report

Board	CIPFA/LASAAC
Venue	CIPFA, 160 Dundee Street, Edinburgh EH11 1DQ
Date	5 March 2019
Author	CIPFA Technical Managers as Secretariat
Subject	Proposed Strategic Work Plan: Vision Statement Achievement

Purpose

To approve or amend a strategic work plan which supports the Board's objectives and vision statement.

CIPFA/LASAAC Terms of Reference

1.1   The Board's Terms of Reference are currently:

   a. To prepare, maintain, develop and issue the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

   b. To follow the Memorandum of Understanding between the Relevant Authorities on the development of the Code.

   c. To consider and respond to advice from the Financial Reporting Advisory Board (FRAB).

CIPFA/LASAAC Strategic Approach

1.2   On 28 September 2018 CIPFA/LASAAC held a specific event, with stakeholder representation, to consider its strategic approach to the fulfilment of its role.

1.3   Amongst other actions it was agreed that a vision statement, outlining the Board's forward ambition, would be developed. A strategic plan, would also be developed to indicate the actions and tasks to support vision statement achievement.

1.4   A proposed vision statement is provided to this meeting in a separate paper. The statement is subject to approval and amendment, however the draft version has been used as the basis for structuring the proposed strategic plan.

1.5   The proposed strategic plan is subject to amendment in the event of revisions to the draft vision statement.

1.6   For the purposes of this paper the key aspects of the vision statement affecting the strategic plan are the proposed strategic themes:

a. Ensuring that the financial statements clearly articulate their key messages

b. Engaging with stakeholders to raise awareness and understanding

c. Reviewing its operations to ensure it is able to deliver its vision.

Strategic Plan: Practical Implementation Aspects

1.7   A draft strategic plan is attached as Appendix 1 for discussion and subsequently for approval or amendment as necessary. The following comments are intended to support consideration of the Board's practical implementation of the plan.

Phasing of Activities

1.8   It may be ideal for many of the planned activities to proceed in parallel, and ultimately to result in a combined, simultaneous update of the Code's requirements to achieve the vision statement. The plan however does not envisage this as being a practical approach due to the following factors:

a. The Board is considered likely to wish to see, and demonstrate, initial action towards achieving its vision as confirmation for all stakeholders of its intent.

b. Different activities are likely to proceed at different paces. In particular engagement with key stakeholders will need to recognise that stakeholder requirements for consideration or consultation across their membership will require appropriate time and involve their own due process requirements.

c. Public sector related resources are limited. This directly translates into pressures and limitations affecting the availability of time for relevant participants to engage on multiple aspects. This includes key stakeholders, Board members, support staff and requests for general consultation and feedback from the wider community.

d. Different forms of engagement may be used for each activity and this will affect the speed of feedback and the development of detailed action plans.

e. Action plans for each element will need to be developed recognising that some external factors will affect the timescale for implementation.

Development of CIPFA/LAASAC Initial Perspectives

1.9   In a number of aspects the plan proposes that CIPFA/LASAAC establishes a CIPFA/LASAAC member sub-group. This is proposed as desirable to support an initial consensus based CIPFA/LASAAC perspective prior to wider stakeholder engagement. This is not intended to pre-suppose or pre-empt stakeholder engagement, nor undermine the role of wider engagement.

1.10   The objective is to avoid a situation where stakeholder expectations of change may be encouraged without the provision of appropriate context and information which may influence implementation decisions by CIPFA/LASAAC. The sub-group output will also support the proposed vision statement objective of raising awareness and understanding amongst stakeholders.

1.11   Working groups where CIPFA/LASAAC member involvement is requested are noted below (and also in Appendix 1, see green shading in 'activity' column, red text in 'resources' and 'reports to board' columns):

   a. Identify key messages (including statutory adjustments) (now)

   b. Develop outreach & engagement routes for stakeholder groups (now)

   c. Disclosures and materiality behaviours (August 2019 on)

   d. Narrative Reporting in Annual Accounts (Oct 2019 on)

   e. Code Format and Current Suitability (Oct 2019 on)

CIPFA/LASAAC Code Development

1.12   The future format, specification and development process for the Code will clearly be a key feature of review for the Board. The plan does not seek to pre-judge these, as plans must reflect and balance stakeholder feedback.

1.13   It should be noted that pre-consultation FRAB involvement and the formal Invitation To Comment (ITC) are key and required elements of the Terms of Reference and the Memorandum of Understanding. While feedback would be expected to lead to changes in the proposed Code, the scope to introduce significant new proposals after the consultation (ITC) is issued should be regarded as restricted.

1.14   The plan therefore envisages earlier engagement on key topics, and some pre-consultation liaison during the development of the formal Invitation to Comment. It means that some aspects of Code development are a longer term cycle rather than an annual development process. This is similar to the approach taken with IFRS 9 and IFRS 15 implementation. The extent of pre-consultation engagement for the 20/21 Code may be limited and more specifically targeted as contacts and liaison arrangements are initially established.

1.15   Earlier, targeted engagement is expected to assist in raising stakeholder awareness, the development of relevant and appropriate proposals, and identification of key areas where questions or data requests are required to inform implementation.

1.16   The strategic plan also envisages that the extent to which the Code provides some application guidance will be considered. This will be subject to stakeholder feedback and further investigation. Guidance would be considered in a similar manner to that included in IFRS standards. This may be most relevant where interpretations or adaptations have been implemented, and more detail to support local government application is considered desirable.

CIPFA/LASAAC Influence to Support Behavioural Change

1.17   The Code of Practice is, and will remain, the core function and responsibility of the Board. The Board has previously provided clarity that it does not develop or produce detailed guidance or advice to reflect individual circumstances.

1.18   A key part of the achievement of the proposed vision statement will however involve supporting behavioural change and consensus across stakeholder groups.

1.19   The work plan does not place a high degree of focus on 'hard' outputs to achieve this, other than through the requirements of the Code. The view taken in the plan is that CIPFA/LASAAC's preference will be to support engagement and constructive good practice adoption through relationships, rather than through the development of publications or additional directives.

1.20   This will therefore place a key emphasis on the capacity of the Board to participate in relevant meetings, discussions and events. It is not considered practical or desirable to envisage that the Chair and Vice Chair, or support staff, can undertake to be present and active in each element of the strategic plan.

1.21   Wider Board member involvement in activities is therefore likely to be requested, however this will need to recognise the time constraints, and potentially physical location, of members.

Stakeholder Engagement

1.22   In delivering its strategy the Board will wish to ensure that all relevant and wider stakeholders are identified. Possible stakeholder groups include:

a. Academics / researchers (as users of accounts)
b. Actuaries
c. Audit bodies
d. Auditors / Audit Firms
e. Councillors / Elected Representatives
f. Electorate / Public Service users
g. FRC / Regulators
h. Governments / Departments
i. Highways & infrastructure engineers
j. IASB / IPSAS
k. Lenders / Banks
l. Local Government CFOs
m. Local Government Finance Practitioners
n. Pensions Funds / Managers / Staff
o. Treasury Managers / Professionals
p. Valuers

Recommendation

CIPFA/LASAAC is recommended to

a. **Approve or amend the proposed strategic plan**

b. **Identify practical implementation issues anticipated to arise**

c. **Identify the Board member volunteers for the work groups identified in para. 1.11 (also Appendix 1, green shaded items) to**

- **Lead and report to CIPFA-LASAAC on specified activities**
- **Participate in CIPFA-LASAAC member working groups**