

Draft Notes

CL 03 11 21B

Board	CIPFA LASAAC Local Authority Accounting Code Board
Date	28 th June 2021
Time	15:00 – 16:30
Venue	Microsoft Teams

Present

Chair	Conrad Hall (Chair)	<i>London Borough of Newham</i>
CIPFA Nominees	John Farrar	<i>Grant Thornton</i>
	Christine Golding	<i>Essex County Council</i>
	Lucy Hume	<i>North Norfolk District Council</i>
	Collette Kane	<i>Northern Ireland Audit Office</i>
	Paul Mayers	<i>National Audit Office</i>
	Alison Scott	<i>Three Rivers DC and Watford BC</i>
	Liz Thomas	<i>Flintshire County Council</i>
	JJ Tohill	<i>Mid-Ulster Council</i>
LASAAC Nominees	Nick Bennett	<i>Azets</i>
	Joseph McLachlan	<i>East Ayrshire Council</i>
	Paul O'Brien	<i>Audit Scotland</i>
	Gillian Woolman	<i>Audit Scotland (Vice Chair)</i>
Co-optee		<i>Position vacant</i>
Observers	Jenny Carter	<i>FRC</i>
	Matt Hemsley	<i>MHCLG</i>
	Vikki Lewis	<i>HM Treasury</i>
	Peter Worth	<i>Chair of the Local Authority Accounting Panel</i>

In attendance	Alan Bermingham	<i>CIPFA, Technical Manager</i>
	Steven Cain	<i>CIPFA, Secretary</i>
	Richard Lloyd-Bithell	<i>CIPFA, Senior Technical Manager</i>
	Mark McClean	<i>CIPFA Policy Officer</i>
	Karen Sanderson	<i>CIPFA, Divisional Director</i>

		Action
13	Apologies	
13.1	Apologies were noted from: Joseph Holmes Ian Lorimer	
14	Declarations of interest	
14.1	No declarations of interest were noted.	
15	Minutes, matters arising and other matters for note	
15.1	The draft minutes for the 10 June 2021 meeting were noted. The annotated action points were noted. No observations on these were made.	
16	Feedback from FRAB 24 June 2021.	
16.1	There was no FRAB disagreement on CIPFA LASAAC's ITC proposals	
16.2	The CL Chair observed that: <ul style="list-style-type: none"> - FRAB operates not just to narrowly ensure that UK public sector reporting is compliant as possible with IFRS, but also to promote good financial reporting in the UK public sector. They would probably welcome examples of good local government practice - Carbon accounting and other sustainability reporting are really significant issues 	
16.3	Financial reporting and audit completion in other parts of the public sector were generally recovering, in contrast to local government where although there is some catch-up from preparers, less recovery is anticipated in audit completions. Issues around Redmond were discussed by FRAB, with a presentation by MHCLG. The pros and cons of annually updating discount rates were discussed.	
16.4	As discussed at the 10 June 2021 meeting an IFRS 9 adaptation was proposed for central government in relation to non-market guarantees.	

		Action
16.3	<p>FRAB questioned the need for the adaptation and it will be resubmitted to FRAB. At that stage CL secretariat will review possible applicability to local government, although this now seems less likely.</p> <p>The implications of the BEIS consultation were discussed at FRAB. The HMT observer noted that they had been in contact with BEIS.</p> <p>It was noted that the audit agencies are responding to the BEIS consultation both individually and collectively. CIPFA is also responding.</p> <p>CIPFA LASAAC determined that it did not need to engage with the BEIS consultation, but would be content to receive updates.</p>	
17	PFI PPP Liability	
17.1	<p>The Board noted and agreed with the view of the working group which favoured adopting an IFRS 16 based approach, and focusing efforts on guidance to support preparers. The Board recognised that this reflected a range of views.</p> <p>The Board directed the Secretariat to include additional material in the ITC to clearly explain the impact of the change, providing some examples of fact patterns and possible effects of the change.</p> <p>The LAAP chair suggested that ideally there would be an example for each of the main types of PFI/PPP project.</p> <p>It was suggested that Board members or a practitioners working group could provide examples. Several Board members offered help from their local authority. The Chair suggested that any members with helpful examples from their authorities should provide them to the Secretariat.</p> <p>The Board confirmed that it was content for this to be finalised by email circulation.</p>	<p>CL Secretariat</p> <p>CH, JM, CG, PW</p>
18	2022/23 Code outline Exposure Draft and ITC	
18.1	<p>The Board determined that it would be helpful to have a short commentary on Strategic Plan items which were being progressed outside of the ITC.</p> <p>The material on IFRS 16 implementation was agreed, subject to development of material on PFI/PPP liability as discussed at agenda item 17</p> <p>The material on changes to accounting standards was agreed, including the level of explanation of the proposed changes in relation to IPSAS 42 and social benefits. JM suggested that it would be helpful to include a couple of examples of social benefits in both the wide and narrow sense.</p> <p>The material on legislation was agreed.</p> <p>The material and approach to consultation on future implementation of IFRS 17 was agreed, but Secretariat to develop short guidance to help respondents consider the potential relevance and applicability to their circumstances.</p>	<p>CL Secretariat</p> <p>(CL Secretariat per 17.1)</p> <p>CL Secretariat</p> <p>CL Secretariat</p>

		Action
19	Narrative Reporting	
19.1	<p>The Board noted the revised proposed project plan for Narrative Reporting, with a research phase which includes post-implementation of the 2017/18 Code changes, review of current reporting to identify good practice, and the role of the Financial Reporting Hub..</p> <p>The Board agreed the scope and the ambition insofar as this related to the type of content. However, concerns were expressed over the pace of development.</p> <p>The Board proposed that the project should be split, so that some outputs reflecting existing good practice would be developed for the 2023/24 Code rather than 2024/25. The Board directed Secretariat to come back with a further paper to progress this, either as an out of meeting paper, or for the November meeting.</p> <p>The Board also suggested further reinforcing the link with streamlining and improving the presentation of local authority financial statements</p> <p>The Board did not approve the project plan in its current form, but anticipated revisiting this in November, encompassing both a review of the project plan and work already done to progress matters more quickly</p>	<p>CL Secretariat</p> <p>CL Secretariat</p> <p>CL Secretariat</p>
20	Sustainability Reporting – Standing Agenda Item	
20.1	<p>KS noted that CIPFA research on public sector sustainability reporting across the globe is to be published at the CIPFA Conference.</p> <p>KS noted that globally public sector reporting is in its infancy and there is a lot to do. CIPFA is considering how to aid preparers in this. CIPFA has also volunteered for HM Treasury’s Sustainability Working Group.</p> <p>The Board reflected on the importance of this issue and the links with ESG reporting.</p> <p>The Board determined that it would continue to maintain its current watching brief on sustainability reporting, but be prepared to move to a more active role, having regard to approaches currently being developed in other fora.</p>	
21	Any other business	
21.1	<p>The Chair reflected briefly on the wider role of Board members.</p> <p>The Chair also reflected on the current vacancies which need to be filled, and welcomed suggestions from Board members on individuals or people working in specific sectors who might bring suitable qualities to the Board.</p> <p>There was no other business.</p>	
22	Dates of future meetings	
22.1	The Board noted the dates of future meetings	