

# minutes

Paper C56 10/11

Committee	Council	
Date	14 April 2011	
Venue	Council Chamber, Robert Street	
Present	Jaki Meekings Davis Roger Latham Sir Tony Redmond	(President) (Past President) (Treasurer)
	Caroline Al-Beyerty Ken Barnes Brian Berry Angela Brown Andrew Burns Jane Cuthbertson Tim Day Christina Earls Mike Ellingford Ken Finch Claire Gravil Alan Geddes Richard Harbord Nigel Hiller Neil Hunter	Suzanne Jones Roger Latham John Matheson Caroline Mawhood Mike Owen Ian Perkin Brian Roberts Jaki Salisbury Trevor Salmon Judith Savage Bill Shields Martin Sinclair Steve Watson Derek Yule

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## Minutes of the Open Session

### 1 Apologies for Absence

Apologies were received from Chris Bilsland (Vice President), Chris Donnelly, Helen Kilpatrick, David McBride, Jeff Pipe, Jon Pittam, Chris Roach, Judith Savage, Adrian Waite and Alison Sweeting. Apologies were received from Ian Carruthers (Policy and Technical Director) and Adrian Pulham (Education and Membership Director). The President reminded the Council to consider the comments submitted by Adrian Waite on some agenda items prior to the meeting.

### 2 Welcome and Introductions

The President was pleased to announce that a CIPFA member, Richard Douglas, had been appointed Head of the Government Accountancy Profession.

### 3 Declarations of Interest

Nil.

4 Minutes of last meeting

Page 2, item 6, delete "ICEAW" and replace with "ICAEW". With the correction the minutes of the Open Session of the meeting held on 08 December 2010 were agreed.

5 Matters Arising

There were none.

6 Institute Finances

(a) Annual Report and Accounts 2010

Chief Finance Officer, Alan Edwards, summarised the annual report and accounts 2010 (C40 10/11), noting a 12 percent decline in income compared to 2009. Other organisations in the sector were also reporting significant reductions. The balance sheet had improved as a result of property and pension revaluations. Council was directed to the notes of the accounts and, specifically, to the realignment of responsibilities within the Group for publications, conferences and courses, which had moved to CIPFA Business Limited.

The Treasurer commended the report to Council.

Responding to a question from Ian Perkin around the difference in total funds (page 30), the CFO explained that there had been some inter-group trading.

Council noted improvements to the information in the report and welcomed the speed with which expenditure had been reduced.

Responding to a question from Ken Barnes about the market intelligence section of the report, the CE explained that additional commentary could be included in the final report.

Ian Perkin questioned the rate at which the pension deficit was being repaid. The CFO confirmed the rate was as a result of professional advice, and that the Group Board had considered the level of repayments. The Treasurer confirmed that the Group Board had considered this in the context of the overall funding position of the Group and the ability to fund the deficit.

Council approved the annual report and accounts and authorised the Officers and the Chief Executive to sign them.

The President thanked the CFO and other staff for the report.

(b) External Audit Report Findings

Ken Barnes, Chair of the Audit Committee, advised the Council that the report (C41 10/11) had been thoroughly reviewed by the committee on 23 March 2011, and noted that the committee was particularly keen to ensure follow-up actions were monitored and reviewed.

Council authorised the President to sign the letter of representation for CIPFA.

## 7 Audit Committee

### (a) Internal Audit Report

Ken Barnes, Chair of the Audit Committee, introduced the internal audit report (C42 10/11) explaining that the committee had seen earlier drafts of some parts of the report, and noting again that the committee was keen to ensure follow-up actions were monitored. KB explained that the committee was working with Grant Thornton to explore if a four-point scale would be more appropriate in the future than the three point scale. Council supported this approach. Members of Council felt that, as a professional organisation, CIPFA should be aiming to be in the top quartile of performance. KB confirmed that this point had been reiterated by the Audit Committee.

Replying to a question from Caroline Al-Beyerty, the CFO said he thought the approach used by Grant Thornton was specific to the not-for-profit-sector rather than more general.

Ian Perkin was concerned that 'events' had been graded 'C'. The CFO explained that the management had not had the opportunity to respond to that grading, and would be contesting the rating. KB explained that the Audit Committee had not had the opportunity to review this part of the report, and would be doing so at its July meeting.

KB confirmed the Audit Committee had been monitoring outstanding recommendations, and would continue to do so.

In replying to a question from John Matheson, the CFO confirmed that he had commissioned the report to give the Audit Committee an independent perspective, and the number of areas reviewed had been constrained by the time available. JM said he was reassured.

Neil Hunter asked about the distribution of work undertaken by Grant Thornton, and the CFO said that representations had been made to Grant Thornton around the increased use of senior grades.

Council noted the report. The President thanked the Audit Committee for its work.

### (b) Compliance with the CIPFA Code of Governance

Ken Barnes, Chair of the Audit Committee, explained that the report (C43 10/11) was a review of performance against the CIPFA code of governance, which the Audit Committee had developed some years ago. KB asked Council to note that the code itself would be reviewed by the Audit Committee in July. The Financial Regulations noted as being updated in the report would be brought to Council for approval.

## 8 Governance matters

### (a) 2011 AGM motions

The Council Secretary explained the background to the motion and the assumptions applied to the amendments to the Byelaws as set out in appendix 1 of paper C44 10/11. Council was asked to confirm if it was its intention to require the Past

President to have a break from office, irrespective of total length of service on the Council, and this was agreed.

The Council agreed the motion to be put to the 2011 AGM.

Mike Owen, Chair of the Members and Students Development Board, explained that the committee had agreed to recommend a freeze the membership subscription fees, while recognising the impact on income. The Treasurer confirmed that the Group Board had also agreed to a freeze, also recognising the decision was a difficult balance considering the market conditions and CIPFA's financial health. Ken Finch asked Council to consider how it would fill the shortfall in income.

The Chief Executive raised his concern that applying no increase could set a difficult precedent. Jaki Salisbury, who had chaired the relevant meeting of MSDB as its Vice Chair, explained that the board had accepted that the decision was a balance, but that even a small increase would lose impact over a nil increase. Tim Day was also concerned that no increase would set a precedent.

Derek Yule noted that the sum involved was a small proportion of total income, and Andrew Burns noted that very significant efficiencies (dwarfing the reduction in income) were being anticipated through the property strategy, addressed later in the agenda.

Steve Watson raised a concern that independent practitioners may feel penalised by the £5 increase to the practise assurance fee and urged Council to be consistent in its application.

Neil Hunter noted that MSDB and Group Board had already agreed to the freeze, and was surprised at the wording of the proposal in the paper.

Brian Roberts noted that there were a range of views around the table, and proposed a motion to test the degree of support for a freeze/increase. The President called a vote and, on a show of hands, Council agreed to freeze the membership fees for one year only. The President proposed that communications around the freeze should emphasise that the freeze is for one year only in the light of the current climate.

Jaki Salisbury confirmed the practise assurance fee had also been considered by MSDB, but that it had considered the nature of that fee to be different. Martin Sinclair advised Council that the number of members participating in the practise assurance scheme was small, and so a reduction of income would be small if no increase was also applied in this case.

Steve Watson raised a concern that inconsistency of treatment of members could lead to difficulties.

The President called a vote and, on a show of hands, Council agreed to freeze the practise assurance fee for one year only. It was agreed that communications around the practise assurance fee should reflect the messages around the membership fee freeze.

(b) Update from Group Board's Governance Sub-Group

The President introduced paper C 45 10/11, explaining that the Governance Sub-Group had been asked to complete a number of tasks, which it now had. Council noted the close of the Sub-Group and recognised that if further work was required on governance matters, a new group would be required.

The Call-in Rules were agreed by Council. The guidelines for managing member-interest were also approved, although additional guidance was requested to enable interests to be declared by exception.

Tim Day commented that he had raised the issue of retired member representation with the Sub-Group but that this was not reflected in the paper. The President agreed, and reported that the matter had been referred to MSDB.

The President asked if Council wished to review the role and function of the Council and the Board/sub Groups at its June meeting, and this was agreed. Ken Barnes noted that it would be helpful to plan the re-drafting of the CIPFA code of governance in the light of June's discussions.

## 9 Disciplinary Scheme Matters

Jyoti Kakad, Head of Professional Conduct, introduced paper C46 10/11, which included the reports from the Chairs of the Investigations Committee, the Disciplinary and Competency Committee, and the Appeals Committee. Council was also asked to note that the Reviewer of Complaints considered one case, which confirmed the determination of the Investigations Committee.

Council noted the reports and authorised their publication. The President thanked Jyoti Kakad, and asked her to pass on Council's thanks to the committee chairs.

## 10 Impact of the Government's public spending plans

The Chief Executive gave a presentation (C47 10/11). He questioned if 1 April 2011 might mark a turning point or the beginning of a new phase in the era of austerity. Before that date organisations were dealing with great uncertainty and in many cases responding by delaying decisions. Following the agreement of budgets, there was now much greater certainty, and a need for action to implement changes and to mitigate increased risk. Council had already considered the reduction in CIPFA's turnover, and the question of whether turnover would continue to fall, or the fall accelerate, or if turnover would climb was very uncertain.

The CE highlighted some of the difficulties the government's agenda had encountered, and the tensions within the Coalition. He noted that current criticisms were focussed around national policy but as the cuts come into focus, local policy and decision-making would add to pressures.

The CE noted that CFOs were presiding over changes in most services, and saw risk management as a significant challenge. CIPFA's success would rely on tailored, directly relevant, and essential services. CIPFA would need to offer measurable return on investment and excellent delivery and share risks where appropriate.

The CE outlined a number of workstreams/opportunities, how CIPFA would be supporting members, and highlighted key organisational challenges. He also stressed the role which Council members might play identifying opportunities and galvanising the support of public bodies for CIPFA initiatives.

Brian Roberts said that CIPFA had a role to play in sending messages to government including risks associated with the current policies, referring to a 50% turnover in County Treasurers in the past 12 months. Mike Owen noted opportunities for greater collaboration and said CIPFA's role in providing apolitical

guidance was key. Andrew Burns noted that although individually bodies were working efficiently, collectively they were not: there was more to be done around asset rationalisation, for example.

The Treasurer noted that CFOs had a duty to report publicly at times, and that CIPFA had a role in supporting CFOs in discharging that duty.

Ken Finch noted that collaboration was not a panacea, and reminded Council that different approaches and priorities were being deployed in Wales, Scotland and Northern Ireland.

Nigel Hiller noted that ACCA had developed a peer-support/professional mentoring scheme, and that employers had gained out of that process. It was noted that investment solutions may not deliver and that CIPFA could have a role to play around due diligence of proposals.

The CE agreed that CFOs were under pressure and advised that another Local Authority CFO summit was planned over the next few weeks.

The President thanked the Chief Executive for his presentation and Council for its contributions.

There being no further business, the President formally closed the Open Session of the meeting.