

Cheltenham Borough Council
Audit Committee – 15 June 2016
Review of Draft Accounting Policies 2015/16

Accountable member	Councillor Rowena Hay, Cabinet Member for Finance
Accountable officer	Sarah Didcote, Deputy Section 151 Officer
Ward(s) affected	All
Key Decision	Yes
Executive summary	To update Members on the Council's draft accounting policies to be included in the 2015/16 draft Statement of Accounts, providing members with the opportunity to review these policies ahead of the approval of the final audited 2015/16 Statement of accounts in September 2016.
Recommendations	That Audit Committee note the content of these draft accounting policies and make any comments as necessary.

Financial implications	As detailed throughout this report. Contact officer: Sarah Didcote, Sarah.Didcote@Cheltenham.gov.uk, 01242 264125
Legal implications	None specific directly arising from the recommendations. Contact officer: Peter Lewis, Peter.Lewis@tewkesbury.gov.uk, 01684 272695
HR implications (including learning and organisational development)	None Contact officer: Julie McCarthy , julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	As outlined in Appendix A.
Corporate and community plan Implications	None
Environmental and climate change implications	None.

1. Background

- 1.1** Audit Committee is required to review the council's accounting policies, as included in the statement of accounts, on an annual basis. The council's auditors, Grant Thornton have recommended that this review is done prior to the review and sign-off of the council's final

audited statement of accounts in September of each year.

- 1.2 This report therefore includes the draft accounting policies to be included in the draft statement of accounts, to be submitted to External Audit by the statutory deadline of 30th June 2016.

2. Accounting Policies

- 2.1 The statement of accounts are prepared in accordance with proper accounting practices and regulations by following the CIPFA Code of Practice on Local Government Accounting ('The Code') and the CIPFA Service Reporting Code of Practice (SeRCOP), supported by International Financial Reporting Standards (IFRS's) and International Accounting Standards (IAS's).
- 2.2 The council's accounting policies outline the relevant accounting principles and methodologies adopted by the council, in order to meet these statutory requirements. They can be used to aid understanding of the statements as well as providing a comparison to other organisations. Any changes to accounting policies from previous financial years are disclosed as a separate note to the accounts.
- 2.3 GO Shared Services have completed a thorough review of the accounting policies for 2015/16 to ensure they are up to date and relevant to the statements, a copy of which is included as Appendix A to this report.
- 2.4 The main change in accounting policies from 2014/15 relates to the adoption of the FRS13 definition of 'fair value', which is used as the valuation basis for Surplus Assets and properties held for Investment purposes. This means these assets have to be valued at their 'highest and best use', which may differ from how the asset was historically used by the council.

The accounting policies are required to include those adopted in relation to the council's group accounts. In 2014/15 the council jointly owned Ubico with Cotswold District Council, resulting in the company being included in the group accounts as a Joint Venture. However Ubico now has 6 shareholders, each with a share of 16.66% in the company. These are Cheltenham, Cotswold, West Oxfordshire, Forest of Dean, Tewkesbury and Stroud. This change of ownership means the council no longer has to include the company in its group accounts, since it no longer has joint control of, nor has 'significant influence' over, the company at 31st March 2016. At the date of this report this treatment is subject to ratification by Grant Thornton, on receipt of which the accounting policies for the group accounts will be updated.

3. Conclusion

- 3.1 It should be noted that these draft accounting policies may be updated as part of the final audited statement of accounts. The committee will have the opportunity to review the final version as part of the approval of the overall statement of accounts in September 2016.

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Appendices	Appendix A - Draft Accounting Policies 2015/16
Background information	Code of Practice on Local Authority Accounting in the UK 2015/16 Accounts Accounts and Audit Regulations 2003