

# minutes

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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.                                 |        |

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| 3   | matters arising  |                      |
| 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. Members were also 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>All</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 reform in England.</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> <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>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</p> | <p>SS</p>            |

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|   | authorities that this should be retrospectively restated in local authorities financial statements.  |       |
| 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 2012 Code Update and 2012/13 Code 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>• Area Based Grant – references to be removed and not replaced with Local Services Support Grant. 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.</li> <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> </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> | 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  |       |

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|      | 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 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. | SS/PM     |
| 8    | development of 2013/14 code of practice on local authority accounting   |           |
|      | The Board considered the report and asked the Secretariat to bring papers to the November with suggestions for how to address the impact on the Code of these new standards.  | 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.  |           |
| 11   | dates of future meetings  |           |
|      | The Secretariat would contact members to seek views on meeting dates and locations for meetings in 2012.  | SS/PM     |