

**PROPOSED CHANGES TO ACCOUNTING POLICIES**  
**WDA/11/26**

**Recommendation**

**That the Audit Committee:**

1. approves the proposed revision to the Property, Plant and Equipment Revaluation Policy outlined in section 3.

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**PROPOSED CHANGES TO ACCOUNTING POLICIES****WDA/11/26****Report of the Finance Manager****1. Purpose of the Report**

- 1.1 To approve the proposed amendment to the following accounting policies and commend them to the Authority for approval in February:
- Property, Plant and Equipment Revaluation Policy

**2. Background**

- 2.1 The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the year end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require it to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and the Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.
- 2.2 In preparing the accounts the Authority takes into account any changes in codes of practice and reporting standards, together with best practice adopted by other local authorities.

**3. Amendment to MWDA's Property, Plant and Equipment Policy.**

- 3.1 The current policy for the revaluation of the authority's non-current assets is to revalue them every 3 years based on a full revaluation provided by valuers (current valuers are Bruton Knowles).
- 3.2 CIPFA has updated guidance to now state that revaluations shall be undertaken using one of the following three processes:
- A quinquennial revaluation supplemented by annual indexation in intervening years.

- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years.
- For non-property assets only, appropriate indices.

#### **4. Proposed Update to MRWA's Revaluation Policy**

- 4.1 Due to the size of the authority and the number of assets we hold we are proposing to adopt a quinquennial revaluation supplemented by annual indexation in intervening years.
- 4.2 This will mean increasing the value of our assets in line with indexation for years 1-4 and then a full revaluation in year 5.
- 4.3 With the authority having had a full revaluation in the 2024/25 financial year, 2025/26 would be year 1 of the new 5-year cycle, meaning assets would be indexed till 2028/29 and the next full revaluation taking place in 2029/30.

#### **5. Risk Implications**

- 5.1 There are considerable risks to the security of the Authority's resources if appropriate accounting policies are not adopted and followed. The Authority has followed good practice in this respect, taking external advice where appropriate.

#### **6. HR Implications**

- 6.1 There are no HR implications associate with this report.

#### **7. Environmental Implications**

- 7.1 There are no environmental implications associated with this report.

#### **8. Financial Implications**

- 8.1 The financial implications are contained within this report.

#### **9. Legal Implications**

- 9.1 There are no legal implications

## **10. Conclusion**

- 10.1 Members are asked to consider and approve the proposals outlined in this report.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972.