

# Cheltenham Borough Council

## Audit, Compliance & Governance – 19 April 2023

### Review of Draft Accounting Policies 2022-23

---

**Accountable member:**

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

**Accountable officer:**

Gemma Bell, Head of Property, Finance and Asses (Deputy s151 Officer)

**Accountable scrutiny committee:**

n/a

**Ward(s) affected:**

All

---

**Key/Significant Decision:**

Yes

**Executive summary:**

To update Members on the Council's draft accounting policies which will be included in the 2022/23 Statement of Accounts, providing Members with the opportunity to review these policies before the unaudited accounts are published on 31 July 2023

**Recommendations:**

To note the content of the draft accounting policies and make any comments as necessary.

---

## **1. Implications**

### **1.1. Financial implications**

As detailed throughout this report.

**Contact officer:** Gemma Bell, [gemma.bell@cheltenham.gov.uk](mailto:gemma.bell@cheltenham.gov.uk) , 01242 264 124

### **1.2. Legal implications**

None specific directly arising from the report.

**Contact officer:** One Legal, [legalservices@onelegal.org.uk](mailto:legalservices@onelegal.org.uk), 01684 272 012

### **1.3. HR implications**

None directly arising from the report.

Contact officer: Julie McCarthy, [julie.mccarthy@publicagroup.uk](mailto:julie.mccarthy@publicagroup.uk), 01242 264 355

### **1.4. Environmental and climate change implications**

N/A

### **1.5. Property/asset implications**

N/A

### **1.6. Corporate policy framework implications**

N/A

---

## **2. Promoting equality and reducing discrimination**

N/A

## **3. Performance management – monitoring and review**

N/A

---

## **4. Background**

**4.1.** The Committee is requested 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. This is to aid the Committee's understanding of the policies

in place and their application in the statement of accounts.

- 4.2. This report therefore includes the draft accounting policies included in the draft statement of accounts. It should be noted that the DLUHC timetable for the publication of unaudited Statement of Accounts has been brought back from 31 July to 31 May for 2022/23. This is subject to consultation and the Committee will be updated if the results of the consultation changes this timetable.
- 4.3. The deadline for publishing final audited accounts is 30 September 2023, brought forward from 30 November. The final accounting policies will be reviewed again by the Committee when the audited accounts are presented for approval. It should be noted that the Council's audited Statement of Account for 2021/22 has still not been published and a paper from Grant Thornton is presented to this Committee on the reasons for this.
- 4.4. This is a national issue, with only 12% of Local Authorities meeting the deadline for a final published Statement of Account for 2021/22 by 30 November 2022. However, this creates an issue for Cheltenham Borough Council as a number of estimates and assumptions in the 2021/22 Statement of Accounts have materially changed since the draft accounts were published.
- 4.5. This means additional preparation and audit work will need to be undertaken to assure the prior year balances within the two month period between publishing the draft and final Statement of Accounts for both 2021/22 and 2022/23. There are also a number of additional costs the Council will need to incur, such as updated actuarial reports for the pension liability and disclosures, as a result of the delays

## **5. Accounting Policies**

- 5.1 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'), supported by International Financial Reporting Standards (IFRS's) and International Accounting Standards (IAS's).
- 5.2 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.
- 5.3 The accounting policies have been reviewed in 2022/23 to ensure they are up to date and relevant to the statements, a copy of which is included as Appendix A to this report.

## **6. Changes to accounting policies in 2022/23**

- 6.1 There are no material changes to the accounting policies on 2022/23.
- 6.2 The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard

that has been issued but not yet adopted. The following standards and amendments will be introduced in the 2024/25 Code and apply from 1 April 2024:

- IFRS 16 Leases

**6.3** IFRS 16 is not anticipated to have a material effect on the financial statements or balances of the Council since the changes mainly affect the recognition of leases by lessees and the authority does not have any finance lease liabilities or material operating leases (as disclosed in note 23 of the Statement of Accounts on the Council as Lessee).

## **7. Conclusion**

**7.1** It should be noted that the 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 audited Statement of Accounts in September 2023.

## **8. Decisions**

**8.1** It is recommended that the Committee notes the content of the draft accounting policies.

---

### **Report author:**

Gemma Bell, Head of Property, Finance and Asses (Deputy s151 Officer),  
[gemma.bell@cheltenham.gov.uk](mailto:gemma.bell@cheltenham.gov.uk), 01242 264 124

### **Appendices:**

i. Draft Accounting Policies, 2022-23

### **Background information:**

Code of Practice on local Authority Accounting in the UK 2022/23 Accounts

Accounts and Audit Regulations 2015