

# 2021-22 Accounting Policies

**Governance and Audit Committee** 3 March 2021

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| <b>Report Author</b>    | Chris Blundell, Director of Finance and Deputy Section 151 Officer                       |
| <b>Portfolio Holder</b> | Cllr Rob Yates, Cabinet Member for Finance, Administration and Community Wealth Building |
| <b>Status</b>           | For Decision   |
| <b>Classification:</b>  | Unrestricted   |
| <b>Key Decision</b>     | No   |
| <b>Ward:</b>            | All WardsName of Ward(s) affected (if applicable)  |

## **Executive Summary:**

*This report presents the Council's Accounting Policies to be used in the 2021-22 accounts for approval and highlights the proposed changes to audit deadlines for 2020-21.*

## **Recommendation(s):**

- 1. That the committee agrees the policies as set out in Annex 1 of this report;*
- 2. That the committee notes the proposed changes to the statutory audit deadlines for 2020-21.*

## **Corporate Implications**

### **Financial and Value for Money**

*There are no direct financial implications associated with this report.*

### **Legal**

*The Accounts and Audit (England) Regulations 2015*

*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.*

*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.*

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- *Growth*
- *Environment*
- *Communities*

### **1. Introduction and Background**

- 1.1. This report presents the council's 2021-22 accounting policies to the committee for approval and also provides an update on the closure and audit of the 2020-21 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 the accounts are prepared, we are presenting these policies to G&A for consideration and approval for the forthcoming year 2021-22.
- 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 (the Code) supported by the International Financial Reporting Standards (IFRS).

- 2.3. The accounting policies that will be adopted for 2021-22 are set out in Annex 1 of this report and cover the main principles, rules and conventions that will need to be applied.

### **3. Changes in Accounting Policies for 2021-22**

- 3.1. The main change that was expected for the 2021-22 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 a further year from 2021-22 to 2022-23 (implementation date 1 April 2022), due to Covid-19.
- 3.2. There are no significant changes to report, however the housing debt write off policy is subject to a current review (yet to be finalised), so may need to be subsequently amended.

### **4. Proposed Changes to Statutory Audit Deadlines for 2020-21**

- 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. However, a recent review conducted by Sir Tony Redmond into local authority auditing and financial reporting (Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting) published in September 2020 highlighted the following findings:
- The existing statutory audit deadline of 31 July is unrealistic.
  - There is an argument to suggest the deadline should be moved to 30 September to enable audit requirements to be fulfilled effectively.
- 4.3. The Ministry of Housing, Communities & Local Government (MHCLG) published their initial response to the findings in December 2020. Subject to consultation, the intention is to amend audit regulations to extend the deadline for publishing the audited accounts to 30 September for two years (2020-21 and 2021-22 accounting years), with further review thereafter.
- 4.4. Draft accounts would also need to be published by 1st August, again representing an extension from the existing 31st May deadline.

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Reporting to: *Tim Willis (Deputy Chief Executive)*

#### **Annex List**

*Annex 1: 2021-22 Accounting Policies*

## **Corporate Consultation**

**Finance:** *Not applicable*

**Legal:** *Estelle Culligan (Director of Law and Democracy)*