

Report title	Accounting Policies 2023/24
Report author	Paul French – Corporate Head of Finance
Department	Financial Services
Exempt?	No
Exemption type	not applicable
Reasons for exemption	not applicable

Purpose of report:

To resolve

Synopsis of report:

This report summarises the changes to the accounting policies adopted by the Council to ensure the accounts for 2023/24 are prepared in accordance with accounting regulations.

Members are asked to approve these changes which will be reflected in the published statement of accounts.

Recommendation that:

The Council’s accounting policies for the financial year 2023/24, as set out in Appendix A, be approved

1. Context and background of report

- 1.1 The Council's accounting policies are the specific rules and practices that are applied in the production and presentation of the annual Statement of Accounts. These accounting policies must be disclosed as a note to the annual accounts.
- 1.2 In previous years, the Council’s accounting policies have only been presented to Members for approval when there have been proposed changes. However, best practice suggests that these should be approved annually, regardless of whether there are any changes or not.
- 1.3 CIPFA also recommends that Members review accounting policies on an annual basis.

2. Report and, where applicable, options considered and recommended

- 2.1 The Code of Practice for Local Authority Accounting 2023/24 (The Code) defines accounting policies as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements".
- 2.2 The 2023/24 Code has adopted changes made to International Accounting Standard 1: Presentation of Financial Statements (IAS 1) relating to the disclosure of accounting policies. Previously, local authorities were required to provide a summary of significant accounting policies. However, there was no explanation in IAS 1 of what would make an accounting policy "significant", with the result that too many entities were providing too much information or not tailoring it sufficiently to the needs of users.
- 2.3 The IAS 1 amendments switch the focus to materiality and require the disclosure of "material" accounting policy information. The main practical outcome of the changes is that immaterial policies should now be excluded from the statement of accounts. This change should make a positive contribution to users' understanding of the financial statements.
- 2.4 The Code states that accounting policy information is material if, when considered together with other information included in an authority's financial statements, it can reasonably be expected to influence decisions that the users of local authority financial statements make on the basis of those financial statements.
- 2.5 As with all application of materiality, accounting policy information will be material based on the Council's own needs so accounting policy information is anticipated to be material if users of our accounts would need that policy to be explained in order to understand material information in the financial statements.
- 2.6 The Code encourages local authorities to produce accounting policy information which concentrates on how a local authority has applied the accounting policies in the Code or International Financial Reporting Standard (IFRS) to its individual circumstances and provide information that is specific to them by making it clear that this is more useful to the users of the financial statements than boilerplate or standardised information that duplicates or summarises the Code and specific IFRS.

Changes in Accounting Policies

- 2.7 The application of most accounting policies is applied consistently from year to year. Changes are required when new accounting regulations are introduced or updated or if there is a significant change within the financial activities of the Council.
- 2.8 There are no changes to Runnymede's accounting policies for the 2023/24 accounts. However, the accounting policy note for the Statement of Accounts has been amended and shortened to reflect the new materiality concept discussed above. These are set out at Appendix A. For comparative purposes, the current version of the full set of approved accounting policies is set out in Appendix B.
- 2.9 Whilst there are no policy changes for 2023/24, there will be changes brought forward later this year for approval for the 2024/25 accounts following the introduction of International Financial Reporting Standard 16: Leases (IFRS16) which specifies how to account for, recognise, measure, present and disclose leases. Officers are working to identify all leased assets and will agree the proposed accounting treatment with Grant Thornton prior to the 2024/25 closedown.

2.10 The audited Statement of Accounts for 2023/24 are expected to be presented to the September 2024 Standards & Audit Committee for approval. The accounting policies will be included within the notes to the accounts and any changes made during the closedown programme and/or audit will be highlighted and explained by officers. Should there need to make changes to these policies following the completion of the audit, a report will be submitted to this committee to explain the changes.

3. Policy framework implications

3.1 None identified

4. Resource implications/Value for Money

4.1 There are no direct financial implications arising from the publication or approval of accounting policies. There are no material changes to policy that impact upon the Council's financial position.

5. Legal implications

5.1 There are no legal implications associated with this report.

6. Equality implications

6.1 None identified.

7. Environmental/Sustainability/Biodiversity implications

7.1 None identified.

8. Risk Implications

8.1 None identified.

9. Other implications

9.1 None identified.

10. Timetable for Implementation

10.1 Not applicable

11. Conclusions

11.1 This report brings members up to speed on the need for accounting policies and sets out the policies used in the preparation of the 2023/24 accounts.

11.2 In order to adhere to best practice it is the intention to bring updated accounting policies to this Committee each year in March for Members to consider prior to the accounts' closedown process.

12. Background papers

- The Code of Practice for Local Authority Accounting 2023/24

13. Appendices

- Appendix A - Runnymede's Accounting Policies 2023/24
- Appendix B - Runnymede's Accounting Policies Full Set