

Draft Notes

CL 05 11 23B

Board CIPFA/LASAAC Local Authority Accounting Code Board

Date 6 September 2023

Time 11:00-13:00

Venue Microsoft Teams

Present

Chair Conrad Hall (Chair) *LB Newham*

CIPFA Nominees	John Farrar	<i>Grant Thornton</i>
	Christine Golding	<i>Essex CC</i>
	Mark Green	<i>Maidstone BC</i>
	Paul Mayers	<i>National Audit Office</i>
	Daniel Omisore	<i>LB Camden</i>
	Alison Scott	<i>Three Rivers DC and Watford BC</i>
	JJ Tohill	<i>Mid Ulster DC</i>

LASAAC Nominees	Nick Bennett	<i>Azets</i>
	Gary Devlin	<i>Azets</i>
	Paul O'Brien	<i>Audit Scotland</i>

Observers	Jenny Carter	<i>FRC</i>
	Jeff Glass	<i>Department for Communities (NI)</i>
	Matthew Hemsley	<i>DLUHC</i>
In attendance	Iain Murray	<i>CIPFA, Director of Public Financial Management</i>
	Alan Bermingham	<i>CIPFA, Secretariat</i>
	Steven Cain	<i>CIPFA, Secretariat</i>
	Sarah Sheen	<i>CIPFA, Secretariat Advisor</i>

		Action
1	Welcome, introductions, comments and apologies for absence.	
	<p>Apologies were received from CIPFA LASAAC members as follows</p> <ul style="list-style-type: none"> • Jake Bacchus • Colette Kane • Jo McLaughlin <p>Apologies were also received from</p> <ul style="list-style-type: none"> • Elanor Davies • Emma Smith <p>The Chair noted that Liz Thomas has resigned from the Board because of commitments arising from moving to a new employer with increased responsibilities as s151 Officer.</p> <p>The Board noted its thanks to Liz for her contribution to the work on the Board and wished her well in her new role.</p> <p>Procedures to select and approve a replacement for Liz are being initiated.</p> <p>The Secretariat noted that Audit Wales have nominated Kate Havard as replacement for Deryck Evans who will become a CIPFA LASAAC member subject to approval by CIPFA Cymru-Wales.</p>	
2	Declarations of interest	
2.1	No declarations of interest were noted.	
3	Overview	
	Item for review and discussion	
3	CIPFA LASAAC Effectiveness Survey	
	<i>General points made during consideration of the Overview</i>	
3.1	<p>The balance between reactivity and strategic thinking needs to be managed.</p> <p>Members stated that:</p> <ul style="list-style-type: none"> • a degree of reactivity is intrinsic to the role of CIPFA LASAAC reinforced by the pandemic and crises in local audit, but 	

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	<p>there is a need for the Board to step back and consider issues from a strategic perspective</p> <ul style="list-style-type: none"> • some reactivity has had to take place following FRAB's advice • the degree of strategic work, and the ability to extend the work into more strategic and longer-term objectives, horizon scanning and promotion of the Board's agenda will require additional capacity <i>[Secretariat note a technical horizon scan is provided for each meeting]</i> • coordinating the governance arrangements for the jurisdictions and FRAB is complex and not always transparent • CIPFA LASAAC needs to put in lots of effort while also reacting to, for example, the local audit crisis and this does not feel like a position of strength • having a view on what CIPFA LASAAC wants the local authority financial statements to look like would help inform strategy. 	Secretariat and Board members to note for future discussions
3.2	Members noted that pre pandemic the Board had initiated measures to establish and maintain strategic views through one strategic meeting per year. There were suggestions that this be re-instituted and carried out by means of a face to face meeting.	See also 6.1
3.3	<p>Members were of the view that additional clarity was required in Board governance and strategy documents.</p> <p>Members suggested that greater clarity would be provided through improving underlying documents through a Mission Statement</p> <p>Secretariat, Chair and various members noted that there is a vision statement, some noting that this was appropriate and good, but that it may be insufficiently transparent and the Terms of Reference may not encompass wider aims the Board needs to progress to achieve its narrower mandated objectives.</p>	Secretariat and Board members to note for future discussions
3.4	<p>Members comments on communications and stakeholder engagement indicated that:</p> <ul style="list-style-type: none"> • communications and engagement have improved but more could be done • the importance of the Board's work needs to be 'sold' to stakeholders • some selling needs to be done to FRAB, to reinforce the legitimacy and positioning of CIPFA LASAAC 	See 3.17

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	<i>Points on Board Strategy and Direction Q1 to Q5</i>	
3.5	<p>In addition to points made in relation to the overview, the following views were stated:</p> <ul style="list-style-type: none"> • The benefits of a Risk Register were acknowledged, but this should not be populated until there is clarity on the strategic positioning of CIPFA LASAAC. • Some consider the vision to be known but not pursued effectively because the Board doesn't have the opportunity to reflect on it. The key is to reintroduce strategic thinking. • Strategic and operational matters are currently being dealt with at the same time with the effect that operational considerations override strategic ones. • Currently the Board was not clear over how it operationalises its vision. The use of subgroups and other initiatives is perceived by one member as being on an ad hoc basis. • In general, improved use of subgroups could help the Board manage the balance between operations and strategy. • An induction pack and other member support would be helpful. 	Secretariat and Board members to note for future discussions
3.6	SS noted that it would be good to know what Members would like to be included in the induction pack.	Members to inform Secretariat
3.7	<p>The chair outlined matters to address when considering strategy, as follows:</p> <ul style="list-style-type: none"> • Redmond Review outcomes /local audit • model statements • sustainability reporting <p>The Chair asked for other suggestions.</p> <p>SS suggested Materiality; there were no further suggestions.</p> <p><i>Points on Board Operation Q 7 to Q19</i></p>	Secretariat and Board members to note for future discussions
3.8	<p>MG suggested submissions did not provide option appraisal.</p> <p>SS commented that this reflects papers tabled in recent meetings MG attended. Options are provided where there are realistic options (see for example infrastructure assets decisions), or where the Board wishes to be clear that previously discounted options have been reconsidered.</p>	Secretariat submissions without option appraisal to note rationale.
3.9	<p>IM noted that CIPFA LASAAC resource requirements are mostly borne by CIPFA. If there is a need for additional capacity , it will be necessary to be clear to whoever provides additional resources what the Board is doing with these resources.</p> <p>IM noted that CIPFA is considering this alongside the possibility of whether the Code should be 'free to air'.</p>	

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	<p>Chair and members noted this.</p> <p>Members also highlighted:</p> <ul style="list-style-type: none"> The apparently greater resources available to the FRAB through HMT secretariat. The large numbers of authorities served by the Code, so that a relatively small levy might provide useful resource, if this could be implemented. Support in principle for such a levy, while noting a lack of knowledge as to how this might be progressed. 	Board to be updated on any developments arising from CIPFA discussions.
3.10	<p>Members suggested regarding a post implementation review of Board decisions that:</p> <ul style="list-style-type: none"> Vision statement perhaps should be applied with more reflection, reviewing whether changes to the Code to reflect specific standards actually work for Local Government Such post-implementation review could be reported to FRAB IAS 19 was noted as a standard which may not work well for local government entities <p>SS suggested that some parts of IFRS 9 and IFRS 15 implementations are disproportionate for local government</p>	Secretariat and Board members to note for future discussions
3.11	<p>The Chair noted that on reflection, the question on whether there is a role for a senior independent director does not apply directly to CIPFA LASAAC as a standard setting board.</p> <p>CH will discuss with GD how this might be usefully interpreted, and for example whether the Board should have academic or other independent experts as co-opted members.</p>	Chair, Vice-Chair to discuss
3.12	<p>It was noted when considering the diversity of Board Members that:</p> <ul style="list-style-type: none"> Board membership does not reflect the diversity in UK society. While a similar comment might be made of senior finance professionals in the LG sector, it is desirable that the Board should push back at this to promote diversity by example. 	Secretariat and Board members to note for future discussions
3.13	<p><i>Points on Board Assessment of its Own Performance Q20 - 25</i></p> <p>In considering the issue of performance assessment, the Chair noted that</p> <ul style="list-style-type: none"> There will be a legitimate question about whether the Board should be reviewing individuals' performance in some form of structured way. However, given that members are volunteers full blown performance monitoring is not appropriate. Current arrangements do not provide for member development. 	Secretariat and Board members to note for future discussions

		Action
3.14	<p>When considering engaging with the sector members noted that:</p> <ul style="list-style-type: none"> • There is a need to address concerns that there is insufficient engagement with stakeholders including s151 officers. • It would be beneficial in the long run to reach out more to stakeholders and enable them to understand the value that the Code and the work of CIPFA LASAAC bring. • The preceding point might open discussions about potential funding and contributions in the future. • Podcasts might be helpful; perhaps with Board members discussing the decisions taken when implementing a standard. • Ideally such initiatives might change perceptions, so stakeholders realise that the Board are members of the sector, demystify the work and make it accessible. • The perception needs to be challenged that the Board simply notes new standards and then implements. 	Secretariat and Board members to note for future discussions
3.15	<p>It was suggested when considering technical expertise in the sector that:</p> <ul style="list-style-type: none"> • succession planning for the Board is needed; does the Board need to start thinking about how to foster technical experts who will be able to write the code for the future • this is potentially difficult because of issues with recruitment and retention in the sector • there is concern that technical expertise has ceased to be viewed as a necessary component of being a good s151 officer • there is less expertise among audit frontline teams • getting stakeholders engaged through involvement in subgroups might help foster technical expertise both in the sector and potentially in future Board members. 	Secretariat and Board members to note for future discussions
3.16	<p>It was suggested to improve engagement with the Code and when considering digital delivery that:</p> <ul style="list-style-type: none"> • The website needs to be improved. • A searchable Code with links to relevant standards material would be helpful. <p>(Secretariat noted that improvements to the website were underway, that pdf versions of the Code were already searchable, and that enhancements through hyperlinking were being explored as part of the development of the digital platform for the Code)</p>	

3.17	<p><i>Questions 27 to 34</i></p> <p>Most of the questions in this section had already been touched upon in previous discussion. Board members noted that:</p> <ul style="list-style-type: none"> • Current expertise is not seen as a problem. • However, there are significant concerns about capacity expressed in different ways. • If capacity was increased through additional secretariat resources, the Board will need to consider what additionality it would seek. • This might include use of subgroups, more nuanced consideration of the practical implications of Code decisions, and briefing and support to members in areas where they have less expertise. • Governance and the operational plan for things like subgroups need to be considered together, to allow assessment of costs and benefits to inform prioritisation. <p>SS more than happy to look at training / supporting board members.</p>	Secretariat and Board members to note for future discussions
4	Terms of reference	
4.1	These were not discussed because changes are expected to flow out of further discussions.	
5	Board Member Discussions	
	This was conducted without the Secretariat present and no notes are provided	
6	AOB	
6.1	<p>The chair asked that members indicate to the secretariat whether they would be able to attend the next (9th November) meeting face to face.</p> <p>If this proves impossible for people then a face to face meeting will be built into the schedule for 2024.</p>	<p>Board members to email Mark Mclean</p> <p>Chair and Secretariat to determine way forward</p>