

Accounting Policies

Governance & Audit Committee	22 July 2020
Report Author	Chris Blundell
Portfolio Holder	Cllr Rob Yates, Cabinet Member for Finance, Administration and Community Wealth Building
Status	For Decision
Classification:	Unrestricted
Key Decision	Budget and Policy Framework

Executive Summary:

This report introduces the Council's Accounting Policies to be used in the closing of the accounts and covers the 2019-20 policy, as well as 2020-21, for agreement.

Recommendation(s):

1. That the committee agrees the policies as set out in Annex 1 and 2 of this report;
2. That the committee notes the changes to the statutory audit deadlines for 2019-20

CORPORATE IMPLICATIONS

Financial and Value for Money	There are no financial implications associated with this report.
Legal	The Accounts and Audit (England) Regulations 2015 The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 This is a statutory requirement
Corporate	This forms part of the external audit process
Equality Act 2010 & Public Sector Equality Duty	Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

	<p>Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <p>There are no equity and equalities implications arising directly from this report, but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.</p>
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CORPORATE PRIORITIES (tick those relevant) ✓	
Growth	
Environment	
Communities	

1. **Introduction**
 - 1.1. This report presents the council's 2019-20 and 2020-21 accounting policies to the committee for approval and also provides an update on the closure of the 2019-20 accounts.
2. **Accounting Policies**
 - 2.1. As part of the above process and to fulfil audit requirements, each year the Council undertakes a review of its accounting policies to assess relevance and consistency of application. To aid understanding of the basis in which these accounts have been prepared, we are presenting these policies to G&A for consideration as well as the proposed 2020/21 policies.
 - 2.2. The Statement of Accounts summarises the council's transactions for any given financial year and its position at the year end of 31 March. The council is required to prepare an annual Statement of Accounts in accordance with the statutory framework established in England by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practice. These primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 (the Code) supported by the International Financial Reporting Standards (IFRS).
 - 2.3. The accounting policies that will be adopted are set out in Annex 1 and 2 of this report and cover the main principles, rules and conventions that will need to be applied.
3. **Changes in Accounting Policies for 2020-21**
 - 3.1. The main change that was expected for the 2020-21 accounts was the implementation of IFRS16 (bringing almost all lease liabilities on to the balance sheet together with the corresponding 'right of use' assets). However, this has been delayed for one year from 2020-21 to 2021-22 accounts closedown, due to Covid-19.
 - 3.2. As such the main change is relatively minor, the Council is increasing its de minimis (minimum) level of Capital recognition from £10k to £15k. The implication of this change is that from 1st April 2020 expenditure of a capital nature will only be capitalized if it is above the increased threshold of £15k, any expenditure below this amount will be charged to revenue.

4. Changes to Statutory Audit Deadlines for 2019-20

- 4.1. The Accounts and Audit (England) Regulations 2015 require the council (through this Committee) to approve and publish its annual statement of accounts by 31 July. Furthermore, local authorities are required to approve their draft accounts by 31st May, with draft accounts being made available for public inspection for 30 working days, inclusive of the first 10 working days of June.
- 4.2. Under these regulations, the statement of accounts would have been presented to this 30 June Governance and Audit Committee meeting for approval.
- 4.3. However, in response to the coronavirus pandemic these requirements were eased under the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020, in recognition of the impact of COVID-19 on councils' ability to meet this statutory deadline.
- 4.4. The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 enacted the following changes to the statutory deadlines:
- The publication date for final, audited, accounts will move from 31 July to 30 November 2020 for all local authority bodies.
 - To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed.
 - Instead local authorities must commence the public inspection period on or before the first working day of September 2020. This means that draft accounts must be approved by 31 August 2020 at the latest.
- 4.5. As such, at the time of writing, the draft accounts had not yet been approved, the external audit of the accounts has been deferred until August and subsequent approval of the final accounts by the Governance and Audit Committee will need to be rescheduled.

5. Recommendation

- 5.1. That Committee approves the Council's accounting policies as attached at Annexes 1 and 2 of this report.
- 5.2. That the Committee notes the changes to the statutory audit deadlines for 2020-21

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Annex List

Annex 1	2019/20 Accounting Policies
Annex 2	2020/21 Accounting policies

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation

Finance	N/A
Legal	N/A