

### Appendix 3 Response to CIPFA Emergency Proposals

Hello

As Section 151 Officer for 2 councils -Vale of White District Council and South Oxfordshire District Council - I would like to comment on the emergency proposals for an update of the 2021/22 Code of practice on Local Authority Accounting in the United Kingdom and the 2022/23 Code as follows.

**Q1a Do you agree with the proposal that preparers should have the option to pause professional revaluation? If not, why not? Please provide reasons for your view.**

I see no particular benefit in this proposal and anticipate that, if introduced as optional, then we would not utilise the proposal. The use of professional valuers and accounting for the figures they suggest has not historically created a problem for the two councils. Work on this year's valuations has already been commissioned with reports expected back imminently. Responses to audit queries from our valuers can take one of two days but rarely longer than a week consequently and, under normal circumstances, we don't consider this a problem area.

Noting that this would be a temporary pause, there is perhaps a wider question of the value gained in the current accounting processes for fixed assets given the amount of effort and expense that is required in accounting and auditing them.

**Q1b Additionally, do you agree with the proposal that preparers should have the option to pause professional revaluation and adopt an indexation approach to 2021/22? If not, why not? Please provide reasons for your view.**

We would not choose to move to an indexation approach given that we have already commissioned this year's valuations and given that such a proposal would only be temporary in nature.

Where councils would opt to pause professional revaluation officers would have to justify their choice of index. This is not an area finance staff are skilled in and they may still have to consult valuers, creating little saving in time or cost. The use of indices rather than professional valuations will further add to audit uncertainty and potentially delay not reduce audit time and decision making

**Q2 Do you have any comments on the impact of the adoption of this approach on preparers or auditors? If so, please provide more information.**

No further comments however the views of the auditors will be critical in determining the approach to be adopted.

**Q3 If you support this approach, do you consider that the approach should be available to all local authorities, restricted to England, or determined on a jurisdiction basis reflecting the view of the relevant government?**

We have no comments on this question.

**Q4 If you support this approach in principle, do you consider that it is appropriate for all operational property plant and equipment, including for example, Housing Revenue Account assets?**

Issues in this area would appear to be around assets that require professional valuation so a consistent approach to those assets would be appropriate.

**Q5 Do you have any other comments on the proposal?**

No

**Q6 Do you support the further deferral of IFRS 16 implementation to reduce auditor/preparer workload? If not, why not?**

Yes I support the proposed deferral of IFRS 16 implementation. The implementation of IFRS 16 represents an additional burden at a time when both councils and audit firms are finding the current timetable difficult to achieve for a number of reasons, including the pandemic. A further year delay will enable councils to be fully prepared for IFRS 16, not least because lessons can be learned from other sectors who implement in 2022 and potentially other councils who may choose to implement early. In the same way audit firms from their work on other clients will have a clearer view on how they will approach the audit of IFRS 16 implementation which in turn will result in an easier 2023 audit.

**Q7 Do you have any comments on the practical impact of the adoption of this approach? Please provide details to support your view.**

There are no practical implications to delaying IFRS 16 implementation. Reverting back to the method of accounting used in previous years for leases creates no extra work and preparation for IFRS 16 will continue 'in the background'

**Q8 Do you have any comments on the jurisdictional application of this approach?**

No

**Q9 Do you have any other comments on the proposal?**

No