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REPORT

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Subject The Impact of Accounting for Annual Leave and Other 'Accumulating Short-Term Compensated Absences' Under IAS 19 Employee Benefits on First Adoption of IFRS

INTRODUCTION AND SUMMARY OF CONCLUSIONS

- 1 IAS 19 *Employee Benefits* requires provision to be made for '*accumulating short-term compensated absences*'. Annual leave is the most significant example but flexi-time and time in lieu may also be significant for many local authorities. UK accounting standards do not specifically address the matter and local authorities do not generally make provision for leave entitlement and flexi-time earned but untaken at the balance sheet date. The purpose of this paper is:
 - (a) to examine how annual leave and flexi-time entitlement accumulates in local authorities; and
 - (b) to very approximately quantify the size of the provision needed for untaken entitlement on adoption of IFRS in order to establish whether regulation may be needed to ameliorate the impact on the General Fund Balance and council tax.

- 3 The main conclusions are:
 - (a) On adoption of IFRS there will be a significant adverse impact on the on the re-stated opening General Fund Balance at 1 April 2010 unless the effect is ameliorated by regulation.
 - (b) For most groups of employees the provision needed for untaken leave would be significant (perhaps 1% to 2% of annual pay)
 - (c) The provision required for teachers might be almost 8% of annual pay in England and Wales and almost 10% of annual pay in Scotland. The required provision will therefore be very significant for authorities that employ teachers.

- (d) The provision needed for flexi-time should not be very large; perhaps normally no more than 0.5% of the annual pay of the staff in flexi-time schemes.
- (e) On the worse case scenario of an authority that employs teachers, allows large carry forwards of annual leave for other employees and has a flexi-time scheme, the provision required on adoption of IFRS might exceed 6% of the authority's annual pay bill.

THE REQUIREMENTS OF IAS 19 CONCERNING 'SHORT TERM COMPENSATED ABSENCES'

- 4 IAS 19 *Employee Benefits* covers benefits payable during employment including a category of benefits that the standard calls 'short-term compensated absences'. A key distinction made by the standard is between 'accumulating short-term compensated absences' and 'non-accumulating short-term compensated absences'. Non-accumulating absences (such as sick leave and jury service) are expensed as they occur and since entitlement does not accumulate no provision is required. This paper does not deal further with non-accumulating absences since they do not give rise to any apparent problems. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full.
- 5 Under IAS 19 accumulating compensated absences are:
 - (a) recognised when employees render services that increases their entitlement to future compensated absences
 - (b) measured as the additional amount that the authority expects to pay as a result of unused entitlement that has accumulated at the balance sheet date.
- 6 To illustrate the above, an employee started his employment on the 1 January 2009 and gets 24 days annual leave each year. At 31 March 2010 the employee's leave entitlement earned over the 15 months since commencement of employment is 30 days (ie 15 months/12months * 24 days). The employee has taken 27 days leave at 31 March 2010 and therefore the unused entitlement accumulated at the balance sheet date is 3 days. Assuming there are 253 working days in the year (ie 261 weekdays less 8 public holidays) and the employee's salary at 31 March 2010 was £20,000, the provision required would be £237 (ie 3/253*£20,000).

ESTIMATION OF SIZE OF LIKELY PROVISION REQUIRED

- 7 Only three significant instances of short-term accumulating compensated absences that affect local authorities have been identified, which are flexi-time, time in lieu and annual leave.

Flexi-time

- 8 Flexi-time schemes have a settlement period of commonly four weeks and allow both negative and positive balances of flexi-leave entitlement to be carried over. The maximum carry over is typically two days. By no means all employees will be included in flexi-time arrangements. Usually staff above a certain level of seniority will be excluded as will usually a number of work groups most notably teachers. The provision required for flexi-time follows straightforwardly from the flexi-time entitlement (negative or positive) accumulated at the 31 March year end multiplied by the hourly pay rate. Taking into account the off-setting effect of negative balances and positive balances and the typically small carry forwards allowed by schemes, and that not all staff at an authority are covered by flexi-time arrangements, the provision required would probably be no more than 0.5% of annual pay of those employees participating in the flexi-time scheme.

Time in lieu

- 9 Time in lieu is time taken off to compensate for planned (or occasionally unplanned) time worked in addition to contracted hours. There is no additional payment. Untaken time in lieu accumulated at the balance sheet date that the employee is authorised and expected to recover by taking back time would meet the definition of a short-term accumulating compensated absence. The significance of time in lieu would probably be small in many authorities but might be more significant at some authorities. It might be a more significant issue for police authorities than other types of authorities. Each authority would need to assess its significance for itself. No attempt has been made in this report to quantify the provision for untaken time in lieu that may be required.

Annual leave

- 10 Most groups of employees have broad discretion to take leave at a time of their own choosing. However, teachers and some other education workers get fixed holidays ie 'school holidays'. Because of the long summer school holiday the provision needed for leave untaken at 31 March will be much greater for employees who get fixed school holidays than for other employees. A higher than average provision for untaken leave might also be needed for some other types of local authority employees, notably police officers. Police officers while broadly being able to take leave at a time of their own choosing may be more subject to the exigencies of the service than most other local authority employees. For example, because of national or local 'emergencies' or other major police operations, permission to take leave may not be granted or leave already agreed may be cancelled. This entails the possibility of large amounts of untaken leave at the balance sheet date requiring provision.

Providing for untaken leave for employees that can choose when to take annual leave

- 11 Most local authority employees are entitled to take their leave broadly at a time of their own choosing and earn entitlement to annual leave proportionately to their completed service for the year. The National Joint Council for Local Government Services' *National Agreement on Pay and*

Conditions of Service, which covers UK local authority employees not covered by more specific agreements such as teachers, expresses this as follows:

"7.3 The annual leave entitlement of employees leaving or joining an authority is proportionate to their completed service during the leave year."

- 12 Leave entitlement not taken at the leave year end can normally be carried forward into the next leave year, although there may be rules about the maximum amount of leave that can be carried forward. Leave years may be standardised or apply to employees individually eg anniversaries of employees start date or birth date. Where the leave year is not 1 April to 31 March any restrictions on carrying forward leave into the next leave year will not 'bite' at 31 March balance sheet date. Many employees might have untaken entitlement in excess of the maximum carry forward into the next leave year at this date and some might have taken more leave than leave entitlement earned.
- 13 The provision required for untaken leave at the balance sheet date will be significant for all authorities, but the size of the provision required would vary between authorities depending on the leave regime followed. Key factors would be:
- (a) The number of days of untaken leave that can be carried forward to the new leave year.
 - (b) The extent to which formal restriction on carrying forward leave are in practice enforced; and
 - (c) Whether the leave year is 1 April to 31 March (ie the accounts reporting period) for all employees or other dates.
- 14 The lowest plausible level of untaken leave might be about 1 day. This might occur where employees are allowed to carry forward only a very small amount of leave and the leave year runs 1 April to 31 March. It seems unlikely that any authority would allow less than two days carry forward. The 1 day estimate of the lowest plausible level of untaken leave has been calculated as follows:
- | | |
|---|---------------------|
| No leave untaken at 31 March | 33.33% of employees |
| One day leave untaken at 31 March | 33.33% of employees |
| Two days leave untaken at 31 March | 33.33% of employees |
| Average untaken leave per employee | 1 day |
- 15 In practice, it is likely that even at authorities where the carry forward rules are enforced quite strictly a few employees will be given permission to borrow leave from the next leave year because of special circumstances; and some will be authorised to carry forward more leave than the normal maximum because of special circumstances eg where they have been unable to take leave because of sickness. It seems probable that untaken leave in excess of the normal maximum carry forward would outweigh leave taken in excess of entitlement at most authorities.

- 16 A more usual amount of untaken leave allowed to be carried forward to the new leave year would be 5 days and the leave year might not be 1 April to 31 March.
- 17 Where the leave year is not 1 April to 31 March, untaken leave at the balance sheet date will be affected by both the level of untaken leave carried forward into the leave year commencing immediately before the balance sheet date and the pattern of leave taking in-year. For example, if an authority allows up to five days leave to be carried forward and the leave year is the anniversary of each employee's starting date, the number of leave days untaken at the balance sheet date might plausibly look something like the following.

Calculation of leave carried forward into the leave year preceding the 31 March Balance Sheet date

Untaken leave carried into new leave year	Percentage of employees	Weighted untaken leave carried into new year
No leave untaken	25%	Nil
1 day leave untaken	15% of employees	0.15 day
2 days leave untaken	15% of employees	0.30 day
3 days leave untaken	15% of employees	0.45 day
4 days leave untaken	15% of employees	0.60 day
5 days leave untaken	15% of employees	0.75 day
Average per employee		2.25 days

- 18 However, there may be an additional amount to add to the 2.25 days carry forward into the new leave year because of the uneven distribution of leave taking in-year, which the following table assumes peaks in summer and troughs in late winter. If an authority's employees get on average 24 days leave and take on average:

- April to June 6 days
- July to September 8 days
- October to December 6 days
- January to March 4 days
- Total 24 days

- 19 The average untaken leave for employees whose leave year starts on 1 April, 1 July, 1 October and 1 January due to the uneven pattern of leave taking would be as follows:

Leave year start date	Leave earned at 31 March	Average leave taken at 31 March	Leave untaken at 31 March due to uneven leave pattern
1 April	24	24	0
1 July	18	18	0
1 October	12	10	2 days under
1 January	6	4	2 days under

Average per employee			1 days under
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- 20 The average untaken leave per employee at 31 March for this authority would be 2.25 days plus 1 day giving a total of 3.25 days. Assuming 253 working days this authority would be required to make an accrual of 1.3% of salary costs.
- 21 On the above broad analysis, which at present is based on plausible assumptions rather than actual data, it might be that the typical provision for untaken leave at the year end would often be between one and two percent of salary costs for employees that can choose when to take annual leave.

Teachers and other employees that have fixed holidays

- 22 Unlike most other jobs in local authorities teachers have no discretion over when they take leave. Some other jobs also have fixed holidays or heavily restricted choice over when employees may take leave. The identified cases are all related to education employees. Staff paid on 'Soulbury scales' such as education advisers and education psychologist get shorter holidays than teachers but are usually required to take four weeks of their annual leave in the school summer holiday period. Some other groups of school staff such as learning support assistants and administration staff may be required to take their annual leave, in the school holidays.
- 23 Fixed leave dates would not have much effect on the required provision for untaken leave at the balance sheet date, if school holidays were evenly distributed across the year. However, school holidays are not evenly distributed mainly because of the long summer holiday.
- 24 Scotland has different rules for teachers accumulating holiday entitlement than England and Wales and therefore Scotland and England and Wales need to be considered separately.

Accumulation of Teachers' Holiday Pay in Scotland

- 25 The regulations covering teachers' holiday entitlements in Scotland are mathematically precise. They provide for leave entitlement to be accumulated as follows:

"All teachers will accrue leave on the basis of 0.338 of a day for each day worked".

and

"Where a teacher leaves the employment of a council the leave entitlement is the number of days calculated as above less the number of days leave already taken. Where any balance of leave cannot be taken the teacher will be paid a days pay for each unused day of leave."

- 26 For teachers bank holidays are part of the fixed school holidays and do not need to be considered separately. The Scottish formula is based on 195 term days (or more strictly teacher work days). This generates 66 days (195

*0.338) leave entitlement, which added to the 195 term days equals the average number of weekdays in a year, which is 261 days. The Scottish regulations also define a day's pay as 1/261 of the annual salary. The number of term days and holiday days falling in the academic year will be exactly (or at least very close) to 195 days and 66 days respectively. However, the number of term days and holiday days falling in the period 1 April to 31 March (ie the financial reporting period) can vary depending on which date Easter day happens to fall for the Easter near the beginning and near the end of the financial year. Where a school's Spring Term holiday dates move according to the date on which Easter day falls, the affect could be significant. Even for school's that have an early April Spring Holiday irrespective of the date of Easter day, the number of term days and holidays falling in the financial may be affected slightly by the date on which the two Easter bank holidays near the beginning and end of the reporting period happen to fall.

27 The following shows an estimated IAS 19 provision requirement based on one Scottish authority's actual school holiday dates for 2009/10:

28 The authority's School Terms and Teacher Holiday days falling in the 2009/10 reporting period are:

	Term Dates falling in 2009/10 Financial Year	Teacher Work Days	Teacher Holidays	Total Week-Days
End of Spring Term 2009	1 April to 3April	3		3
Spring Holiday 2009	6 April to 17 April		10	10
Summer Term 2009	20 April to 26 June	46	4	50
Summer Holiday 2009	29 June to 12 Aug		33	33
Autumn Term 2009	13 Aug to 22 Dec	86	8	94
Christmas Holiday 2009	23 Dec to 4 Jan		9	9
Spring Term 2010	5 Jan to 31 March	60	2	62
Total		195	66	261

29 The accrued untaken leave for teachers that started their employment at beginning of Summer Term 2009, Autumn Term 2009 and Spring Term 2010 respectively would be as follows:

	Teacher's Employment Start Date	Term days Worked in 2009/10 Financial Year	Holiday Accrued	Holiday Taken	Accrued Holiday Untaken at 31 March 2010
		Days	Days	Days	Days
Summer Term 2009	20 April 2009	192	64.9	56	8.9
Autumn Term 2009	13 August 2009	146	49.3	19	30.3
Spring Term 2010	5 January 2010	60	20.3	2	18.3

30 If it is assumed that 15% of these teachers started at the beginning of the Summer Term, 70% of teachers started at the beginning of the Autumn Term and 15% of teachers started at the beginning of the Spring Term, the average number of days of untaken leave requiring provision to be made would be:

Start Term	Accrued Holiday Untaken at 31 March 2011	Percentage of Teachers Started that Term	Weighted Accrual
Summer	8.9 days	15%	1.3 days
Autumn	30.4 days	70%	21.3 days
Spring	18.3 days	15%	2.7 days
Total		100%	25.3 days

31 The regulations provide for a day's pay to be paid as 1/261 of the annual salary. Therefore the provision expressed as a percentage of annual pay required at this authority for teachers starting employment in 2010/11 would be 9.7% of pay (ie 25.3/261).

32 However, provision would not only be needed for teachers starting in 2009/2010 year. Broadly similar levels of provision would be required for all teachers whatever year they started in; but with some variation depending on the precise number of term days and holiday days occurring since the commencement of employment. For example a teacher that started in the Autumn Term of 2008/09 at the authority on which the example is based would have worked 341 term days, resulting in holiday entitlement of about 115 days but have only taken 85 days holiday, giving 30 days of untaken leave at 31 March 2010 requiring provision to be made under IAS 19.

Accrual of Teachers' Holiday Pay in England and Wales

33 The regulations governing the accrual of holiday pay in England are not mathematically precise as in Scotland. Teachers accrue holiday entitlement by rendering service but unlike in Scotland working one term day does not earn a fixed amount of holiday entitlement. The basic rule governing the accrual of holiday in England is that a teacher:

"should receive not less than one-third of a year's salary for each full term's service."

Terms may vary in length from about 60 days to 70 days so one day's service does not accrue exactly the same amount of holiday entitlement (as is the case in Scotland). Moreover, while employment is usually from the beginning of a term it might start at another date. No adjustment of holiday entitlement is made for mid-term employment starts.

34 The regulations go on to say:

"For the purpose of these arrangements the three terms in each year shall be constituted as follows:

- *the Summer Term from May 1 to August 31;*
- *the Autumn Term from September 1 to December 31;*
- *the Spring Term from January 1 to April 30."*

35 Therefore for the most typical scenario of a teacher who started teaching at the beginning of the school year on 1 September:

- working the Autumn Term gives entitlement to receive 4 months pay for the period 1 September to 31 December
- Working the Autumn and Spring Terms gives entitlement to receive pay for the 8 months 1 September to 30 April
- Working the Autumn, Spring and Summer Term gives entitlement to receive 12 months pay for the period 1 September to 31 August.

36 However, in actuality teacher employment dates do not always start on 1 May, 1 September or 1 January. The regulations deal with this as follows:

"Teachers taking up work on first appointment, or on re-appointment, or on transfer from another employer:

- a) *at the commencement of a school term will be paid salary:*
 - i) *after the Summer vacation from September 1; or from the first school day of the Autumn Term if this shall be earlier than September 1;*
 - ii) *after the Christmas vacation from January 1;*
 - iii) *after the Easter vacation from May 1; or from the first school day of the Summer Term if this be earlier than May 1;*
- b) *during the school term will be paid salary from the first school day worked by the teacher."*

37 The following table shows the year-end accrual for a variety of term start dates for teachers continuing their employment into the Summer Term or leaving at the end of the Spring Term and not taking up a new teaching

appointment. In all cases the provision required would be one month's pay less the number of Spring Term days occurring after 31 March. This would also be true of teachers whose employment commenced mid-term; holiday entitlement is secured by completing terms rather than working the whole term.

TEACHERS CONTINUING IN EMPLOYMENT AT 31 MARCH OR LEAVING BUT NOT TAKING UP A NEW TEACHING APPOINTMENT			
Term and Teacher Start Date	Months of pay received in reporting period	Months of Pay earned (which is start date to 30 April) in reporting period	Pay provision required at 31 March for accrued leave untaken
SUMMER TERM			
All 'Established' Teachers ie started before the Summer Term.	12.00 months	13 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Summer Term starts 1 April or before	12.00 months	13 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Summer Term starts 8 April	11.77 months	12.77 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Summer Term starts 15 April	11.53 months	12.53 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Summer Term starts 22 April	11.30 months	12.30 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Summer Term starts 28 April	11.07	12.07 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Summer Term starts 1 May	11 months	12.00 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
AUTUMN TERM			
New teachers where Autumn Term starts 24 August	7.23 months	8.23 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
New teachers where Autumn Term starts 1 September	7 months	8 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March
SPRING TERM			
1 January	3 months	4 months less the number of Spring Term days falling after 31 March	1 month less the number of Spring Term days falling after 31 March

- 38 The following shows the effect in 2008/09, 2009/10 and 2010/11 of a provision made under IAS 19 for an authority that has adopted the Local Government Association's recommended school terms and holiday dates, which is known as the 'Standard School Year'.

Reporting Period	Easter Term End Date	Spring Term Working Days After 31 March	Spring Term Working Days in April	Provision Required
2007/08	Fri 4 April 2008	4	22	18 days
2008/09	Wed 3 April 2009	3	22	19 days
2009/10	Thu 1 April 2010	1	22	21 days
2010/11	Friday 8 April 2011	6	21	15 days

- 39 It can be seen that the above meets the basic rule of accumulating holiday entitlement in England and Wales ie that a teacher

"should receive not less than one-third of a year's salary for each full term's service."

Teachers' pay for the Spring Term starts on 1 January even if the first work day is after 1 January so by working the Spring Term one-third of a year's pay is earned (ie the four months 1 January to 30 April). Any days that teachers are required to work in April in order to complete the Spring Term have the effect reducing the required provision for untaken leave required at the 31 March.

- 40 The required provision for holiday untaken 31 March 2010 (ie the first year that provision under IAS 19 for untaken leave will need to be determined) for teachers continuing in employment or leaving not to another teaching post will be 21 days pay (ie 22 days – 1 day) or 21 days / 261 days of the annual pay, which is 8% of pay. The required provision is likely to be one more day (22 days) for schools that have not adopted the standard school year since 2010 Easter Sunday is 4 April and such schools are likely to have Spring Term end date in late March. Where this is so the provision would be 22 days / 261 days of pay, which is 8.4%.
- 41 The provision required for teachers resigning at the end of the Spring Term and taking up another teaching post will be smaller than for those continuing or leaving without taking up another teaching post, since in this case the first employer is only responsible for paying salary to *"the day preceding the day on which the school under the new employer opens for the Summer Term"*.
- 42 The provision required at the balance sheet date for teachers resigning to take up another teaching appointment will therefore be for the number of weekdays from 1 April to the day before the teacher starts the new teaching post less the number of Spring Term days that occur after 31 March. For example for a teacher that resigned at the end of the 2010 Spring Term, if both the school from which the teacher is resigning and the teacher's new

school has adopted the standard school year, the teacher would start the new job on 19 April. There are 12 weekdays in the period 1 April 2010 to 18 April 2010 but the teacher worked for the old school on 1 April, so the old employer would make provision for 11 days pay or 11/261 (4.2%) of annual pay.

43 If it is assumed that:

- 90% of teachers employed at an authority on 31 March 2010 continued their employment with the authority into the Summer Term or left at the end of the Spring Term without taking up another teaching appointment; and
- 10% left at the end of the Spring Term to take up another teaching appointment, the provision for untaken leave required would be as follows:

	Percentage of Teachers	Untaken leave at 31 March 2010	Weighted untaken leave
Teachers continuing or resigning without taking up another teaching job	90%	21 days	18.9 days
Teachers resigning to take up another teaching job	10%	11 days	1.1 days
Total	100%		20.0 days

44 The provision required at 31 March 2010 for untaken leave would be 20/261 (7.7%) of teachers pay.

Estimation of accrual required for a range of authorities

English and Welsh authorities that are unitary authorities and therefore employ teachers

45 Assuming a typical English or Welsh unitary authority that is an education authority has the following characteristics:

- 40% of salary costs are for teachers and other employees with school holiday leave arrangements; and
- 60% of salary costs are for staff who can choose when to take holiday
- a flexitime scheme available to 40% of employees.

A plausible typical estimated of the level of provision for untaken leave and flexi-time that might be required under IFRS would be as follows:

Teachers salaries 40% * 7.7% = 3.1% of authority's annual pay costs
 Other salaries 60% * 1.3% = 0.8% of authority's annual pay costs
 Flexi-leave 40% * 0.5% = 0.2% of authorities annual pay costs
Total provision required = 4.1% of authority's annual pay costs

English County Councils

- 46 Teachers and other staff on school holiday type arrangements will comprise a larger proportion of employees in English County Councils than in Unitary Authorities, because of the smaller range of services they provide. A plausible typical estimated of the level of provision for untaken leave and flexi-time that might be required under IFRS would be as follows:

Teachers salaries 60% * 7.7% = 4.6% of authority's annual pay costs
 Other salaries 40% * 1.3% = 0.5% of authority's annual pay costs
 Flexi-leave 25% * 0.5% = 0.1% of authorities annual pay costs
Total provision required = 5.2% of authority's annual pay costs

Scottish authorities (which are all unitary authorities providing education services)

- 47 All Scottish authorities provide education services and therefore employ teachers. The plausible estimated level of provision required for a Scottish authority that operates a flexi-time scheme might be as follows:

Teachers salaries 40% * 9.7% = 3.9% of authority's annual pay costs
 Other salaries 60% * 1.3% = 0.8% of authority's annual pay costs
 Flexi-leave 40% * 0.5% = 0.2% of authorities annual pay costs
Total provision = 4.9% of authority's annual pay costs

Authorities in England and Northern Ireland that are not education authorities

- 48 The plausible estimated level of provision required for authorities that do not employ teachers but which operate a flexi-time scheme might be as follows:

Other salaries 100% * 1.3% = 1.3% of authority's annual pay costs
 Flexi-leave 80% * 0.5% = 0.4% of authorities annual pay costs
Total provision = 1.7% of authority's annual pay costs

- 49 While there is a high degree of assumption and approximation in the calculation of these estimates, the teachers' untaken holiday pay provision should be fairly accurate and therefore the estimates should be a reasonable 'ball-park' estimation of the scale of provision needed for untaken leave and flexi-leave on adoption of IFRS in those authorities most severely affected.

CONCLUSIONS

- 50 Implementation of the 'accumulating short-term compensated absences' provisions of IAS 19 Employee Benefits would result in a significant reduction in authorities (restated) opening 2010/11 General Fund Balances. The affect on authorities that employ teachers will be very significant. Discussions with stakeholders of how the effect on the General Fund Balance and in turn on

2010/11 council tax demands can be ameliorated should be brought to a conclusion as soon as possible.

- 51 As a result of the differing dates on which the Easter falls, there would be volatility in the year end accrual required for teachers' untaken leave at the balance sheet date. The secretariat suggests that the option of using a formula that comes up with a fair average accrual for untaken leave at 31 March should be explored. One approach might be to determine the mathematically precise average date for Easter Sunday and assume that the Easter holiday always starts on that day, if a weekday, or the next following week day for the purposes of calculating the provision for untaken leave. Another might be to assume the Easter holiday always starts on the first weekday in April for the purposes of calculating the provision for untaken leave. On this basis there would always be exactly one Easter holiday falling in each financial year and an equal (or very nearly so) number of teacher workdays and teacher holiday days would fall in each reporting period.