

This is a public report	
2024/25 Accounting Policies	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	26 February 2025
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

To ask the Committee to review and approve the Accounting Policies for inclusion in the 2024/25 Statement of Accounts which are due to be published by 30 June 2025. The council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To approve the accounting policies as recommended by the Chief Finance Officer (Appendix 1).

2. Executive Summary

- 2.1 The council is required each year to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting the financial statements for the year. The accounting policies describe how the council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting.
- 2.2 The only material changes to the accounting policies for 2024/25 is to reflect the change in accounting practices required by CIPFA in adopting International Financial Reporting Standard 16 - Leases. The primary impact of this change is that where the council is leasing in assets there will be a 'right of use asset' recognised on the balance sheet, whereas previously this was not done for leases treated as operating leases. See section 4.5-4.6 for more detail on this change. The other minor changes are to update the "going concern" section to reflect the council's current position, and some minor wording clarifications.

Implications & Impact Assessments

Implications	Commentary			
Finance	<p>Due to the statutory overrides in place and requirement for minimum revenue provision, the change in accounting for leases does not have any impact on the expenditure charged to the general fund. This will however impact on the council's financial statements, with a greater amount of right of use assets and lease liabilities recognised on the balance sheet.</p> <p>Joanne Kaye, Head of Finance, 26 February 2025</p>			
Legal	<p>The accounting policies in this report have been approved by the council's Chief Financial Officer (Assistant Director of Finance). Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint an officer to have responsibility for those arrangements.</p> <p>Denzil Turbevill, Head of Legal, 26 February 2025</p>			
Risk Management	<p>There are no risk management implications arising directly from this report.</p> <p>Celia Prado-Teeling, Performance Team Leader, 26 February 2025</p>			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not Applicable – the council's accounting policies only impact the financial statements and so has no impact on residents.
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not Applicable – the council's accounting policies only impact the financial statements and so has no impact on residents.
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A

Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	No consultation necessary.			

Supporting Information

3. Background

- 3.1 All local authorities must produce a statement of accounts annually to help ensure that there is appropriate stewardship of public finances. Statements of accounts are produced according to accounting standards to ensure that they are produced on a consistent standard and are comparable with other statements of accounts. Local Authority statements of accounts are produced by following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code occasionally overrides accounting standards where statute takes precedence over accounting standards.

4. Details

- 4.1 The Accounts, Audit and Risk Committee are required to approve the Accounting Policies for inclusion in the draft statement of accounts. The draft statement of accounts for 2024/25 is required to be published by 30 June 2025. Officers expect to publish to the council's website a draft of the statement of accounts by the end of June 2025 for a period of public consultation.
- 4.3 The notes to the accounts provide supporting information and additional detail for the main financial statements. Note 1 sets out the council's Accounting Policies (Appendix 1). The council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements. The accounting policies describe how the council has interpreted and applied the Code of Practice on Local Authority Accounting.
- 4.4 The code states that the Chief Finance Officer (at this council that is the Assistant Director of Finance (S151 Officer)) is responsible for selecting 'suitable' accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The 2024/25 Accounting Policies, as set out in Appendix 1, have been approved by the Chief Finance Officer. All accounting policies have been selected with reference to the Code.

- 4.5 In line with the CIPFA Code, the council has adopted International Financial Reporting Standard (IFRS) 16 – Leases for the 2024/25 financial year. IFRS 16 changes the accounting requirements for leases where the council is the lessee (i.e. the council is leasing an asset from a third party) to ensure that for all leases a ‘right of use’ asset and a corresponding lease liability are recognised on the balance sheet. This change effectively removes the previous ‘operating lease’ category for lessees, which did not impact the balance sheet and lease payments were treated as expenditure. Under the new standard lease payments will be split into a principal amount charged against the lease liability, and an interest element which is charged to expenditure.
- 4.6 The leases accounting policy has been revised to reflect the updated standard. One of the key decisions the council makes as part of the new standard is the setting of the threshold below which low-value items are excluded. The council has adopted a threshold of £10,000, matching the de minimis limit for capitalisation of expenditure.

5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1:

To reject the proposed accounting policies and make alternative recommendations. This has been rejected as the current accounting policies are in line with sector guidance and current practice.

6 Conclusion and Reasons for Recommendations

- 6.1 Accounts, Audit and Risk Committee is invited to review and ratify the Accounting Policies for 2024/25, to ensure that the council is able to prepare and publish the draft statement of accounts for 2024/25 by the statutory deadline of the 30 June.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Accounting Policies 2024/25

Appendix 2	Glossary of Terms
Background Papers	None
Reference Papers	Accounts Audit and Risk Committee report 20 March 2024 - Accounting Policies 2023/24
Report Author	Alex Rycroft, Strategic Finance Business Partner
Report Author contact details	01295 221541 Alex.Rycroft@cherwell-dc.gov.uk
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory Officer report