

CIPFA LASAAC Statement on the Deferral of IFRS 16 Leases - Update

Following its [emergency consultation on exploratory proposals](#) for changing the *Code of Practice on Local Authority Accounting in the United Kingdom*, CIPFA LASAAC issued its [preliminary decision and feedback statement](#). This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 *Leases* until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.

Conrad Hall, Chair, CIPFA LASAAC said:

“CIPFA LASAAC is of the view that IFRS 16 remains the best form of reporting local authority leases and shares FRAB’s objective of promoting excellence in financial reporting. The decision to defer IFRS 16 is a pragmatic response due to the severe delays in the publication of audited local authority financial statements in England. The decision should not be viewed as a commentary on the usefulness of the information derived from the implementation of the standard.”

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 *until* 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023.

CIPFA LASAAC would note that the 2022/23 Code has not yet completed its due process so local authorities should follow the CIPFA LASAAC pages of the website for further updates. Formal due process for the Code by LASAAC and by CIPFA’s Public Financial Management Board is anticipated to be complete by the third week in April.

Rob Whiteman, CIPFA CEO said:

“CIPFA is supportive of the decision to delay the implementation of IFRS 16 *Leases* until 2024. This decision is a necessary one and has been made in the interests of the sector. The deferral should reduce resource pressures in the local audit framework while there are ongoing audit timeliness issues.”