

## 6.2 BENEFITS PAYABLE DURING EMPLOYMENT

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### 6.2.5 Statutory accounting and disclosure requirements

- 6.2.5.1 Regulations in England and Wales, [the Accounts Direction in Northern Ireland](#) and statutory guidance in Scotland require that the General Fund is not charged with amounts in respect of short-term accumulating compensated absences until the liability in respect of that absence ceases or is discharged (see part 2 of Appendix B for the legislative basis). Where the Surplus or Deficit on the Provision of Services includes a charge in respect of short-term accumulating compensated absences for which a liability exists on the Balance Sheet, authorities shall credit the General Fund and debit the Accumulated Absences Account (Employee Statutory Adjustment Account in Scotland, [Accumulated Absences Reserve in Northern Ireland](#)) with an equivalent amount; this transfer shall be reported in the Movement in Reserves Statement. Once the liability is removed from the Balance Sheet, the transfer shall be reversed and reported in the Movement in Reserves Statement.
- 6.2.5.2 Regulations in England and Wales require that the General Fund is only charged with amounts in respect of other long-term employee benefits when payments are made. In Scotland, statutory guidance requires that the amount chargeable by police and fire authorities to the General Fund is restricted to actual payments made in respect of injury benefits (see part 2 of Appendix B for the legislative basis). This treatment matches that for post-employment (pension) benefits, and authorities shall apply the statutory accounting requirements in respect of pension benefits (see paragraphs 6.4.3.28 to 6.4.3.31) to other long-term employee benefits, with the exception that in Scotland, amounts are to be transferred to the Employee Statutory Adjustment Account rather than the Pension Reserve.
- ~~6.2.5.3 The Accounts Direction in Northern Ireland requires short-term accumulating compensated absences to be accounted for in accordance with the Code. However, the Accounts Direction permitted authorities in Northern Ireland to spread the charge to the District Fund in respect of recognising the initial accrual for these absences (recognised in the opening 1 April 2009 IFRS Balance Sheet) over up to three years, ending on 31 March 2012. Therefore, if an authority has a balance outstanding on the Accumulated Absences Account, it shall transfer this balance to the District Fund during 2011/12. This transfer shall be reported in the Movement in Reserves Statement.~~

### 6.2.6 Changes since the 2010/11 Code

- 6.2.6.1 Regulations and statutory guidance were issued after the publication of the 2010/11 Code. The regulations and guidance mitigated the impact of the Code's provisions in respect of short-term accumulating compensated absences and other long-term employee benefits on the General Fund. The 2011/12 Code incorporates these regulations and statutory guidance for the first time, however the provisions in respect

of short-term accumulating compensated absences apply from 1 April 2010, and those in respect of other long-term employee benefits (injury benefits in Scotland) apply from 1 April 2009.

6.2.6.2 In Northern Ireland, the [revision to the Accounts Direction requirements](#) covering the transition to IFRS [now](#) provides ~~limited~~ [the same](#) mitigation for the impact of the Code's provisions in respect of short-term accumulating compensated absences [as England, Scotland and Wales](#). The 2011/12 Code [Update \(and the 2012/13 Code\)](#) incorporates this mitigation; ~~the Accounts Direction also applies to the 1 April 2009 restated Balance Sheet, restated 2009/10 financial statements and 2010/11 financial statements.~~

## APPENDIX B

# Sources and legislation

## PART 2 – LEGISLATIVE BASIS FOR STATUTORY ACCOUNTING SECTIONS OF THE CODE

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| Chapter/section                        | England and Wales   | Scotland  | Northern Ireland                                       |
|--|---|---|--|
| 6.2 Benefits payable during employment | SI 2010/454 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2010.<br>SI 2010/685 (W.67) The Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2010. | <p><b>Short-term accumulating compensated absences:</b></p> <p>Guidance issued on 8 July 2010 under section 12(2)(b) of the Local Government in Scotland Act 2003 (Scottish Government Finance Circular No 3/2010)</p> <p><b>Injury benefits (accounted for as post-employment benefits):</b></p> <p>Guidance issued on 31 March 2010 under section 12(2)(b) of the Local Government in Scotland Act 2003 (Scottish Government Finance Circular No 8/2010).</p> | Accounts Direction (Circular LG <del>2210/4011</del> ) |

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