

Audit Committee

29 February 2024



Changes to the Code of Practice for Local Authority Accounting in the UK for 2023/24

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 This report provides the Audit Committee with a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK (the Code). These changes apply to the 2023/24 Statement of Accounts.

Executive summary

- 2 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK, which is based upon approved accounting standards.
- 3 The 2023/24 Statement of Accounts will be prepared in accordance with the CIPFA Code 2023/24.
- 4 The key accounting changes to the Code from 2022/23 to 2023/24 are outlined in Appendix 2, detailing their relevance and applicability to the council.

Recommendation

- 5 Members are asked to note the changes detailed in the report and in Appendix 2, which will be taken into account in the preparation of the 2023/24 statements.

Background

- 6 This report is presented to the Audit Committee in accordance with paragraph 4.2.3 of the Committee’s operational terms of reference which requires it ‘to maintain an understanding of internal and external reporting requirements.’
- 7 In preparing the annual Statement of Accounts we closely follow CIPFA’s Code of Practice for Local Authority Accounting in the UK (the Code), which is based upon approved accounting standards.
- 8 The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the joint CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
- 9 The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2023. It supersedes the 2022/23 Code.
- 10 In England and Wales, the Code constitutes a ‘proper accounting practice’ under the terms of section 21(2) of the Local Government Act 2003.

Main implications

- 11 Appendix 2 provides a summary of the key accounting changes to the Code and their relevance to the council in preparing its Statement of Accounts for the year ended 31 March 2024.

Other useful documents

- Audit Committee, 27 November 2023 – Audited Statement of Accounts for the year ended 31 March 2023.

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Appendix 1: Implications

Legal Implications

It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.

Finance

There are no direct financial implications arising for the council as a result of this report, although by implementing the changes in the Code in our financial reporting we are demonstrating efficient arrangements for the proper administration of the council's financial affairs.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

This report requires no decision and so a risk assessment has not been carried out.

Procurement

None.

Appendix 2: Changes to the Code of Practice for Local Authority Accounting in the UK for 2023/24

The table below provides a summary of the key accounting changes in the 2023/24 CIPFA Code and their applicability to Durham County Council.

	Change	Relevant to Durham County Council?
1	Amendments to Section 3.3 of the Code reflecting amendments to IAS 8, which clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.	Yes
2	Amendments to Section 3.4 of the Code reflecting changes to IAS 1, which help preparers to provide more focused and proportionate information on accounting policies (materiality).	Yes
3	Amendments to Section 4.1 of the Code, which provide a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets.	Yes
4	A new Annex to Section 4.1 of the Code that sets out the prescriptions of the Code for infrastructure assets in predecessor Codes.	Yes
5	Confirmation in Appendix C (Changes in Accounting Policies: Disclosures in the 2022/23 and 2023/24 Financial Statements) of the transitional reporting requirements of the new standards introduced in the 2023/24 Code, while also having regard to requirements in relation to voluntary adoption of IFRS 16.	Yes
6	Confirmation in Appendix D (New or Amended Standards Introduced to the 2023/24 Code) of the new standards introduced to the 2023/24 Code.	Yes