



REPORT TO : Audit and Governance Committee

LEAD OFFICER: Head of Finance

DATE: 11th July 2023

PORTFOLIOS AFFECTED: All

WARD/S AFFECTED: All

TITLE OF REPORT: Accounting Policies to be used in the preparation of the Statement of Accounts 2022/23

1. PURPOSE

To allow the Committee to review and consider the proposed Accounting Policies to be used in the preparation of the Council's Statement of Accounts 2022/23.

2. RECOMMENDATIONS

The Committee is recommended to note the use of the Accounting Policies as set out in **Appendix A** for the preparation of the Council's Statement of Accounts 2022/23.

3. BACKGROUND

- 3.1 In accordance with the Accounts and Audit Regulations 2015, the Council is required to prepare annually a statement of accounts. The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices to be followed in order for the accounts to give a "true and fair" view of the financial position, financial performance and cash flows of a local authority.
- 3.2 The Council's chief financial officer, as the officer appointed by the Council in discharge of its responsibilities under s151 of the Local Government Act 1972, is responsible for preparation of the Council's Statement of Accounts in accordance with the proper practices set out in the Code. In doing so, the chief financial officer is required to select suitable accounting policies and then apply them consistently. Accounting policies are the specific conventions, rules and practices applied in preparing and presenting the financial statements.

4. KEY ISSUES

- 4.1. The Accounting Policies to be used in preparing the Council's Statement of Accounts 2022/23 are set out at **Appendix A**. These policies are largely unchanged from those applied in the preparation of the 2021/22 Statement of Accounts. The main changes include:

- The addition of a policy clarifying the appropriate accounting treatment in relation to Joint Arrangements
- The removal of a policy for financial assets measured at fair value through other comprehensive income (FVOCI). This policy is not applicable as the Council does not hold any financial assets within this category.
- Due to the amended accounting treatment of the Council's arrangement with the Mall shopping centre, the policy for *Council as lessee – Finance Leases* is no longer required.

4.2 As part of the audit of local authority accounts for 2020/21 a national issue emerged associated with accounting for infrastructure assets. The issue relates to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken and the associated reporting of gross historical cost and accumulated depreciation.

Following the establishment of a task and finish group to address this issue, CIPFA issued its Update to the Code and Specifications for Future Codes for Infrastructure Assets. This was followed by an amendment to The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ("the 2003 Regulations"), which relates to infrastructure assets. The amendment came into force from 25th December 2022 and applies only in respect of statements of accounts for financial years beginning on or before 1st April 2024, and only in respect of statements of accounts which have not already been certified by a local auditor.

The accounting policy for Property, plant and equipment has been amended to reflect the updated treatment in respect of Infrastructure assets.

5. POLICY IMPLICATIONS

There are no policy implications arising directly from this report

6. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from the contents of this report.

8. RESOURCE IMPLICATIONS

There are no other resource implications arising directly from the contents of this report.

9. EQUALITY AND HEALTH IMPLICATIONS

There are no equality and health implications arising from the contents of this report.

10. CONSULTATIONS

None arising from the contents of this report.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality

legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

VERSION: 0.01

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DATE:	June 2023
BACKGROUND PAPERS:	

