



Minutes of the Executive Committee

19th May 2023

Venue: Virtual (Public) Meeting

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

SDCT Members in Attendance: Adrian Rowbotham (President), Jon Illingworth (Vice President), Emma Foy (2nd VP), Angela George (Secretary), Alison Scott, Homira Javadi, David Stanley, Richard Gibson, Christine Marshall.

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

Also: Nico Heslop (DLUHC – for item 3), Alex Burfitt (LGA), Andrew Chappell (PSAA), Joanne Pitt (CIPFA), Mike Newbury (NAO), Rob Baxter (Link), Guy Clifton and Paul Dossett (GT).

1. **SDCT Executive Apologies:** Terry Collier, Carolin Martlew, Clive Mason, Richard Baker, Simon Freeman, Clare Fletcher, Peter Catchpole.

Also: Nicola Morton (LGA), Daniel Moylan (ZM), Neil Harris (FRC), Vicky Davis (NAO)

2. **Minutes of previous meetings:**

The minutes of the previous meeting of 21st April 2023 were agreed and will be published on the website.

It was confirmed that:

- Emma Foy has been appointed as the SDCT 2nd Vice President and members passed on their congratulations to Emma.
- The SDCT Annual General meeting would take place at Warwick University on 7th and 8th March 2024

Action – Angela to progress

- Adrian had issued a newsletter to the wider membership following the meeting.

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

3. **Financial Issues: Update**

- Nico Heslop (DLUHC) gave an update followed by discussion and questions from the Executive on several points.

- Adrian reported that he had attended an EPR (Extended Producer Responsibility) meeting the previous month but there was no further clarity on what was going to be a big and complex reform. He also reported that there will be a meeting of ALATS on 2nd June to discuss the outcome of the Reserves data exercise.

It is anticipated that there will be a clearer direction for OFLOG (Office for Local Government) which is being set up to assess local government performance across England, in the summer.

- Reserves Survey – it was reported that the 2 strands of the Reserves work were progressing as follows:

ALATS Reserves Survey – 144 responses were received. Districts had the most responses but the lowest response rate. ALATS will be working on the high-level messaging resulting from this work and the SDCT Executive will be working on the district specific messaging and analysing the data to see how we can make further use of it. There is a further meeting of ALATS on 26th May to progress this.

DLUHC – DLUHC issued their reserves publication on 18th May.

4. Audit Issues

PSAA and NAO – Andrew Chappell and Mike Newbury together with Adrian Rowbotham updated on:

- Accounts Delays: To the end of April there were 530 audits outstanding, and it was anticipated this would rise further. One of the more recent causes of the delays is pensions valuation and Mike stated that a supplementary guidance note is to be issued on the current pensions issue affecting the accounts which should provide the external auditors with options.
- First evidence session of Levelling up Inquiry on local authority accounts has been held [Financial Reporting and Audit in Local Authorities - Committees - UK Parliament](#) Ministerial Engagement – acknowledgement that something must be done. Two CIPFA / CFO round tables meetings held with representatives of the SDCT Executive present. Working to end of June date to have a best way forward. It was stated that the way forward would be unlikely to please everybody and would involve ‘fixes’ that we may not all be comfortable with.

FRC are leading the work to address the accounts backlog issues and Adrian reported that he had attended a meeting hosted by FRC with a representative from each of the other Treasurer Societies, the audit firms and DLUHC. Progress was encouraging and proposals now needed to be discussed with CIPFA, NAO and Government.

- Advisory Panel Meeting – 12 June. Richard Baker attends for the SDCT and Iain Murray from CIPFA is due to attend. This will be an opportunity to ask questions – Andrew requested questions in advance (via Richard)
- Impact on handover – PSAA are holding meetings with new and old suppliers.

The update was followed by several questions and comment.

Action – Executive to forward questions to Richard Baker for the Advisory Panel meeting on 12th June.

Clare – to poll Executive as to why delays are taking place

5. Consultations:

- **Infrastructure Assets** – Alison Scott reported that she had raised at CIPFA / LASAAC a concern that Districts do not get disproportionately caught by any regulations introduced and she agreed to draft and SDCT response re proportionality and the appropriate materiality level for Districts.
There is a CIPFA survey on infrastructure assets and Districts should respond individually to this as it will affect all Districts differently.
Action – Alison to draft response to CIPFA / LASAAC
- **Infrastructure Levy**

DLUHC have launched a technical consultation on the Infrastructure Levy, which is a reform to the existing system of developer contributions. Alex reported that the LGA will respond to this.

- **MRP Consultation**

It was reported that further consultation is expected shortly following consultation on the regs in 2022 and it was commented that by and large DLUHC appeared to have listened to councils' principal concerns on this. The new rules will apply from April 2024.

- **Business Rates Avoidance and Evasion**

Alex Burfitt reported that a consultation measures to combat this is expected in the summer. The LGA is engaging in this consultation and encouraging the Government to introduce measures enacted in Scotland and Wales.

6. Sponsor and Advisor updates:

- **LGA - Alex Burfitt updated the Executive on:**

Business rates

- A consultation on measures to combat business rates avoidance and evasion is expected in summer 2023. The LGA is engaging with this consultation and encouraging the Government to introduce measures along the lines of those enacted in Scotland and Wales.
- Non-Domestic Rating Bill which 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 – is now in Parliament – had its Second Reading on 24th April and is due to have a one-day Committee Stage on May 22nd.

Council Tax

- Expecting to hear the government's response to the CT valuation of HMOs shortly. The LGA responded to the DLUHC consultation on the Council Tax Valuation of Houses in Multiple Occupation (HMOs) which proposed that HMOs should be banded as one property and have one council tax band, other than in exceptional circumstances. The LGA response says that the Government ought to consider how to ensure that HMOs make a fair contribution to the cost of local services before going ahead with changes.
- 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)

Grants

- Councils are distributing two energy grants on behalf of the Government: the Energy Bills Support Scheme Alternative Funding (EBSS AF- a £400 payment) and the Alternative Fuels Payment (AFP – a £200 payment). The two schemes are open until 31 May 2023. LGA are also seeking assurances that the New Burdens exercises for both schemes will follow a robust methodology that takes accounts of all costs councils will incur in delivering the schemes including reconciliation and assurance.

Capital

- LURB. Expecting consultation (as promised by Minister last year) on capital metrics in LURB shortly / this month. (Metrics will ultimately be used to select councils for further assessment on borrowing etc and ultimately intervention by use of new powers to cap borrowing / sell assets)

- Infrastructure levy DLUHC have launched a technical consultation on the Infrastructure Levy, which is a reform to the existing system of developer contributions. We will respond.
- MRP guidance – expecting further information (and further consultation on guidance itself) on this following consultation on regs last year. By and large DLUHC have listened to councils’ principal concerns on this. New rules will apply April 2024.
- HMT consultation on non-investment assets (closed 18 May). LGA response cleared by Resources Board and submitted. Main issue for us is approach to infrastructure assets which probably isn’t an issue for SDCT. But the move to historic cost for Specialist PPE should be beneficial to SDCT members.
- Infrastructure assets – CIPFA is doing survey to collect info on cost of implementing Depreciated Replacement Cost as long-term approach to valuing infrastructure assets (same as HMT). LGA think this will cause major problems within sector but more of an issue for Highways authorities, so maybe not SDCT problem. Survey closes 14 June.

- **CIPFA - Joanne Pitt gave updates on:**

Survey on the Impact of the Move to Improve the Reporting of Infrastructure Assets including a (possible) move to a Depreciated Replacement Cost Measurement Basis

CIPFA is undertaking this survey to further understand the impact changing the reporting of information for infrastructure assets and is developing a long-term solution for this.

This survey will enable CIPFA to get a better picture of the impact a change in the measurement requirements will have on local authorities with a particular focus on the costs and the resource implications of such a move. CIPFA will issue a report on the outcomes of the survey to inform stakeholders of the issues being faced by local authorities.

To complete the survey please use the following: [CIPFA: Infrastructure Assets Survey](#) Please complete this survey by **14 June 2023**

New CIPFA Guidance

Following requests for additional guidance CIPFA yesterday issued [The impact of final triennial valuation statements received for pension funds on IAS 19 employee benefit reporting, 2021/22 issue](#). It is available on the CIPFA website at [CIPFA Bulletin 14 Supplement | CIPFA](#)

Update to the 2022/23 Code of Practice on Local Authority Accounting affecting only authorities voluntarily implementing IFRS 16 Leases in 2022/23

This Update to the 2022/23 Code is in relation to the treatment of service concession liability (PFI PPP liability) by authorities that choose to voluntarily adopt IFRS 16 Leases in 2022/23. Note that the Update sets out an option but is not mandatory; local authorities that choose to voluntarily adopt IFRS 16 Leases in 2022/23 may elect to follow the unamended provisions in Appendix F.

CIPFA submission on Financial Reporting and Audit

CIPFA have provided a [submission to the Department for Levelling Up, Housing and Communities](#) expressing views on several areas of interest to CIPFA members. This includes commentary on CIPFA’s view regarding the users of accounts and statutory adjustments. The full submission can be found on the CIPFA web site.

[CIPFA Bulletin 13](#) Local Authority Reserves and Balances provides guidance to local authority chief finance officers in England, Northern Ireland, Scotland and Wales on the establishment and maintenance of local authority reserves and balances.

[CIPFA Bulletin 14](#): Closure of the 2022/23 Financial Statements

[Public Finance Live event 27- 28 June 2023](#)

This two day conference will take place on 27-28 June at the QEII Center in Westminster, London. [Book now](#) and please. A reminder that as members of your treasurer's society CFOs are entitled to receive a discount. The event will feature leading public figures, public sector innovators, commercial partners, commentators, and analysts alongside delegates from across the public sector and beyond.

[CCAB free ethics webinar](#)

Join CCAB for a free, hour-long webinar discussing the ethical challenges and opportunities facing accountants in business. It will take place on 15 June from 11-12pm and features contributions from senior council members and ethics specialists who are part of CCAB.

[Devolution: friend or enemy of public service reform?](#)

Join Demos for their free network event, 'Devolution: friend or enemy of public service reform?'. It will take place on Wednesday 24 May from 6pm. Guests include Shadow Minister for Levelling Up Alex Norris, Northumbria Police and Crime Commissioner, Kim McGuinness and our Director of Public Financial Management, Iain Murray. The panel will discuss issues revolving around devolution.

[Public sector sustainability reporting: time to step it up](#)

Public sector sustainability reporting needs to step up. In this report, we look at already existing frameworks and standards that can be used by public sector bodies to disclose their environmental impact. We also provide best practice and suggested approaches to help the public sector deliver successful and useful sustainability reports.

- **Link – Rob Baxter gave updates on:**
- Secretary of State MRP Guidance – consultation expected soon.
 - Secretary of State Investment Guidance – consultation expected later this year
 - DELTA Certainty Rate Form – some minor changes made and applications for 2023/24 should now have been made – submit ASAP if you have plans to borrow at Certainty Rate in year ending 31st March 2024
 - HRA Certainty Rate Gilts + 40bps – available for one year from June 2023
 - UK National Infrastructure Bank (UKIB) – from March 2023 has Royal Assent giving power to the bank to lend to Local Authorities at Gilts + 60bps for economic infrastructure projects
 - LA Mortgage Rate for RTB mortgages – remains at 3.13% (no change since 2009) – if District Councils are experiencing any issues (e.g. lending at a loss) they may wish to make representations to DLUHC to get a review undertaken
 - Levelling Up & Regeneration Bill (LURB) – trigger events for intervention by Central Government – more external scrutiny of capital investment and level of borrowing?
 - Infrastructure Levy – consultation closes 9th June – not an issue that falls within scope of our services with exception of suggestion to allow borrowing in advance of future levy. This may be something that S151's would like to respond on
 - CIPFA Conference (27th & 28th June) – just a reminder that Link will be present throughout
- **Grant Thornton (Paul Dossett and Guy Clifton)**

Paul Dossett reiterated the impact of the current audit delays and the fact that more Auditor and Local Authority resources were not going to resolve the current problem.

- **Zurich Municipal**
Apologies had been received from Daniel Moylan but he had circulated their 2023 Insurance and Risk Management document had been circulated for information.

7. Any Other Business

- CIPFA Conference Agenda for SDCT Workshop 28th June.

The theme for the workshop is 'Are we facing a temporary Housing Crisis and what can be done? Emma will co-ordinate finalising the agenda and arrange a conference call to that effect shortly, and thereafter pass details on to CIPFA for their programming.

Action - Emma to progress

- Drainage Board Levy

Thanks were passed on to Christine for her work in this area to date however Christine advised that there is still much work to do to even out the inequities in the system.

Action – Christine to Progress

8. DONM – 28th June 2023 – SDCT Workshop 13.25 CIPFA Conference

- **Next ordinary meeting 14th July (Virtual Public)**

9. Private Executive Business:

- Constitution

The revised draft was agreed for publication.

Action - Angela

- SDCT Advisor Areas

These were agreed and the final document will be circulated shortly

Action - Angela

- Homira raised an issue regarding whether there was an opportunity to look at changes to rent setting arrangements. She advised that the HRA is becoming a very challenging area for her authorities. It was agreed following discussion that Homira and others on the SDCT who have HRA's, would look at the issues and report back, possibly working with the LGA?

Action – Homira to progress