



NEWSLETTER ISSUE NUMBER TWELVE

CIPFA LOCAL AUTHORITY
HOUSING PANEL

January 2006

AT THE HEART OF
PUBLIC SERVICES 

Welcome to the twelfth edition for finance practitioners and CIPFA members working in local authority housing. This newsletter has been prepared by CIPFA's Local Authority Housing Panel.

This edition includes summaries of key sessions from a recent CIPFA seminar *Further Technical Developments in Housing Finance*, and an update on forthcoming PMPA events.

The seminar attracted some 45 participants. Speakers included Stephen McAllister, Housing Strategy and Finance Division, ODPM; Adrian Waite, Managing Director, AWICS Limited; Sukvinder Kalsi, Head of Housing Finance, Birmingham City Council; Robin Tebbut, Senior Manager, Tribal HCH; and Roger Jarman, Head of Housing Strategy and Resources, Audit Commission. There were also panel sessions with Stephen Edwards, Social Housing Efficiency Project Manager at ODPM and Deborah Ilott, Housing Policy Manager at the Housing Corporation. The event was chaired by Ken Lee, chair of CIPFA's Local Authority Housing Panel.

The key sessions are summarised briefly below.

Broader Themes Facing Housing Finance

Stephen McAllister, Housing Strategy and Finance Division, ODPM, began with a look back to the December 2004 consultation paper *Three-year Revenue and Capital Settlements*. Consultees responding to the proposals on the HRA in that paper were unwilling to express support for a three-year settlement without seeing further details. The approach taken in the draft 2006/2007 HRA subsidy determination was different from those consulted upon. Although it is a three-year settlement, determinations are annual. Draft HRA subsidy and draft item 8 debit and credit determinations were published on 7 November 2005. Auditor certified changes to data were required by 2 December. Consultation responses had to be in by 12 December.

The calculation of the opening HRA capital financing requirement is now in the item 8 determination. ODPM payments to PWLB are now deducted from HRA CFR and MYHRA CFR.

The aims of the policy are:

- to provide a fair and transparent system of rent setting
- to ensure that similar rents charged for similar properties, irrespective of social landlord
- to ensure affordability.

The three-year review recommendations have been accepted and implemented in full to enable proper convergence. A 5% cap on average has been imposed on average rent increases for each local authority for two years. Authorities affected by the 5% average cap should be compensated for lost rental income. Compensation is to be paid to those local authorities affected by the 5% cap and paid in year rather than in arrears. ODPM is to develop the methodology in partnership with local authorities and the Audit Commission. ODPM will be consulting on proposals in the New Year with the aim of having the compensation scheme in place for the start of the 2006/2007 financial year.

Turning to Social HomeBuy, Stephen listed the key principles as:

- Choice
- Opportunity
- Fairness
- Quality.

The response on HomeBuy was published in September 2005. There were 250 responses - the government worked with key stakeholders to achieve consensus on the proposals. There were three HomeBuy products. The zone agent role is extended to a one-stop shop for all home ownership schemes funded through the Housing Corporation. Social HomeBuy is for social tenants. They buy a share of their existing home, of at least 25%, with a discount linked to RTA discounts. They will also pay all management and maintenance costs. Rent is to be capped at 3% with a target average of 2.5%. Receipts will be used to fund new social lettings.

The HomeBuy scheme goes live in April 2006.

Another key topic is the ALMO: the ALMO review group and self financing for authorities with ALMOs in the context of the current policy stocktake. The pilot proposal for new build ALMOs is underway.

Stephen's final topic was pooling. Pooling was introduced in April 2004 and the audit of 2004/2005 is nearly complete. The next step is to migrate the regime to LOGASnet. ODPM hopes to be consulting with local authorities shortly.

The Financing of Council Housing

Adrian Waite, Managing Director, AWICS Limited, suggested that Council Housing is currently at a crossroads. 2005 was the deadline for completing options appraisals. Many authorities are doing stock transfers but retention authorities continue - will that be the same and will it be forever? There are also question marks over ALMOs - how will they develop and what will be their future after 2010? Adrian suggested that perhaps the so-called fourth way may now be only of academic interest. In this overall context, Adrian looked at some other specific financial tasks ahead for those in Housing Finance.

Local authority housing staff will need to create effective business plans for the HRA. There is a need to demonstrate long-term sustainability, to balance the HRA, and to finance the capital programme at the decent homes standard at least. Some other problems will include management and maintenance allowances:

- are they sufficient?
- what are the inflation assumptions?
- what is assumed for economies and efficiencies?

On the major repairs allowance, the questions are whether it is sufficient and again what are the inflation assumptions? There is no headroom for prudential borrowing or revenue contributions to capital, but some authorities have business plans to rely on headroom being created.

Adrian turned next to what is needed for developing sustainable financial strategies. On the capital side, he identified:

Financing

- Major Repairs Allowance
- support from revenue account for prudential borrowing or revenue contributions
- capital receipts and the effect on other programmes
- government grants
- Private Finance Initiative or small-scale transfers.

On the revenue side, there are:

Income

- rents and subsidy - local authorities can do little about these
- control of voids and bad debts
- other income including service charges.

Expenditure

- consult with tenants on services - this should not be a list of "goodies" rather questions concerning which ones they could do without and which ones they would be willing to pay for
- do a zero-based budget
- look at economies and efficiencies
- is headroom needed?
- be proactive!

A "fit for purpose" business plan should include:

- strategic context
- effective consultation
- stock condition
- current performance
- resources
- priorities
- options
- action plan
- progress to date
- accessibility
- conclusions.

Adrian described a case study. South Derbyshire District Council found in their options appraisal that stock retention was not sustainable, but following consultation the council did decide on stock retention. The business plan was revisited and key factors considered included tenant participation in the business plan and the review of all assumptions. More capital receipts applicable to the HRA and savings in management costs were identified.

Adrian predicted some likely changes to the financing of council housing and noted economies and efficiencies could be incorporated into the financing of council housing. Capital expenditure could be supported from direct grants and focused on new affordable housing. Debt restructuring to support ALMO authorities could come out of the Housing subsidy system.

Adrian recommended a look at the Audit Commission report *Financing Council Housing*.

On the future for ALMOs after 2010, Adrian suggested possibilities were:

- withdrawal of ALMO authorities from housing subsidy through debt restructuring
- enhanced role for ALMOs in the provision of new affordable housing.

For ALMOs, the sustainability issues are the same as for retention authorities, but ALMOs have more potential to generating income from outside the local authority.

Looking for alternative financing options the questions are:

- will the PFI finally take off?
- will housing be included in wider regeneration schemes?
- freedoms and flexibilities for ALMOs?

In conclusion, Adrian commented that many councils have opted for stock retention or ALMOs. Strategies should already be in place to achieve the decent homes standard in 2010. Sustainability after 2010 depends on proactive management of Council Housing and Finance. Councils wishing to move beyond sustainability will have to be even more innovative and this is most likely to be possible where there is an ALMO.

Local Authority Housing Subsidy Framework

Sukvinder Kalsi, Head of Housing Finance, Birmingham City Council, began the session with the discussion of the background and context of the subsidy framework. The basic framework stemmed from the Local Government and Housing Act 1989. The aims of the framework were to:

- establish National Council Housing Management
- establish relative Housing need
- organise the distribution of resources to councils
- facilitate the collection of financial data
- administration/payment system.

Sukvinder looked in some detail at the technicalities of the key components.

The *management allowance* starts from the initial cost per dwelling, with adjustments for property type, deprivation (the 2004 index), area costs and a national scaling factor. The *maintenance allowance* comprises a responsive repair allowance and a planned maintenance allowance, taking into account the impact of voids and re-lets, an area cost adjustment and an adjustment to the spending review.

The *Notional rent* calculation uses formula methodology, with a 2000/2001 base. It allows for earnings and valuation, weighting for property size, and inflation convergence up-lifts. There are limitations: RPI +1.5% +/- £2 and a rent limitation and HGF transfer.

Capital financing charges start from an initial base debt (2002/2003) with RHB debt support, an actual interest rate, debt management expenses and an allowance for MRP abolition.

The *Major repairs allowances* are based on archetypes. There are elemental replacement lifecycles, an annual allowance per property, an area cost adjustment and, again, an uplift for inflation.

Turning to the key outcomes of the determination 2006/2007, the average management allowance was 9.2% as was the average maintenance allowance. The major repairs allowance was up 2.4% and average notional rent up 9.7%. The rent increase limit is 5% and the unpooled service charges limit RPI +0.5%.

Looking at the future of the subsidy system, Sukvinder identified the case for changes to the existing system:

- valuation proportion in formula rent
- prudential debt support
- area cost compensation - issues about how it is applied
- use of actuals
- limit rents penalties.

Sukvinder's personal reflections on the future included the reduction in overall resources from plus £1.2 billion to minus £0.6 billion. Resources were being diverted to other programmes and there was a predicted increase in the shortfall. There were distributional impacts on London and other regions and the issue of annual up lifts arose. There were also problems with the sheer complexity of the system, especially when it came to explaining it to tenants or members, for example explaining limit rents / target rents / guideline rents. The incentives for efficiency were not as strong as they might be - effectively authorities were being forced to be efficient in order to contribute to the National pot. Local Authority Housing was not on the same footing with other social landlords.

The RSL perspective

Robin Tebbut, Senior Manager, Tribal HCH, gave a perspective from the RSL sector, in particular looking at what local authorities should consider when working with RSLs. In 2004 there were 1849 Registered Social Landlords. RSLs spend most of their money on repairs and maintenance - they have the same target as local authorities for the Decent Homes standard by 2010. Broadly, RSL stock tends to be more recently built, but this is not an absolute rule. It is less common for RSLs to employ direct labour/service organisations. Those which do are mainly transfer RSLs. RSLs also have to spend money on tackling antisocial behaviour, dealing with graffiti/vandalism and enforcing tenancy agreements.

A key issue for RSLs is collecting rents and charges. Tenants are subject to the same calculation of personal Housing Benefit entitlement - but tenants can insist on direct payment. There are concerns about the possible future universal direct payment of benefit. RSLs have the same difficulties as local authorities in securing possession orders from courts for arrears. Many RSLs receive Supporting People grant. For some specialist RSLs it is a very substantial part of their income and there are concerns about the future of the grant and its implications for the service and/all the landlord's finances if it is cut. There is though one difference from many local authorities in that RSLs received no windfall when Supporting People grant was introduced.

Similarities between RSLs and local authorities include:

- RSLs are subject to inspection by the Audit Commission - the decision to have a single Inspectorate sparked some debate about whether it should be based in the Housing Corporation or with the Audit Commission
- RSLs sometimes argue that inspectors do not fully understand their sector
- the Gershon review expectation as for RSLs to make efficiency savings for reinvestment
- Gershon Annual Efficiency Statements are required - but the "policing" differs for RSLs.

The main differences between RSLs and local authorities are:

- RSLs are **not** subject to HRA subsidy
- they get to keep all of their rental income - making them better off than the vast majority of local authorities BUT they are unable to recover their VAT on bought in goods and services (including repairs)
- they are subject to corporation tax on surpluses (unless charitable)
- they are exposed to the risks of economic factors such as inflation and interest rates
- RSLs are subject to rent restructuring - on the face of it this is a similarity but there are key differences
- RSLs borrow from banks and building societies
- borrowing is secured against their assets, not their future revenues
- lenders require detailed, prudent business plans, which they consider in detail before agreeing to fund
- lenders monitor RSLs' performance against funding covenants, with regular formal meetings
- RSLs are regulated by the Housing Corporation - a "traffic light" system operates for four key areas: viability, properly managed, properly governed and development
- RSL business plans usually anticipate expanding their stock to spread fixed costs and thus reduce unit costs, whereas HRA business plans are usually about contraction as Right to Buy reduces the stock.

Examples of the types of arrangement for local authorities working with RSL's are:

- new building (social rent, shared ownership, key worker)
- stock transfer
- managing agent - where the RSL manages but does not own, e.g., private sector leased dwellings.

Turning to what an RSL will want from the arrangement with a local authority, Robin said that these would include larger stock to spread its fixed cost over and obtaining the new units at a cost which is affordable. Any risk involved should be reasonable for the RSL to take it on. The arrangement should fit in with the wider business strategy, for example, expansion in a given local authority area. RSLs would also seek nominations (as indeed would the local authority).

RSLs are generally comfortable with risks such as interest rates or inflation rates but they will want the proposal to work, making reasonable assumptions. RSLs will usually take on risks controllable (or at least open to their influence) by them, for example, delays in construction projects and dilapidations at the end of lease arrangements. RSLs will **not** normally take on a risk which properly belongs elsewhere, such as a local authority failure to make nominations to temporary accommodation. Robin asked the audience to remember that RSL staff will have to "sell" the project to the board and address the issues of how it fits in with RSL

wider strategy, how it affects the business plan and what the risk factors are and how they can be controlled or mitigated.

By considering these issues from the RSL viewpoint, local authorities can strengthen their hand in negotiation by understanding what is and what is not important to the RSL. Competition between RSLs will make them focus on exactly what they can - and cannot - accept.

The impact of the efficiency review on your organisation's policy and strategy

Stephen Edwards, Social Housing Efficiency Project Manager at ODPM and Deborah Ilott, Housing Policy Manager at the Housing Corporation, led a panel session, focusing respectively on specific sector issues and the Housing Corporation perspective. Stephen Edwards set the scene by looking at what the government wanted to achieve: increased investment in Housing and better services for tenants and communities through improved efficiency, enabling social landlords to achieve more with the available resource. It was not, he stressed, about cutting costs at the expense of quality and service improvement.

The Housing Corporation is committed to making efficiency gains in new supply through directing most funding at around 70 consortia of RSLs and opening competition for grant to developers. The Corporation reported £201 million of efficiency gains in 2004/05 and is on track to meet its 2005/06 target.

For capital works, a network of local procurement consortia is being established to secure changes. So far five consortia have come forward, covering 50 organisations, 500,000 dwellings and £2.5 billion of spend by 2010.

For management and maintenance there is a review of "systems thinking" through a series of pilots - the results are encouraging. The Audit Commission and other sectoral bodies are identifying and disseminating innovation and good practice. The Annual Efficiency Statements identify range of good practice in procurement, partnering and process re-engineering etc.

With regards to the procurement of commodity goods, a national collective agent for the RSL sector, *Procurement for Housing*, offers savings through joint procurement of commodity goods and services. It is achieving over 64% coverage of the RSL sector and is now offering its services to local authorities and ALMOs. E-auctions and other innovative techniques are also being used to reduce prices and transaction costs.

Looking at how robust the figures are, Stephen listed the following considerations:

- self-assessment based on principles rather than a detailed methodology
- further guidance and support from sector - in particular Chartered Institute of Housing/HouseMark and Regional Centres of Excellence
- Annual Efficiency Statement "sense-checks" by the Housing Corporation and government offices
- additional desk-based studies are planned
- the Audit Commission to look at annual efficiency statements as part of ongoing judgements.

Further guidance is planned. The ODPM may issue new measurement guidance in February 2006 to cover all services within the Annual Efficiency Statement.

Stephen posed the question whether there is a need for further work specific to social housing?

Following up from the Annual Efficiency Statement evidence, the Statements show a wide mix of housing activities and gains - around 20% of local authority statements show none. The principle is clear in the local government efficiency technical note: " councils have full flexibility on the work streams by which they achieve efficiencies..." But how should those who have not yet identified opportunities for efficiency in Housing services be tackled?

For the future, Stephen suggested mainstreaming efficiency within organisations' performance management systems, building evidence of what works, with robust measurement of gains and speeding up the adoption of good practice across a sector. He invited any comments, examples or requests for advice to be sent to: socialhousingefficiency@odpm.gsi.gov.uk

Deborah Hlott set out the challenge for Housing Associations putting efficiency into practice. By 2008 social housing will be delivering £835 million of efficiency gains. Of this, RSLs are expected to contribute £355 million. Year one targets include:

- new supply £130 million
- capital works £2 million
- management and maintenance £35 million
- commodities £10 million.

The starting point is with existing efficiency measures: operating cost index, effective interest rates, operating margins, the average grant rate, and performance indicators. It is important to use a basket of measures. The Housing Corporation focus is on how gains are applied to improving front-line services.

The new supply year one target represents a real gain of 8% on the cost of the new programme. The Housing Corporation has used data from previous years' compilations to estimate the likely gain in 2005/06. The gain will come from holding down unit cost increases and improved quality of output. The Housing Corporation prediction is that a gain of around 12% should be achievable.

The capital works target is seen as a relatively modest one. It is based on an assumption that gains in this area would most likely come from consortia working and could take time to realise, given planning horizons. The Annual Efficiency Statement returns appear to have significantly out-performed Housing Corporation assumptions.

On management and maintenance, gains were assumed to come from early systems thinking pilots, better dissemination of good practice and take-up of this by associations, improvements in quality of service and improved management of rental income. Again the annual efficiency statement returns outperform the year one target.

For commodities the gains are to come **from the roll-out of Procurement for Housing** and the management of procurement is a specialist task. The returns meet the target.

Deborah said that Chartered Institute of Housing/HouseMark briefings are expected to be published between January and March 2006 and a sector study to be published in January/February 2006.

In conclusion, Deborah suggested that the preliminary results are very promising. The year one targets have been met and in some cases contribute to future years' gains. The challenge now is to deliver on the forecast established and in particular to deliver real improvements in front-line services. The Corporation's role is to ensure that efficiencies are delivered and to create the conditions that encourage innovation.

Housing and the Comprehensive Performance Assessment

Roger Jarman, Head of Housing Strategy and Resources, Audit Commission, opened his presentation with a look at how CPA has driven service improvement in Housing. The ODPM has commissioned the Housing Quality Network to assess performance drivers in local authority housing. ODPM has also reviewed inspection, government initiatives and other factors that drive improvement. For 2005, overall CPA star rating labels are being used instead of the previous "excellent/good/fair/weak/poor" labels to differentiate the CPA 2002/04 regime from the CPA 2005/08 regime as a "harder test". The children and young people element of the achievement theme was undertaken as part of the Joint Area Review (JAR) led by our OFSTED and carried out at the same time as the commission's corporate assessment. The older people element of the achievement theme was provided by the Commission for Social Care Inspection (CSCI).

Following consultation on the commission's service blocks, Housing remains:

- a second-tier service carrying less weight in determining the overall score
- a score provided annually on a one to four basis:
 - (i) a service that does not deliver minimum requirements for users
 - (ii) a service that delivers only minimum requirements for users
 - (iii) a service that consistently delivers above minimum requirements for users
 - (iv) a service that delivers well above minimum requirements for users.

The Housing Service Block (HSB) has two sub-blocks: managing council housing - landlord services and Housing the community (includes strategy and enabling and Supporting People) The HSB has transitional arrangements for 2005 that include inspection scores as well as a PI elements core - but note that the two sub-blocks must contribute 50% each to the HSB score - therefore inspections can vary in weight overall from 60% to 30% to 0%. There are only a very few Large-scale Voluntary Transfer (LSVT) councils which will have their HSB score determined purely by PIs in 2005 - this is likely to increase significantly in 2006 for both LSVT and landlord councils.

The 2005 CPA HSB PI framework includes the following changes:

- housing thresholds based on all England quartile performance around the 25th and 75th percentiles for 2003/04 (bed-and-breakfast six week target will be introduced in 2006 as a lower threshold for bed-and-breakfast)
- now only 19 PIs will be used (down from 20 - one of the two rent arrears PIs has been dropped as rent arrears were otherwise weighted too highly)
- indicators H8 (re-let times) and H18 (private sector empty homes) are now based on 50% all England and 50% government office region quartile performance, to take account of housing market differences
- there is some easing of percentages of PIs needed at various thresholds to achieve 3 and 4 scores.

In conclusion, Roger pointed out that both the full version of "CPA – the harder test" and the complete "Service Assessment Framework - technical guide to CPA 2005 for single tier and county councils" can be found on the Audit Commission's web site at: www.audit-commission.gov.uk/cpa

The SORP and BVACOP Developments

Adrian Waite, Managing Director, AWICS Limited gave a detailed roundup of developments on the SORP and BVACOP. A number of issues have been raised by the 2005 SORP:

- Pension Fund Accounts - updated to reflect the updated pensions SORP to comply fully with section two of the Pensions SORP and include summarised annual report type disclosures; to follow fully the Pension SORP accounts format and terminology, and to cross refer to the Pension SORP publication
- Pension SORP Section - a commentary covering the Annual Report and a Statement of Recommended Practice covering the financial statements
- the requirement to report each fund separately.

The SIC (Statement of Internal Control) and SIFC (Statement of Internal Financial Control) requirements are to include SIC with a statement of accounts (England and Wales). The preparation of SIC is voluntary – but A SIFC must be prepared if a SIC is not (Scotland and Northern Ireland). A wider ranging statement on the system of internal control and corporate governance is permitted that such a statement must meet the minimum requirements of the SIC or SIFC.

FRS 21 Events after the Balance Sheet Date replaces SSAP 17. It covers events between the balance sheet date and the date the statement of accounts was "authorised for issue". The date when the statement of accounts was authorised for issue is to be disclosed. In a local authority the date depends on the particular arrangements for "authorising issue" at each authority. It may be reconsidered as part of the 2006 SORP.

The Best Value Accounting Code of Practice 2005 includes:

- BVACOP to apply comprehensively to Group Accounts
- a review of Service Expenditure Analysis to reflect well-being powers, charges for discretionary services and Business Improvement Districts.

Adrian turned then to accounting for interest. The SORP (paragraph 3.10) states "Interest payable on external borrowings and interest income should be accrued and accounted for in the accounts of the period to which it relates on a basis which reflects the overall economic effect of the borrowings". The SORP guidance says that "Finance costs of debt should be allocated to financial years over the term of debt at a constant rate". For a loan with differential fixed interest rates: charge cost at an average rate across the term of a loan. Options for early redemption: to the earliest date, unless there is no genuine commercial possibility of the option being exercised.

Adrian summarised the proposed 2006 SORP amendments:

- removal of Capital Financing Charge from the Net Cost of Services (notional interest)
- changes to single entity statement of accounts, Housing Revenue Account and Group Accounts - income and expenditure account to replace consolidated revenue account; a statement to reconcile this to the general

fund surplus/deficit, and a Statement of Total Recognised Gains and Losses

- new revaluation reserve
- landfill allowance trading scheme
- accounting standard developments.

For notional interest changes in 2006 the notable points are:

- 83% of respondents to the 2005 consultation favoured the ending of notional interest calculation
- not in UK GAAP
- part of CIPFA's Capital Accounting Review
- the issue is over the implications for authorities, especially whether "unfair competition" would result where authorities charge and trade
- abolition is proposed in the 2006 SORP - this would affect capital charge that would become depreciation only and there would be no need to reverse out notional interest in asset management revenue account adjustment.

For the asset management revenue account (AMRA) there were also changes for 2006. The remaining entries to AMRA are external interest payable on loans and under finance leases and contributions released from the government grants deferred account. The Consolidated Revenue Account would then show external interest payable on finance leases as interest payable in net operating cost. Contributions from government grants deferred account are to be credited to the service depreciation charge.

Consultation questions on Housing Revenue Account would include:

- (i) Do you agree that notwithstanding its memorandum nature the HRA statement should continue to be given the same prominence as the core primary statement?
- (ii) Do you agree that the replacement of the CRA with *Income and Expenditure* would make it necessary to revise the HRA statement, since it follows the CRA format by having an appropriations section?
- (iii) Do you agree with the Joint Committee's proposal that the present HRA statement should be replaced by a statement reconciling the HRA Income and Expenditure account surplus or deficit to the statutory HRA surplus or deficit?
- (iv) Do you agree that the main options for revising the HRA statement would be:
 - An HRA Income and Expenditure Account that shows in more detailed the HRA services income and expenditure included in the whole authority Income and Expenditure Account supported by a statement reconciling the HRA Income and Expenditure Account surplus or deficit to the statutory HRA surplus or deficit (favoured by the joint committee)
 - A Statutory Housing Revenue Account that discloses the statutory surplus or deficit on the HRA followed by a statement reconciling this to the surplus or deficit on the HRA activities as reported in the Income and Expenditure Account?

In conclusion, Adrian posed some big questions. What are accounts for? How can we report fully and accurately and get our message across to all stakeholders? Will the proposals in the 2006 SORP make reporting clearer?

CIPFA'S RESPONSE TO THE ODPM'S CONSULTATION PAPER 'LOCAL GOVERNMENT FINANCE: FORMULA GRANT DISTRIBUTION'

CIPFA's response to the ODPM's consultation paper 'Local Government Finance: Formula Grant Distribution' may be of interest to some (but probably not all) readers. The full text of CIPFA's response can be downloaded from the CIPFA website at: <http://www.cipfa.org.uk/pt/Responses.cfm>

CHIEF FINANCIAL OFFICER ROLE IN LOCAL GOVERNMENT

The role of the local authority chief financial officer (CFO) is essential to the future success of local authorities challenged with delivering improved and efficient services to local people. But how is the CFO role positioned within local authorities and is it able to operate to maximum effect? The Local Government Policy Panel has undertaken a survey of CFOs, which examines these questions. The results of the survey – representing the opinions of 385 CFOs from across the UK – are published at: www.cipfa.org.uk/panels/lgpp/index.cfm

SORP

The CIPFA/LASAAC Joint Committee have issued an Invitation to Comment on the 2006 SORP Exposure Draft and a discussion paper on the new financial instruments financial reporting standards. The closing date for responses is 2 February 2006. www.cipfa.org.uk/pt/pt_details_c.cfm?news_id=25669

SUPPORTING PEOPLE

The ODPM have issued a consultation document indicating the major changes being considered for excellent and non-excellent grant conditions and directions for 2006/07. All Administering Authorities are encouraged to look at these changes and forward their views to sandra.popoola@odpm.gsi.gov.uk. This consultation will run until 28 February 2006.

For more details visit www.spkweb.org.uk

PUBLIC MANAGEMENT AND POLICY ASSOCIATION (PMPA)

The PMPA offers managers and policy makers a range of opportunities to keep in touch with and understand the wider cross-cutting developments in public policy making that affect the governance, general and financial management of public services.

FORTHCOMING EVENTS

PMPA events are open to members and non-members and can be booked online. The following events have been scheduled to date for 2006:

31 January

Philippa Foster on *Ethics in the Workplace*

This lecture will take examples from the public and private sectors to explore:

What are workplace ethics?

Why are they so important?

What are organizations doing?

Current issues and future developments.

17 February

Professor David Wilson on *The Case for Penal Abolition in England and Wales*

28 March

Mike Fogden on *When is a Customer Not a Customer?*

30 March - This lecture will be held in Edinburgh

Bob Black on *Public Service Improvement: The Conditions for Success*

In the seven years since devolution, noticeable differences have appeared between the different parts of the United Kingdom in public policy towards the organisation and delivery of key public services.

There have also been different models applied to public service improvement across the UK. The Scottish models will be explored and the strengths and weaknesses highlighted. It will be suggested devolution has provided opportunities for innovation in models for public service improvement but there are some necessary conditions for sustained improvement in public services which have not yet been fully addressed in Scotland.

4 April

Faith Boardman on *The CPA Regime: Help or Hindrance?*

Chairman: Steve Bundred (Chief Executive, Audit Commission)

In 2002, the London Borough of Lambeth was rated as a 'poor' local authority (the lowest of the Audit Commission's Comprehensive Performance Assessment's five categories) after 25 years of weak management and headline-making politics. At the end of 2004, its CPA rating was 'weak', and it was described as one of the fastest improving councils in the country. By the end of 2005, Lambeth had moved up again to 'fair'. This lecture will explore what Lambeth shows about the overall effectiveness of the CPA in raising the standards of local authorities and whether there are lessons which could be applied to other parts of the public sector.

The latest PMPA publication is the third edition of *'The State of Britain: A guide to the UK Public Sector'* authored by Andrew Massey - is now available. (Non-member price £12).

Individual Membership is £80 (£75 for CIPFA and other associate member organisations) and £35 for retired members and full time students. Corporate rates start at £350 for up to five persons registered by their employing organisations to receive the benefits package.

Full details are available on the Association's website www.pmpa.co.uk or email info.pmpa@cipfa.org asking for an information pack and sample publications.

THE HOUSING PANEL

CIPFA's Local Authority Housing Panel meets three times a year and is responsible for all financial management and policy issues that affect housing on finance. The Panel:

- develops Institute responses to Government, professional bodies' and other bodies' consultation/ discussion papers and exposure drafts
- develops, promotes and maintains best practice, standards and guidelines
- produces and disseminates relevant advice and material for members and employers in local authority housing
- establishes positive and productive professional relationships with Government, government departments and agencies, the national audit bodies, professional regulators and other bodies falling within the Panel's defined areas of responsibility.

The current Panel members are:

Ken Lee (Chairman)	<i>Independent</i>
Bev Angell	<i>Nottingham City Council</i>
Paul Cook	<i>Consultant</i>
Subroto Duttaroy	<i>ODPM</i>
Mike Groom	<i>LGA</i>
John Hawes	<i>Sedgefield Borough Council</i>
Sukvinder Kalsi	<i>Birmingham City Council</i>
John Kettlewell	<i>Independent</i>
Rhys Makinson	<i>LB Camden</i>
Anne Phillips	<i>Powys County Council</i>
Adrian Waite	<i>Consultant</i>
Tony Wardrobe	<i>National Assembly for Wales</i>
Simon Wiles	<i>City of York Council</i>
Lindsey Wishart	<i>Kingston upon Thames</i>

Members by Invitation:

Stephen Nisbet	<i>Perth and Kinross Council</i>
Ron Potts	<i>Consultant</i>
David Thomas	<i>Consultant</i>

Further information about the Panel's activities, publications and seminar events is available on the panel website at: <http://www.cipfa.org.uk/panels/housing> or from Lesley Lodge by emailing lesley.lodge@cipfa.org Tel: 01582 881673.