

# minutes

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| Board                | CIPFA/LASAAC Local Authority Code Board   |  |
| Date                 | 28 February 2012  |  |
| Time                 | 10.30am   |  |
| Venue                | CIPFA, London   |  |
| Present              | Lynn Hine (Chair)   | <i>PricewaterhouseCoopers</i>  |
| CIPFA Nominees       | David Aldous<br>Angela Brown<br>Shane Flynn<br>Iolo Llewellyn<br>Greg Mackintosh<br>Dean Pletts     | <i>Audit Commission<br/>Independent Consultant<br/>Dacorum Borough Council<br/>Wales Audit Office<br/>KPMG<br/>Basingstoke and Deane Borough<br/>Council</i> |
| LASAAC Nominees      | Nick Bennett<br>Lynn Bradley<br>Russell Frith<br>Bruce West<br>Derek Yule                           | <i>Scott Moncrieff<br/>Audit Scotland<br/>Audit Scotland<br/>Argyll and Bute Council<br/>The Highland Council</i>  |
| DOE (NI)<br>Nominees | Rodney Allen<br>Robert Dowey  | Northern Ireland Audit Office<br>Newry and Mourne DC   |
| Co-optee             | Tim Day   | <i>Independent Consultant</i>  |
| Observers            | Hazel Black<br>Graham Fletcher<br>Hilary Lower<br>Larry Pinkney<br>Joanna Spencer<br>Amanda Whittle | <i>Scottish Government<br/>DCLG<br/>NAO<br/>HM Treasury<br/>ASB<br/>Welsh Assembly Government.</i>   |
| In attendance        | Ian Carruthers<br>Paul Mason<br>Sarah Sheen<br>Gareth Davies<br>Matthew Allen                       | <i>CIPFA<br/>CIPFA<br/>CIPFA Associate (Secretary)<br/>CIPFA Scotland<br/>CIPFA</i>  |
| Visitors             | Tadashi Sekikawa<br>Hirotaka Matsuo   | <i>JICPA<br/>ASBJ</i>  |

|     |  | Action    |
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| 1   | apologies for absence  |           |
|     | Apologies were received from Peter Davies.   |           |
| 2   | minutes  |           |
|     | (a) The minutes of the meeting held on 1 November 2011 were approved.  |           |
|     | (b) The contents of the informal notes of the meeting held on the 1 November 2011 were agreed and were renamed Supporting Notes.   | Sec       |
|     | An action log of to highlight incomplete actions carried forward should also be presented to future meetings.  | Sec       |
| 3   | matters arising  |           |
| 3.1 | David Aldous and Dean Pletts volunteered to join the group the post-IFRS implementation review.  | Sec/DA/DP |
|     | The Board asked that its June meeting receive a paper on current progress in considering the implications of WGA.  | Sec       |
|     | Ian Carruthers would liaise with HM Treasury to establish the scope second phase of the infrastructure assets project.   | Sec/IC    |
| 4   | Development of the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 Code Update and 2012/14 Code   |           |
|     | The Board considered in turn each of the issues brought to their attention in the report by the Secretary. The following issues generated requirements for further action.                 |           |
|     | <u>Para 2.3 Hutton Review Fair Pay Recommendations</u>   |           |
|     | The Board concluded that it should receive a report setting out the following analysis:  | Sec       |
|     | <ul style="list-style-type: none"> <li>the current reporting requirements on remuneration across the UK.</li> <li>the criteria for determining other disclosures be identified.</li> </ul> |           |

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| <p>The Board considered that the most pressing remuneration reporting issues, such as exit packages, can be dealt with in the LAAP Year End Bulletin as it required detailed application guidance.</p>         | <p>Sec and (Sec LAAP)</p> |
| <p><u>2.4 Social Impact Bonds</u></p>  |                           |
| <p>The Board agreed that, given the existing Code provisions, possibly only guidance from LAAP would be required – subject to the Secretary monitoring emerging schemes for any implications for the Code.</p> | <p>Sec and (Sec LAAP)</p> |
| <p><u>2.6 General Power of Competence</u></p>  |                           |
| <p>The Board concluded that the Code would draw attention to the need for authorities to make reference to IAS 39 as adopted in the EU.</p>  | <p>Sec</p>                |
| <p><u>2.7 Amendments to the Capital Finance and Accounting Regulations (England)</u></p>   |                           |
| <p>The Board agreed that the only likely amendment would be to the Sources and Legislation referred to in Appendix B of the Code.</p>  | <p>Sec</p>                |
| <p><u>2.9 – 2. 10 Local Government and Finance Bill 2011</u></p>   |                           |
| <p>The Board asked that the latest information on business rate reform be made available for it to take into account in considering the Invitation to Comment.</p>   | <p>Sec</p>                |
| <p>The Board noted the need to address Enterprise Zones and TIF outside England.</p>   | <p>Sec</p>                |
| <p><u>2.13 Landfill Allowance Trading Scheme</u></p>   |                           |
| <p>The Board agreed that the provisions for England were to be removed from the Code, effective from 2013/14.</p>  | <p>Sec</p>                |
| <p><u>2.18 Integrated Health and Social Care (Scotland)</u></p>  |                           |
| <p>It remained unclear whether this would raise any accounting issues, but the Secretariat was monitoring developments.</p>  | <p>Sec</p>                |
| <p><u>2.19 Police Pension Scheme and Firefighters' Pension Scheme (Scotland)</u></p>   |                           |
| <p>Given that the guidance had not been issued in the form anticipated, the Board considered that appropriate commentary should be included in the Code.</p>   | <p>Sec</p>                |
| <p><u>3.1 Other Guidance</u></p>   |                           |

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|  | <p>The transfer of public health functions in England to local government was identified as an issue that may have implications for the Code.</p> <p>The chair of LASAAC drew attention to the need to consider the accounting of “added years” (and possibly other pensions account issues) within the context of Code developments.</p> <p><b>ACCOUNTING STANDARDS</b></p> <p><u>Group Accounts</u></p> <p>The Board agreed that Code development would need to consider the FRAB examination of merger accounting and wider “accounting boundary” issues.</p> <p>The Board agreed that Code development would need to take into account the new control test that may be the result of the IPSASB project on group accounting.</p> <p><u>IFRS 13 Fair Value Measurement</u></p> <p>The Secretariat reported that they were working with HM Treasury to establish how the standard can be applied in the public sector.</p> <p><u>IAS 1 Amendment, Financial Statement Presentation</u></p> <p>The Secretariat reported that it envisaged minor but structural amendments to the Comprehensive Income and Expenditure Statement being required to reflect this.</p> <p><u>IAS 19 Amendments, Employment Benefits</u></p> <p>The Secretariat re-iterated its commitment to presenting a paper on this standard to the Board in June.</p> <p><u>IFRS 7 Financial Instruments: Disclosures</u></p> <p>The new disclosure requirements would be included in the 2013/14 Code for consultation.</p> <p><u>Projects in the IASB Work Plan</u></p> <p>The Secretariat reported that its current judgment was that only IAS 1 amendments as a part of the improvements project might have some implications for Code developments.</p> <p><u>Standards Issued by IPSASB</u></p> <p><i>IPSAS 32 Service Concession Arrangements: Grantor</i></p> | <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> <p>Sec</p> |
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|   | <p>The Board agreed to utilise the additional guidance available which would also have the benefit of promoting consistency with the FReM.</p> <p>The Board concluded that it would include the developments proposed to it for inclusion in the 2012/13 Code Update and 2013/14 Code.</p>   | <p>Sec</p> <p>Sec</p>             |
| 5 | Development of 2012/13 Code Update: Housing Revenue Account Reform England   |                                   |
|   | <p>It was agreed that Graham Fletcher and the Secretary would discuss the accounting treatment and the Secretariat would produce worked examples for the consideration of the Board at its next meeting.</p>   | Sec/GF                            |
| 6 | Development of 2012/13 Code Update – Carbon Reduction Commitment (CRC) Energy Efficiency Scheme.   |                                   |
|   | <p>The Secretary should review FRAB and CIPFA/LASAAC papers on this issue. In addition the Secretariat would liaise with the ASB to consider whether or not there were any IASB developments on the issue. The final decision on how to amend the current Code to reflect the possibility of trading would depend on any the direction taken by the IASB.</p> <p>The Board agreed that no changes in the Code were necessary in respect of liabilities since LAAP guidance should be sufficient.</p> <p><u>Landfill Allowance Trading (LATS) Scheme</u></p> <p>The Board decided that LATS would be dropped from the Code. In the event of the scheme re-opening in Scotland it would be a candidate for re-inclusion.</p> | <p>Sec</p> <p>LAAP</p> <p>Sec</p> |
| 7 | Working Party – Accounting for Schools in Local Government   |                                   |
|   | <p>The Chair and Secretary briefed the Board on the interim decisions of the working party that had met the previous day. The Board agreed that the terms of reference would be expanded to include reference to SIC 12</p>  |                                   |
| 8 | Accounting and Auditing Standards Update   |                                   |
|   | <p>The Board noted this update without comment.</p>  |                                   |

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| 9  | Any Other Business  |  |
|    | There were no actions arising from any other business.  |  |
| 10 | The date of the next meeting  |  |
|    | <ul style="list-style-type: none"> <li>• 19 June 2012 (CIPFA Scotland, Edinburgh)</li> <li>• 6 November 2012 (CIPFA, London)</li> </ul> |  |