Audit Committee Meeting	
Meeting Date	22 April 2026
Report Title	Accounting Policies 2025-26
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Claire Stanbury, Head of Finance and Procurement
Lead Officer	Claire Stanbury, Head of Finance and Procurement
Classification	**Open**
Recommendations	1. To approve the accounting policies for use in the 2025-26 statement of accounts

1 Purpose of Report and Executive Summary

1.1 This report seeks the Audit Committee's approval of the accounting policies for 2025-26. These are the accounting policies that will be used in preparing the financial statements, and are included within the Statement of Accounts document.

1.2 The main changes from previous years are extra details in the policies regarding pension calculations, and the introduction of policies to increase the value of assets by indexation, as required by the CIPFA Code.

2 Background

2.1 The accounting policies are reviewed each year by the Head of Finance and Procurement, and the Director of Resources. They are reviewed for relevance, and in line with any updates to financial reporting standards or changes to the Code of Practice for Local Authorities.

2.2 A full comparison has taken place between existing accounting policies, and those recommended within the guidance to the Code of Practice.

2.3 In 2025-26 the Code of Practice has introduced a requirement to increase the value of assets by indexation if they have not been subject to a formal valuation. The indexation increase only needs to be applied where it is material.

2.4 Feedback from previous audit findings have also fed into consideration of the accounting policies.

3 Proposals

3.1 The change to the pensions accounting policies are within section (c) of the policies. The new wording explains the breakdown and calculation of the net pensions liability. These are not changes to how the pension liability is valued, but purely adding extra information into the published policy information.

3.2 The 2025-26 Code introduces a new requirement to calculate the indexation on assets that have not undergone a formal valuation. Swale Borough Council currently values high-value assets on an annual basis, and the remain assets on a rolling basis over 5 years. The requirement within the code is that assets are revalued every 5 years, and indexation is applied, if material, in the intervening years. If appropriate indices cannot be identified, then a desktop revaluation is to be carried out in year 3. For the accuracy of the accounts, and ensuring a true and fair view, the proposed policy will see high-value assets to continue to be valued on an annual basis, with the remaining assets valued on a rolling 5 year basis. Indexation will be calculated on those assets not valued, and this will be applied only when the impact is material. This is all set out within section (m) of the policies.

3.3 The discount rate for calculating pension scheme liabilities, currently shown as 5.8%, will be updated when the 2025/26 pension report is received from the actuary.

4 Alternative Options Considered and Rejected

4.1 Accounting policies could remain unchanged, but that would result in the accounts not being compliant with the Code of Practice, and therefore this option is not recommended.

4.2 High-value assets could be formally revalued every 5 years, instead of annually, in line with the Code of Practice. However, we feel this would give a less true and fair view of the Council's assets, and as such this option is not recommended.

5 Consultation Undertaken or Proposed

5.1 No consultation has taken place or is proposed.

6 Implications

Issue	Implications
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives, and a key part of the Running of the Council.
Financial, Resource and Property	Regular indexation, if material, will be applied to assets held on the balance sheet, resulting in values being kept up to date. Annual valuation of high-value assets, as opposed to including these only in the 5 yearly cycle, will mean that asset values remain as accurate as possible, and reduce the risk of dramatic swings and subsequent changes to annual depreciation charges.
Legal, Statutory and Procurement	The accounting standards need to comply with the Code of Practice for Local Authorities, which sets out how the Financial Statements should be produced.

Crime and Disorder	No direct issues.
Environment and Climate/Ecological Emergency	No direct issues.
Health and Wellbeing	No direct issues.
Safeguarding of Children, Young People and Vulnerable Adults	No direct issues.
Risk Management and Health and Safety	No direct issues.
Equality and Diversity	No direct issues.
Privacy and Data Protection	No direct issues.
Local Government Reorganisation	No direct issues.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report.

- Appendix I: Accounting Policies 2025-26

8 Background Papers

8.1 None.