

**South Lakeland District Council**  
**Audit Committee**  
**Wednesday, 8 December 2021**  
**2021/22 Accounting Policies**

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**Portfolio:** Finance and Assets Portfolio Holder

**Report from:** Section 151 Officer

**Report Author:** Claire Read – Finance Specialist

**Wards:** (All Wards);

**Forward Plan:** n/a

**Links to Council Plan Priorities:** Good governance arrangements link to the Council's achievements of its Council Plan priorities and objectives.

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**1.0 Expected Outcome and Measures of Success**

1.1 This report presents the proposed accounting policies to be adopted for the 2021/22 financial year and to be used in the preparation of the statement of Accounts for the financial year ending 31<sup>st</sup> March 2022. 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 2021/22 (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:-**

- (1) approves the accounting policies at Appendix 1 for the 2021/22 financial year to be used in the preparation of the Statement of Accounts for the financial year ending 31 March 2022.**
- (2) Note the forthcoming changes to lease accounting as detailed in Appendix 2.**

**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 The 2021/22 CIPFA Code of practice is not expected to have any changes for accounting policies compared to 2020/21. So appendix 1 has only been updated for date changes.

3.3 CIPFA have delayed the introduction of IFRS 16 Leases until the 1<sup>st</sup> April 2022, which means that 2022/23 Accounts will be the first accounts that will need to be prepared in line with this standard. However when we produce 2021/22 Statement of accounts we will need to disclose in Note 2: Accounting Standards that have been issued but not yet adopted and other issues, the likely impact on the accounts. Therefore we are

taking this opportunity to provide some information on the changes and the work that is being undertaken to access the impact. This is shown in Appendix 2 to the report

#### 4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	2021-22 Accounting Polices
2	IFRS 16 Lease Accounting Changes for 2022-23

#### 5.0 Consultation

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

#### 6.0 Alternative Options

6.1 No alternative options are proposed, the Council has no circumstances that would justify a material departure from the code.

#### 7.0 Implications

##### Financial, Resources and Procurement

7.1 The polices 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 This report has no direct human resources implications

##### Legal

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

##### Health and Sustainability Impact Assessment

7.4 Have you completed a Health and Sustainability Impact Assessment? No

7.5 If you have not completed an Impact Assessment, please explain your reasons: The 2021/22 Accounting Policies are in line with statutory guidance and have no direct HSEE implications.

7.6 Summary of Health and Sustainability 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 Analysis, please explain your reasons: The 2021/22 Accounting Policies are in line with statutory guidance and have no direct equality and diversity implications

7.9 Summary of Equality and Diversity impacts

Risk Management	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

Claire Read, Finance Specialist, 01539 793152, [Claire.Read@southlakeland.gov.uk](mailto:Claire.Read@southlakeland.gov.uk)

## Background Documents Available

Name of Background document	Where it is available
2020/21 Statement of Accounts	<a href="https://tinyurl.com/vtst3ez4">https://tinyurl.com/vtst3ez4</a>

## Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	24.11.2021	29.11.2021
Monitoring Officer	29.11.2021	29.11.2021
CMT	24.11.2021	26.11.2021

Circulated to	Date sent
Lead Specialist	N/A
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	08/12/2021
Executive (Cabinet)	N/A
Council	N/A