

# Report

**To:** CIPFA LASAAC

**From:** Steven Cain, CIPFA Secretariat Advisor

**Date:** 4 March 2021

**Subject:** Development Programme for the 2022/23 Code

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## Purpose

**The purpose of this report is to consider items for inclusion in the Code for 2022/23**

## Report

- 1.1 Notes of potentially relevant developments and potential effects are set out in the following appendices
- Appendix 1: Legislative Developments
  - Appendix 2: Items Arising from the 2021/22 ITC Process, and other developments
  - Appendix 3: Financial Reporting Developments

## Recommendations

- **The Board is invited to comment on these matters and any other issues of which they are aware, and consider the effect on the development of the 2022/23 Code**

APPENDIX 1: LEGISLATIVE DEVELOPMENTS

<b>UK / England / Scotland / Wales / Northern Ireland</b>	
<b>Development</b>	<b>Implications for Code</b>
Legislation relating to the UK adoption of accounting standards after EU Withdrawal is fully effective, and the UK adoption process has been started.	Hoping to fully address this in the 2021/22 Code. See item 10.
<b>England</b>	
MHCLG has been consulting on changes to the Accounts and Audit Regulations 2015, to extend the deadline for relevant authorities to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) in relation to future financial years.	Relevant changes to accounts submission dates would need to be reflected in the Code.
<b>Scotland</b>	
<u>Scottish Government financial flexibilities in relation to Capital Receipts</u> - Dispensation to allow capital receipts received in both 2020-21 and 2021-22 to be used to finance COVID costs. Statutory Guidance will be issued which will allow Councils to place capital receipts in the Capital Grants and Receipts Unapplied Account and then used to finance COVID expenditure (revenue).	Unclear that this will affect the Code, although it may be relevant to guidance. Will affect earlier years.
<u>Scottish Government financial flexibilities in relation to Loans Fund Principal Repayment</u> - The flexibility being offered is a loans fund repayment holiday which will permit a council to defer loans fund repayments due to repaid in either 2020-21 or 2021-22 (but not both).	Unclear that this will affect the Code, although it may be relevant to guidance. Will affect earlier years.
<b>Wales</b>	
The Local Government and Elections (Wales) Act 2021 provides the framework for the establishment via regulations of a new mechanism for collaboration and regional working by local authorities – Corporate Joint Committees (CJCs).	Depending on the exact status of these bodies and the related reporting, additional drafting may be required to include these in the scope of the Code.
<b>Northern Ireland</b>	
No relevant developments yet identified.	

APPENDIX 2: ITEMS ARISING FROM THE 2021/22 ITC PROCESS AND OTHER DEVELOPMENTS

<b>Items Arising From The 2021/22 ITC Process</b>	
<b>Development</b>	<b>Implications for Code</b>
ITC proposals in relation to IPSAS 42 Social Benefits	Amendment deferred to 2022/23 to allow consideration of whether Council Tax Benefit and/or Housing Benefit are social benefits as defined by IPSAS 42.
<b>CIPFA LASAAC's Updated Strategic Plan Phase 1 Projects</b>	
PROJECT 1: MATERIALITY	Separately discussed at Agenda Item 07. The extent to which these will be progressed in time for the 2022/23 Code will be subject to decisions taken by CIPFA LASAAC.
PROJECT 2: STREAMLINING THE ACCOUNTS	
PROJECT 4: PFI/PPP WORKING GROUP: IMPACT OF IFRS 16 LEASES ON THE MEASUREMENT OF THE LIABILITY	
PROJECT 5: IMPLEMENTATION OF IFRS 17 INSURANCE CONTRACTS	
PROJECT 6: NARRATIVE REPORTING	
<b>Other matters</b>	
Capital Financing Requirement	The Board has determined that it will review disclosures in relation to the Capital Financing Requirement as defined in the Prudential Code.

APPENDIX 3: FINANCIAL REPORTING DEVELOPMENTS

Items already considered by C/L in previous years	
Development	Implications for Code
IFRS 16, Leases	<p>Implementation has been successively deferred in the UK public sector and is expected to be implemented in the 2022/23 Code.</p> <p>Most of the relevant Code material has already been developed and consulted upon. Specific issues in relation to PFI/PPP liability measurement addressed in Project 4 in the CIPFA LASAAC Strategic Plan.</p> <p>The approach to HRA tenancies is currently under consultation per below:</p> <p><a href="#">Code of Practice on Local Authority Accounting in the United Kingdom – Housing Revenue Account Tenancies and Leasing Standards and COVID-19 Related Rent Concessions</a></p>
IPSAS 42, Social Benefits	Addressed in 2021/22 ITC. Deferred to 2022/23 to allow consideration of whether Council Tax Benefit and/or Housing Benefit are social benefits as defined by IPSAS 42.
New IFRS not yet effective, or not yet UK endorsed	
IFRS 17 Insurance Contracts (Effective date moved back to 01.01.2023)	Project 5 in the CIPFA LASAAC Strategic Plan Update will consider the circumstances under which IFRS 17 is materially relevant to local authorities which do not explicitly undertake insurance activities, and what the Code should include in relation to this.
Annual Improvements to IFRS Standards 2018–2020 amending IFRS 1 (First-time Adoption) *, IAS 37 (Onerous contracts), IFRS 16 (Leases), IAS 41 (Agriculture)*  (effective 01.01.2022)	<p>Items marked * not relevant to UK local government</p> <p>Other items need to be reviewed to inform decisions on adoption and effect on the Code</p> <p>The IFRS 16 amendment relates solely to the removal of a confusing illustrative example, and potentially applies immediately.</p>
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)  (effective 01.01.2022)	Does not appear very relevant to local authorities.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) Disclosure initiative — Accounting Policies  (effective 01.01.2023)	Need to be reviewed to inform decisions on adoption and effect on the Code

<b>IASB workplan</b>	
Copy of IASB workplan will be provided separately later	This will be briefly discussed in the meeting
<b>IPSAS workplan</b>	
Copy of IPSASB workplan provided separately	<p>The current IPSASB workplan is addressing:</p> <ul style="list-style-type: none"> <li>- issues around non-exchange revenue and non-exchange transfers (principally grants)</li> <li>- issues around measurement, and the extent to which fair value as narrowly defined by IFRS 13 (is relevant to public sector reporting)</li> <li>- issues around measurement and reporting of characteristic public sector assets such as heritage assets and infrastructure assets</li> <li>- developing a Leases standard which is aligned with IFRS 16, Leases when addressing commercial leases, and separately enquiring about public sector specific issues to inform the development of wider guidance on those issues</li> </ul>