



Minutes of the Executive Committee

14th October 2022

Venue: Virtual (Public) Meeting

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

SDCT Members In Attendance: Alison Scott (President), Adrian Rowbotham (Vice President), Angela George (Secretary), Clare Fletcher (Treasurer), Homira Javadi, Sian Moore, Richard Bates, Simon Freeman, David Stanley, Terry Collier, Peter Catchpole, Richard Baker, Clive Mason, Jon Illingworth, Richard Gibson, Emma Foy, Christine Marshall

Also: Nico Heslop (DHLUC), Nicola Morton (LGA), Vicky Davis (NAO), Andrew Chappell and Julie Schofield (PSAA), Joanne Pitt (CIPFA). Rob Baxter (Link), Sofia Brown (GT)

- SDCT Executive Apologies:** David Heyes, Carolin Martlew
Goodbye: Tracey Bircumshaw (West Lindsey) – The Executive wished to record thanks to Tracey for her input to the work of the SDCT.
Welcome: Clive Mason (Harborough), (Jon Illingworth (Rugby), Richard Gibson (Pendle), Emma Foy (West Lindsey), Christine Marshall (EL, SH, Boston)
- Minutes of previous meetings:**
NB: It was noted that the SDCT meeting scheduled for 9th September had been cancelled due to the death of the Queen.
The minutes of the previous meeting of 20th May 2022 with minor amendments were agreed.
Actions outstanding:
 - Alison to circulate BR consultation response for the website.
 - Alison to organise presidents chain handover with Simone.
 - Terry to progress Linked In
 - Terry to provide case study on construction inflation impacts to DLUHCAny other matters arising, or outstanding issues are considered further on the agenda.

Feedback from CIPFA Conference – SDCT Workshop 14th July

Adrian Rowbotham gave an update on the workshop **Council Owned Companies: A District Council perspective**, which had been well attended by over 100 delegates. Council-owned companies or local authority trading companies have made the headlines in recent months. They are an area of complexity and increasing risk for local authorities and CIPFA recently issued new guidance to promote best practice in their establishment and management. The session provided a district council view from senior leaders and expert advisers, gaining insight on how district councils' relationships with companies can work, what works well, the challenges to be aware of and how these can be managed.

Adrian chaired the session with speakers as follows:

- Louise Branford-White, Link Group and formerly Director of Finance at Hambleton District Council.
- Sandeep Bhakar, Knight Frank.
- Joanne Pitt, CIPFA

3. Financial Issues: Nico Heslop (DHLUC)

Nico Heslop advised that he was unable to say much on the current political situation but was aware that it was causing huge uncertainty and pressure. The chancellor (Kwasi Kwarteng) was on his way back from the USA and more would be reported in the media as it became known. Currently there is a £63bn 'black hole in government Finances. Following the 'mini budget' which had caused turmoil in the financial markets, the Governments 'fiscal plan' is due at the end of the month and Nico advised that this was still expected on 31st October – (postscript- this deadline was subsequently overtaken by events).

DLUHC are working on the Local Government Financial settlement for December and in the process are making Government aware of the significant pressure facing local government. They are hoping to produce a policy statement to come out in advance of the settlement setting out plans for key items such as business rates and new Homes Bonus.

He advised that because of the current huge level of uncertainty he felt that this year's settlement would be 'pretty close to rollover territory' and now was not the time for major changes. Alison stated that there was no time to consult on any changes in any event and the sector had never been in such an unknown situation at this point in the year.

Questions from SDCT included the impact of inflation including pay which was causing significant difficulties in LG Budgets. Nico advised that the Settlement would address this but reiterated the £63bn black hole which needed to be addressed and no options were looking good.

Several other issues were discussed including Business Rates, New Homes Bonus, HRA Rent Capping, Fuel Rebate, Business Energy Support Package, and Homes for Ukraine. Nico advised that it was hoped that more would be known in the next 4 to 6 weeks...

4. Audit Issues

Infrastructure Assets

The issue of the reporting of infrastructure assets and the resulting delay in signing off accounts by audit firms is ongoing. A paper from the CIPFA Task and Finish Group (which the Treasurers Societies including SDCT has been involved in) was circulated for discussion. CIPFA is working with DLUHC and proposals for a statutory override to remove the requirement to consider component derecognition is being considered. Audit firms are currently taking different approaches to signing off accounts with some indicating their preference to wait for the statutory override and others pushing for authorities to accept the 'limitation of scope' qualification and citing that authorities who do not accept this position are 'choosing to delay'. There was concern that authorities could end up with 3 or 4 years accounts open if the disclaimer was not put into the accounts, however the impact of a mass qualification of accounts was of significant concern.

PSAA – Fee Scale 22/23 – Andrew Chappell and Julie Schofield

Andrew Chappell and Julie Schofield gave an update on PSAA work [PSAA - SDCT 14 Oct 2022 delivered.pdf](#), including:

- the 2022/23 Fee Consultation. The outcome is to be published by the end of November,
- Procurement Outcome. PSAA advised that they had managed to secure enough audit supply but that it had been an extremely challenging process and there had been minimal competition. There was no spare capacity in the system and successful bids

were at a significantly higher rate with fees likely to be higher by c 150% compared to 22/23 and 23/24 (see further details in slides).

There has been strong reaction to the projected cost increase and PSAA have asked DLUHC to consider providing further support to bodies.

- Auditor appointment process

SDCT Executive discussed the issues and in particular the concern over the fee increase. There are a number of fundamental questions unanswered on the audit process and the underlying problems which have been discussed at SDCT and nationally for a long time remain.

NAO Update – Vicky Davis

Vicky gave an update on the following:

- Recently published work
 - o Affordable homes programme
 - o Introducing integrated care systems
- Forthcoming work
 - o Supporting vulnerable adolescents
 - o Local authority administered covid-19 support grants.
 - o Delivering regulation locally – lessons learned report.
 - o Preparing for adult social care reforms
 - o Local audit progress update
- S151s encouraged to get in touch with the NAO if they had particular issues that they feel would benefit from an NAO lens.

In response to a query on whether the NAO has a role around accounts simplification, Vicky advised that the NAO's remit did not extend to decisions around presentation of accounts – this was for the FRC, ICAEW and CIPFA.

5. Consultations:

• IFRS 9 Override – expires 31/3/23.

CIPFA have issued a joint statement with the ICAEW calling for a time limited extension to the IFRS9 statutory override, with the standard then fully applied after 2 years.

Under the override fair value movements in the value of pooled funds are recorded by local authorities in an unusable reserve rather than the general fund.

Conversely the SDCT have called for the override to be made permanent and have argued that this would protect Councils from volatile market movements which would cause significant financial difficulties.

• MRP Consultation (DLUHC)

Christine Marshall advised that her authority was working with DLUHC as they were trying to engage with Council's where this is a big issue. There is no further word on an expected announcement.

6. Sponsor and Adviser Updates

- LGA update – Nicola Morton:

- The LGA is working hard on making the case to Central Government on the cost pressures facing councils in 22/23 and the funding gaps in 23/24 and 24/25.
- There will be increased activity in the run up to the 31 October and also LGF Settlement
- A LGA submission, in advance of the fiscal announcement, is being finalised currently.

- This includes media work, parliamentary activity, social media, and a tool kit for councils to use with local media, residents and politicians.
- Nicola thanked councils for their contributions to the survey on cost pressures. The survey has been reopened so that the LGA can gather more evidence on cost pressures being faced and their implications for councils and residents.
- A multi-year settlement does not rule additional money being found before the future year settlement are finalised.
- The LGA has submitted responses to several consultations (on the LGA website):
 - Digitalisation of Business Rates
 - Technical adjustments to Business Rates Retention
 - CIPFA accounting code
 - Public audit forum practice note.
 - PSAA scale fees 2022/23
- On infrastructure assets it is understood by the LGA that a solution is not found shortly DLUHC will implement a statutory override

- **CIPFA update – Joanne Pitt**

Joanne circulated a paper covering a number of areas - [CIPFA policy update document SDCT October 2022 \(002\).docx](#).

In addition to this, Joanne also advised on an issue arising from the Solace Conference which would be to develop a pathway support for aspiring CFO's and requested SDCT thoughts on the issue. The work on CPD specifically for CFO's is outstanding.

Joanne had also previously advised that CIPFA are updating the CIPFA Role of the CFO document and requested a member of SDCT that would agree to an interview to talk through what they consider key elements of the role. This would be a virtual conversation lasting about 30 minutes hopefully within the next four weeks. Peter Catchpole had volunteered for the role.

Action – Peter to advise on progress.

Local Government Pension Scheme Advisory Board – A paper had been previously circulated detailing the terms of reference and membership of this new Board. The Board will cover the work formerly undertaken by the now defunct CIPFA Pensions Panel and are requesting a representative from the SDCT.

Action – SDCT Executive to advise if they would be willing to be the Board representative

- **Link Group update – Rob Baxter**

Rob provided an economic update covering the current extremely volatile period [SDCT - economic update 141022.pptx](#). He advised that Link were preparing monthly forecasts at the moment (usually quarterly) due to the volatility.

- **GT update – Sofia Brown**

Sofia updated the SDCT on a report - [Lessons from recent Public Interest Reports | Grant Thornton](#).

She also shared a Table showing forecast future funding gaps by 2025 according to the GT Financial Funding Foresight report. This shows the largest percentage funding gap is for District Councils.

Type of Authority	2025/26 Forecast Gap	Estimated Gap per Authority	Forecast Gap as % of Net Revenue Expenditure
Unitary	£1.862bn	£31.558m	7.52%
District	£0.846bn	£4.672m	10.15%
County	£1.717bn	£71.522m	5.55%
Met	£1.513bn	£42.025m	5.93%
London Borough	£1.434bn	£43.446m	6.46%

7. AOB

Christine raised the issue of Internal Drainage Boards. This would be considered further.

8. DONM

- 9th Dec (Private) and 6th Jan 2023 (Public)

- Also 16th and 17th March 2023 – Warwick University

9. Private Executive Business: Issues discussed:

- Role of the CFO
- SDCT Accounts, handover of Treasurer role and Audit.
- Distribution list - workload
- SDCT Executive Membership / Roles and Advisors
- Timetable of meetings for 2023