

minutes

CL 04 03-20

Board	CIPFA/LASAAC Local Authority Code Board	
Date	6 November 2019	
Time	10.30am	
Venue	CIPFA, 160 Dundee Street, Edinburgh EH11 1DQ	
Present		
Chair	Conrad Hall	<i>London Borough of Newham</i>
CIPFA Nominees	Deryck Evans* John Farrar Christine Golding Owen James* Joseph Holmes Lucy Hume Colette Kane Martin Stevens JJ Tohill	Wales Audit Office <i>Grant Thornton</i> <i>Essex County Council</i> <i>Newport City Council</i> <i>West Berkshire Council (Vice Chair)</i> <i>North Norfolk District Council</i> <i>Northern Ireland Audit Office</i> <i>Birmingham City Council</i> <i>Mid-Ulster Council</i>
LASAAC Nominees	Hugh Dunn Joseph McLachlan Paul O'Brien Gillian Woolman	<i>City of Edinburgh Council</i> <i>East Ayrshire Council</i> <i>Audit Scotland</i> <i>Audit Scotland</i>
Co-opted	Leigh Lloyd-Thomas	<i>BDO</i>
Observers	Hazel Black Jenny Carter Sarah Geisman* Jeff Glass Matt Hemsley* Vikki Lewis*	<i>Scottish Government</i> <i>FRC</i> <i>HM Treasury</i> <i>Department for Communities (NI)</i> <i>MHCLG</i> <i>HM Treasury</i>
In Attendance	Gareth Davies Steven Cain	<i>CIPFA</i> <i>CIPFA</i>

* *by phone*

		Action
1	Apologies for absence	
1.1	David Aldous, Joseph Holmes, Nick Bennett, Greg McIntosh, Tim Day, Amanda Whittle,	
2	Declarations of interest	
2.1	There were no declarations of interest	
3	Minutes for approval:	
3.1	Meeting 4 June 2019.	
3.2	These were approved.	
3.7	The minutes will be uploaded on the CIPFA/LASAAC website.	Sec
4	Action Points	
4.1	The paper was reviewed with key items noted below.	
4.2	Action 7 IFRS 16 Leases: The ONS National Accounts treatment of infrastructure was queried. It was indicated that infrastructure assets were not normally expected to be leased. Specific consideration of Transport for London assets may however be required.	
4.3	Action 12: Draft chapter to illustrate potential Code structure. This is carried forward pending further consideration of stakeholder feedback arising from the discussion papers. One chapter to be re-modelled as an example for 6 March.	Sec
5.	Membership	
5.1	John Farrar and Lucy Hume were welcomed as new members.	
5.2	Tim Day's intention to step down was noted, with CIPFA/LASAAC's sincere thanks and gratitude for his long service and support expressed. A gift has been sent.	
5.3	Leigh Lloyd-Thomas was appointed as a co-opted member.	
5.4	English CFO volunteer representative to be sought.	Sec / Chair
6	Update from FRAB.	
6.1	Joseph McLachlan provided a comprehensive briefing on the FRAB meeting of 13 June 2019.	

6.2	FRAB had been provided with and outline of the Whole of Government Accounts (WGA) process, key messages and future plans. New collation systems are to be implemented. WGA and other work is anticipated to feed into a balance sheet review.	
6.3	FRAB considered CIPFA/LASAAC's consultation proposals, noting the strategic direction and stakeholder engagement plans. It was noted that differential reporting (a 'FReM-lite') had been pilot tested for central government but had not found general support. Concerns over the deliverability of expectations and retaining WGA alignment were raised.	
6.4	FRAB noted the impact of the McCloud ruling on pension liabilities.	
6.5	IFRS 16 <i>Leases</i> was discussed by FRAB with encouragement of early action by entities to ensure readiness for 20/21 highlighted.	
6.6	FRAB was informed that work on IFRS 17 <i>Insurance Contracts</i> had commenced with some central government arrangements identified as potentially in scope.	
6.7	Updates for health, EPSAS, IPSAS, Brexit disclosures and the relevant authorities working group were considered by FRAB.	
6.8	FRAB discussed the Government financial reporting review and the feedback and interest from PACAC, as well as the FReM consultation process and timetable.	
6.8	Vikki Lewis provided further commentary on activities since June, including a post implementation IFRS 9 / IFRS 15 review; FReM consultation developments; an additional September FRAB meeting to consider the FReM consultation proposals; a recent PACAC meeting which supported the direction of FReM amendments.	
6.9	HM Treasury's IFRS 16 <i>Leases</i> timeline implementation suggestions to be circulated.	V Lewis/ Sec
6.10	A FReM user & preparer group is being established to support feedback and future improvements. Request for CIPFA/LASAAC participation on FReM user/preparer group to be circulated	V Lewis/ Sec
6.11	Joseph McLachlan was re-appointed as the CIPFA/LASAAC preparer representative on FRAB.	
7.	CIPFA/LASAAC Strategic Plan	
	<u>Stakeholder Survey Feedback</u>	
7.1	The stakeholder survey feedback provided was reviewed. The Chair noted that potentially responses could be interpreted as suggesting that the existing adaptations and interpretations were not sufficient.	

7.2	Discussion centred on the extent of the evidence base to support future decisions. Some responses were noted as potentially indicating a need for stakeholder engagement to explain the role and purpose of the annual accounts. There is a need to be clear about what changes are realistic within the current framework.	
7.3	The potential for some form of summary information to meet user needs was discussed.	
7.4	It was noted that central government specifically separated accounts information from budgeting with the Statement of Parliamentary Supply being the key communication of budget based information. The presentation of statutory adjustments is complex. Alternative presentations could include allowing accounting entries to affect the General Fund (GF) balance but then providing information to analyse the GF to reflect the statutory arrangements.	
7.5	The LASAAC Chair noted work undertaken by LASAAC regarding statutory adjustment disclosures, and the extent to which improvements under the existing requirements were possible. The role of preparers was identified as critical in supporting this.	
7.6	Potentially there are two potential means to support improvement: <ul style="list-style-type: none"> • Seek to influence practices within the existing framework to provide clarity and achieve streamlining • Identify changes that can realistically be made to the existing framework These are not mutually exclusive ie both can be used.	
7.7	The impact of reducing finance staff numbers in authorities was noted as a factor for consideration.	
	<u>Discussion Papers Feedback</u>	
7.8	The secretary provided a presentation outlining early responses to the discussion papers. Further responses are anticipated.	
7.9	It was noted that the use of indices for assets did not specifically constitute a valuation, but could potentially be an adaptation. It was noted that auditors will comply with ISAs which are not within CIPFA/LASAAC's remit.	
7.10	The role of WGA was discussed, with comment that WGA materially is generally much higher than that for the individual bodies, and smaller bodies may be excluded from WGA requirements in any event.	
7.11	The Chair summarised the discussion, with key points arising considered to be: <ul style="list-style-type: none"> • Feedback confirmed that complexity was a major concern for all • Culture and key messages communication are important • Good authority and auditor working relationships are critical • A summary section in the accounts for key messages appears to be an option to explore. Clarity regarding whether this is 'summary 	

	<p>accounts' or 'summary key message information' will be required. Any specification will require further engagement.</p> <ul style="list-style-type: none"> • Materiality application is a complex area, with concerns expressed at the use of revenue/CIES based materiality thresholds for balance sheet items. The role of regulatory requirements in this respect is critical. • Narrative reporting, to explain the financial information, is expected to be a key focus. 	
7.12	Further responses to end December to be collated with further analysis. Incorporate ITC open feedback comments in analysis.	Sec
	<u>Review of Vision Statement and Strategic Plan Progress</u>	
7.13	The progress chart provided was reviewed. The Chair highlighted that while some actions were highlighted red, significant progress had been made on some of these. For example engagement actions an offer of attendance at treasurer societies has been made; feedback on key messages has been helpful; and some disclosures have been reviewed for the 20/21 Code.	
7.14	Hazel Black volunteered to assist with narrative reporting.	
7.15	Narrative Report: Project to proceed taking consideration of the survey and discussion papers feedback received.	Sec
	<u>Operational Arrangements</u>	
7.16	The Chair noted that CIPFA/LASAAC representation was not restricted to the Chair. Work responsibilities and geographical location mean that all participants are encouraged to volunteer.	
7.17	Volunteers for stakeholder engagement, such as speaking events and attendance at relevant stakeholder group meetings, requested to notify secretariat	All participants
7.18	Secretariat to liaise with specific members for initial development and review of meeting papers as appropriate.	Sec, All participants
7.19	Nameplates are to be provided for the next meeting.	Sec
8.	Code 20/21: Invitation To Comment Responses and Actions	
8.1	The paper providing an indication of responses and potential actions for consideration was reviewed. Participants were asked to identify whether there was any disagreement concerning the subjective risk indications provided for each item. The items were reviewed with a particular focus on higher risk items.	
8.2	Some areas of specific discussion included:	

	<ul style="list-style-type: none"> Concerns regarding the divergent expectations of practical application of materiality assessment disclosures and the FReM checklist approach were considered to suggest that implementation should not proceed. The limitations regarding the non-provision of prior period comparatives were discussed. Concern that highlighting materiality application for some disclosures undermined the expectation that this should apply for all. It was considered that the risk of including immaterial information for some specific disclosures should be recognised. The materiality requirements in section 2 needed amendment as well as the phrasing for the individual disclosures concerned. The request to amend the application of IFRS 9 fair value application for some investments was not in alignment with the statutory arrangements implemented by governments. The treatment of prepayment of pension contributions to LGPS funds was noted as a legal interpretation matter. Dedicated schools grant presentation may require review following any DfE action. 	
8.3	Draft Code 20/21 to be amended as per agreed actions (details previously circulated – See Appendix A to these minutes) , circulated and further CIPFA/LASAAC comments actioned	Sec
8.4	Code 20/21: Report to FRAB to be drafted	Sec
8.5	<p>For the 21/22 Code the following are proposed for initial consideration:</p> <ul style="list-style-type: none"> Materiality: specific review FReM disclosures checklist: develop framework for CIPFA/LASAAC implementation Further disclosures review (especially capital, pensions, financial instruments, group); taking WGA requirements into consideration HRA financial instruments presentation (esp. impairments) Cash & cash equivalents presentation of overdrafts on balance sheet Dedicated schools grant presentation Seek improvement in ITC/ Code consultation process re engagement, ease of response & indication of impact Review legislation re authority lump sum contributions to LGPS (may differ between administrations) 	Sec
9.	IFRS 16 Leases Implementation 20/21	
9.1	The paper was reviewed.	
9.2	Draft Code 20/21 IFRS 16 Leases to be amended as per agreed actions (see Appendix B of these minutes) circulated and further CIPFA/LASAAC comments actioned.	Sec
9.3	Report to FRAB to be drafted.	Sec

9.4	Transport for London early adoption – liaison with TfL and ONS to be maintained.	Sec
9.5	The statutory framework implications of IFRS 16 <i>Leases</i> implementation were noted.	
10.	Redmond Review and NA Code of Audit Practice	
10.1	A number of organisations with participants on CIPFA/LASAAC are responding to the review.	
10.2	A CIPFA/LASAAC response is not anticipated. CIPFA/LASAAC involvement is expected to involve active engagement following the conclusion of the call for views and the development of conclusions by the review panel.	
10.3	Participants were requested to notify the secretariat of potential CIPFA/LASAAC aspects for CIPFA response.	All participants
10.4	Key CIPFA/LASAAC relevant aspects of CIPFA response to be notified to CIPFA/LASAAC participants.	Sec
10.5	The NAO Code of Audit Practice consultation was also noted. Audit Scotland plan to consult on a revised Code of Audit Practice in Scotland in January.	
10.6	The paper was noted.	
11.	Accounting and Auditing Standards	
11.1	The paper was noted.	
11	Dates of Next Meetings	
11.1	6 March 20 London [Redmond Review & FRAB Chair invited] 5 June 20 Edinburgh 3 November 20 London	
12.	Any Other Business	
12.1	None.	

Appendix A: CIPFA/LASAAC Meeting 6 Nov 2019. Agreed actions regarding Code 20/21 Development

Appendix A table A. Main ITC Questions

Q [Appx Page]	Item	Brief Summary of Responses	Risk (per Original paper)	Overview of Recommendation	Agreed Action
1 [1]	Materiality: Definition of Materiality	Generally supported	MEDIUM	Implement with minor wording change	Agreed: Implement with minor wording change
2 [1]	Materiality: Disclosure of Assessment	Some dissent regarding practical impact of implementation	HIGH	Implement but make the disclosure optional with extent of detail at discretion of the authority.	Not agreed: Do not implement any changes.
3 [2]	Materiality : Other Materiality Comments	Responses indicate different perceptions	MEDIUM	20/21: consider in relation to disclosure requirements 21/22: Consider as part of Code strategy feedback	Agreed: No Code text changes 21/22: Consider as part of Code strategy feedback
4 [3]	Disclosure Assessment: FReM Questions	Some dissent and differences regarding role and application.	HIGH	20/21: Do not implement. 21/22: Develop protocol for CIPFA/LASAAC use.	Agreed: Do not implement. 21/22: Develop protocol for CIPFA/LASAAC use.
5. [5]	Disclosure Assessment : Group Disclosures	Some significant differences regarding possible actions	MEDIUM	20/21: No amendment to Code 21/22: Consider as part of Code strategy feedback	Agreed: No Code text changes. 21/22: Consider as part of Code strategy feedback

Q [Appx Page]	Item	Brief Summary of Responses	Risk (per Original paper)	Overview of Recommendation	Agreed Action
6. [6]	Disclosure Assessment: Prior Period Disclosures	Responses indicate potentially significant implementation risks	HIGH	Options: <ul style="list-style-type: none"> • Withdraw • Clarity to more specifically limit applicability • Adaptation for specific disclosures (FRAB discussion required) 	No CIPFA/LASAAC specific support for an adaptation. Clarification text of scope of application is proposed instead.

Q [Appx Page]	Item	Brief Summary of Responses	Risk (per Original paper)	Overview of Recommendation	Agreed Action
7-9 [8-11]	Capital Disclosures	Wide variety of comments, some fundamental	HIGH	<ul style="list-style-type: none"> 20/21: Highlighting that some disclosures are expected to be made by exception or in summary 20/21: Adaptation to permit, but not require, use of a Net Book Value disclosure table (subject to maintaining records for WGA compliance; FRAB discussion required) 21/22: specific items for review 	<p>Amended: provide para in materiality section to state that quantitative materiality of a figure does not include a presumption that all supporting disclosures providing extra detail, whether quantitative or qualitative, are required for that figure. Cross ref or summarise this at the individual disclosure level (as identified)</p> <p>Adaptation to permit, but not require, use of a Net Book Value disclosure table (subject to maintaining records for WGA compliance; FRAB discussion required)</p> <p>21/22: specific items for review</p>

Q [Appx Page]	Item	Brief Summary of Responses	Risk (per Original paper)	Overview of Recommendation	Agreed Action
10 - 12 [11- 13]	Pensions Disclosures	Wide variety of comments, some fundamental	HIGH	<ul style="list-style-type: none"> • 20/21: Highlighting that some disclosures are expected to be made by exception or in summary • 21/22: specific review to ensure numerical disclosures align with WGA requirements 	Amended text – cross ref or summarise the application of materiality to supporting information at the individual disclosure level (as identified) 21/22: specific review to ensure numerical disclosures align with WGA requirements
13 - 15 [14- 17]	Financial Instrument Disclosures	Wide variety of comments, some fundamental	HIGH	<ul style="list-style-type: none"> • 20/21: Highlighting that some disclosures are expected to be made by exception or in summary • 21/22: specific review to ensure numerical disclosures aligned with WGA requirements 	Amended text – cross ref or summarise the application of materiality to supporting information at the individual disclosure level (as identified) 21/22: specific review to ensure numerical disclosures aligned with WGA requirements
16- 18 [17- 18]	Cash Flow Disclosures	Generally low priority given to cash flow information.	LOW	20/21: No amendments	Agreed: No amendments

Q [Appx Page]	Item	Brief Summary of Responses	Risk (per Original paper)	Overview of Recommendation	Agreed Action
19 [18]	IAS 19 Amendments: Plan Curtailments etc	General support, some dissent	MEDIUM	Implement as proposed	Agreed: Implement as proposed
20 [19]	IFRS 3 Definition of a Business	No dissent	LOW	Implement as proposed	Agreed: Implement as proposed
21 [19]	Amendments to Conceptual Framework	No dissent	LOW	Implement as proposed	Agreed: Implement as proposed
22 [20]	Provisions for UK withdrawal from the EU	Wording amendment suggested	LOW	Implement with minor wording change	Agreed: Implement with minor wording change
23 [20]	IPSAS 41 and 42	No dissent	LOW	As proposed: No Code amendment	Agreed: No Code amendment
24 [21]	Pension Fund Accounts: Pensions SORP Alignment	Some dissent regarding whether disaggregation required	LOW	Implement as proposed	Agreed: Implement as proposed
25 [21]	Legislation Amendments	Some amendments suggested (re England, Scotland, Wales)	MEDIUM	Implement with some, but not all, of the suggested amendments incorporated.	Agreed: Implement with some, but not all, of the suggested amendments incorporated.
26- 27 [23- 26]	Service Concession Arrangements – 3rd Party Income	Different views expressed. Some technical aspects arising. Some requests for specification in the Code.	HIGH	As proposed: No Code amendment.	Agreed: No Code amendment.

Q [Appx Page]	Item	Brief Summary of Responses	Risk (per Original paper)	Overview of Recommendation	Agreed Action
28 [26-31]	Service Concession Arrangements – Liability Measurement	Supported by most respondents indicating a view; but with some significant dissent expressed. HM Treasury have indicated that central government’s measurement practices for liabilities arising from SCA (PPP/PFI) is not anticipated to change.	MEDIUM	Do not implement. Specify that the requirements of IAS 17 as previously existing, will continue to apply. FRAB confirmation required.	Agreed: Specify that the requirements of IAS 17 as previously existing, will continue to apply. Raise with FRAB.
29 [31]	HRA Financial Instruments Impairment	Supported by most respondents but with some significant dissent expressed.	HIGH	20/21: No Code amendment 21/22: Include in financial instruments wider review	Agreed: No Code amendment 21/22: Include in financial instruments wider review
30 [32]	Financial Instruments – Specification of FVPL entries in CIES	Supported by most respondents but some dissent noted.	MEDIUM	20/21: Amend Code to provide specification.	Agreed: Amend Code to provide specification.
31 [33]	Minor Code Updates	No dissent.	LOW	Implement as proposed	Agreed: Implement as proposed
32 [33]	IFRS 17 Insurance Contracts – Potential Application Scenarios	Potential application scenarios noted	LOW	Ongoing liaison with HMT working group to support pragmatic implementation.	Agreed: Ongoing liaison

Appendix A Table B: Open Comments from ITC

Q [Appx Page]	Item	Responses	Risk	Overview of Recommendation	Agreed Action
33A [1]	Other: LOBO Clauses	Clarification suggested	HIGH	Code amendment to clarify that adaptation does not extend to compound embedded derivatives.	Agreed: Code amendment to clarify that adaptation does not extend to compound embedded derivatives.
33B [2]	Other: Loan Modifications	Request to correct Code following IASB clarification.	HIGH	Code amendment to reflect IASB clarification.	Agreed: Code amendment to reflect IASB clarification.
33C [3]	Other: Equity instruments	Basis for excluding some instruments from FVOCI designation challenged	HIGH	No Code amendment	Agreed: No Code amendment
33D [4]	Other: Soft loans	Request to correct Code for low interest rate environments	LOW	Amend Code	Agreed: Amend text
33E [4]	Other: Impairment requirement exemptions	Request to clarify application of the exemption relating to central government.	MEDIUM	Amend Code to align with FReM	Agreed: Amend text

Q [Appx Page]	Item	Responses	Risk	Overview of Recommendation	Agreed Action
33F [5]	Other: Complexity	Comments on complexity	MEDIUM	Consider whether 20/21 Code appropriately addresses complexity eg in implementation of IFRS 16 disclosures.	Agreed: IFRS 16 Disclosures - cross ref or summarise the application of materiality to supporting information at the individual disclosure level (as identified)
33G [6]	Other: Code format	Suggestion to use Code to highlight adaptations / interpretations (not repeat IFRS)	LOW	CIPFA/LASAAC continues with proposed review of code format	Agreed: No Code amendment 20/21
33H [6]	Other: Pension Guarantees	Request for specification of treatment	HIGH	No Code amendment	Agreed: No Code amendment
33I [7]	Other: Going concern	Request for clarification	MEDIUM	No Code amendment	Agreed: No Code amendment
33J [7]	Other: Audit Fees	Request to specify FRC example layout	LOW	No Code amendment	Agreed: No Code amendment
33K [7]	Other: Local Government Reorganisations	Request to amend Code	MEDIUM	No Code amendment	Agreed: No Code amendment
33L [8]	Other: Cash & Cash Equivalents	Request to clarify that balance sheet presentation will not normally include overdrafts	HIGH	Consult on for 21/22 Code	Agreed: Agreed: No Code amendment 20/21. Consult in 21/22
33M [9]	Other: Dedicated Schools Grant	[England] – request for specification	MEDIUM	No Code amendment	Agreed: No Code amendment. Watching brief regarding DfE proposals.
33N [9]	Other: Capital Receipts	[England] Request to change statutory limits	N/A	No Code amendment	Agreed: No Code amendment

Q [Appx Page]	Item	Responses	Risk	Overview of Recommendation	Agreed Action
33O [9]	Other: Code Strategy	Comments on CIPFA/LASAAC direction	HIGH	Include as stakeholder feedback related to discussion papers	Agreed: Include as stakeholder feedback related to discussion papers
33P [10]	Other: Consultation process	Improvement to consultation process	MEDIUM	Review arrangements for 21/22 Code ITC	Agreed: Review arrangements for 21/22 Code ITC
33Q [11]	Other: Code Format	Comments on format	MEDIUM	Include as stakeholder feedback related to discussion papers	Agreed: Include as stakeholder feedback related to discussion papers
33R [11]	Other: Code Format	Comments on Format	MEDIUM	Include as stakeholder feedback related to discussion papers	Agreed: Include as stakeholder feedback related to discussion papers
33S [11]	Other: Group Accounts	Request for specification of how different statutory frameworks should be combined in group accounts.	MEDIUM	Include as stakeholder feedback related to discussion papers	Agreed: Include as stakeholder feedback related to discussion papers
33T [12]	Other: Lump sum contributions to LGPS	Request for specification due to inconsistency of auditor views.	HIGH	Consult on for 21/22 Code	Amended: Consider for inclusion in 21/22 Code ITC
33U [12]	Other: Group accounts	Request to remove or reduce requirement; replace with disclosures.	MEDIUM	Include as stakeholder feedback related to discussion papers	Agreed: Include as stakeholder feedback related to discussion papers
33V [12]	Other: CIES Total Line Presentation	Lack of clarity on use of signage in the total CIES line	LOW	Amend Code to indicate that use of signage should be explained	Agreed: Amend Code to indicate that use of signage should be explained

Q [Appx Page]	Item	Responses	Risk	Overview of Recommendation	Agreed Action
33W [13]	Other: RICS references need updated	Requirement to update noted	MEDIUM	Amend Code to refer to current RICS requirements	Agreed: Amend Code to refer to current RICS requirements
33X, Y [13-14]	Other: Text Corrections	Code text corrections suggested	LOW	Amend Code for editorial corrections, inclusion or cross referencing to IFRS 16 etc. To be provided to CIPFA/LASAAC as tracked changes.	Agreed: Amend Code for editorial corrections, inclusion or cross referencing to IFRS 16 etc. To be provided to CIPFA/LASAAC as tracked changes.

Appendix B: CIPFA/LASAAC Meeting 6 Nov 2019. Agreed actions regarding IFRS 16 Leases 20/21

No.	Item	Summary of Recommendation	FRAB Discussion?	Agreed Action
1.	School buildings provided by Trusts & Religious Institutions under mere licences	Further specific stakeholder engagement prior to Code text finalisation.	Yes	Discuss with FRAB Undertake specific stakeholder engagement prior to formal approval of the 20/21 Code by CIPFA and LASAAC, and final oversight by FRAB.
2.	Housing Revenue Account- IFRS 16 Leases Application to Housing Rents	Adaptation to specifically exclude HRA housing tenancies from the scope of IFRS 16 Leases and Section 4.2 of the Code.	Yes	Adaptation to specifically exclude HRA housing tenancies from the scope of IFRS 16 Leases and Section 4.2 of the Code. Discuss with FRAB
3.	Nil Consideration Leases: Adaptation of definition applying to lessor arrangements	Consider restricting the adaptation to only lessee arrangements.	Yes	Adaptation to only lessee arrangements. Discuss with FRAB
4.	Nil Consideration Leases: Grandfathering application: prospective or retrospective application	Confirm FRAB expectations regarding central government implementation practices.	Yes	Proceed with current wording requiring specific identification on transition. Confirm with FRAB that treatment is consistent with central government.
5.	Valuation: Transition Arrangements (for Lessee: Finance Leases)	Permit voluntary revaluation, or reversion to the cost model (where criteria met), to be undertaken as part of transition.	Yes	Permit voluntary revaluation, or reversion to the cost model (where criteria met), to be undertaken as part of transition. Notify FRAB.

No.	Item	Summary of Recommendation	FRAB Discussion?	Agreed Action
6.	Valuation Requirements as at 31 March 2021	Confirm FRAB expectations regarding central government implementation practices.	Yes	Proceed with existing planned text requirements.
7.	Nil Consideration (Lessee) Leases: RoU Asset Measurement	Where fair value determination is not commensurate with the benefits to users allow valuation at current value as a proxy for fair value.	Notify	Where fair value determination is not commensurate with the benefits to users allow valuation at current value as a proxy for fair value.
8.	Valuation: Reversion to Cost Model	Explicitly specify that reversion to the cost model requires a cost based on IFRS 16 Leases requirements as applied after transition.	Notify	Explicitly specify that reversion to the cost model requires a cost based on IFRS 16 Leases requirements as applied after transition.
9.	Disclosure Requirements	Specify that specific disclosures should only be provided by exception or in summary.	Notify	Cross ref or summarise the application of materiality to supporting information at the individual disclosure level (as identified).
10.	Cost Model: Includes Decommissioning Obligation Changes	Explicitly specify that the cost model includes decommissioning obligations.	Notify	Explicitly specify that the cost model includes decommissioning obligations.
11.	Land and Buildings Elements Re-Combination	No action. Guidance should be sufficient	N/A	No Code amendment.
12.	Other Text Amendments	Provide other text amendments to CIPFA/LASAAC as tracked changes in draft Code prior to FRAB consideration.	Draft Text	Provide other text amendments to CIPFA/LASAAC as tracked changes in draft Code prior to FRAB consideration.