

South Lakeland District Council
Audit Committee
Thursday, 22 April 2021
Accounting Policies 2020/21

Portfolio: Finance and Resources Portfolio Holder
Report from: Section 151 Officer
Report Author: Claire Read – Finance Specialist and Deputy S151 Officer
Wards: (All Wards);
Forward Plan: Not applicable

1.0 Expected Outcome

1.1 This report presents the proposed accounting policies to be adopted for the 2020/21 financial year and to be used in the preparation of the statement of Accounts for the financial year ending 31st March 2021. These are prepared in line with the Chartered Institute of Public Finance and Accounting's (CIPFA) Code of Practice on Local Authority Accounting in the UK 2020/21 (the Code). Adopting the proposed policies will support timely production of a high quality set of annual accounts.

2.0 Recommendation

2.1 It is recommended that Audit Committee approves the accounting policies at Appendix 1 for the 2020/21 financial year to be used in the preparation of the Statement of Accounts for the financial year ending 31st March 2021.

3.0 Background and Proposals

3.1 As part of its statement of accounts, the Council needs to disclose the accounting policies it has applied to all material balances and transactions. There is little discretion to the Council as the proper accounting practices, that all local authorities follow, are set down in the Code.

3.2 Following the announcement that the introduction of IFRS16 Leases has been delayed again for another year, the 2020/21 CIPFA Code of practice on Local Authority Accounting (2020/21 Code) has only minor changes compared to 2019/20, none of which are judged to be material for the Council. However the opportunity has been taken to update the presentation and content of policies to make the accounts more understandable by users.

3.3 The main changed are:

- Introduction – inclusion of a paragraph on the rounding an credit balance conventions used in the statement of accounts
- Employee Benefits – Removal of the paragraph on residual arrangements as out obligations under this finished at the start of 2020.
- Revenue Grants and Contributions – the addition of a specific section to deal with Community Infrastructure Levy as the balance held becomes more material and to comply with best practice

- Property Plant and Equipment – to include a section recognising that we componentise assets in line with best practice
- 3.4 The proposed account policies are presented in **Appendix 1** and do not depart from the provisions of the 2020/21 Code.
- 3.5 It is good practice to consider and adopt the accounting policies in advance of the production and approval of the draft accounts.
- 3.6 Under the Accounts and Audit (Amendments) Regulations 2021 which come into force on 31 March 2021 the deadline for the preparation of draft accounts has been pushed back to 31 July following the relevant year end. At the same time, the audited statements need to be published by 30 September following the relevant financial year end.

We are however aiming to conclude the account preparation work by 31 May to enable audit to start work in early in July.

- 3.7 During the year-end process there may be changes required to the policies arising from changes in circumstances or updated guidance.

For example, policy 24 on bad debts currently includes the historic percentages by age to be used in calculating the bad debt provision. Due to the changes in the ageing profile and makeup of the debts we are reviewing these percentages in line with proper accounting practice.

This and any other changes will be agreed with the Section 151 Officer and reported to Audit Committee alongside the final Statement of Accounts.

4.0 Consultation

- 4.1 All Local Authorities are consulted as part of CIPFA's preparation of the code.

5.0 Alternative Options

- 5.1 No alternative options are proposed, the Council has no circumstances that would justify a material departure from the Code.

6.0 Links to Council Priorities

- 6.1 Robust and efficient reporting of financial performance and position supports all Council priorities.

7.0 Implications

Financial, Resources and Procurement

- 7.1 The policies in Appendix 1 underpin the Council's reporting on its financial performance and position. There is little discretion to depart from the policies set down by the Code.

Human Resources

- 7.2 There are no human resource implications of this report.

Legal

- 7.3 The Code constitutes 'proper accounting practices' to be followed by a Local Authority under section 21 of the Local Government Act 2003.

Health, Social, Economic and Environmental

- 7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No

7.5 If you have not completed an Impact Assessment, please explain your reasons: The accounting policies presented are in line with statutory guidance; there are no direct HSEE implications.

7.6 Summary of health, social, economic and environmental impacts: N/A

Equality and Diversity

7.7 Have you completed an Equality Impact Analysis? No

7.8 If you have not completed an Impact Assessment, please explain your reasons: The accounting policies presented are in line with statutory guidance; there are no direct equality and diversity implications.

7.9 Summary of equality and diversity impacts: N/A

Risk

Risk	Consequence	Controls required
The Council reports its financial performance and position on the basis of accounting policies that materially depart from the Code.	Material errors are included in the draft statement of accounts and may be qualified.	Officers review the Code annually and Committee adopt the updated policies.

Contact Officers

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Appendices Attached to this Report

(delete if no appendices attached)

Appendix No.	Name of Appendix
1	Accounting Policies 2020/21

Background Documents Available

Name of Background document	Where it is available
2019/20 Statement of Accounts	https://democracy.southlakeland.gov.uk/ieListDocuments.aspx?CId=135&MId=4761

Tracking Information

Signed off by	Date sent	Date Signed off
Legal Services	26/03/2021	06/04/2021
Section 151 Officer	26/03/2021	07/04/2021
Monitoring Officer	26/03/2021	06/04/2021
CMT	23/03/2021	25/03/2021

Circulated to	Date sent
Lead Specialist	26/03/2021
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	

Circulated to	Date sent
Executive (Cabinet)	N/A
Council	N/A