consequences of freezing the Code for the Board to make a decision. It was also noted a freeze might take different forms eg still implementing the HMT thematic review.</p> <p>IM agreed with focussing on longer term improvements, however noted that the Board have previously publicised plans to implement changes from the HMT Thematic Review in the Code for 2025/26. The Secretariat need decisions and direction from the Board to build</p>	<p>Secretariat to identify consequences of pausing Code development to assist the Boards decision.</p>

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	<p>workplans. It's also important to consider the burden on preparers and auditors when deciding how to implement changes ie either incrementally or all at once.</p> <p>The Board requested the Secretariat make amendments to the strategic plan based on the discussions later in the agenda regarding the Better Reporting Group.</p> <p>The Board noted the recommendation to consider the most suitable approach and timeline for revising the Code format, would fall out of other discussions, specifically once a decision has been reached on whether to pause Code development or not. Therefore, it was decided to park this recommendation for now.</p>	
<b>7</b>	<b>Better Reporting Group Revised Terms of Reference</b>	
	<p>The Secretariat briefly introduced the BRG terms of reference. The aim is to provide the BRG with the opportunity to look at a wide range of items as it sees fit, taking a more flexible and agile approach to have quick decision making, whilst gathering different viewpoints.</p> <p>Comments on the terms of reference were:</p> <ul style="list-style-type: none"> <li>• AS noted decision making and financial sustainability have been a significant area of focus in Local Authorities recently.</li> <li>• GD suggested key items for the BRG were statutory adjustments, model financial statements, fixed assets – particularly around infrastructure assets and pensions reporting.</li> <li>• JMc noted the link between the BRG Terms of Reference and the Board's strategic plan highlights the need to get the strategic plan right, to achieve the desired results from the BRG.</li> <li>• IM proposed having a core group and then using co-opted members at certain points depending on the topics being discussed. IM noted any changes to financial reporting standards need to be based around users needs.</li> </ul> <p>When producing options for improvements, the Board would like the BRG to identify the most radical option for each area.</p> <p>The Board requested the Secretariat issue a statement setting out the change in direction, emphasising the focus on the longer-term reforms through the work of the BRG to start building momentum.</p>	<p>Secretariat to update the strategic plan and input into priorities for the Better Reporting Group.</p> <p>Secretariat to issue statement on the short-term measures and focus on longer-term reforms.</p>

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	<p>Board members were requested to volunteer if they were interested in joining the BRG and a recruiting drive for additional members if required was also discussed.</p> <p>The Board agreed with the broad thrust of the terms of reference and requested the Terms of Reference be circulated with the Board with a view to finalising.</p>	<p>Secretariat to issue a clean version of the BRG Terms of Reference for finalising.</p>
<b>8</b>	<b>Effectiveness Review action plan</b>	
	<p>The effectiveness review action plan is now a standing item at each meeting. The Secretariat queried if there were any amendments or additions following the Board member only session that took place prior to this main meeting, or if the Board were content with the action plan to suggest a couple of areas to prioritise.</p> <p>MG noted that the Board agreed at the prior Board member only session that items arising from the effectiveness review would be owned by the Board.</p>	
<b>9</b>	<b>Code short term measures update</b>	
	<p>IM acknowledged the previous decisions hadn't been easy for the Board to take. There was feedback from the consultation that the marginal benefits from making changes to the Code may work as part of a package of measures being announced by other system partners. However, the general election announcement has introduced delays and uncertainty. Therefore, the short-term measures may have less benefit and there may be more benefit focussing on the longer-term elements of the strategic plan.</p> <p>GD agreed that a significant amount of time had been spent on the short-term measures which offered marginal benefits and agreed that time would be best spent going forwards on the core longer term improvements.</p> <p>KH agreed and has already received an influx of draft accounts for 2023/24 which are ready for audit, so the time window for changes in 2023/24 appears to have lapsed.</p> <p>AS agreed and felt a statement highlighting the focus on longer term reforms would add support.</p> <p>DO agreed that the focus should be on the impactful long-term measures.</p> <p>Considering the delays introduced by the dissolution of parliament to the system wide package of measures, the Board decided not to proceed with the short-term measures.</p>	
<b>10</b>	<b>Anticipated content of the 2025/26 Code and ITC (Invitation to Comment) – including a timetable update</b>	

	<b>Agenda item</b>	<b>Action Point</b>
	<p>The Board briefly picked up the discussion again on whether to pause Code development for 25/26. The Secretariat acknowledged the original plans were to implement the changes from the HMT Thematic Review in 2025/26 and look at simplifying Pensions reporting with the relevant authorities working group.</p> <p>MG referred to the previous discussions of freezing the Code.</p> <p>The Secretariat noted that the Code would need to be reviewed for time limited matters such as legislation to ensure that the Code wouldn't become invalid.</p> <p>IM noted that the full consultation process on proposals would still need to be carried out, so there is still work involved with any form of pause to Code development.</p> <p>GD noted a statutory requirement that may be coming in future is Transport Scotland have issued a directive requiring a statement of accounts for low emissions zone accounting in Scotland.</p> <p>The Board haven't yet made a formal decision whilst the Secretariat examines constraints and produces a paper for the Board identifying the consequences, including any unintended consequences.</p>	
<b>11</b>	<b>CIPFA LASAAC Feedback Statements</b>	
	<p>The Board approved Annex A – Feedback statement 2024/25 Code.</p> <p>The Board requested amendments to Annex B – Feedback statement 2023/24 and 2024/25 Code updates in line with the decisions taken at today's meeting regarding the short-term measures. The Board agreed that these amendments can be approved out of meeting by the Chair.</p> <p>The Secretariat noted that CIPFA presenters on courses and webinars get asked about the Boards position on short term measures and requested if the Board are content for the decisions on short term measures to now be communicated. The Board approved and would like there to be more active communications.</p>	<p>Secretariat to redraft the decisions on the feedback statement for the 2023/24 &amp; 2024/25 Code Update in light of the Board's revised decision.</p>
<b>12</b>	<b>Board to consider any matters to be referred to FRAB.</b>	
	<p>The Board briefly discussed how could it best communicate with FRAB, including conveying the Board's long-term plans.</p>	
	<b>Items for information</b>	
<b>13</b>	<b>Sustainability standing Item</b>	
	<p>The Chair had previously been attending the HM Treasury group regarding sustainability reporting, but due to other commitments is now unable to attend. The Chair invited volunteers, including colleagues from Board members authorities.</p> <p>IM noted that the HM Treasury group's work is helpful for Local Authority Implementation. An example is the work with GAD recently on common and specific assumptions. It would be helpful to see if HM Treasury could provide a future update to the Board.</p>	<p>Secretariat to invite a member from the HM Treasury sustainability working</p>

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	The Secretariat also noted that IPSASB announced very recently their plans for developing public sector sustainability reporting standards and they are expecting to consult in quarter four this year.	group to provide an update to the Board at a future meeting.
<b>14</b>	<b>Local Authority Accounting Conference</b>	
	<p>The Secretariat discussed plans to revamp the session to make it more interactive and assist with work on longer term reforms, alongside the usual discussions on any upcoming changes to the Code. However, there wasn't a definitive date set for the conference just yet.</p> <p>GD proposed including the work of the Better Reporting Group and discussions on what the future could look like, widening the discussion and listening to others' views. IM agreed and acknowledged these are the intentions for the conference.</p>	Secretariat to include BRG on the Local Authority Accounting Conference Webinar Agenda.
<b>15</b>	<b>Standard Setting Horizon Scanning</b>	
	<p>The Secretariat introduced the paper and noted there is a new standard IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> issued in April 2024 and subject to UK endorsement will be effective from 1 January 2027. It doesn't appear it will impact Local Authority financial statements. Although IPSASB have this on their agenda and they may revisit how presentation works for public sector entities. However, this is more likely to be relevant for Central Government.</p> <p>The Board noted that contracts for renewable electricity and power purchase agreements are becoming more common in local authorities and although these could be agency arrangements this would need further consideration.</p>	
<b>16</b>	<b>Draft Protocol on CIPFA LASAAC use of working groups</b>	
	The Board approved the draft protocol following the amendment, to include that a summary of the debate within working groups is brought to the Board.	
<b>17</b>	<b>Any Other Business</b>	
	None.	
<b>18</b>	<p><b>Dates of next Board meetings:</b></p> <ul style="list-style-type: none"> <li>• 3 July 2024 (post FRAB)</li> <li>• 6 November 2024 face to face (full meeting)</li> </ul> <p>Board members are requested to check that they have received Outlook schedulers for the meetings which have been scheduled</p>	