

Draft minutes

CL 03 06 25

Board	CIPFA LASAAC Local Authority Accounting Code Board
Date	5 March 2025
Time	14:30-17:00
Venue	Microsoft Teams

Members	Conrad Hall (Chair)	<i>London Borough of Newham</i>
CIPFA Nominees	Sarah Edwards	<i>Pembrokeshire County Council</i>
	John Farrar	<i>Grant Thornton</i>
	Christine Golding	<i>Essex County Council</i>
	Mark Green	<i>Maidstone Borough Council</i>
	Kate Havard	<i>Audit Wales</i>
	Colette Kane	<i>Northern Ireland Audit Office</i>
	Paul Mayers	<i>National Audit Office</i>
	Daniel Omisore	<i>London Borough of Camden</i>
LASAAC Nominees	Joseph McLachlan	<i>East Ayrshire Council</i>
	Paul O'Brien	<i>Audit Scotland</i>
Observers	Elanor Davies	<i>Scottish Government</i>
	Andrew Evans	<i>HM Treasury</i>
	Matt Hemsley	<i>MHCLG</i>
	Emma Smith	<i>Welsh Government</i>

In attendance	Iain Murray	<i>CIPFA</i>
	Alan Bermingham	<i>CIPFA</i>
	Steven Cain	<i>CIPFA</i>
	Ben Matthews	<i>CIPFA</i>
	Hazel Watton	<i>CIPFA</i>

The Code of Conduct requires members to be honest and open with regard to conflicts of interest (either real or perceived). Members must not use their position for personal gain in either business, political or social relationships. Therefore, a member who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest, withdraw from all discussions relating to it and take no part in any vote on such matter.

	Agenda item	Action Point
1	Welcome, introductions, and apologies for absence.	
	<p>Apologies were received from:</p> <p>Jenny Carter</p> <p>Gary Devlin</p> <p>Jeff Glass</p> <p>David Lyford-Tilley</p> <p>Kevin Pertaub</p> <p>Mohammed Sajid</p> <p>Alison Scott</p> <p>JJ Tohill</p>	
2	Declarations of interest.	
	There were no declarations of interest except to the extent that all members have an interest in the preparation and audit of local authority accounts.	
3	Items for approval	
	<p>The Board agreed the below documents which can be finalised:</p> <ul style="list-style-type: none"> - Draft Minutes of 6 November 2024 meeting - Draft Note of 28 November 2024 post FRAB meeting - Draft Note of 17 January 2025 single issue meeting - Draft Note of 28 January 2025 single issue meeting 	
4	Action points	
	All actions complete apart from inviting a member from HM Treasury sustainability working group to provide an update to the Board at a future meeting.	
	Items for decision or review	
5	Membership update	
	<p>Recruiting to the CIPFA nominee vacancy has been paused, whilst awaiting the outcome of the government's local audit strategy consultation and the Board effectiveness review.</p> <p>LASAAC are still actively searching for nominees.</p>	
6	Board Effectiveness Review update	
6.1	The Secretariat noted the terms of reference have been agreed with the Board and thanked the Board for their contributions. A reviewer hasn't yet been commissioned until the outcome of the government's local audit strategy consultation is known, as the consultation also considered whether the responsibility for setting the local authority accounting code should remain with CIPFA/LASAAC.	

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6.2	Board members expressed concerns in delaying commissioning the review and were keen to proceed with the effectiveness review as soon as possible.	Secretariat to progress Board effectiveness review following the outcome from the government's consultation.
6.3	It was noted that the outcome from the government's consultation was expected in the coming weeks and therefore it was agreed to monitor developments and revisit the decision to pause if it was going to be much longer.	
7	Better Reporting Group update	
7.1	The Secretariat introduced the papers by providing a brief overview to the Board.	
7.2	This included an update on recruiting a permanent chair of the Better Reporting Group. Noting that applications have been reviewed internally leading to a shortlist of candidates for the Chair and Vice-Chair of CIPFA LASAAC to hold discussions with as part of the next steps in the process.	
7.3	The Secretariat also provided an update on the specific projects being delivered by the BRG which included the following key items raised by the project group looking at application guidance for implementing changes from the HM Treasury Thematic Review of Non-investment assets: <ul style="list-style-type: none"> • The group requested direction from the Board on the accounting treatment of an indexed valuation, and; • Suggested that the guidance cover practical considerations such as the impact on the fixed asset register and circumstances when full revaluations will be required. 	
7.4	The Chair highlighted the importance of the findings from the Users of the accounts project, as it is fundamental to the development of the Code and how the accounts will look.	
7.5	POB noted that statutory overrides were discussed at LASAAC's strategy day and there may be the option in Scotland to consider more radical solutions due to the difference in legislation to the rest of the UK. AB noted that as LASAAC and BRG secretariat, he can assist with communication between those groups.	
7.6	IM noted that the devolved administrations may be able to move quicker than local authorities in England at the moment and felt this may present an opportunity to have an early indication of how changes work in practice. However, this should be approached with caution to ensure the Code remains largely applicable UK wide.	
7.7	MG suggested the statutory overrides project could also consider proposing legislation changes to MHCLG.	

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7.8	The Board raised local government reorganisation as a key topic and noted that there may be a role for the Better Reporting Group alongside CIPFA and MHCLG to provide accounting guidance.	
8	Matters arising from annual Code update process	
8.1	The Secretariat noted there was reasonable engagement with the Code consultation although the response rate was slightly lower than the previous year's consultation. The webinar was also well attended with just over 100 attendees.	
8.2	<p>The Board considered feedback on the proposals to implement changes from the HM Treasury Thematic Review of Non-investment Assets. Points raised during these discussions were:</p> <ul style="list-style-type: none"> - Could difficulties understanding the DRC alternative site proposals for future years be due to an absence of valuers responding to the consultation (CG). However, the Secretariat noted the Board can take comfort that these proposals were from the IPSASB standard and discussed in the HM Treasury Thematic Review which had involvement from valuers. - The Board acknowledged the existing non-investment asset valuation model isn't working and although indexation isn't perfect it is hoped that it would reduce the burden on practitioners by providing a more proportionate approach. (Chair, IM, JMc) - Following the request from the BRG for direction on the treatment of an indexed valuation and feedback in the consultation, the Board discussed whether to remove the existing adaptation in the Code to paragraph 35 of IAS 16 and therefore allow the proportionate method for the treatment of accumulated depreciation. The Board raised concerns whether local authority fixed asset register systems could accommodate an alternative approach and inquired about the approach in the FReM, also emphasising the importance of ensuring that any requirements remained aligned with the objectives of the changes—namely, a proportionate approach to the accounting requirements for non-investment assets. (CG, POB) - The Secretariat provided an out of meeting update via email to the Board, which noted that unlike the Code, IAS 16 para 35 is not adapted in the FReM and therefore it allows the proportionate method, as well as the elimination method. HM Treasury didn't receive any significant issues around accounting for indexation in their exposure draft consultation or during their technical working group meetings. The Secretariat noted the proportionate method appears close to an approach some authorities have already been taking when applying indexation and proposed to align with the FReM and remove the existing adaptation. It is hoped it will provide another option which may be helpful, without preventing authorities from continuing with 	

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8.3	<p>their existing approach of eliminating accumulated depreciated. The Board were content to proceed.</p> <p>Overall, the Board were content to implement changes from the HM Treasury Thematic Review of Non-Investment Assets in the 2025/26 Code.</p> <p>Another item discussed in more detail was removal of the Expenditure and Funding Analysis (EFA):</p> <ul style="list-style-type: none"> - Some Board members supported removal of the EFA on the basis that it's not fully achieving its objectives and it would reduce the burden on preparers and auditors. (Chair, DO) - Its removal may be perceived positively by the sector, including local audit system partners (IM) - However, others suggested that the EFA does provide a useful reconciliation between Outturn and the Income & Expenditure statement (CG, JMc). - It was also noted that it would leave a gap for what should be provided instead. (POB) - It was queried whether the CIES and MIRS were sufficient to meet the requirement for operating segment reporting requirements in IFRS 8. (JF, CG) - Changing the EFA to become optional rather than mandatory was discussed by the Board. However, it was felt that authorities who did not produce an EFA would face audit challenge so there would be no benefit in making the EFA optional (Chair, IM) - There were also concerns that the Board had not formally consulted on this matter for the 2025/26 Code and another option could be to consult on its removal for 2026/27 instead. (POB) 	
8.4	<p>Overall the Board's views were split on removal of the EFA in 2025/26 and therefore voted on the matter. Following voting by members present at the meeting and via email for those not present, there was a majority in favour of retaining the EFA for the 2025/26 Code but to potentially consult on its removal for 2026/27 – which will require a later decision as part of the 2026/27 Code consultation process.</p> <p>Next steps are for the Secretariat to prepare a Code draft for FRAB and send CIPFA LASAAC a full tracked change version of the Code for its full approval. The target publication date for the Code is June 2025.</p>	Secretariat to include removing the EFA in papers considering the content of the 2026/27 Code consultation.
9	Anticipated content of the 2026/27 Code and ITC (Invitation to Comment)	
9.1	The Board noted the anticipated main content of the Code, noting that some of the legislative developments are anticipated to be included in	

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	the 2025/26 Code but haven't been removed from the list just yet until they have been formalised.	
9.2	The Secretariat noted that there isn't much in the way of new standards that haven't already been considered by the Board.	
9.3	Non-substantive changes are likely to be needed for new IPSAS standards i.e. reference amendments in the Code.	
9.4	There are changes to IFRS 9 and IFRS 7 which aren't anticipated to result in significant changes to the Code. The changes on classification and measurement aren't expected to have any effect, but the Secretariat will review if text in the Code needs to be aligned. Alongside reviewing if any updates are required regarding power purchase agreements.	
9.5	The Board noted the approach and didn't have any additional matters they think should be included in the Code.	
10	Commentary on the SDCT streamlining accounts and audit report	
	The Board agreed that the responses go as far as possible, and subject to adding further wording to convey the Board's appreciation, approved the draft commentary for sending to the SDCT and publication on the CIPFA LASAAC webpages.	Secretariat to send response to SDCT and publish on CIPFA LASAAC webpages.
11	Board to consider whether there are any matters they consider should be referred to FRAB.	
	The Secretariat noted that an update would be provided to FRAB on the 2025/26 Code including feedback from the recent consultation. Another suggestion was to potentially raise local government reorganisation at the June FRAB meeting.	Secretariat to include local government reorganisation in June FRAB paper.
	Items for information	
12	Sustainability standing item	
	The Secretariat thanked the Board for comments on the recent joint submission with ICAEW to the IPSASB climate related disclosures consultation.	
13	Local Authority Accounting Conference	
	The Secretariat noted the plans were for two webinars this year and arrangements were being made for the first webinar to be in July.	
14	Standard Setting Horizon Scanning	
	The Secretariat noted that much of this is repeating the earlier paper regarding the anticipated content for the 2026/27 Code and the later material doesn't include much which is likely to impact on the Code.	

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15	Any Other Business	
	None.	
16	Dates of next Board meetings: <ul style="list-style-type: none"> • 1 April 2025 (post FRAB) • 4 June 2025 • 5 November 2025 (face to face) Board members are requested to check that they have received Outlook schedulers for the meetings which have been scheduled	