**Minutes of the Executive Committee**

**13th March 2020**

**LINK Offices, Gresham Street, London**

**SDCT Website: www.cipfa.org/partners/society-of-district-council-treasurers**

**In Attendance:** Simone Hines (President), Mark Dickenson (VP), Sal Khan, Peter Stuart, Terry Collier, David Stanley, Paul Deal, Alison Scott, Ka Ng, Alan Peach.

Also: Nicola Morton, Aileen Murphie, Andrew Chappell, Guy Clifton, Sanna Jenkins (item 8)

1. **Apologies**: Helen Smith, Simon Freeman Steve Hearse, Peter Catchpole, Clare Fletcher, Homira Javadi, Angela George, Adrian Rowbotham

**Also:** Rob Baxter (Link)

**Welcome**: Ka Ng

1. **Minutes of Previous Meetings and matters arising**

The minutes of the previous meeting of 10th January were agreed. Any matters arising are either considered further below or on the agenda:

* Awaiting confirmation from CIPFA / LASAAC on SDCT nomination.
* Second Vice President position is still vacant.
* SDCT Distribution list needs to be updated – Jenny / Mark
* All Executive Members to join Linked In and send Peter the details.

1. **Update on LG Finance Issues and Budget**

Simone updated a few key points from a tele-conference with MHCLG and HMT earlier that week following the budget announcement:

* The Spending Review will conclude in July 2020 and will cover a 3-year period for revenue (to 2023/24 ) and 4-years for Capital (to 2024/25)
* The £5bn package for Coronavirus support measures includes £500m for a Hardship Fund to assist the most vulnerable households. More details are being worked up on this but it is likely to be administered through the Council Tax system with council tax discounts being awarded. No decision has been made yet on how to allocate it across LA’s.
* Additional NNDR relief measures – government accept that many LA’s will already have sent out bills for 2020/21. New Burdens funding will be provided for the cost of re-billing as well as the usual S31 compensation for lost income.
* Review of business rates – Terms of Reference have been published today. The aim is for a call of evidence in the Spring and for the review to complete in the autumn.
* PWLB rates for HRA borrowing will be reduced by 1% from tomorrow – effectively reversing the increase from last October. This is really good news and an indication that HMT did listen to the concerns that we raised and the examples we gave them. There will also be a further £1bn for Local Infrastructure Rate borrowing that will be available to bid for. The prospectus will be released tomorrow.
* A consultation on the future of the PWLB has also been launched today and aims to clarify that the use of PWLB should be focused on housing and regeneration purposes and not commercial investments. The intention is to lower rates generally – once a more robust system is in place.

**Nicola Morton (LGA) gave the following update:**

mentioned that £5bn primarily for the NHS formed part of the Budget for Covid 19 and asked for areas where Covid 19 could impact on local authorities.

The following points were discussed:

* Changing working practices / home working
* In house waste services
* Clinical Waste Collections
* Use of Leisure Facilities
* Impact on car parking charges
* Crematorium pressures
* HRA pressures – sheltered accommodation

There is a Hardship fund of £500m – this could potentially operate through a section 13a grant which would be at the discretion of individual authorities – and could be used to help those in receiving CTS – how this will operate in practice still needs to be worked through as there is a range of CTS levels across different authorities

**Business Rate Reliefs**

Business Rates - further reductions in business rates, costing the Exchequer about £2.5bn.

The Red Book confirms that local authorities will be fully compensated for the cost of these schemes through the usual section 31 grants.

Proposed changes to business rates which will be implemented in 2020/21are as follows;

Retail discount will be increased from 50% to 100% in 2020/21, and expanded to retail, leisure and hospitality businesses (£270m).

Businesses eligible for Small Business Rate Relief (SBRR) will receive a one-off £3,000 cash grant (about £2.2bn directed to local government through the business rates system). Public house discount will be increased from £1,000 to £5,000 in 2020-21 (£20m).

**Business Rates**

Potential changes around Transitional Relief

Reforms for setting the multiplier

Potential changes around Administration – compliance / appeals / avoidance

Extending how the current system works – consideration of Land Value Tax

Likely to be calls for evidence in the spring with a report in autumn

LGA have been invited to speak with the Treasury Team.

**PWLB Consultation**

Welcomed HRA changes

Concerns over proposals for commercial investments – SDCT looking to respond to consultation.

**Action - Paul Deal to lead.**

Consultation expected in the spring on housing incentives – which will replace the NHB.

1. **Audit Issues**

**4.1 PSAA (Andrew Chappell)**

Andrew Chappell was in attendance to address recent issues concerning the audit process. Steve Hearse has reported on a few issues which have been circulated including the SDCT Response to the consultation paper issued by the PSAA on the scale of audit fees for 20-21,

and notes from a PSAA Advisory Panel on 29th January.

Andrew updated on the following issues:

**Fees consultation**

Must be within Framework of Regulations

Dealing 18/19, 19/20 and 20/21

Letter sent to all 151’s in February

Issues delaying opinions

            Shortage of resources

            Quality of draft accounts and working papers

           Increased Complexity

Timing of discussions between audit firms and authorities – preference is for earlier.

**Touchstone Renard Report**

            Supply potential - Difficult to achieve

            Unattractive market – risk/resource/reward

            Limited KAPs

            NHS issues

            Options

**Client Survey**

End of this month

Varied – improvements to comms, local teams vs HO

**Redmond**

Reporting June (20th likely)

Brydon, Kingman, CMA

Knock on impact

Brydon FTSE – package as a whole

New corporate auditing profession

Opinion ‘Presents fairly’

Greater Responsibilities on directors

Resilience Statement

               Public Interest Statement

Auditable statement on the actions taken to prevent and detect material fraud

An annual attestation as to the effectiveness of the company’s internal controls

The Executive reiterated that the Local Government Sector had responded well to the earlier closure timetable and talk of extending the deadline wouldn’t be helpful to the Sector.

Andrew also referred to a report on the sustainability of local audit that PSAA had commissioned, with a link to the Website<https://www.psaa.co.uk/2020/03/news-item-independent-review-of-the-sustainability-of-the-local-government-audit-market/>

**4.2 NAO (Aileen Murphie)**

Aileen Murphie was in attendance and gave a presentation on the NAO Commerciality Study. 

Aileen also advised that the NAO has started a new study on Grant Funding to Local Authorities – please see the attached study flyer for more details on the scope of the study, and the timetable. 

The study is looking at changes and trends in the structure of central government funding to local authorities, and the impact on local authorities’ ability to achieve VFM.

As part of the fieldwork for this study, The NAO will be consulting District Council Treasurers, in order to capture views on the issues covered by the study. The focus will be around three main areas:

* Changes to funding structures since 2014
* Impact on ability of local authorities to deliver value for money
* Case examples of good and bad practice in the design of grant programmes.

The NAO hope to put out a call for evidence, covering 4 or 5 questions seeking views on the study issues, and asking for possible case study examples for our report, and would welcome SDCT assistance with this.

1. **Advisor Report**
   1. **VOA Local Authority Advisory Forum**

Steve Hearse had circulated notes of the meeting he had attended on 24th January.

1. **Reports and Updates from External Bodies / Sponsors**

Nicola Morton (LGA) and Guy Clifton (GT) gave updates from their specific areas – all previously covered on the agenda.

1. **Any Other Business – AGM 29th and 30th April 2020.**

**Postscript – Unfortunately the AGM has been cancelled due to the COVID-19 crisis.**

1. **Business Rates Alternative Model – (MHCLG -Sanna Jenkins)**

The BRR reform team would like to reach out to the wider membership of organisations that are being represented in the System Design and Implementation Working Groups and as such had requested a meeting with SDCT. The aim of the meeting is to increase awareness about the alternative model among the wider sector and to also help MHCLG understanding of how different organisations may view the model.

The team presented on the latest shape of the alternative model proposal. The presentation is awaited and will be placed on the SDCT website alongside a note of the key issues for the Sector to consider.

**Action – Mark Dickenson**

1. **Date of Next Meeting - AGM on 29th and 30th April, Coventry (now Cancelled)**
   * + - **5th June 2020 (Virtual meeting to be organised)**