

## **Valuation of operational property, plant and equipment**

**Q1a Do you agree with the proposal that preparers should have the option to pause professional revaluation? If not, why not? Please provide reasons for your view.**

The Council supports this proposal. Asset valuations have little influence on the overall financial resilience or standing of local authorities, but the accounting for the valuations and their subsequent audit are resource intensive and time consuming. Moreover, due to the size of council's asset holdings, disagreements between auditors and practitioners on relatively small movements in asset valuations can still result in material disagreements on the accounts that can delay the conclusion of the audit.

Going forwards, CIPFA/LASACC should consider the longer-term necessity of professional valuation of local authority assets

**Q1b Additionally, do you agree with the proposal that preparers should have the option to pause professional revaluation and adopt an indexation approach to 2021/22? If not, why not? Please provide reasons for your view.**

An indexation approach would be suitable and we opine this approach should be permitted in future with the requirement only to value high value assets on a periodic (not annual) basis.

**Q1c If you support this proposal but the impacts for 2021/22 are minimal, so that audit timeliness issues remain, would you support either of these changes being explored for the 2022/23 Code?**

Our 2021/22 asset valuations have already been undertaken and provided to us, so we may decide to use these anyway. Inclusion of this exception in the 2022/23 Code is supported.

**Q2 Do you have any comments on the impact of the adoption of this approach on preparers or auditors? If so, please provide more information.**

For preparers this could cause confusion and complications. There could be confusion in the scope (for example, exclusion of investment properties) and application of an index. Complications may arise once revaluations resume, given the catch-up required.

**Q3 If you support this approach, do you consider that the approach should be available to all local authorities, restricted to England, or determined on a jurisdiction basis reflecting the view of the relevant government?**

Available to all local authorities

**Q4 If you support this approach in principle, do you consider that it is appropriate for all operational property, plant and equipment, including for example, Housing Revenue Account assets?**

To avoid confusion, we would support the approach applying to all operational property, plant and equipment, including the HRA.

**Q5 Do you have any other comments on the proposal?**

Consider widening the scope to all land and property assets (including investment property etc). Otherwise the work will still need to be done for the currently excluded assets, and there are certain 'economies of scale' from either valuing all assets or valuing no assets.

**Deferred implementation of IFRS 16**

**Q6 Do you support the further deferral of IFRS 16 implementation to reduce auditor/preparer workload? If not, why not? Please provide reasons for your view.**

Yes, we support the further deferral of IFRS 16. This will reduce our workload by not having to revise disclosure notes, process additional accounting entries and so on. The workload of the auditor will be reduced correspondingly by not having to audit these changes.

**Q7 Do you have any comments on the practical impact of the adoption of this approach? Please provide details to support your view.**

Further deferring IFRS 16 would have little or no practical impact on us.

**Q8 Do you have any comments on the jurisdictional application of this approach?**

No preference

**Q9 Do you have any other comments on the proposal?**

No further comments

**Further comments**

**Q10 Do you have any other comments on the issue of the timeliness of the publication of audited financial statements in local government and the impact on the Code?**

Local authority accounts are too complex to be accessible to anyone except local government practitioners or auditors. The current accounting framework is not fit for purpose and does not provide adequate value to our members or residents in terms of accountability or transparency.

The range of statutory adjustments that are required in local government accounts means that full compliance with IFRS accounting standards is not working.