



Minutes of the Executive Committee

20th May 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), Jenny Poole (Second Vice President), Angela George (Secretary), Clare Fletcher (Treasurer), Homira Javadi, Sian Moore, Richard Bates, Simon Freeman, David Stanley, Clare Fletcher, Terry Collier, Peter Catchpole, Richard Baker

Also: Rob Baxter (Link), Erin McIntyre (GT), Nicola Morton (LGA), Andrew Chappell (PSAA), Nico Heslop (DLUHC - for general update), Helen Hodgson (NAO – for item 5), Jo Pitt (CIPFA - for item 7)

1. **SDCT Executive Apologies:** Carolin Martlew, David Heyes, Tracey Bircumshaw.
Also: Vicky Davis, Mike Newbury
Goodbye: It was noted that this would be Jenny Poole's last meeting and the Executive thanked her for her input over the years and wished her well for the future.

2. **Minutes of meeting of 22nd April 2022**
The minutes of the previous meeting of 22nd April 2022 were agreed.
Actions outstanding:
 - Alison to circulate the BR Consultation response for the SDCT Website
 - Alison to organise presidents chain handover with Simone.
 - Terry to progress Linked InAny other matters arising, or outstanding issues are considered further on the agenda.

3. **Financial Issues:**
22/23 Budget Pressure - Inflation
The current inflationary pressures and the resulting difficulties in preparing MTFP's was discussed. Concerns were also raised over the impact the cost of living increases could have on households ability to pay their council tax and the resulting impact on collection rates. Alison suggested a Roundtable be set up comprising a small number of volunteers to gather information and look at how we support members. Alison to summarise discussions to feed into DLUHC who are looking for examples of impact on outcomes / service delivery.
Action – Alison to progress

Energy Rebate (administered via Council Tax) - The difficulties in funding and administering the scheme were again discussed and meetings have been agreed with the Treasury /DLUHC / LGA. Nico Heslop acknowledged the scale of the issue handed to Local Government and commented that LA's had responded well in difficult circumstances and thanked staff involved. The difficulties encountered by some authorities resulting from IT supplier issues was discussed. Jenny has prepared an online survey which will be sent to the wider membership to gather data on the difficulties and issues encountered to feed into DLUHC.
Action – Jenny / Clare to progress

Homes for Ukraine

The DCN have met with the permanent secretary this week to raise their concerns over the scheme. It is believed that 40% of Districts have worked out a split with their Counties (leaving 60% who have not). DLUHC requested information on the problems being encountered.

Action – Alison to progress

Nico Heslop also updated the meeting on the following:

- Advised that the Chancellor was currently considering further financial support measures and that more would be known in the near future.
- That the Department was working with the Sector on Capital and Borrowing and risk management mitigations. Further information on this is contained in the update from Link Group attached to the minutes in paragraph 6.3 Terry offered to provide case study information around construction inflation impacts on their housing delivery programme and new leisure centre.

Action – Terry to provide

- Following discussion on the 22/23 settlement and funding reform it was considered that if there was going to be major local government funding reforms, announcements would have been made by now, so any changes were likely to be less fundamental. The timescale for the settlement would be as in previous years with a consultation in the Autumn and the draft settlement issued prior to Christmas.

4. Audit Issues

NAO- Helen Hodgson (Director DLUHC team) gave an outline of recently published NAO work, including some tool kits for audit and risk assurance committees (and effectiveness assessment tool and a Russia risk considerations for audit and risk assurance committees). All reports are available on the NAO website (www.nao.org.uk). Relevant current work in progress was also outline and short notes setting out the scope of ongoing work is also available on the NAO website.

PSAA – Andrew Chappell gave an update on behalf of PSAA:

- The Queens Speech supporting documentation noted a draft audit reform bill. Although the exact status of this legislation was unknown it would be helpful in bringing about the reform of FRC into ARGAs as the new system leader for local audit ending a period of uncertainty.
- HMT is about to launch its thematic review of the valuation of PPE with local authority accounts. We saw this as a positive step to following up on para 56 of DLUHC's spring statement about having a regime with local authority accounts and the statutory audit are proportionate.
- The impact of concerns over infrastructure assets auditing can be seen in that only 16 audits were signed off in April 2022. This brings the total to 262 (55%) with 212 (45%) remaining.
- The PSAA auditor procurement was in progress, but limited things that can be said until the entire process was completed.
- PSAA have continued close contact with DLUHC and their local audit team on the concerns of the sector especially the ever-growing backlog of unfinished audits.

SDCT Executive discussed their own experience of the audit progress. Most were experiencing significant delays and had a growing backlog of audits to sign off. Some reported they had had 20/21 signed off but warned there were significant extra fees attached to the work.

5. Consultations:

- **MRP Consultation (DLUHC)**

Nico Heslop advised that DLUHC had 'heard the concerns of the sector with respect to capital loans and have worked carefully to modify the proposed changes to regulations to address this while also meeting the government's objectives. The next step will be to issue revised regulation changes to the sector for comment, ahead of publishing the government's formal response to the consultation this summer'.

There was no further word on an expected announcement, and it was pointed out that the delay was causing some operational difficulties in some authorities with investment decisions being deferred.

- **CIPFA Infrastructure Assets - Code Consultation**

Joanne Pitt (CIPFA) advised that CIPFA LASAAC Local Authority Code Board has announced an urgent consultation on temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. The proposals are intended to address issues raised by auditors in relation to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken. The issue arises principally because of information availability, relating to these assets and the difficulty of generating information which is decision useful and meets the needs of accounting standards. There are also related issues for the reporting of gross historical cost and accumulated depreciation.

Jo advised that a small group of CFO's were being pulled together via ALATS to discuss the issue but so far no District was part of this (the issue principally affects upper tier authorities). The deadline for response is 14th June.

Action – Any volunteer for the ALATS CFO working group?

- Nico Heslop advised that DLUHC would soon be launching a consultation (planned for this summer) on the IFRS 9 override and will decide following engagement with the sector.

6. Sponsor and Advisor Updates:

6.1 Erin McIntyre – Grant Thornton updated the meeting on the following:

- MRP - highlighted the importance of setting a prudent MRP.
- Infrastructure assets – CIPFA consultation is currently underway, as auditors where there are material infrastructure assets and insufficient records to support the replacement expenditure there is a risk that the gross values are overstated

6.2 Joanne Pitt – CIPFA gave an update as follows:



CIPFA Update SDCT
May 2022.docx

6.3 Rob Baxter – Link Group, updated the meeting as follows:



Link Group 20th May
2022.docx

6.4 Nicola Morton – LGA

Nicola referred to the LGA's briefing on the Queens Speech and pointed to bills and proposals that had not already been discussed during the meeting. The LGA would be grateful for any comments in response to provisions in the new bills. Nicola also gave an update on the LGA's work on cost pressures to consider new inflation and National Living Wage figures. This work will hopefully be published at the LGA conference at the end of June if not before

7. SDCT Workshop CIPFA Conference, Liverpool 14th July 11.30am

The subject will be Council Owned Companies and the agenda /speakers were agreed.

Action – Angela to progress.

8. Any Other Business:

Clare had circulated a message to the wider membership highlighting areas of the Country not currently represented on the SDCT Executive. Angela advised that she had been contacted by 6 people however had not yet received any formal expressions of interest.

Action – Angela

9. Date of Next Scheduled Meetings:

- **14th July 2022 11.30am CIPFA Conference, Liverpool**
- **9th September 10am (Private Virtual)**