

Annual General Meeting

2021

Tuesday 6 July at 13.30 BST (UTC+1:00)
QEII Conference Centre, Westminster and online

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How to attend the meeting: With the continuing relaxation of public health restrictions in the UK the Annual General Meeting will be held as a hybrid meeting thereby enabling wider engagement for members. If government advice and restrictions change we will switch to a virtual only event.

Members wishing to attend the meeting either online or in person, will need to register by the end of business on Thursday 1 July via www.cipfa.org/training/c/cipfa-agm-2021-20210706-london

Further details will then be sent to you with the confirmation of your registration.

Members having any difficulties registering to attend the AGM or who would like further information please email the Council Secretary (council.secretary@cipfa.org).

Notice and Agenda for the Annual General Meeting

10 June 2021

Notice is hereby given that the Annual General Meeting of the Members of the Chartered Institute of Public Finance and Accountancy will be held at the QEII Conference Centre, Westminster on Tuesday 6 July 2021 at 13.30.



Rob Whiteman, CBE
Chief Executive, CIPFA

Agenda

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1. To receive apologies for absence

 2. To confirm the Minutes of the 2020 Annual General Meeting pg 4

 3. To consider for adoption the CIPFA Group Annual Report and Financial Statements for 2020

 4. To re-appoint Crowe U.K. LLP as Auditors for the ensuing year

 5. To receive a report on the election of Officers and Council for terms starting at this AGM

 6. To consider any other competent business

Minutes of the CIPFA Annual General Meeting

TUESDAY 7 JULY 2020 16:00

MINUTES

The President, Carolyn Williamson, welcomed Members to the annual general meeting of the Chartered Institute of Public Finance and Accountancy, which for the first time in the Institute's history was being held online because of the Covid 19 situation. She noted that all members had received an email that contained a link to download the Annual Report and Accounts and had been offered the option to request a hard copy.

Apologies from Jane Cuthbertson and Shaer Halewood were noted.

The Minutes of the Annual General Meeting held on 8 July 2019, printed in the booklet on pages 4 to 8, were agreed by the meeting and signed by the President.

Moving to Item 3 on the agenda, the Annual Report and Accounts for 2019, the President started by highlighting the main activities of the year. She said that the operating context was well known to members, notably a combination of financial pressures, increasing demand and uncertainty continue to create challenges for the public sector, with areas such as the NHS, housing and health and social care attracting national attention. Throughout 2019, Brexit had remained the main talking point in Parliament, taking up valuable political bandwidth, with little attention being paid to key policy decisions affecting the public sector causing delay and uncertainty. The climate crisis had come to the fore of public and political attention, with over half of local authorities declaring climate emergencies. The general election that ended the year saw the Conservative Party win a sizeable parliamentary majority. Politics aside, simply having a government with a majority would for better or worse break some of Brexit deadlock, and allow progress to be made in other priority policy areas in 2020.

So, against this backdrop, CIPFA sought to continue to remain responsive to the issues of the day, as well as preparing for the challenges of tomorrow. This of course included ensuring that the Institute and the sector at large remains resilient to the unique challenges posed by COVID-19.

CIPFA continued to build on its reputation as an authority on public finance matters, providing honest and reliable commentary on issues affecting the public sector. During 2019, CIPFA spokespeople had been quoted in national, regional and trade media, speaking out on topics including local government funding and resilience; commercial investments; health and social care integration; the autumn Spending Round and the December general election. The team maintained a regular supply of articles and blogs, providing expert advice and commentary on issues such as trust in the public sector; prevention; fraud; and the future of audit. Internationally, the Institute had regular articles published in Public Finance International and IFAC Gateway, on topics including IPSAS and ethics.

In addition to providing commentary and insight on these challenges, CIPFA's policy and technical experts had worked to develop a number of new tools and resources to support the sector, including publishing the final version of the CIPFA Financial Resilience Index and the Financial Management Code. Such tools were part of a suite of initiatives designed to provide practical support to members in improving the financial sustainability of public services.

However, advancing public finance and promoting best practice cannot be achieved by CIPFA alone. The Institute had also worked closely with its stakeholders to support the resilience and sustainability of the sector. CIPFA had collaborated with the Institute for Fiscal Studies as part of a consortium analysing the future of local government funding and had also continued to work with the Institute for Government jointly producing the annual Performance Tracker report.

CIPFA's events programme for 2019 had been bigger and better than ever, with over 7,000 delegates attending events on topics including financial management, accounts streamlining and ethics. CIPFA had hosted events in every devolved nation of the UK, with the annual conference featuring the then local government secretary James Brokenshire, renowned political scientists Professors Matthew Goodwin and Jane Green and journalist and author Mischa Glenny. Held alongside this event was the annual CIPFA Property conference which examined how economic, social

and physical assets affect the urban environment. CIPFA had also held a series of topical conferences, including our climate change conference in December. The conference had been well-received, and CIPFA would continue to explore the issue of climate change and sustainability during 2020.

Of course, work on advancing public finance extends well beyond the UK. CIPFA had worked with partners internationally to promote good financial management across the globe. Chief Executive Rob Whiteman spoke at the Financial Management Institute conference in Ottawa, Canada in November on trust and resilience, and the importance of this to the accountancy profession; Rob had also delivered two keynote addresses at the third annual AICPA CIIPA Summit in the Cayman Islands on the importance of IPSAS and improving government decision making. The President had represented CIPFA at the African Congress of Accountants in Morocco in June, exploring public finance reform in Africa and public finance capacity development throughout the continent.

CIPFA continued to grow student numbers, with 364 more PQ students studying with CIPFA in 2019 than in 2018. The key to success would always be rooted in maintaining excellence in the education and training provided for students. CIPFA would always strive to make sure that the qualification was fit for purpose, ensuring that future public finance accountants can operate flexibly and with integrity in a quickly changing world. CIPFA had continued to build on professional accountancy training during 2019, as well as delivering the International Public Financial Management (IPFM) programme with major clients, including the United Nations. CIPFA's interactive teaching and learning tools had benefited from continued improvements to enhance students' learning experiences globally. 2019 saw the introduction of a new study package, the Re-sit Revision Package, which aims to give students who are re-sitting a particular exam tailored support.

CIPFA apprenticeships continued to be a huge success, and CIPFA remains the only body in the UK to provide both training delivery and End Point Assessment for Level 7 Professional Accountant apprenticeships. Apprenticeships at CIPFA had begun in late 2017 with five AAT students. By the end of the year, CIPFA was supporting close to 500 Level 7 apprentices, with almost 100 more to be enrolled at the start of 2020, and had been pleased to welcome the first completing apprentices into CIPFA's membership numbers. Feedback from Ofsted had noted that leaders and managers had a clear vision and strategy that ensures apprentices are trained to be successful in their careers. Apprentices with CIPFA

had been described by Ofsted as highly motivated and enjoying their learning and development.

Internationally, CIPFA had signed a new MOU with CMA Sri Lanka in September and hosted a members' seminar with the Chartered Accountants of Sri Lanka titled Ethical Responsibility of Professional Accountants in the Public Sector. In 2019, CIPFA also welcomed the very first Rutgers Business School graduates into a specially designed programme, cementing the memorandum of understanding that was signed in 2018. Under the programme, graduates of the Rutgers Masters in Governmental Accountancy are given the opportunity to qualify with CIPFA and gain the internationally recognised designation of CPFA, allowing them to practise accountancy globally.

CIPFA of course also continued to provide lifelong learning opportunities for our members at all points in their career. Throughout 2019, there had been a diverse programme of events, workshops, training sessions and conferences, aimed at supporting the personal development of members throughout the UK, as well as responding to their professional queries.

It had also been a busy year for CIPFA's advisory practice with work under way across a broad range of clients, including Birmingham City Council, where CIPFA conducted a wide-ranging financial management review and the States of Jersey where CIPFA assessed the 2020-23 Government Plan as part of the States' scrutiny process. International advisory work took the team around the world to strengthen public financial management. CIPFA's work in countries such as Zimbabwe, Somalia, Ghana, Uganda and Lesotho aimed to transform the financial management of government across Africa. CIPFA had also continued to support the Government of Tajikistan in the restructure of the Chamber of Accounts, their state audit institution. Part of a World Bank study, this included provision of practical support for the implementation of audits and the delivery of training on financial, compliance and performance audit. During the year CIPFA had been contracted to carry out a scoping study to look into the migration to accrual accounting in Botswana. Two contracts had started, in Somalia and Bangladesh, to provide our IPFM course. And in Antigua and Barbuda, CIPFA was part of an EU project to improve the country's fiscal discipline and enhance transparency in tax administration.

CIPFA had also expanded its footprint in the police sector this year by launching a new programme, Achieving Financial Excellence in Policing, AFEP for short, governed jointly by the National Police

Chiefs Council, the Association of Police and Crime Commissioners, the Police and Crime Commissioners Treasurers Society and CIPFA's Police Panel. The programme brings forces together at a national level but provides local support to enable teams to stay in control of their financial strategy and remain resilient. CIPFA was very proud that the FEP programme in its first year received the Silver award for the Best Learning and Professional Development Programme in the Association Excellence Awards.

Volunteers continued to play an integral role in promoting CIPFA's vision and engaging with the next generation of public finance professionals. The President said that she had been greatly impressed by the dedication of volunteers she had met during her time as President, many of whom were registered for today's meeting. They upheld the values of our profession in every way, and she wanted to give her personal thanks to all who had contributed to making 2019 a successful year for the Institute.

Members had been invited to submit questions before the meeting. Six of them had done so, and a further six raised questions during the course of the meeting. The following responses were provided by Rob Whiteman.

COVID-19:

CIPFA had invested in new technologies across activities which had assisted us since the crisis emerged. From 2017-19, we had invested £0.7m in enhanced ICT, £1.2m in apprenticeships and £2.6m in international/UN growth, achieving business returns. The online learning platform for UK and global PQ students had enabled immediate online training. CIPFA had already been using tools such as MS Teams, GoTo Meeting and GoTo Webinar. An online performance management tool had been launched to support virtual working, providing real-time management information.

The Institute had transferred to home working before the formal lockdown with circa 150 network and CPD training events transferred to virtual settings in March-June. New digital learning products and services had been accelerated. There had been a strong policy response including a new weekly CFO bulletin, and working with government on their packages. CIPFA's fearless independence and the growth of our gold standard PQ to support PFM have been at the fore.

Last year's good underlying trading position would improve, with a higher forecast surplus expected for 2020, together with improvements in cash and working capital. Overseas student numbers were ahead of budget. The pipeline for advisory services was holding

up well as clients switched to new forms of working. CIPFA had used these 4 months to accelerate a few years' worth of change. However, we were modelling for economic downturn in 2021.

London Counter Fraud Hub:

After MHCLG had awarded London boroughs £450k to develop tender documents, and then following an OJEU invitation to negotiate, in late 2016 CIPFA Business Ltd was awarded a contract for 32 London Boroughs via their lead authority to provide an advanced data analytics tool to improve their counter fraud performance.

CIPFA would build the product with BAE Systems and recover investment via a PBR mechanism. CIPFA was at that point taking £2m upfront risk on a £60m+ contract over 9 years, generating £16m+ profit whilst giving alerts to significant unidentified fraud for recovery by councils; with public interest in bringing this proven technology in other sectors to local government to improve finances.

There were delays in 2017 from the client side providing CIPFA with data – but product was built and signed off by the pilot authorities by 2018. CIPFA had geared up the project team to onboard authorities under the PBR pricing mechanism. System matches data to 50-70% success compared to standard 5% success whilst sector faces significant pressures and fraud losses.

However, CIPFA was approached direct, and via the client, in July 2018, with the information that several authorities did not support the contracted PBR price mechanism. We were asked to renegotiate the charging basis to a subscription model. In good faith, between November 2018 and June 2019, a new contract was negotiated with the client and agreed by 23 Cabinets. At this stage the Lead Authority advised that the new contract was ultra vires to the original OJEU. There have been ongoing discussions since, but in June 2019 CIPFA immediately stood down the project team to cease further costs. As covered in the Report and Accounts, CIPFA is considering options to recover costs, with external advice.

There has been utmost concern and attention to this. Whilst we expected to face £2m risk from the contract, the ultimate cost (mainly BAE development, licence, and project staff) was higher and therefore write-down more significant. There has been intense activity and transparency within CIPFA governance:

- CIPFA Board discussed on 18 occasions, including 7 specific

meetings on this project in the period 2017-19;

- CIPFA Council discussed on 6 occasions;
- Audit Committee considered treatment on 4 occasions.

(The President confirmed that the Trustees had also met to discuss the matter and had agreed that the accounting treatment was appropriate. Governance had been strong.)

The Business Plan that first included LCFH was signed off by Council in accordance with byelaws. During the course of events, formal trustee responsibility for project oversight moved from Council (40 trustees) to the Board which includes the 6 Council members nominated as trustees. In response to lessons learnt we have:

- Conducted a refresh governance review (by Sir Tony Redmond) where Hon Officers/6 trustees meet separately to the Board to consider charitable objectives of group activity;
- Established a Commercial Board (including 4 independent NEDs) reporting to the main Board chaired by the Senior NED to ensure that the broad range of CIPFA's activities are fully covered;
- Created a clear line of sight on risk by a CIPFA Board NED chairing Audit & Risk Committee;
- Recruited a new programme management resource and established a portfolio board to oversee main projects;
- Asked Martin Sinclair, former Assistant Auditor General and ex Hon Treasurer and Council member, to conduct an independent review for Board and Council on actions/lessons learned.

Consideration was given to whether CIPFA should report a serious incident to the Charity Commission. In line with Commission guidance, charity trustees do not need to report a financial loss that includes impairments and asset write-downs unless they pose a significant threat to the solvency of the charity. As CIPFA is a going concern with a clean audit opinion and strong underlying business no such report has been made.

In summary, CIPFA had a strong response to COVID-19. Whilst many investments have seen success, we were very concerned and alarmed that LCFH risk exceeded our agreed appetite to risk. Prudently we have maximised exposure in 2019 accounts as a foundation for 2020 and beyond. We are determined to learn all possible lessons.

Black Lives Matter & Inequality:

CIPFA takes seriously issues of race, gender, class and all forms of discrimination. Public bodies play a pivotal role in tackling discrimination and as custodians of public finances our profession plays a key role. CIPFA had established a working group last year under Andy Burns with representation across the sector. CIPFA had issued an immediate commitment to Black Lives Matter and would report beyond gender pay inequality in future years.

In response to questions raised on the day, Rob Whiteman said that:

- External auditors' advice would be sought whether the Trustees should be identified in the accounts, and whether their attendance record should be recorded;
- The outcome of the LCFH review would be reported to CIPFA Board and Council, but it was not planned to publish to the general membership. Options for action would be robustly considered;
- The main reason for LCFH cost overruns was delay, and the review would look at this matter in detail;
- Trustees would of course keep under review the possible need to report to the Charity Commission if CIPFA's overall financial position were to change;
- India represented an important opportunity for CIPFA, and we were pleased to be working with the Institute of Cost Accountants of India.

Peter Woodman then introduced the 2019 accounts and provided an update on performance in 2020. He noted that continuing reductions in public spending across the UK had produced challenging conditions in our traditional markets; however, 2019 saw operating income increase by 3.1% to £26.9m. At the same time, CIPFA had continued to invest in our strategic priorities.

CIPFA had returned an operating profit, for the second successive year of £0.5m as a consequence of the success of the Level 7 apprentices and improvement in other areas of business. However, CIPFA had ended the year with a negative balance sheet of £7.5m with the statement of financial activities showing a negative net movement of £8.5m for the year. The deterioration in the balance sheet was due to a £5.7m increase in the FRS 102 pension reserve and the impairment write down of London Counter Fraud Hub development. The pension reserves valuation under FRS 102 was only a snapshot in time and will fluctuate year on year.

The full triennial valuation, using the projected unit method, showed the true liability. In 2019 the latest valuation was completed and showed a pensions liability of £4.6m. CIPFA Council continued to monitor this measure closely.

CIPFA usually benefited from profits generated by its wholly owned trading subsidiary that in 2019 generated a loss, as a result of the impairment write down. He was however entirely confident that there remained strong demand for our advisory, statistical, benchmarking, publishing, networks and property services. The commercial subsidiary, aside from the impairment, continued to perform well in the highly competitive trading conditions for the supply of professional services to the UK public sector. It would be vital to continue to push forward into the global market, showing that CIPFA is committed to working with international partners. CIPFA had a very strong reputation globally that continued to grow. It would be critical to maintain strong relationships over coming months and years.

Moving forward, the emergence of COVID-19 presented both significant risk and opportunity for CIPFA. The levels of investment by governments across the world placed the management of the public purse centre stage. Supporting governments in their efforts to safely manage the distribution of new spending, ensure good governance is in place and ultimately account for the effectiveness of that spending were opportunities that CIPFA is well placed to meet. CIPFA was of course alert to the risks posed by COVID-19 and took seriously the health and safety of staff and customers, as well as the potential impact on income. CIPFA had moved to digital delivery of services wherever practical to ensure the high level of service expected continued to be provided and to safeguard stakeholders' health and safety. In addition, the 2020 budget had been recast to reduce costs by freezing recruitment and removing non-essential expenditure and investments to increase the sizeable contingency already available.

Moving to the Motions under Ordinary Business, the President noted that the Motions have been subject to an online vote of all Members ahead of today's meeting and announced the results. Votes for the Motion included those where Members had given her voting discretion. Both Motions required a simple majority.

The Report and Accounts for 2019 were adopted with votes for, 1,044, and votes against 17, being 98.4% in favour.

Crowe Clark Whitehill were reappointed as the Institute's auditors for 2020, with 1,036 votes in favour, and 25 votes against, being 97.6% in favour.

The President then formally introduced the new President, Professor Andrew Hardy. He had served CIPFA as Vice President this past year. He had been appointed Chief Executive of University Hospitals Coventry and Warwickshire NHS Trust, one of the largest in the country, in 2010. In addition, he sat on a number of Boards including the following West Midlands Academic Health Science Network, CIPFA, Warwick Business School Faculty Advisory Board and NHS Elect. In January 2016 he had been appointed Professor of Industry at the University of Warwick. In addition to his Chief Executive Officer role, Andy had been appointed as Senior Responsible Officer of the Coventry & Warwickshire STP Footprint in March 2016. He was also a Director of Albany Theatre Trust, Coventry. It gave her great pleasure to be able to hand over the role of President to him, and to wish him well for the future.

The new President thanked the outgoing President. It had been an honour to support her as Vice President, not least because it has helped him better understand the role, preparing him to set out on his own tenure. He was privileged to represent CIPFA, its members, and its public sector values. Her leadership this past year has helped to enhance CIPFA's reputation as a world leader in public finance. Her commitment to building an inclusive Institute that is fit for the future had left big shoes to fill as he entered the role. He was sure that everyone would join him in thanking her for serving as President and for the work she had done on behalf of the Institute this year.

The Past President responded that her year as President had certainly been unique. It had been an honour to lead the institute, and she wanted to thank everyone for their support. She had special thanks to Rob Whiteman, the CEO, and all his team, especially Lynn Starr, for their support throughout the year, and also thank you to the other Honorary Officers for their support.

The new President said that his priorities would be to focus on bringing together finance professionals from across health, local and central government as one public sector. The COVID-19 pandemic had highlighted the extent to which all areas of the public sector were interdependent upon one another. Only by treating taxpayers' money as the public pound, rather than the health pound, or the local government pound, could we achieve the best outcomes for our communities. One way of achieving this would


be advancing the health and social care integration agenda. The moment in time that we were currently living through had resulted in positive transformation that otherwise might have taken years. We were now presented with a unique opportunity to examine the changes made and decide – what should we keep? What changes should become part of the new normal?

At the same time, it was also important to remain mindful of the risks created by the pandemic. Not just the financial risks to our organisations, but the risks to residents. Before coronavirus struck, communities across this country were suffering from very real inequalities in health, economic activity and social mobility. The recent Black Lives Matter protests had brought home the specific injustices experienced by people of colour. As we moved towards a new normal, we must ensure that pre-existing inequalities were not worsened in the aftermath of the pandemic, work to tackle entrenched prejudices, and challenge ourselves to be inclusive and representative of those we served. We had a long way to go but he looked forward to seeing into action CIPFA's diversity and inclusion strategy which was approved by Council at the end of 2019. In championing these issues, he knew that he would be backed by a highly experienced and motivated team.

The President then confirmed that Mike Driver would be taking on the role of CIPFA Vice President. Mike was Head of the Government Finance Function, had served as CFO at the Department for Work & Pensions and now at the Ministry of Justice. Within the MoJ, he was the Accountant General of the Senior Courts of England & Wales and a Commissioner for the Reduction of the National Debt. Across government, he chaired the Finance Leadership Group meeting, was a member of the Commercial Function Oversight Board, and was also a member of the CIPFA Board and Council. He was a Non-Executive Director of Shared Services Connected Limited and the Government Internal Audit Agency. He looked forward to serving alongside you.

The President also had great pleasure in introducing Jayne Owen as the new Junior Vice President. Jayne was Finance and Resources Director at North Wales Housing. She had formerly held roles as Treasurer for the Greater Manchester Police and Crime Commissioner, and Director of Finance for Greater Manchester Combined Authority. She was a founding member of the National Student Forum, known now as the CIPFA Student Network. Jayne had also served on a number of CIPFA boards and panels, including the Board for the Regions, the International Strategy Board, and the Audit Committee, and had been a Council member for 7 years. She was also chair of the student and members' board.

There being no further business, the President closed the meeting.



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