

<b>TITLE</b>	<b>Update on changes to accounting policies</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 3 June 2020
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The report provides the Audit Committee with information on the proposed changes to accounting policies for inclusion in the Statement of Accounts for the year ended 31 March 2020.

## **RECOMMENDATION**

That the revised Statement of Accounting Policies as per Appendix A are approved for inclusion in the Statement of Accounts for the year ended 31 March 2020.

## **SUMMARY OF REPORT**

The Statement of Accounting Policies have been reviewed for appropriateness and amended, where appropriate, to take into account changes in the CIPFA Code of Practice.

Details of the changes are summarised in Appendix B. For 2019/20, there have been no significant changes to any policies except for general clarification around terminology, grammar, duplications, etc. The changes have been more akin to a tidying up exercise than changes in policies.

## **DEFERRAL OF THE IMPLEMENTATION OF IFRS 16 – LEASES**

Although not related to the accounting policies for 2019/2020 financial accounts, the Audit Committee should note the delay of the implementation of changes on the accounting standard IFRS 16 – Leases.

The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of IFRS 16 Leases for one year in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. This will mean the effective date for implementation is now 1 April 2021.

CIPFA/LASAAC will consider the impact of that deferral on the 2020/21 Accounting Code and also on the consultation process for 2021/22. The consultation process would traditionally take place over the summer. It is the Local Authority Accounting Panel's (LAAP) understanding that further updates will follow once an action plan has been agreed.

In light of the deferral, WBC Officers will still continue to collate information needed for the implementation of this standard to ensure a smooth and accurate transition from 1<sup>st</sup> April 2021. Further updates on progress will be shared with the committee.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

*The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context*

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

<b>Other financial information relevant to the Recommendation/Decision</b>
None

<b>Cross-Council Implications</b>
None

<b>Public Sector Equality Duty</b>
The accounting policies are produced in relation to the statement of accounts which report on what has happened over the past financial year. Public Sector Equality Duty will be considered at the time the decision to spend money is made which is earlier in the process and doesn't relate to the statement of accounts.

<b>Reasons for considering the report in Part 2</b>
N/A

<b>List of Background Papers</b>
Appendix A - Accounting Policies 2019-20
Appendix B - Summary of Changes to Accounting Policies 2019-20

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