**Society of District Council Treasurers**

**Minutes of the Executive Committee held on 16th June 2017**

**At the CIPFA Offices, London**

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

**In Attendance:**  Norma Atlay (President), Angela George (Secretary), Bob Palmer, Nick Eveleigh, Jo Wagstaffe, Jill Penn, Jason Vaughan, Sal Khan, Simone Hines, Chris Brewer, Paul Deal

**Welcome:** The Executive welcomed Steve Hearse (Torridge), Mark Dickenson (Kettering), Ian Knowles (West Lindsey), Adrian Rowbotham (Sevenoaks) and Simon Freeman (Harlow) to their first meeting of the Executive.

**Also in attendance**: Bevis Ingram (LGA), Liz Jackson (Grant Thornton), Lisa Quinn (Capita), Cliff Dalton (CIPFA), Jon Hayes (PSAA).

1. **Apologies:**

**Apologies** were received from – William Jacobs, Kevin Jaquest, Frank Wilson, Peter Stuart, Alan Peach.

**Also:** Aileen Murphie and David Aldous (NAO), Chris Ellis (Zurich), Sally Marshall (DCEN), Nicola Morton (LGA)

1. **Presidential Handover arrangements**

Norma updated the meeting on her decision that she would take early retirement at the end of August due to family illness. Her last meeting would be at the CIPFA Conference workshop in July but she could potentially attend the September Executive meeting on 8th September for a formal handover.

In the light of this, Jill Penn will step up to President and Nick Eveleigh to Vice President. An election would take place to fill the position of Second Vice President.

**Action – Angela George to progress handover arrangements and Second Vice President election.**

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

The draft minutes of the previous meeting of 21st April 2017 were agreed with minor amendment and will be published on the website.

Actions have either been completed or picked up elsewhere on the agenda.

1. **General Election – impact on work programme**

The uncertain outcome from the election had meant that the impact on current and future work programmes was unclear. It was considered that given the government’s lack of an overall majority, more controversial legislation perhaps wouldn’t be pursued, but more clarity might forthcoming following the Queens Speech scheduled for the 21st June. Bevis Ingram reported that the LGA would be engaging with the new Government to ensure Local Governments voice is heard, particularly on funding matters.

1. **Business Rate Retention**

Bevis Ingram reported that following the general election we do not know whether the new Government will continue the commitment to full business rates retention or whether the local government finance bill will be introduced. The LGA will be lobbying for full retention on the basis that the extra rates retained should be used to plug the gap in local government funding in 2020 rather than be used for new responsibilities.

A discussion took place as to which aspects of the BR initiative would require primary legislation and which didn’t. The Fair Funding review was potentially the most controversial part and could therefore be more difficult to implement.

1. **Audit Update**

Bob Palmers Audit update note (full note on SDCT website) was considered with the main issues detailed below.

* 1. **National Audit Office**

Aileen Murphie had been unable to attend the meeting but had a sent a note of a few things from an NAO perspective:

* At present the NAO are still not publishing any reports and cannot until the Queen’s Speech is approved by the House. So like everyone else, they were waiting on events.
* They have an across government study underway on PFI for which they are seeking information from across the sector.
* They are starting to scope work on the next examination on financial sustainability and will update the Executive at the next meeting.

The NAO are also conducting a value for money study on Homelessness and have approached the SDCT for input. They are exploring the scale of financial pressure and risk on district councils from the increase in homelessness, and how that is impacting on service provision. A number of the Executive members have agreed to contribute to the study.

* 1. **PSAA Ltd**

The main issues were set out in Bob’s note.

Another point of note was that indications are that the audit firms are keen to carry out the grant certification work.

**Action – Bob Palmer to continue to update on audit issues.**

 **Postscript - Contract lots are now awarded with an overall saving of 18%**

1. **Advisor Reports**
	1. **Universal Credit (Simone Hines)**

The UC group hasn’t met since before Purdah was announced. The main issue to be aware of is that the DWP are considering removing temporary accommodation from Universal Credit and leaving it within Housing Benefit.

* 1. **Housing Benefit (Jill Penn)**

The DWP are looking to understand the cost of delivering a HB service to better inform DWP decisions. They are looking to disaggregate HB/CTRS and HB only claims.

The timeline is September /October for spending envelope 2018/19.

Templates will be issued to 38 authorities who provided the first sets of data in 2012 (after confirming they want to take part again).

* 1. **DWP Fraud and Error (Simone Hines)**

The main issues to report are:

SFIS hasn’t achieved the savings that were expected. The DWP are carrying out work to understand the reasons for this.

The pilots on joint working have gone well (looking at housing tenancy and LCTS fraud alongside HB) and likely to be continued but next stage has been delayed by the election.

* 1. **DWP LA Welfare Steering Group**

It was noted that DWP are merging the existing DWP/LAA Steering Group with the Universal Credit Working Group to become the DWP LA Welfare Steering Group. This is welcome as a fair amount of duplication exists on the current 2 groups. Simone Hines will be the SDCT representative.

* 1. **ALATS**

Cliff Dalton (CIPFA) updated the meeting on the main issues from the ALATS meeting held on 19th May (minutes on SDCT website) including:

* Slimmed down Accounts progress – examples of good practice are being sought
* Commercialising the CFO – the importance of due diligence work was stressed.
* IR35 Off Payroll requirements
* Pensions update – Mike Ellsmore had asked if he could attend a future meeting of the SDCT Executive and this will be arranged.
* Housing issues (see 8.4)
* Prudential Code – the review to consider the more aggressive borrowing strategies being undertaken by authorities and any potential government concerns raised on overall borrowing levels.
	1. **Sevenoaks District Council – Public Finance Innovation Award**

Adrian Rowbotham, the CFO of Sevenoaks and new SDCT Executive member gave a presentation on some of the key issues that had led to them being given this prestigious award. The full presentation is on the SDCT website.

The conclusions were that success relied on a few key factors, namely:

* Long Term Financial Planning (10 year Budget)
* Financial Self Sufficiency
* Property Investment Strategy
* Positive Culture
1. **Reports from External Bodies / Sponsors:**
	1. **LGA**

**Bevis Ingram reported on a number of issues including:**

* **MiFID II**. The FCA will publish the revised MiFID regulations before the end of June. The LGA and Cipfa are having discussions with the banking and investment sector about the possibility of designing a standard process for local authorities that want to act up to professional investment status under the new regulations.
* **CLIP-F**. DCLG’s CLIP-F group (Central Local Information Partnership – Finance) met recently and discussed new requirements for statistical information relating to council investments, as well as a new on line system (Delta) for collecting information from councils.
* **Planning Fees** – The Government’s proposal to allow a 20% increase in planning fees will require Parliamentary time to implement, therefore it is almost certainly not going to be implemented before the summer recess of Parliament.

* 1. **Capita Asset Services**

Lisa Quinn reported on a number of initiatives including:

* **Business Rates workshops:** A series of Business Rates workshops to share ideas on forecasting, based on case study material and the different elements of the CAS Business Rates Model, including business make-up and geographic view:
	+ North 5th September
	+ Midlands 6th September
* **Client Network:** A series of Client Network events across the UK - this is a new format where they are seeking to open up a dialogue with LA directors to establish what their main challenges are and where we can best support:. The first session was on 23rd June (free event).
* **General update:**
* Review of current and future Balance Sheet positions and how these will impact on future investment and borrowing decisions - looking forward 3 - 5 years
* Main risk at the moment is the Commercialisation agenda
* Future capital programme and its emphasis on property capital expenditure - recent news headlines have left some councils a little wary
* Clarification of TM and general powers for investment/expenditure in property - some are now realising they have effectively borrowed to invest without setting up  a wholly owned company structure first, especially on out-of-Borough property expenditure.
* Many new investment opportunities appearing, like solar bonds, which need careful consideration. Lisa agreed to provide further information on these.
* Interest in property funds – still looks a viable diversification option for many
* Based on our central interest rate forecast caution is urged on government bonds with the Government/Election uncertainties at present.
* Most LA’s still postponing borrowing.
	1. **Grant Thornton**

Liz Jackson provided an update on some of the key GT reports published recently including Vibrant Economy and Brexit insights. GT will be presenting at the CIPFA Conference SDCT workshop on 12th July on the Income Spectrum for District Councils.

* 1. **CIPFA**

Cliff Dalton informed the group of CIPFA’s current plans regarding two key strategic priorities that the Institute has identified:

1. **Housing Agenda**

A new housing round table (R-T) is to be set up (first meeting expected in July 2017) which will report to the housing Panel and Local Government Faculty Board.

The R-T will work closely with government departments to identify practical solutions in housing, especially on options to encourage more social housing supply.

The recent Housing White paper has gone some way to encourage more house building, but there is more that could be done and CIPFA is keen to work with DCLG to see what greater enabling powers may be on offer to kick start a more aggressive house building approach and so help meet the new build pledges from all current party Manifestos.

Certainly there remains some barriers that CIPFA would like to see overcome, not least from a restrictive policy on Local Housing Allowances, a resistance to allow councils to exceed their borrowing headroom (mainly in London and the South) and current restrictions of the use of RTB receipts.

But CIPFA believes that there is more that can be done by the sector under existing powers and part of the R-T review will include a drive to share best practice and innovative solutions to achieve this, such as the creation of housing companies, circumventing HRA ring fenced rules (for some types of expenditure) or being more innovative over the gifting of land from the General Fund.

There is a genuine belief that the DCLG will be more receptive to some positive proposals put to them, although the biggest challenge is still likely to be how much the Government is prepared to allow councils to retain all RTB receipts.

For many councils, the challenge of building new homes may still remain, even if they are offered greater freedom and flexibilities within the sector.

‘Brexit’ and the potential loss of skilled labour during a time of tighter resource levels are factors that will put pressure on any plans to build more.

All of these issues are areas that are likely to be covered in a Special CIPFA Housing conference in September (date TBC).

1. **Devolution Agenda**

The Devolution agenda seems to have stalled rather in recent months, but it remains a key public service delivery option and CIPFA remains keen to share good practice across existing devo-deals where they exist, as well as help find solutions where existing deals come across any barriers going forward.

CIPFA already has a devolution panel in operation. In recent months it has looked at a variety of issues affecting authorities, including commercialization options and borrowing powers for combined authorities.

The scope of this panel is now expected to extend to include all combined authority, shared service and LEPs in an attempt to better understand and map how different (and sometimes overlapping) delivery vehicles can work most efficiently together.

The next meeting of the ‘Devolution and Combined Authority’ panel is due to meet on 23rd June. Feedback and progress from this group will also be fed into CIPFA’s Faculty Board.

**9 CIPFA Conference – Agenda**

The final agenda was agreed and will be circulated to all members and placed on the SDCT website.

**Action – Angela George**

**10 Any Other Business:**

**10.1** It was noted that information was being sought on any tower blocks over 6 stories high following the Grenfell Tower tragedy.

**11 Date of Next Meetings –**

**- SDCT CIPFA Conference Workshop – 12th July 2017 15.10**

**- SDCT Executive 8th September 2017, Capita Offices, Gresham Street, London, EC2V 7NQ** .

 **12 Part B – Private Executive Business:**

 **12.1 Membership Changes – Advisor Areas update**

The advisor areas were discussed including any potentially new areas. This will be updated once Norma’s replacements are in place and new members have expressed an interest in areas they are particularly interested in. Adrian Rowbotham has agreed to lead a new area on Financial Sustainability.

Paul Deal suggested that perhaps a Technical Team could be employed to provide more detailed technical assistance (currently we buy this support in as required).

It was also discussed whether the Executive could act in a mentoring role for CFO’s and a number of the Executive expressed an interest in doing this.

A further application had been received to join the Executive from Shelagh McGregor (South Lakeland DC) and this was agreed.

**Action – All to provide any ideas and notification of any advisor areas interested in to Angela George to progress for the next meeting in September.**

 **12.2 Financial and Business Update**

The current financial position was discussed including any income and expenditure commitments. In particular it was discussed whether additional funds could be obtained to assist with additional Technical work and website and communication support.

**Action – Frank Wilson / Angela George to undertake review of income levels**

**12.3 Website and Communications with Members**

The Mailchimp test is still outstanding and will be progressed, however a decision on whether additional funds will be put into the website and communications role will need to be taken.

As a first step to improve communications with members and visibility of the SDCT, the draft minutes will be agreed via e mail in advance of the next SDCT meeting and will be circulated via e mail to all members.

**Action – Angela to progress**