

North Yorkshire Council

Audit Committee

16 March 2026

Accounting Policies

Report of the Corporate Director Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To note the change to the Accounting Policy for the Council due to the change in the CIPFA Code for the 2025/26 financial year.
- 1.2 To note potential changes in the pipeline that are likely to impact on future year's Accounting Policies and the Statement of Final Accounts.

2.0 SUMMARY

- 2.1 This report provides an update on the Accounting Policies for North Yorkshire Council and the North Yorkshire Pension Fund for inclusion in the Statement of Final Accounts 2025/26.

3.0 BACKGROUND

- 3.1 Part of the Audit Committee's Terms of Reference is to review changes in accounting policy.
- 3.2 The Council's accounting policies are set out in the annual Statement of Final Accounts (SOFA) and have been developed to comply with the *Code of Practice on Local Authority Accounting in the United Kingdom* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). An updated Code of Practice, applicable for 2025/26 was issued in June 2025.
- 3.3 In addition to considering required changes to the Council's accounting policies for 2025/26, there are further changes which CIPFA have been consulting with local authorities which are in the pipeline for future years (2026/27 and beyond) to bring to the Committee's attention.

4.0 CHANGES IN ACCOUNTING POLICY FOR 2025/26

- 4.1 The need for changes in accounting policy can arise from:
 - (i) mandatory changes under the annual *Code of Practice on Local Authority Accounting* which require a new or revised accounting policy to be adopted by all local authorities
 - (ii) changes within the overall framework of the *Code of Practice* but where the policy to be adopted is discretionary and is dependent upon interpretation of local circumstances
 - (iii) changes in legislation enacted by the Government issuing a Statutory Instrument

- 4.2 Any changes required to the Council's accounting policies for 2025/26 would therefore usually arise as a result of the updated *Code of Practice on Local Authority Accounting* issued by CIPFA in June 2025.
- 4.3 The main change in the Code of Practice for the current year is in relation to the required approach for property valuations. The Council is now required to apply annual indexation to the categories of property that, as part of the Council's rolling valuation programme, have not undergone a full revaluation in year.
- 4.4 There are currently no further changes to the Code of Practice that impact on the Councils 2025/26 Accounting Policies. The Accounting Policies ultimately determined for 2025/26 will be reported to Members on 22 June 2026 as part of the report accompanying the draft SOFA for 2025/26. At this stage, therefore, Members are asked to note the current position.
- 4.5 CIPFA have consulted on a draft of the *Code of Practice on Local Authority Accounting for 2026/27* and the provisional changes for future years beyond 2026/27, with the following potential changes highlighted:
- Removal of the Expenditure and Funding Analysis (EFA).
 - Separation of the LGPS pension fund accounts from those of the administering authority.
 - Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and 7).
 - Annual improvements to IFRS accounting standards – Volume 11.

The extent to which future changes will actually be fully implemented by CIPFA remains uncertain however and will be subject to further confirmation and guidance.

Note that the statutory override in relation to Infrastructure assets has been extended until 1 April 2029 as part of the local audit recovery phase while work is undertaken on a practical long-term solution.

5.0 STATEMENT OF ACCOUNTS TIMETABLE 2025/26

- 5.1 The deadline for publication of the draft Statement of Accounts for 2025/26 is 30 June 2026. It is therefore, anticipated that the Draft SOFA will be reported to the Audit Committee on 22 June 2026.
- 5.2 As a result of the Accounts and Audit (Amendment) Regulations 2024 (SI 2024/907), which came into force on 30 September 2024, the deadline for the publication of audited local authority accounts 2025/26 is 31 January 2027. The final Statement of Accounts will need be approved by the Section 151 Officer (Corporate Director of Resources) and Members (the Audit Committee) in advance of certification and publication. At this stage our audit planning work assumes the audited statements will be reported to Audit Committee on 21 September 2026.

6.0 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 No alternative options were considered.

7.0 FINANCIAL IMPLICATIONS

- 7.1 There are no specific financial implications.

8.0 LEGAL IMPLICATIONS

8.1 There are no specific legal implications.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no equalities implications.

10.0 CLIMATE CHANGE IMPLICATIONS

10.1 There are no climate change implications.

11.0 REASONS FOR RECOMMENDATIONS

11.1 Members are required to be aware of changes in accounting policies to be used in the production of the 2025/26 SOFA.

12.1 RECOMMENDATION

12.2 That Members:

- (i) note the changes to the accounting policies for 2025/26 (**paragraphs 4.3 – 4.4**).
- (ii) note potential changes to the SOFA and accounting policies which are in the pipeline for future years (2026/27 onwards) (**paragraph 4.5**)
- (ii) note the Statement of Accounts Timetable for 2025/26 (**paragraph 5.1 – 5.2**)

BACKGROUND DOCUMENTS:

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26

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Note: Members are invited to contact the author in advance of the meeting with any detailed questions.