



## Minutes of the Executive Committee

13<sup>th</sup> October 2023

Venue: Virtual (Public) Meeting

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

LinkedIn: [Society of District Council Treasurers \(SDCT\)](https://www.linkedin.com/company/society-of-district-council-treasurers)

**SDCT Members in Attendance:** Adrian Rowbotham (President), Angela George (Secretary), Alison Scott, Homira Javadi, Richard Gibson, Christine Marshal, Simon Freeman, David Stanley, Jon Illingworth, Emma Foy, Terry Collier

❖ It was confirmed that the meeting was quorate (i.e. one third of Executive members were present)

**Also in attendance:** Nico Heslop (DLUHC) for item3, Rikin Tailor (FRC) for item 4, Andrew Chappell (PSAA), Guy Clifton (GT), Nicola Morton (LGA), Joanne Pitt (CIPFA), Rob Baxter (Link), Clive Mason

1. **SDCT Executive Apologies:** Richard Baker, Clare Fletcher, Bev Bull, Peter Catchpole  
**Also:** Vicky Davis (NAO), Neil Harris (FRC)

2. **Minutes of previous meetings:**

The minutes of the previous meeting of 8<sup>th</sup> September 2023 were agreed and will be published on the website.

Outstanding Actions:

- **HRA:**

Homira reported that she will feedback on the issue of the HRA and whether there was an opportunity to look at changes to rent setting arrangements in due course.

**Action – Homira**

- **Audit Delay Questionnaire:**

This has now been superseded by the questionnaire referred to in item 5 on the agenda.

- **Drainage Board Levy:**

Christine updated members on progress with this issue and will continue to feedback as appropriate.

**Action – Christine**

- **LinkedIn:**

Angela reported that most Executive members had now signed up to the SDCT LinkedIn site. Members were encouraged to post relevant SDCT updates.

**Action – Executive Members**

- **OFLOG** – A letter from a group of authorities had been sent to DLUHC setting out concerns over flawed metrics particularly in respect of inclusion of HRA data. Adrian confirmed that he had written to Michael Gove to support the concerns raised.

Any other matters arising, or other outstanding issues are considered further on the agenda.

### 3. Financial Issues Update:

- Nico Heslop (DLUHC) attended the meeting and updated the Executive on the 2024/25 Financial Settlement followed by questions from the Executive. The Executive reiterated that the pressures on District Councils are significant and cannot be ignored without significant future risk.  
The Autumn Statement is expected on 22<sup>nd</sup> November and the Financial Settlement is anticipated prior to Christmas (noting that the Parliament recess date is 19<sup>th</sup> December 2023).
- Adrian reported that the deadline for the ALATS Reserves survey has now passed, and he would feed back the results once known.
- Adrian reported that the ALATS Resilience Survey deadline is today and encouraged members to respond with whatever information they had available particularly in relation to the items highlighted in the covering email e.g. temporary accommodation, waste disposal, leisure.
- S114 update. Joanne Pitt reiterated the CIPFA guidance that conversations needed to take place prior to issuing a S114 to ensure the issue was solely a financial one. The issue would remain as a standing item on the agenda.

### 4. Local Government Audit update

- **NAO**  
Vicky Davis had issued slides for consideration by the Executive including an update on the NAO work programme and some of the potential changes under consideration for the Code of Audit Practice.
- **PSAA**  
Andrew Chappel reported that:
  - PSAA were disappointed to report that as at 30 September publishing date there remained 918 outstanding opinions with only 5/467 completed for 2022/23.  
These were:
    - South Yorkshire Pension Fund Authority
    - Transport for London
    - Forest of Dean Council
    - Tunbridge Wells Borough Council
    - Wyre Forest District Council
  - The focus over the last month or so had been the consultation on 2023/24 fees. This has now closed Webinar held which 120 authorities attended we have published answers to the questions raised.  
[Webinar: Consultation on the 2023/24 scale of audit fees - PSAA](#)
  - A frequent question was the new audit contracts from the 2023/24 audits having milestone-based payment arrangements which pace the release of the fees for which the auditor can invoice as the audit progresses, rather than fees being paid in advance of audits per the current contracts. This introduces a style of KPI mechanism in as much as payments can be linked to audit delivery.

- When further information on the backlog solution becomes available PSAA will be working on the impact on a case-by-case basis
- **FRC**  
Rikin Taylor, Deputy Director of Local Audit at the FRC attended and gave the Executive an update on current issues.  
The Executive reiterated the point they had made at the previous meeting, that auditors were awaiting guidance and in the absence of that guidance, progress has slowed even further. It was therefore crucial for a common understanding of the position to be understood as quickly as possible.

Rikin advised that there would be further online consultation in the Autumn.

The Executive raised several queries on the presentations made and which hopefully would be addressed in the forthcoming consultation.

#### 5. **SDCT – Accounts and Materiality Project**

Alison Scott updated the meeting on the proposed project on Accounts and Materiality. With the current audit backlog it is becoming increasingly clear that District Councils are hardest hit both by the backlog but also by the burdens of financial reporting and audit. Whilst those within the system are currently looking for short term fixes to deal with the current backlog, SDCT would like to see a longer-term solution-that addresses the increasing burden being placed on authorities by financial reporting and the value for public money from the resources, both local authority and audit, tied up in local authority financial reporting. It is acknowledged that the current system has grown from a desire to apply the best standards of financial reporting, but SDCT would argue that with the current backlog we can do better in producing timely, informative district council accounts.

SDCT are therefore looking to produce a think piece, working with GT, on potential improvements that could be made by stepping back to first principles and looking at what already exists that could both reduce the burden and improve the accessibility of district council accounts.

To that end a draft survey has been produced as a first step in the process to setting the scene for what are the most pressing issues with current reporting and seeking ideas on solutions.

**Action – All to feedback any comments on the draft survey to Alison. Alison to progress finalisation and distribution of the survey and report back on progress.**

#### 6. **Consultations:**

- **CIPFA COP** – Alison had circulated a draft response to the consultation and requested any comments back by Monday 16<sup>th</sup> October following which she would submit it and it would be placed on the SDCT website.

**Action - Alison**

- **MRP Consultation** – there is still no word on the due date of this consultation. It was noted that time was incredibly tight now if the deadline of introduction of the new regulations is intended to be 1<sup>st</sup> April 2024. This issue could have significant impact on some authorities and the information is required urgently.

- **Business Rates Avoidance and Evasion and Technical Adjustments**  
David Stanley has submitted the SDCT consultation response (on SDCT website).  
David advised that there is a further Business Rate consultation dealing with technical issues and he would draft a response to it. The deadline is 2<sup>nd</sup> November 2023.  
Bev Bull asked that we share the SDCT response with the DCN Finance and Investment workstream that she sits on.  
**Action – David Stanley**
- **CIPFA Finance Staffing Resilience**  
**Joint project with the LGA**
- **Capital Risk Metrics**  
Richard Gibson and Christine had co-ordinated the SDCT response by the closing date of 21<sup>st</sup> September. (On SDCT Website)
- **Council Tax Premiums.**  
No response considered necessary from SDCT.
- **Proposed fee scale for 2023/24 audits.**  
No response issued from SDCT. Overall price is the main issue.

## 7. External Advisor updates:

- **LGA:**  
Nicola Morton updated the Executive on the following areas:  
**24/25 Local Government Finance settlement**
  - The unknowns in the settlement (i.e. those areas not included in the [December 2022 policy statement](#)) – New Homes Bonus, Rural Services Delivery Grant, Services Grant, Funding Guarantee –amounted to £1bn in 23/24
  - [Consultation on technical adjustments to the Business Rates Retention System](#) in response to the Non-Domestic Rating Bill. Closes on 2 November. The LGA will be responding.

### Autumn statement 2022

- Taking place on 22 November
- Submissions due 13 October. LGA submission going in today. Publish during w/c 16 Oct
- A letter - draws on our funding gap analysis and sets out specific challenges and our policy asks in 4 areas:
  - housing and homelessness
  - climate change
  - children’s services
  - adult social care
- In July [LGA analysis](#) identified a £3bn funding gap in 2023/24 and 2024/25.
- Updated our funding gap analysis to reflect the new Bank of England inflation forecast. To be published next week alongside our Autumn Statement submission
- We have engaged with a small number of councils to understand the scale and nature of their financial challenges currently to help inform our submission. Thank you to those who helped us with this.

### LGA White Paper

- The LGA will be producing a White Paper ahead of the next general election. [LGA begins work on Local Government White Paper | Local Government Association](#)

- We will be consulting with stakeholders over the autumn.

#### **Business rates**

- [Consultation on business rates avoidance and evasion](#) was published 6 July 2023 and closed on 28 September. The LGA responded. Now waiting for Government to announce next steps.
- Non-Domestic Rating Bill - provides for 3-year revaluation, measures for ratepayers to give information to the Valuation Office Agency (VOA), a new one-year improvement relief, changes to the revaluation transitional relief and a removal of the six months' time bar on discretionary relief after the end of the financial year to which it relates. Lords report stage completed in September and Third Reading on 16 October –Royal Assent probably before the end of the year.

#### **Council Tax**

- The Levelling Up and Regeneration Bill
- Still going through Parliament. Delay means that the provision to charge a premium on second homes cannot now be used until 1 April 2025 at the earliest (because of the requirement for a 12-month lead in)
- [Consultation on exemptions to the second and empty homes premium](#)
- Published 6 July, closed on 31 August.
- The [LGA responded](#) and is waiting to hear next steps.

#### **Audit**

- Ministerial statement July 14. Has been much engagement by DLUHC / FRC with Treasurer societies and groups since then and also LGA's Economy and Resources Board.
- Expecting a consultation at some point – either late October or November
- NAO will need to consult on the audit code too
- PSAA [consultation on the proposed fee scale for 2023/24 audits](#). Responded. Closed 10 October. 151% increase. The LGA is calling for Government to fund.
- Only 5 2022/23 audit opinions issued by 30 September. Backlog including past years now 918.

#### **Accounting**

- CIPFA has issued a [consultation on the 2024/25 Code of Practice on Local Authority Financial Reporting](#). LGA response going through clearance. Closes 17 October

#### **Capital Metrics**

- Consultation published July, closed 21 September. [LGA response](#) submitted.

#### **- Grant Thornton**

Guy Clifton updated the meeting on the GT project on Woking BC investments which would report in due course.

#### **- Link**

Rob Baxter updated the Executive on key issues (previously covered in minutes).

#### **- CIPFA**

Joanne Pitt updated the Executive on the following areas:

- Prevention project over the next two years with the Health Foundation – exploring the extent to which LA spending can be quantified.

- 2024 will see a consultation on the new Internal Audit Standards
- CIPFA has submitted response to the Capital Metrics consultation.
- CIPFA currently working on response to the Business Rates consultation.
- Newly updated CFO web page on the CIPFA web site with links to CPD, S114 and other relevant CFO info
- CIPFA and LGA working on workforce capacity survey – Report due Spring 2024

CIPFA at Solace next week talking about S114.

#### **8. SDCT Executive - Advisor updates**

There were no further updates other than those already covered on the agenda.

#### **9. Any Other Business**

- Bev Bull sits on the DCN Finance and Investment workstream and a member of the group is trying to find out about Precepting Board of Guardians rather than Precepting Authorities. The Executive had no specific knowledge of this.
- Parliamentary Enquiry into Financial Distress in Local Government – Adrian has been asked to contribute to this by the LGA. DCN are also contributing to this so please copy and responses you make via the DCN to Adrian  
**Action – all**
- Adrian updated the meeting on his attendance at the Room 151 Finance Directors Summit on 19<sup>th</sup> September – Presidents Panel. The subject was Cost of Living Pressures, high interest rates and widespread underfunding – what are the challenges facing S151's in the year ahead? It was considered by those in attendance that there was a considerable amount of pessimism in the room.

#### **10. DONM – 8<sup>th</sup> December 2023 10am (public meeting)**

##### **11. Private Executive Business:**

- **Future SDCT Housing Roundtable**  
An initial discussion has taken place with Chris Smith (PF) and it was agreed that this should be progressed, possibly in conjunction with the DCN. The timing of the event was discussed as to when the event would have the most impact. Also to give consideration to who the invitees should be  
**Action – Terry / Emma to progress.**
- **Circulation of Housing queries arising from CIPFA Conference**  
A draft of the responses was circulated. Terry will finalise this and publish.  
**Action – Terry**
- **Feedback from CFO Retreat**  
Jon has reported that this was a useful event to attend.

- **Agenda Items for SDCT Conference 7<sup>th</sup> and 8<sup>th</sup> March 2024.**

Potential agenda items were discussed. Possible areas for inclusion were:

- Staffing Resourcing issues
- S114
- Housing issues

It was recognised that the event could potentially be close to a general election, albeit the event was a 'private' meeting.

**Action – Any potential agenda items please feedback to Angela.**