**Minutes of the Executive Committee**

**10th December 2021**

**Venue: Virtual Meeting**

**SDCT Website:** [**www.cipfa.org/partners/society-of-district-council-treasurers**](http://www.cipfa.org/partners/society-of-district-council-treasurers)

**In Attendance:** Adrian Rowbotham (VP), Angela George (Secretary), Terry Collier, Homira Javadi, Simon Freeman, David Stanley, Sian Moore, Clare Fletcher, Richard Bates, Carolin Martlew.

**Also:** Andrew Chappell (PSAA)l, Vicky Davis (NAO), Guy Clinton (GT). Rob Baxter(Link), Jo Pitt (CIPFA), Aiva Statkevicius (LGA)

1. **Apologies:** Alison Scott**,** Peter Stuart,Jenny Poole**,** Peter Catchpole, Helen Smith, Richard Baker,Tracey Bircumshaw, David Heyes, Sal Khan.
2. **Minutes of meeting of 8th October**

The minutes of the previous meeting of 8th October 2021 were agreed.

Clare Fletcher reported that there were some teething problems with the handover of the Treasurer duties including updating the Distribution list (a continuous task) but that it was in hand. Any other matters arising, or outstanding issues are considered further on the agenda.

1. **Audit Issues**

**3.1 PSAA – Andrew Chappell**

Andrew provided an update on the following issues:

**Continuing meetings**:

DLUHC - Local Audit Liaison Committee

PAC Hearing on Local Government Finance had lots of references to the audit position,

FRC – appointment to Head of Local Audit Unit advertised.

**Audit Completions** End of November: Overall: 134/474 = 28%. The 2019/20 figure was 55% complete. Updated Overall Sector = 28%

Districts 40/187 Districts are completed = 21%

County Councils 8/25 = 32%

Unitaries 7/55 = 9%

London Boroughs 5/32 = 12%

Metropolitan Districts 15/34 = 44%

A query was raised that one of the criticisms raised on the CIPFA Financial Management Code compliance audit was that the audit of the accounts was not yet complete – this was considered to be an unfair criticism of the CFO as the issue is generally out of their hands. Jo Pitt agreed to take this back to be considered by CIPFA. Andrew reiterated that there was currently no statutory deadline for the completion of the audit of the accounts.

**Action – Jo Pitt**

**Opt-in position –** in September PSAA invited all principal LG bodies (including police and fire) to become opted- in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023 when the current contracts end. So far 42 bodies (13 districts) have opted in and a further 80 + so far have indicated they will be opting in (44 districts). Discussion amongst the Executive suggested that not all LA’s will be opting in although it is anticipated the vast majority will.

**3.2 NAO - Vicky Davis**

Vicky provided an update on a number of NAO issues (slides on SDCT website) including:

* Covid19 cost tracker
* The LG Finance System – overview and challenges (PAC concern over Local Audit)
* Employment support – The Kickstart Scheme
* Regulation of Private Renting
* BEISS Annual Report and Accounts
* WIP – Future studies include:
* Supporting Local Economic Growth (due Jan 2022)
* Lessons from introducing IR35 reforms (Due Jan 2022)
* Affordable Housing (due June 2022)
* Sport Participation (due July 2022)

Vicky requested that if there were any ‘hot topics’ that SDCT would like NAO to look at to let her know.

1. **Finance and Budget Issues including Provisional LGF Settlement**

The announcement of the Provisional Settlement is due on 16th December.

It was noted that there had been a request from DCN on the Covid Compliance regime and there was very little time to r=turn round the information requested.

1. **Consultation Responses:**
* **MRP Consultation (DLUHC)**

Aiva (LGA) asked if SDCT were responding to this consultation by the deadline of 8th February 2022 as the changes suggested could have adverse effects on service delivery where MRP is not currently being provided on Loans.

See further information in para 6.4

**Action – David Stanley to prepare response on behalf of SDCT.**

* **Business Rates Consultation (DLUHC)**

Aiva reported that the response to this consultation is required by 22nd February and there were important issues to consider including:

* Measures to enable more frequent revaluations
* Improvement relief
* Support for investment in green plant and equipment
* Other administrative changes

**Action – Alison to co-ordinate consultation response.**

1. **SDCT Advisor issues:**

**6.1 LGA:**

In addition to issues already discussed, Aiva reported on an online Sales Tax consultation which would hopefully be published shortly. This follows concerns outlined in the Governments 2021 Fundamental Review of Business Rates that businesses that substantially operate online, pay comparatively less in business rates than ‘bricks and mortar’ competitors and that this distorts the relationship between business rates and economic conditions.

**6.2 CIPFA**

Jo Pitt reported on the following:

* **Prudential and Treasury Management Code consultation**

The consultation has now closed. The work has generated significant debate and several common queries have been identified some of which have been discussed in the press. To clarify our position [this article](https://www.publicfinance.co.uk/opinion/2021/11/code-switching-qa-emerging-prudential-and-treasury-management-code-changes) has been written by CEO Rob Whiteman. There was a round table on 3rd December attended by Jenny Poole from SDCT and intention for a summit on 10th Feb. Release is expected before Christmas.

* **Resilience Index**

DLUHC released data on 9 December some LA’s still to respond. Areas around reserves and fees and charges remain high on the agenda and will need a local narrative. This will be free to air accompanied by a briefing note and will be released to CFO’s prior to general release. This is expected to be early January following quality checking.

* **Art of reorganisation**

This new publication will be available after Christmas – webinars and a briefing note are available on the web site.

* **Links with ICAEW**

CIPFA members will be aware that talks are currently taking place this is in the early stages and further information is available on the website.

* **CFO CPD**

To give additional support to CFO’s we are providing more guidance around the CFO CPD. This will still be self-assessment and combined with an updated annual membership statement we intend to provide additional support to CFO’s through the Institute route. The changes have been discussed at ALATS.

* **CIPFA CFO retreat**

This will be held in May 10/ 11 2021 although no date suits everyone we hope this works with SDCT dates – any comments please let me know

* **Reviews and assurance**

In June 2021 CIPFA was engaged by DLUHC (previously MHCLG) to support 8 authorities who had requested capitalisation directions. CIPFA role was to provide recommendations for how they can improve financial management and governance locally. Supported by Grant Thornton UK LLP and Peopletoo these reviews are now complete and have been published**.**

* **Emerging themes include**
* Insufficient focus at Member level to address the financial challenges
* Lack of clear understanding on the extent of the financial risks associated with regeneration and companies
* Needs to develop/ improve a long-term planning around assets

This work is providing backing evidence for the new CIPFA Practice oversight panel which meeting in December more details can be found on the web site

* **Fellows Lecture**

The Fellows Lecture will take place at Mansell St on 19 January 2022. Roger Harrabin, the BBC’s energy and environment analyst, will deliver the lecture for those who wish to attend.

* CIPFA has recently carried out research to support work around audit **- The Examination of ISA 260 Reports for the 2019/20 financial year** is now complete but they would like to sense check our findings with a couple of SDCT CFO’s over the next week so anyone interested should contact Jo directly.

**Action – SDCT Executive**

**6.3 Grant Thornton**

Guy Clifton updated the Executive on the following:

* Levelling Up Index, not published yet, but possible theme for GT to present to SDCT during 2022
* GT will be publishing an update on their Public Interest Reports lessons learned paper in Feb 2022. Link here - <https://www.grantthornton.co.uk/en/insights/lessons-from-recent-public-interest-reports/>
* GT were involved in some of the DLUHC finance review reports, now published.

**6.4 Link**

Rob Baxter updated the Executive on the following:

**CIPFA – TM & Prudential Code consultations:**

* 66% of respondents supportive of proposed changes
* Both Codes and Guidance Notes due to be issued on the 20th December
* Soft Launch in 2022/23, with formal adoption from 2023/24
* Link have had regular meetings with CIPFA at different stages of the consultation process – which has been useful
* Link will be producing updated TMSS Templates, reflecting the Code changes and will be running a series of events in January on the key changes for clients

**DLUHC – MRP consultation**

* Issued on the 30th November, deadline for responses 8th February 2022
* There are 2 main areas that the consultation is wishing to address;
	+ Excluding specific debt from the MRP determination (investment assets etc)
	+ Use of capital receipts in lieu of all or part of the revenue charge (LTPs)
* The Governments view is that both practices are not permitted under the framework
* Consultation states changes will not be retrospective, however not 100% clear what this means in practice
* The proposed changes will potentially amend the Statutory Regulations to require local authorities to view the Guidance as prescriptive and more like the old regulations (pre 2008) which set out exactly how MRP was calculated.
* This could be viewed as taking away the flexibilities that the 2008 regulations provided to local authorities
* We would encourage Authorities to respond to the consultation setting out their concerns, the revenue budget implications of this potential change and the impact it would have, if applied.
* Link will be issuing a Technical Release for clients, which will assist with their response to the consultation
1. **Any Other Business**:

- It was noted that the 2-day event for wider District Members was now scheduled for 17th and 18th March and the flyers would be sent out in the new year (following a further assessment of the Covid position).

**Action – Angela**

* A query was raised on the validity of a leak of a LGR ‘master plan’ in the MJ. The Government had issued no comment at that stage.
1. **Date of Next Scheduled Meeting: 7th January 2022 (Private)**
2. **Executive Issues:**

**9.1 VAT Tribunal Case – Leisure Services non-business for VAT purposes**

This has been raised by a member authority asking for support and following discussion it was agreed that SDCT would support the position and circulate information to its members. The financial benefit goes to those with in house leisure services only albeit it may make it financially possible for a Council to bring the service back in house.

**Action – Clare to circulate to members**