**Society of District Council Treasurers**

**Minutes of the Executive Committee held on 28th February 2014**

**At the CIPFA Offices, Robert Street, London**

**In Attendance:**  Peter Stuart (President), Paul Cresswell (Vice President), Angela George (Secretary), Alan Peach, Bob Palmer, Frank Wilson, Simone Donaghy, Jo Wagstaffe, Chris Brewer, Jill Penn, William Jacobs, Sandra Cowley, Alan McFarlane, Rob Bridges, Norma Atlay, Dean Langton, Peter Gillett, Jane Kitchen, Shirlene Adam .

**Also in attendance:** Sally Marshall (DCEN), Mile Heiser and Aivaras Statkevidus (LGA).

1. **Apologies**

**Apologies** were received from – Martin Henry, Steve Richardson, Jason Vaughan, Kevin Jaquest, Nick Eveleigh, Chris Mills

Apologies were also received from Cecilie Booth (Sector), Mike Suffield/ Aileen Murphy (NAO), Marcine Waterman (Audit Commission) and Alan Finch (LGA)

It was noted that Martin Henry would be taking a sabbatical due to personal circumstances.

1. **Minutes of Previous Meeting and actions arising**

Minutes of the previous meeting of 22nd November were agreed.

**Action - Steve Richardson to report back on discussions with CIPFA**

Due to Martin’s extended absence from the SDCT, Frank Wilson will take over the role of SDCT Treasurer and the Accounts and Budget issues will be presented to a future meeting.

**Action – Frank Wilson**

Other outstanding actions have either been actioned or picked up elsewhere on the agenda.

1. **Financial Settlement Issues 2015/16**

Key issues discussed were:

* The late referendum limits announcement
* The distribution system and the growing imbalance between need and growth.
* The change in the DFG system from 2015/16 (Better Care Fund).

These issues would be taken up by the LGA with support from the Treasurer Societies. The next meeting of the LGA Core Advisors Group would be held on 4th April.

1. **FRC Levy**

Bob Summers (ALATS) and David Andrews (FRC) attended and explained the background to the issue (presentation attached).

Briefly the issue of the FRC levy has been ‘in dispute’ since 2008 when the DCLG ceased (without consultation) the top slicing of FRC funding from local authority grant aid necessitating the FRC to recover the levy directly from Local Government. Since then there has been an ongoing dialogue from time to time on the justification etc for the levy. During this time a debt collection agency acting on behalf of the FRC has been pursuing the payment of the levy which has been issued to all local authorities and separately to pension funds.

The current situation is far from satisfactory, some authorities have paid, some have not and there is a real question about understanding the role of the FRC in relation to our activities.

Following the presentation from David Andrews it is clear that the FRC is in a difficult position with a clear role that does impinge on our responsibilities and is in a position not of its own making (notwithstanding the poor communication on the issue over the years).

Following discussion the Executive agreed that the issue does need to be resolved and agreement sought on the handling of this for the future. In principle members felt that they could support payment of the levy this year on condition that the FRC, Treasury and Treasurer Societies meet to agree the outstanding issues (e.g. what service authorities get for the charge and why it should be charged individually to authorities). Clearly however it is a matter for each individual authority to decide whether to pay or not.

ALATS will discuss the issue at their next meeting.

**Action – Peter Stuart to represent the SDCT view at the ALATS meeting.**

Following the FRC presentation, Bob Summers (in his role of Chair of the CIPFA Pensions Panel), gave the Executive an overview of the main current issues with respect to pensions changes.

1. **Land Registry – digital day**

The note circulated by Peter Stuart was circulated (attached). Briefly the proposal is for the Land Registry to incorporate the Local Land Charges function within its business model and take on wider powers. This clearly has an impact on Local Authorities and their income flows. Although the issue is still currently in the consultation period, there was a feeling that the decision had already been made. It was agreed that Peter Stuart would draft a response on behalf of the Society.

**Action – Peter Stuart to draft a response on behalf of the SDCT to assist authorities in responding to the consultation.**

1. **Local Government Finance Act update**
	1. **Local Support for Council Tax**:

Current issues include the passing of ‘LCTS grant’ to parishes; the stealth cut nature of the grant allocation; changes to the scheme in 2015/16 and the implications from the three year review of the scheme; collection and write-off issues. The issue of whether further flexibilities could be gained (e.g. single person discount) was also discussed and this will be taken up by the LGA / Treasurer Societies as a whole.

**Action – Dean Langton to advise**

* 1. **Business Rates:**

There has still been no publication of the accounting regulations despite promises of ‘imminent announcements’. There are still concerns over the year end accounting treatment and particularly the provision / contingent liability for appeals. Angela George and Simone Donaghy had met with Alison Scott from CIPFA to discuss the concerns and implications. The LGA ‘solution’ of appeals up to the start of the new system being provided for against the ‘old’ pool has not been accepted. The DCLG appear to have been ‘surprised’ by the level of appeals nationally and therefore the level of the provisions which will be required.

It was noted that the NNDR3 return would no longer be audited separately and that the audit of the provision would be done as part of the audit of the Statement of Accounts. There is clear concern over what evidence the auditors will require and whether a consistent approach will be taken.

The Small Business Rate Relief grant details have been received.

It was noted that the VOA had invited a number of authorities to discuss the valuation issues and how the system could be improved. Frank Wilson was attending one of the sessions and would update members.

Mike Heiser reported on the Business Rates Administrative Review. TheTerms of reference for the review were announced in February and are:

* administration of billing and collection by local authorities, including the application of reliefs and exemptions; and of valuation by the Valuation Office Agency, including the scope for improvements in communication and the exchange of information between ratepayers and public bodies
* the circumstances under which liability can be backdated
* changes to valuation methods, consistent with the principle that business rates are based on rental property values and that the rates retention system rewards local government for growth in values
* frequency of revaluations to enable tax assessments to be based on up-to-date property values

The terms of reference go on to say that any changes “ will need to maintain the aggregate tax yield from which to fund local services, preserve the same level of financial autonomy to authorities and the local incentives to promote growth that were delivered through the implementation of the business rates retention scheme introduced on 1 April 2013.”

So far the review has been carried out internally by the Treasury, DCLG and the Valuation Office Agency. The LGA has not been asked to sit on the review group.

The understanding is that a consultation paper will be published towards the end of April.

**Action** **– Steve Richardson to attend the next meeting of the Business Rate Implementation Group and keep members informed of progress on outstanding issues.**

**Action – Frank Wilson to advise on the meeting with the VOA.**

**6.3 Council Tax Technical Changes**

No specific issues reported.

1. **Welfare Reform**

Alan McFarlane provided an update on current issues and a briefing note is attached.

DWP Working Group – discussed notes of meeting of January from Andrew Stevens (attached).

It was agreed that the issue of SFIS would be considered at the next meeting and that a representative from DWP would be invited to attend.

1. **Audit Issues**

**8.1 NAO:**

No specific feedback to report.

**8.2 Audit Commission:**

Bob Palmer updated the Executive on the Audit and Accountability Act and the closure of the Audit Commission from 31/3/15. There had been a couple of reports issues by the Audit Commission lately that members felt would have benefited from more practitioner input.

1. **Advisor Reports**

9.1 Assets (paper awaited from Peter Gillett)

1. **Reports from External Bodies / Sponsors:**

**10.1 DCEN –** Sally Marshall gave an update on key issues discussed at the DCEN meeting.

**10.2 LGA Core Advisors / SOFI –Mike Heiser** provided an update of the key issues. The next meeting was scheduled for 4th April which clashes with the next SDCT meeting. He undertook to try to change the time of the meeting (unsuccessfully).

**10.3 Sector Update – none**

1. **Any Other Business:**
	1. The New Homes Bonus survey was discussed
	2. The current issues surrounding PSN compliance was discussed.
2. **Date of Next Meeting** – 4th April.
3. **Part B – Private Executive Business**
	1. **SDCT Constitution**

Still work in progress

**Action – Angela George to finalise for agreement.**

* 1. **New members / Advisor Roles**

Due to the new members joining the Society the roles were discussed and revised again.

**Action - Angela George to update as discussed**

* 1. **Second Vice President**

This role is vacant and nominations will be requested.

**Action – Angela George to circulate**

* 1. **SDCT lunch arrangements –** agreed Boyds Brasserie at lunchtime

**Action – Angela George to progress arrangements**

* 1. **Secretarial arrangements**

The Executive discussed the role of the Secretary (the Secretary was not present for this item). It was agreed that the post of Hon Sec will continue, and that the incumbent is happy to continue in that role on a rolling annual contract on terms to be agreed with any incoming President (who should consult on this with the Exec annually).

**DWP / LAA Steering group meeting report – January 2014**

**Local welfare provision**

Autumn Statement revealed 15/16 deadline for funds to be withdrawn.  CLG won't monitor after 15/16 but will expect Councils to fund out of general funds.  Ministers "expectation" that this will continue to be funded by Councils ?.

**DWP debt recovery**

10,000 outstanding cases for attachments to benefits for CTX nationally.  DWP are content with this.  Questionnaire to be sent to Revs/Bens managers as they try and forecast impact for 14/15.  Raised issue with transition grant dropping out.

**DHP**

Another 2 weeks left for bids to arrive.  40 out of 60 bids awarded.  £4.5m awarded out of £20m total.  More bids to be decided mid February.  No one has been refused at this point.  Minister wants to look at all bids before they are awarded hence DHP awards all notified in mid Feb.  Some funding bids were reduced on award due to the amounts involved.  Quite a substantial amount have had full award.  Some Councils have been bidding for 6x their annual allocation.

14/15 allocations.  Various options tabled.  Total amount £165m for 14/15.  DWP notionally allocated to each area of benefit reform but LA freedom for how it is spent.

**Size criteria**

Draft regulations going to SSAC on 30th January.  Minister setting timescale.  Enforceable by 3rd March.  DWP have had their own Barrister looking at them as well as own lawyers. They will be very interested in any points of law we have found on the draft regs.

Issue around evidence requirements.  DWP asked for guidance to justify evidence requirements.  DWP only sending out information that has been cleared by lawyers.  No further guidance to be given.  LAAs pushing for consistency in approach.

DWP saying it is for LAs to decide whether DHP recovered or not.  DWP don't want to issue guidance around whether or not to recover.  They suspect we will be JR'd if we try and recover but windfall for claimants will result.

**PSN**

DWP is IL4 data transferring to IL2 network.  DWP acknowledges risk and are looking to overlay encryption so that data is then reclassified as IL 3.  In terms of IL4 impact there are reclassifications going on which will change this again.  DWP will get a note from the Cabinet Office clarifying.

**UC**

May expand to couples then expand geographic area ditto families.  No further investment will be made in pathfinder state. Then "end state" will arrive with GDS digital solution.  During 2016 all areas to go live with new claims for UC.  Some migration will start in 2016 too.  By end of 2017 all migration will be completed.

**CTS**

CLG acknowledged errors in some uprating and will change it ASAP.

**SFIS**

Joint working group set up on how SFIS will work with LAs.  First meeting on 28th Jan.  Looking at data sharing as priority.  Updates to future Steering Groups.  Meeting on 24th Jan with LAAs and SOG to share options and proposals.  This will be brought back to Steering Group on 5th Feb.  Oct 14 to Mar 16 implementation.  They will then write to CXs on implementation plans and HR issues (TUPE). More info on 5th Feb.  Letter to CXs will be shared with Steering Group few days before it goes out.  Should be news on migration plan and CLG funding shortly.

**JSA for EEA migrants**

Formal consultation letter to be sent to LAAs in next few days.  Changes introduced for new JSA claims from 1.1.14.  Impact on HB claims as if JSA stops HB will too.  Not just new arrivals.  Will affect existing residents too if they claim JSA as a new claimant.  Only affects claims from July 14 onwards as 6 month rule in place.  LAAs requesting that DWP clarify exactly the reason why JSA stops.  DWP say it will say "other".  LAAs requesting more information on all of this.  Numbers, details etc.  More information to arrive. Does this affect local CTRS schemes ?  Otherwise people affected could claim CTS from a Council even if they have no right to reside and can't claim HB or JSA.