

## informal notes

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| Board           | CIPFA/LASAAC Local Authority Code Board                    |   |
| Date            | 28 June 2011   |   |
| Time            | 11.00am  |   |
| Venue           | CIPFA, 3 Robert Street, London WC2N 6RL                    |   |
| Present         | Lynn Hine (Chair)  | <i>PricewaterhouseCoopers</i>   |
| CIPFA Nominees  | Nick Gibbins<br>David Jones<br>Mike Langley                | <i>Hampshire CC<br/>Wales Audit Office<br/>Audit Commission</i>                                 |
| LASAAC Nominees | Nick Bennett<br>Russell Frith<br>Bruce West<br>Derek Yule  | <i>Scott Moncrieff<br/>Audit Scotland<br/>Argyll and Bute Council<br/>Aberdeenshire Council</i> |
| LASAAC Reserves | Ian Robbie   | <i>Henderson, Loggie</i>  |
| Co-optee        | Tim Day  | <i>Independent Consultant</i>   |
| Observers       | Joanna Spencer<br>Graham Fletcher<br>Hazel Black           | <i>ASB<br/>DCLG<br/>Scottish Government</i>   |
| In attendance   | Paul Mason<br>Gareth Davies<br>Sarah Sheen<br>Julian Smith | <i>CIPFA<br/>CIPFA Scotland<br/>CIPFA Associate (Secretary)<br/>CIPFA</i>                       |

|   |   | Action |
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| 1 | apologies for absence   |        |
|   | Apologies were received from Lynn Bradley, Angela Brown, Peter Davies, Robert Dowey, Ken Finch and Larry Pinkney. |        |
| 2 | minutes   |        |
|   | The minutes and informal notes of the meeting held on 1 March 2011 were approved.                                 |        |
| 3 | matters arising   |        |

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| 3a  | terms of reference and membership   |                                |
| 3.1 | <p>It was noted that vacancies had been advertised. Members were encouraged to make nominations for new Members. In addition members were encouraged to make nominations for the role of Vice-Chair.</p> <p>PM would circulate to members the report of the FRAB Review Group on the composition of FRAB.</p> <p>The amendments to CIPFA/LASAAC terms of reference were agreed in accordance with the recommendations of the report and would be updated to reflect the change from CLG to DCLG.</p> <p>CIPFA/LASAAC debated whether or not the terms of reference should set out that if the Audit Commission, Wales Audit Office, Northern Ireland Audit Office and Audit Scotland are not otherwise represented on the Board then they will be allocated an observer place by CIPFA (in the case of Audit Scotland, by LASAAC). It was noted that currently appropriate representation was able to be given under the terms of reference but this would be monitored to ensure this was maintained.</p> <p>It was noted that in relation to the changing circumstances/structure of the Audit Commission that as its future structure becomes clearer the Board will review the Commission representation.</p> | <p>All</p> <p>PM</p> <p>PM</p> |
| 3.2 | <p>telling the whole story (stakeholder reporting)</p> <p>The verbal update was noted.</p> <p>PM would liaise with Alison Scott (AS) at CIPFA on the timetable planned for the issue of the discussion paper on Telling the Whole Story.</p> <p>He would also liaise with AS on the work at CIPFA preparing a second consultation round on Housing Revenue Account Subsidy reform.</p>  | <p>PM</p>                      |
| 4   | consultation on the 2011/12 code of practice on local authority accounting (the code) update and 2012/13 code   |                                |
|     | <p>The Board considered the supporting paper on the accounting treatment of the Dedicated Schools Grant (DSG) and non-current schools' assets.</p> <p>The Board agreed with the conclusions in the paper on the accounting treatment of DSG ie that the authority was acting as principal in relation to this grant. The Board agreed no further action was necessary.</p>  |                                |

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|   | <p>On non-current schools' assets, the Board considered that two options would need to be consulted on as part of the Invitation to Comment (ITC) based on:</p> <ol style="list-style-type: none"> <li>1) The control of access to future economic benefits and service potential by means of the ability to control admissions policy and admission numbers.</li> <li>2) The ability or otherwise of the non-current schools assets to support the authority, in its duties under section 13 of the Education Act 1996.</li> </ol> <p>In addition the Board agreed that the ITC should:</p> <ul style="list-style-type: none"> <li>• set out where there is a consensus of opinion on recognition across the categories of school</li> <li>• include some commentary on the Office for National Statistics (ONS) classification of the assets/entity.</li> <li>• include commentary on academies and the changing landscape for schools.</li> <li>• include encouragement to seek school charities' and trusts' views, to learn about how charities account for schools and trusts.</li> </ul> <p>The Board agreed that non-current schools' assets should be included as a part of the 2011/12 Code Update. It also agreed that if the Code recommendations resulted in a change in accounting policies for local authorities that this should be retrospectively restated in local authorities financial statements.</p> | SS |
| 5 | consultation on the 2011/12 code of practice on local authority accounting (the code) update and 2012/13 code   |    |
|   | <p>The Board noted the supporting papers and considered the list of issues recommended for inclusion in the 2012/13 Code. It agreed the items to be included in the ITC and draft Code for 2012/13 as set out in the report. In addition the Board agreed:</p> <ul style="list-style-type: none"> <li>• Remuneration Report (Scotland) – to cross-refer to the relevant legislation and guidance in the proposed amendments to the Code (including appropriate references).</li> <li>• Business Rates Supplements - to include additional background to the decision to recognise BRS as taxation income.</li> <li>• Area Based Grant references to be removed and not replaced with Local Services Support Grant.</li> </ul>   |    |

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|   | <p>The Board did not want to include any further references to any new individual grants in relation to presentation requirements or the summary of significant accounting policies in the Code.</p> <ul style="list-style-type: none"> <li>• Code of Practice on Transport Infrastructure Assets in the Code in the ITC – a further benefits analysis to support the adoption of this Code in the Accounting Code.</li> <li>• an indication of the outcomes of the post implementation and CIPFA/LASAAC Reviews</li> </ul> <p>Explanatory Foreword/Management Commentary – The Board agreed to:</p> <ul style="list-style-type: none"> <li>• include the encouragement option/approach in the ITC.</li> <li>• pursue only option 1 ie to follow the FReM taking into consideration IASB Practice Statement.</li> <li>• include the discussion of Option 1 in the ITC in preparation for the future approach to the Management Commentary provisions in the Code.</li> <li>• include the ITC discussion about the authorisation of the Management Commentary. However, it wished to set out in the ITC that authorisation of the Management Commentary should be on a tripartite basis ie including the Chief Executive – Leader and Chief Financial Officer.</li> </ul> <p>The Board also agreed to review the accounting and statutory reporting and disclosure requirements to ensure that they are appropriately differentiated in the Code and set this out in the ITC.</p> <p>The Board noted that it would be useful if the Code and SerCOP contained the same terminology as the Code for grants.</p> | SS/PM |
| 6 | development of 2012/13 code of practice on local authority accounting   |       |
|   | The Board considered a report on the consolidation of local authority charities and agreed that the Code as it stands already addresses this subject area. It concluded that there was no requirement for further amendment on this issue.  |       |
| 7 | development of 2012/13 code of practice on local authority accounting   |       |
|   | The Board considered a report on the inclusion of sustainability reports in the Code. It agreed to include  |       |

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|      | consideration of sustainability reporting in the future approach to the Management Commentary in the Code and that appropriate reference to this would be included in the ITC.   |           |
| 8    | development of 2013/14 code of practice on local authority accounting  |           |
|      | <p>The Board considered the report and asked the Secretariat to bring papers to the November meeting (or to circulate to members if ready earlier), with suggestions for how to address the impact on the Code of these new standards. It was noted that the Secretariat would need to liaise with HM Treasury to ensure that the approach is consistent with that of the FReM.</p> <p>The Board debated the potential approach which might include a two tier approach for IFRS 13 Fair Value Measurement. In relation to the Group Accounts Standards (IFRSs 10-12 and amended IAS 27 and 31) it might be useful to establish a working group with practitioners that are experienced in the production of group accounts.</p> | SS/PM     |
| 9    | accounting and auditing standards update   |           |
|      | The Board noted the update provided by the Accounting and Auditing Standards Panel.  |           |
| 10   | any other business   |           |
| 10.1 | The Board agreed that consultation responses would be invited during the months of August and September, to be analysed in October, to enable decisions to be taken at the Board's meeting in early November, for transmission to FRAB for its December meeting.   | SS/PM     |
| 10.2 | It was noted that the Secretariat would produce presentations for Workshops on the Code consultation. Board Members were invited to contact the Secretariat if they wished to host or run a Workshop.  | SS/PM/All |
| 10.3 | Joanna Spencer raised the issue of ASB attendance at the meetings. The Board noted that they considered that it was very helpful to have an ASB observer member (as recognised in the CIPFA/LASAAC Terms of Reference) at the meetings.  |           |
| 10.4 | The Board agreed that it would be helpful to have contact with IASB/IPSASB/ASB thinking on matters of common interest. It considered it may be useful to invite appropriate observer members to give an insight into progress on international developments.   |           |

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| 10.5 | The Board noted that its updated terms of reference should be published before 31 March 2012.   |       |
| 11   | dates of future meetings  |       |
|      | The Secretariat would contact members to seek views on meeting dates and locations for meetings in 2012. Members debated the location of the meetings it was agreed that the locations would continue to alternate between Edinburgh and London for the time being until and unless Members requested alternative locations ie in Northern Ireland and Wales. | SS/PM |