

REPORT FROM: Director of Resources

TO: Accounts & Audit Committee

DATE: 25th March 2025

Report Author: Karen Spencer
Tel. No: 661687
E-mail: karen.spencer@pendle.gov.uk

**Closure of Accounts 2024/25
Accounting Code of Practice update and other related matters**

PURPOSE OF REPORT

- (1) To update the Committee on the Accounting Code of Practice for 2024/25;
- (2) To request approval of the proposed Accounting Policies as the basis on which the accounts will be prepared for the financial year ending 31st March 2025;
- (3) To inform the Committee of the assessment of the Council as a 'going concern' for the purposes of producing the Statement of Accounts for 2024/25.

RECOMMENDATIONS

- (1) To approve the proposed accounting policies for the 2024/25 accounts as set out at Appendix A.
- (2) To accept the outcome of the assessment made of the Council's status as a 'going concern' for the purposes of preparing the Statement of Accounts for 2024/25.

REASONS FOR RECOMMENDATIONS

- (1) To comply with Code of Practice.
- (2) To comply with Code of Practice.

ISSUE

Changes to the Code of Practice

1. Since 2010/11 the Council has been required to prepare the annual Statement of Accounts in accordance with International Financial Reporting Standards (IFRS) as adapted in the Code of Practice on Local Authority Accounting in the United Kingdom.

2. The Code is updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) on an annual basis. Changes to the Code for 2024/25, where applicable, have been up included in the Council's accounting policies.

Public Inspection of the Statement of Accounts

3. The requirements for publication of the statement of accounts and the period for public inspection changed as a result of the Accounts and Audit Regulations 2015 (as amended 30th September 2024).
4. Under the 2015 regulations the period for public inspection is now 30 *working* days and for the 2024/25 accounts this period **must** include the first 10 working days of June.
5. The Council is required to publish a number of documents including the draft accounts (pre-audit), the annual governance statement, a narrative statement and a statement setting out the exercise of public rights to inspect the accounts. The inspection period can only begin the day after all these have been published. The requirement is to 'publish' which must include publication to the Council's website.

Accounting Policies

6. Accounting policies are defined in the Code as 'the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements'. The Code requires that where the Code applies to a transaction, other event or condition, an authority should determine the accounting policy or policies to be applied to that item with direct reference to the requirements of the accounting policies stipulated by the Code. Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in as it applies to omissions and misstatements:

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

7. An update has been made to our accounting policies under depreciation to reflect useful life of assets within our accounting correctly, in-line with external audit findings.
8. The proposed accounting policies under which the 2024/25 Statement of Accounts will be prepared are set out in [Appendix A](#).
9. The Committee is asked to approve the Accounting Policies for 2024/25.

Going Concern Assessment

10. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). The main factors which underpin this assessment are outlined below and include:
 - a) The council's current financial position
 - b) The council's projected financial position
 - c) The council's strategic planning and budget framework process

d) The regulatory and control environment applicable to the council as a local authority

11. The Council's current financial position was report to Executive Committee on Thursday 20th February 2025. Monitoring reports were taken on Capital Programme and Revenue Net cost of Service. The reports show an overspend in the Net Cost of Services for 2024/25 of £0.08m. Whilst this is amount is small, large overspend are being met by strong investment income performance.
12. The Medium Term Financial Plan was reported to Council on 27th February 2025, where the Council was able to set a balanced budget for 2025/26.
13. The council has a well-established and robust corporate governance framework including the statutory posts of Head of Paid Service, Monitoring Officer and the Section 151 Officer (Chief Financial Officer) in addition to the current political arrangements.
14. An overview of this governance framework is provided within the Annual Governance Statement. This includes a detailed review of the effectiveness of the council's governance arrangements which concludes that the existing arrangements remain fit for purposes and provides assurance of their effectiveness.
15. It is considered that having regard to the council's arrangements and such factors as highlighted in this report that the council remains a going concern.

IMPLICATIONS

Policy: The Council's accounting policies are reviewed annually in compliance with CIPFA's Accounting Code of Practice.

Financial: The financial implications are as given in the report.

Legal: There are no legal implications arising from the contents of this report.

Risk Management: The Council reviews its risks regularly and in the context of financial instruments and the Expected Credit Loss Model, will maintain an ongoing assessment of risks associated with its financial assets.

Health and Safety: There are no health and safety implications arising from the contents of this report.

Sustainability: There are no sustainability issues arising from the contents of this report.

Community Safety: There are no community safety issues arising from the contents of this report.

Equality and Diversity: There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A - Proposed accounting policies for 2024/25 statement of accounts.

LIST OF BACKGROUND PAPERS

None.