



Minutes of the Executive Committee

14th July 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, Richard Gibson, Christine Marshal, Terry Collier, Richard Baker, Peter Catchpole, Simon Freeman

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

Also in attendance: Nicola Morton (LGA), Andrew Chappell (PSAA), Mike Newbury (NAO), Sofia Brown (GT).

1. **SDCT Executive Apologies:** David Stanley, Clare Fletcher.

Also: Joanne Pitt (CIPFA), Daniel Moylan (ZM), Neil Harris (FRC), Vicky Davis (NAO), Rob Baxter (Link)

Goodbye: Clive Mason and Carolin Martlew. The Executive thanked them for their respective contributions.

Welcome: Bev Bull, Oadby and Wigston

2. **Minutes of previous meetings:**

The minutes of the previous meeting of 19th May 2023 were agreed and will be published on the website.

It was confirmed that:

- The SDCT Annual General Meeting will be renamed SDCT Conference (to include the AGM) and has been booked for Warwick University on 7th and 8th March 2024

Action – All to Reserve date in calendars

- Homira will pick up the issue of the HRA and whether there was an opportunity to look at changes to rent setting arrangements.

Action - Homira

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

Feedback from CIPFA Conference SDCT Workshop 28th June 2023

The session entitled 'Are we facing a temporary accommodation crisis and what can be done?', was facilitated by Adrian, Terry and Emma supported by Bob Porter from Thanet District Council and Roy Millard from the South Eastern Migration Partnerships. The session was extremely well attended, and the large number of questions and responses highlighted how significant and growing a challenge the issue of finding / providing temporary accommodation for councils is. There were too many questions to answer at the session and a fact sheet is currently being prepared for attendees. It is hoped that this session will lead

onto a further dedicated SDCT session focussed on Housing matters, possibly a round table event and potentially involving Public Finance who are interested in facilitating the session.

Action – Terry and Emma to progress.

3. Financial Issues: Update

The mood at CIPFA Conference had not been optimistic particularly given the recent S114 notices. There were no new major announcements expected on the financial settlements, and it was unlikely there would be before the general election. Specific issues discussed were:

- The launch of OFLOG and the Best Value Guidance and Inspection regime (out for consultation now). There are some concerns over the metrics being used.
- The impact of the Woking S114 on the sector.
- Nicola Morton felt that the EPR rollout was likely to be delayed.
- Swimming Pool Grants – Emma reported that there was not enough money available.
- The draft response of ALATS on the reserves survey was discussed. ALATs recently completed a survey of council's reserves across the whole sector and achieved nearly 50% of all councils across all tiers returning which provided valuable data to engage DLUHC. Several lessons were learned from carrying out that survey, together with the recent OFLOG measures announcement and so the survey has been amended to take account of both factors and CFO's are being asked to identify changes from their last submission >5%. If an authority did not take part in the first survey this does not preclude them from taking part this time, and indeed new submissions would be welcome. Adrian will write to Districts and returns are to be completed by Friday 18th August.

Action - Adrian

4. Audit Issues

PSAA – Andrew Chappell reported:

There has been a lot of government and parliamentary activity.

The next session of the Levelling Up Committee Inquiry is on Monday 17 July.

We anticipate that this will provide news on the 'backlog solution' that has been the focus of much interplay between DLUHC and other stakeholder in the last few months.

Neil Harris (FRC – Director of Local Audit) gave feedback on the position as far as he was able at our webinar on 3 July. We will be hosting another session to cover the actions being taken when they are known.

Iain Murray (CIPFA) spoke at our June Advisory Panel meeting on CIPFAs contributions to the solutions.

Particular issue raised at the meeting of the difficulties of bodies in finding auditors to certify Housing Benefit claims. This chimed with recent press reports

<https://www.themj.co.uk/Councils-left-in-lurch-over-housing-benefit-assurance/229342> and correspondence we have received.

Consultation on the 2023/24 scale fees will take place from 7 September to 6 October 2023.

30 November 2023 is the statutory date by which we must publish the scale fee.

The impact of any changes to the scope of the audit resulting from the 'backlog solution' will need to be factored in.

NAO – Mike Newbury Update:

Mike updated on the issues from the NAO perspective and reiterated the next session of the Levelling Up Committee Inquiry is on Monday 17 July where it was hoped that announcements would be made to start resolving the backlog issues.

Mike also advised that he was extremely interested in the Housing Benefit audit difficulties being experienced and they are also the auditors for the DWP. The view of the Executive was that the cost of auditing the HB claim outstripped its usefulness. Claims were reducing due to universal credit and the LG staff resources going into this area was reducing each year but the cost of audit was increasing.

The update was followed by several questions and comments. Alison Scott reported that she had given evidence to the recent Select Committee Inquiry, and she felt it had gone reasonably well and that the problems were not all being blamed on the LG sector.

Mike also updated the Executive on the NAO's VFM work.

Action – Clare to feedback results of Executive poll on audit delays

5. Consultations:

- **Infrastructure Assets** – Alison Scott has raised at CIPFA / LASAAC the concern that Districts do not get disproportionately caught by any regulations introduced. There is a CIPFA survey on infrastructure assets and Districts should respond individually to this as it will affect all Districts differently.
- **MRP Consultation**
It was reported that further consultation is expected shortly.
- **Business Rates Avoidance and Evasion**
This has now been issued.
- **Second and Empty Homes**
A consultation on exemptions to the second and empty homes premium was published on 6 July and closes on 31 August.
- **Capital Risk Metrics**
OFLOG will use these metrics once approved. The consultation opened on 13th July and closes on 21st September.

Action – Jon to review current consultations and allocate consultation responses to advisors if appropriate.

6. Sponsor and Advisor updates:

LGA – Nicola Morton updated the Executive on:

- The Government published a consultation on business rates avoidance and evasion on 6 July. The LGA will be responding to the consultation which closes on 28 September. The LGA is seeking examples of business rates avoidance and evasion from member councils and would welcome these from shire district councils. Please send to lgfinance@local.gov.uk. The LGA has been asked to host an online session with councils and DLUHC on the consultation. Likely to be the first week in September. An invite will follow in the next few days.

- The 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 has completed its Commons stages and is now in the Lords.
- The Government response to the recent consultation on the council tax valuations of Houses in Multiple Occupation is expected shortly. The LGA responded to the consultation.
- The Levelling Up and Regeneration Bill is still going through Parliament. The delay to the Bill means that the provision to charge a premium on second homes cannot now be used until 1 April 2025 at the earliest.
- A consultation on exemptions to the second and empty homes premium was published on 6 July and closes on 31 August. Please send your views on the consultation to lgfinance@local.gov.uk
- OFLOG launched last week and the LGA had some reservations with some of the metrics, including some of the finance metrics. The LGA is raising these concerns with DLUHC / OFLOG.
- The LGA will be taking a close look at the consultation on capital risk metrics which was published today. Please send your views to lgfinance@local.gov.uk. The consultation process may include workshops with councils.
- MRP guidance – we are expecting further information (and further consultation on the guidance itself) on this following consultation on regs last year.
- The LGA responded to the [HMT consultation on non-investment assets](#) and cipfa survey on infrastructure assets.
- There was a Government announcement last week on Simplifying the Funding Landscape for local authorities. The LGA will be engaging with DLUHC on this.
- The 2022/23 RO forms are out. Please take care to check that the pre-populated data is correct and if you amend it that this feeds through to the relevant places on the spreadsheet.
- The IFS slides from the LGA conference are on the [IFS website](#).

Grant Thornton (Sofia Brown)

Sofia reported that:

1. Woking BC – GT is carrying out a detailed review of their finances, this is being led by Guy Clifton and due in late summer.
2. Pensions issue - the latest triennial valuation provides updated information for the net pension liability as at 31 March 2022, particularly in respect of membership data and demographic assumptions. As a result GT are asking authorities to obtain revised IAS19 reports from actuaries detailing the impact of this updated information on each authorities' net pension liability disclosures. In each revised report we have seen so far there are material changes on a gross level, and if this is the case amendments will be needed for the 2021-22 financial statements, and additional audit work carried out to:
 - obtain assurance in respect of the updated membership data;
 - consider the reasonableness of any revised assumptions and estimates; and
 - check the accuracy of management's adjustments to the financial statements.

7. Any Other Business

- Drainage Board Levy

Christine had advised that the sector is in process of looking to set up a special interest group with the LGA and will contact Councils impacted.

Action – Christine to Progress

- **LGA Conference feedback**

There was a request made to join Peer reviews.

8. DONM – 8th September 2023 10am (private Executive meeting)

9. Private Executive Business:

- **Audit Backlog update.**

The Executive discussed the implications on the sector of some of the potential solutions to the backlog issue and the impact of the current situation on staff morale.

- **Linked In**

The SDCT Linked In site has now been activated. Angela and Terry are currently 'owners' of the site and will review access requests. Any Executive member not currently on the site were encouraged to join and indeed post appropriate issues in order to raise the profile of the SDCT.

Action - all

- **SDCT Advisor Areas**

The updated advisor areas have been published. It was noted that the Auditor role was still vacant.

Action – Anyone interested in the Auditor role please contact Angela