

By: Peter Oakford - Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services
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To: Governance and Audit Committee – 23 April 2021

Subject: Revised Accounting policies

Classification: Unrestricted

Summary: This report asks Members to approve the revised accounting policies.

FOR INFORMATION AND DECISION

1. The CIPFA Code of Practice requires authorities to follow International Accounting Standard 8 (IAS 8) - *Accounting Policies, Changes in Accounting Estimates and Errors*. Accounting policies are defined as "... the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements".

2. For 2020-21 there is only one change to the accounting policies to report.

2.1 DSG deficit balances

2.1.1 The School and Early Years Finance (England) Regulations 2020 came into force on 21 February 2020 and are applicable to local authority accounting periods beginning on 1 April 2020.

2.1.2 The regulations state that a deficit must be carried forward to be funded from future DSG income.

2.1.3 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 came into force on 29 November 2020. This amendment allows where a local authority has a deficit in respect of its schools budget for the financial year beginning on 1 April 2020, 2021 or 2022, the authority:

- a) Must not charge to a revenue account an amount in respect of that deficit; and
- b) Must charge the amount of the deficit for an account established, charged and used solely for the purpose of recognising deficits in respect of its schools' budget.

2.1.4 This means that the deficit will be transferred to a new Unusable Reserve called the DSG Adjustment Account. Unusable Reserves are not available to use to support service delivery and arise from statutory adjustments in order to comply with legislation. Our 'Accounting for Schools' accounting

policy has been amended to reflect this change. The amended accounting policy is shown in appendix 1.

3. Recommendation

- 3.1 Members are asked to approve the amendment to the accounting policy as presented.

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