

LASAAC MINUTES*[Approved by LASAAC on 11 March 2015]***Meeting of 19 November 2014.**CIPFA Scotland, Beaverbank Business Park, 22 Logie Mill
Edinburgh EH7 4HG

Present: Fiona Kordiak (Chair), Hugh Dunn, Russell Frith, David Watt, Nick Bennett, Tina Duncan (for Carolyn Earl), Joe McLachlan, Bill Stitt (for Hazel Black), Gillian Woolman; phone: Derek Yule; Ian Lorimer (Vice Chair), Ian Robbie

Apologies: Gary Devlin, Derek Glover, George Murphy, Hazel Black (Bill Stitt substituting); Carolyn Earl (Tina Duncan substituting)

In attendance: Gareth Davies

Minute Ref		Action
40/14	<p>Introductions & Apologies</p> <p>Fiona welcomed the new members attending noting that the committee wished to ensure that statement preparers were properly represented.</p> <p>Apologies (listed above) were noted.</p>	
41/14	<p>Minutes</p> <p>The minutes were approved.</p> <p><u>Actions Arising</u></p> <ul style="list-style-type: none"> The secretary confirmed that ICAS had been contacted regarding the proposals made at the meeting for future LASAAC operation Following a query on page 5 of the minutes it was agreed that the secretary would contact RICS Scotland to ascertain progress. <p>Action:</p> <ul style="list-style-type: none"> Approved minutes to be loaded to website and distributed to LASAAC contact list after Chair authorisation RICS Scotland to be contacted re progress and timetable for new council dwelling (Beacon method) guidance 	<p>G Davies</p> <p>G Davies</p>

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42/14	<p>Membership</p> <p>Fiona noted that this may be David's last meeting following his retirement, dependent on ICAS nomination decisions.</p>	
43/14	<p>Terms of Reference</p> <p>The proposed Terms of Reference (ToR) were reviewed. Fiona commented that following LASAAC approval the ToR would be submitted to the funding bodies for approval. The importance of LASAAC as a forum for discussion and agreement was noted.</p> <p>LASAAC requested the following amendments:</p> <ul style="list-style-type: none"> • Para 15 – co-options to be limited to a maximum of six in number • Para 16 – Final sentence to be amended to require an annual review of a co-optee's membership • Para 29 – removal of the second bullet point requiring a minimum of four funding body representatives to be in attendance <p>Action:</p> <ul style="list-style-type: none"> • The requested amendments are to be made and the Terms of Reference submitted to the funding bodies for approval 	G Davies
44/14	<p>LASAAC Work Plan 2014/15</p> <p>The revised approach to the work plan was noted including:</p> <ul style="list-style-type: none"> • Intention to focus on outcomes and objectives • Alignment to the end of year report made to funding bodies • Identification of future items for LASAAC to address <p>The secretary noted that two items should have been included for the year to date:</p> <ul style="list-style-type: none"> • Self-directed support guidance • Briefings to the Directors of Finance <p>In discussion it was noted that the future work plan items should include:</p> <ul style="list-style-type: none"> • Simplification and streamlining of the accounts • Management Commentary <p>Subject to these amendments the action plan was approved</p>	

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	<p>Action:</p> <ul style="list-style-type: none"> • Work plan to be amended for actions to date and future work items as requested 	G Davies
45/14	<p>CIPFA-LASAAC Code Board</p> <p><u>LASAAC Representation on CIPFA-LASAAC</u></p> <p>Joe kindly volunteered to fill the existing vacancy on CIPFA-LASAAC.</p> <p>Action:</p> <ul style="list-style-type: none"> • Secretary to notify CIPFA-LASAAC secretary of LASAAC nomination • Secretary to provide Joe McLachlan with C-L meeting dates and relevant information <p><u>Code 15/16 Development</u></p> <p>The discussions at CIPFA-LASAAC were summarised. It was noted that the draft Code 15/16 (prior to FRAB consideration) had been circulated to CIPFA-LASAAC members for review and approval by 26 November.</p> <p>Russell highlighted that CIPFA-LASAAC had agreed that the Code 15/16 should stress that non-material information disclosures were not required.</p> <p><u>Streamlining and Simplification of the Accounts</u></p> <p>Fiona noted that Hazel, Nick and Russell were representing LASAAC on the CIPFA-LASAAC working group.</p> <p>In discussion it was noted that</p> <ul style="list-style-type: none"> • the working group had considered a wide variety of potential practices which were not so widely discussed at CIPFA-LASAAC • the Scottish Directors of Finance had suggested a separate statement be required showing budget based out-turn to support accountability to the taxpayer • the treatment and presentation of statutory mitigation was a key issue • CIPFA-LASAAC had agreed that examples of the two extreme approaches (one reflecting statutory mitigation, one adhering purely to the accounting standards) would be developed for consideration • The presentation and emphasis on group accounts should 	<p>G Davies</p> <p>G Davies</p> <p>G Davies</p> <p>G Davies</p> <p>G Davies</p>

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	<p>LASAAC</p> <ul style="list-style-type: none"> • this approach was being considered with an outline paper to be provided to CIPFA-LASAAC members. • the 'carriageway' may be one asset but structures (e.g. bridges) would potentially still be separate assets, albeit still classified under 'Transport Infrastructure'. • WGA requires sub-divisions and this practice could be assumed to continue. • Guidance on the level of detail expected would be needed. • Treatment of infrastructure items excluded from the Transport Infrastructure Code (e.g. piers and harbours) needed to be determined. • The final aim would be to show all infrastructure at carrying value but the initial focus was highways • An analysis of historic cost balances, on some basis, would be required to separate out the different asset types involved • Practitioner feedback will be essential • A pragmatic approach should be maintained • From a UK perspective the guidance can be expected to be primarily driven by the Project Implementation Steering Group. <p>Action:</p> <ul style="list-style-type: none"> • A watching brief to be maintained on transport infrastructure guidance development and specific issues for Scotland 	G Davies, all members
47/14	<p>Integration of Adult Health & Social Care</p> <p>The paper was reviewed. In discussion:</p> <ul style="list-style-type: none"> • • It appeared there would be no arrangements where more than one council was involved. • VAT treatment (IJB scenario) was a key concern for authorities at present with uncertainty affecting planning • The treatment of transactions between partners and the IJB was a focus area • Based on the current understanding of the statutory timetable the potential exists for IJB annual accounts to be required for 2015/16 even where the actual integration of services was not due to start until 1 April 2016. • The potential to treat establishment costs in a similar way to private sector 'pre incorporation' costs was raised. • The Scottish Government could be approached to discuss statutory intervention where compliance costs/burdens exceed the perceived benefits 	

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	<p>Fiona identified key areas as:</p> <ul style="list-style-type: none"> • The period(s) the first financial statements would be required to cover • Specific accounting issues for the IJB • The impact on local authority financial reporting • Audit arrangements for group accounts (including timing of submission & audit completion). This would require Audit Scotland consideration. <p>The subject of whether an IJB would be acting as principal or agent was raised. It was noted that self-directed support also raised this as a challenge, with comparison to 3rd sector practice being made.</p> <p>Action:</p> <ul style="list-style-type: none"> • The accounting implications of health & social care integration for the four aspects noted to be reviewed with a report to committee. 	G Davies
48/14	<p>Community Safety Expenditure Classification</p> <p>The paper was discussed with the following comments:</p> <ul style="list-style-type: none"> • Consistency of approach was a desirable first objective • In the longer term establishment of a specific category for Community safety expenditure within the Service Expenditure Analysis / LFR should be sought • For 14/15 LASAAC guidance should be developed to support short term consistency – the suggested categorisation within Private Sector Housing Renewal could be supported temporarily, using the definition guidance for 'Community Safety' that was proposed. <p>Action:</p> <ul style="list-style-type: none"> • LASAAC Guidance on Community safety expenditure treatment within the SEA (Private Sector Housing Renewal) to be issued • Longer term plan for establishment of a specific Community safety classification to be added to the work plan 	G Davies G Davies
49/14	<p>Audit Scotland</p> <p>It was noted that:</p>	

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	<ul style="list-style-type: none"> • All council accounts were unqualified and signed off for 30 September • Most annual audit reports to members are now complete • Planned CPP review reports have been completed. An overview report is to be published on 27 November • Local government charities – 125 charities audited, none qualified although some had explanatory paragraphs regarding the lack of governing documents <ul style="list-style-type: none"> • Some councils still have many charities. • Some initial charity accounts submissions were regarded as poor • Pragmatic solutions to submission of ISA 260 reports to trustees had been achieved e.g. one report to cover all trusts. Most Audit Scotland teams combined them with the council report. • The potential for repetition in 14/15 of the 13/14 dispensation from strict compliance for charities wound up/re-organised during the year was raised. • The dispensation is at the discretion of OSCR • Audit Scotland will review the dispensations used for 13/14 to ensure progress has been made • It was noted that the detailed accounts indicated many funds, even some large educational trusts, were not being dispersed. • Some funds are small and have very specific objectives • Councils and auditors should liaise now to ensure compliance with the 2014 regulations requirement for accounts consideration by committee (30 Sept) • Audit Scotland review of treasury management borrowing proceeding and expected to report late 2014 / early 2015 <p>Action:</p> <ul style="list-style-type: none"> • OSCR to be contacted to determine (a) progress on ALEO review and (b) potential for repeat of dispensation 	G Davies
50/14	<p>Scottish Government Update</p> <ul style="list-style-type: none"> • Scottish Welfare Fund. Comments included: <ul style="list-style-type: none"> ○ Bill expected to be passed by 1 April 2016 ○ Current bill is flexible in its terms to allow for future changes ○ Bill expected to proceed to stage 1 before Christmas ○ No expected need to separately identify spend within the CIES ○ LG Statistics indicate that sufficient data is specifically collected without requiring an LFR change ○ Classification within the financial statements (SEA) was not necessarily consistent. Some authorities 	

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	<p>disagreed with suggested treatment in the 13/14 LAAP Bulletin</p> <ul style="list-style-type: none"> • Local Financial Returns 13/14 <ul style="list-style-type: none"> ○ Validation queries to be issued next week ○ Final publication expected Feb 2015 • Review of local government borrowing <ul style="list-style-type: none"> ○ As a result of Clyde valley city deal which highlighted that English councils had greater flexibility over repayment profiles charged to the General Fund ○ Meeting planned for 11 December • Local government funding settlement <ul style="list-style-type: none"> ○ announcement due 11 Dec • Holiday Pay pressure / back pay <ul style="list-style-type: none"> ○ Capitalisation may be considered if required ○ Latest indication is that amount is limited due to 3 month limit application • NDR BRIS <ul style="list-style-type: none"> ○ Re-launch for 14/15 due pending COSLA consideration ○ 12/13 scheme – some £9m retained by councils ○ 13/14 – no targets / scheme in operation • Local government funding arrangements <ul style="list-style-type: none"> ○ John Swinney to give evidence to Scottish Parliament LG & Regeneration Committee on LG funding. ○ This may potentially lead to changes in funding arrangements and the balance of local vs central funding for councils ○ This raised discussion of a recent NAO report on the ability of English central government (DCLG) to monitor the financial sustainability of English councils. <ul style="list-style-type: none"> ▪ The report indicated there was over-reliance on the audit process (even although the audit role was not designed for such reliance) ▪ It was noted that the management commentary guidance to be developed for Scotland could address financial sustainability issues 	
51/14	<p>CIPFA Update</p> <ul style="list-style-type: none"> • CIPFA manifesto launched re UK 2015 elections • CIPFA response to Smith Commission made, including 	

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	<p>support for a 'whole of Scottish public sector' financial reporting approach</p> <ul style="list-style-type: none"> • CIPFA support for Integrated Reporting in the public sector noted (<i>The United Nations Development Programme, World Bank, UK NHS and IPSASB to be involved in future work</i>). 	
52/14	<p>Appreciation</p> <ul style="list-style-type: none"> • Fiona thanked David for his work on the committee in the event that this was his last attendance. 	
53/14	<p>Date of Next Meeting</p> <p>Schedule of dates for 2015 is being determined and will be notified to members as soon as possible.</p> <p>Action</p> <ul style="list-style-type: none"> • 2015 LASAAC dates to be set 	<p>G Davies, F Kordiak, I Lorimer</p>

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ACTION POINTS FROM LASAAC MEETING OF 19 November 2014

	Minute Ref	Action	Action By	Status At
A	41/14	Approved minutes to be loaded to website and distributed to LASAAC contact list after Chair authorisation	G Davies	Complete
B	41/14	RICS Scotland to be contacted re progress and timetable for new council dwelling (Beacon method) guidance	G Davies	On agenda
C	43/14	The requested amendments are to be made and the Terms of Reference submitted to the funding bodies for approval	G Davies	Complete
D	44/14	Work plan to be amended for actions to date and future work items as requested	G Davies	Complete
E	45/14	Secretary to notify CIPFA-LASAAC secretary of LASAAC nomination	G Davies	Complete
F	45/14	Secretary to provide Joe McLachlan with C-L meeting dates and relevant information	G Davies	Complete
G	45/14	CIPFA-LASAAC secretary to be requested to indicate the project timetable and next planned meeting for the CIPFA-LASAAC project	G Davies	Complete
H	45/14	Contact to be made with Hazel Black to discuss policy intention and timelines for management commentary guidance	I Lorimer	On agenda
I	46/14	A watching brief to be maintained on transport infrastructure guidance development and specific issues for Scotland	G Davies, All members	On agenda
J	47/14	The accounting implications of health & social care integration for the four aspects noted to be reviewed with a report to committee	G Davies	On agenda
K	48/14	LASAAC Guidance on Community safety expenditure treatment within the SEA (Private Sector Housing Renewal) to be issued	G Davies	Complete
L	48/14	Longer term plan for establishment of a specific Community safety classification to be added to the work plan	G Davies	On work plan
M	49/14	OSCR to be contacted to determine (a) progress on ALEO review and (b) potential for repeat of dispensation	G Davies	Complete
N	53/14	2015 LASAAC dates to be set	G Davies, F Kordiak, I Lorimer	Complete

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