**Minutes of the Executive Committee**

**28th May 2021**

**Venue: Virtual Meeting**

**SDCT Website:** [**www.cipfa.org/partners/society-of-district-council-treasurers**](http://www.cipfa.org/partners/society-of-district-council-treasurers)

**CLOSED SESSION:**

**In Attendance:** Simone Hines (President), Angela George (Secretary), Terry Collier, Adrian Rowbotham, Peter Stuart, Homira Javadi, Sian Moore, Richard Baker, Alison Scott, Simon Freeman, Jenny Poole, David Stanley, Clare Fletcher, David Heyes

**Also:** Alex Skinner (MHCLG), Bevis Ingram (LGA) for item 1.

**Apologies**: Sal Khan, Helen Smith, Peter Catchpole, Tracey Bircumshaw.

**Welcome**: Carolin Martlet (Arun) has been appointed to the SDCT Executive but was unable to attend this meeting.

1. **MHCLG**

Alex Skinner (MHCLG) attended to discuss the financial challenges and opportunities facing the sector over the coming months particularly in relation to the current and projected COVID pressures and looking forward to the spending review with the Executive. Alex had provided a list of specific questions he wished to discuss and requested real examples of the issues on the understanding that the information provided would be anonymised and confidential. Alex agreed to feedback on a few the issues raised and it was agreed that a further session with Alex would be arranged. Alex and Bevis left the meeting after this item.

**Action – Angela to arrange a further session with MHCLG.**

1. **SDCT Member issues**

Simone advised that she would be leaving NBBC at the end of July to take up a new role at Sandwell. As Sandwell is a unitary authority, she would unfortunately be unable to continue with SDCT. Alison will be taking over the Presidency at that point which means we will have a vacancy for the Vice President, as well as the existing 2nd VP vacancy. If anyone is interested in either of these roles or would like to know a bit more about what it involves, please let Simone, Alison or Angela know.

**Action - All**

1. **Date of next meetings:**

It was agreed that as there would be no SDCT workshop at CIPFA Conference this year, an additional private meeting would be arranged for early July, prior to Simone leaving.

It was also agreed that a 2-day session for the wider membership would be arranged at Warwick University and a preferred date was expressed and which would replace the previous 2 day event which had been arranged for 21st and 22nd October. It was agreed that it would be useful if this could be a hybrid of virtual and face to face attendance if the University were able to accommodate that.

The next full meeting of the Executive would be as originally timetabled on 10th September (Virtual).

**Action – Angela to progress. (Postscript – 2 day event at Warwick subsequently provisionally agreed for 7th and 8th October)**

**OPEN SESSION:**

1. **Additional attendees:** Rob Baxter (Link), Bevis Ingram (LGA), Joanne Pitt (CIPFA), Paul Dosset (GT), Andrew Chappell (PSAA).

**Welcome:** Vicky Davis (NAO). Vicky has replaced Aileen Murphie at the NAO and was welcomed to her first meeting of the SDCT.

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

The minutes of the previous meeting of 16th April 2021 were agreed. Any matters arising or outstanding issues are considered further on the agenda.

1. **Finance, Budget and COVID Issues**

Simone summarised the general issues discussed in the earlier session with Alex Skinner (MHCLG) and agreed to progress a number of those issues directly with him. A general discussion took place on the issues raised.

Simone reiterated that although a clearer way forward on the spending review was required, it would be unhelpful and unwelcome for there to be any substantial reforms for 22/23 given the issues LA’s were currently dealing with.

Bevis Ingram advised that the LGA had started work on the spending review submission.

A discussion took place with the continuing frustrations and concerns with the ARG guidance from BIES to which she had little success in progressing. Terry Collier will pull together a note of the key issues and Vicky Davis offered to raise the issues from the NAO perspective.

**Action – Simone / Terry.**

1. **Audit Issues**
	1. **Audit Fee Methodology Consultation** – this had been submitted on 18th May by Richard Baker and is on the SDCT Website.
	2. **Changes to Local Audit Regulations consultation** – this will be submitted by the deadline of 1st June.

**Action- Richard Baker**

* 1. **Audit, Reporting and Governance Authority (ARGA)**

Following the Redmond Review, the Government has recently announced that ARGA will be the ‘clearly accountable system leader to ensure that the local audit framework operates in a coherent and joined up manner’. ARGA has been set up to replace the Financial Reporting Council (FRC) as part of BEIS’s broader corporate audit reforms and the government feel that it will be best placed to take on the additional role recommended by Redmond, and a separate body is not required.

Vicky Davis advised that the Committee of Public Accounts (PAC) held two sessions last week on the timeliness of local audit. Ernst & Young, Grant Thornton and Sir Tony Redmond gave evidence at a pre-panel and MHCLG and PSAA gave evidence at the main session last Thursday.  The transcript of those sessions along with written evidence can be found [here](https://committees.parliament.uk/work/1138/timeliness-of-local-auditor-reporting-on-local-government-in-england/publications/). The PAC report should be published in few weeks.

The issues were discussed and the Executive queried whether ARG would resolve any of the current LA audit related issues, particularly as it appeared unlikely to be operational until 22/23. The conclusion following discussion was that there appeared to be nothing currently being discussed that would improve the current serious situation for either auditors or LA’s for the foreseeable future.

Bevis advised that BEIS have launched a consultation on the future of audits generally, and although LA audits was a small part of the overall document, that this would be an opportunity to emphasise the issues again. The consultation closes in early July and Bevis provided a contact name of a person who has been seconded from Local Government who might be useful to talk to.

**Action – Richard Baker to make contact.**

* 1. **NAO Issues**

Vicky Davis provided an additional update for the Executive on the NAO work and interest in local government continues – upcoming reports, include one on Test and Trace (LGA input was sought). Our future work programme will include a study on local economic recovery and a study on housing.

* 1. **PSAA Issues**

Andrew Chappell provided an update on:

* PSAA pleased to be confirmed as the Appointing Person for the next procurement round.
* Some preparatory work on how the procurement will be shaped has been going on which we look forward to sharing in a few weeks time.
* MHCLG producing consultation before summer recess on how it plans to implement the separate unit within ARGA structure set out in the spring update. Questions would included what are MHCLG’s control mechanisms for a body which is a creature of BEIS.

The intent within para 42 of the statement is critical: *crucial that ARGA has forums for engaging directly with both local bodies and audit firms to ensure that local audits are focused on areas of most risk to local bodies, and that firms have a clear understanding of priorities for the sector, and are able to escalate issues and concerns where necessary. We will work with the FRC to consider what the best mechanisms will be for achieving this.*

* As referred to earlier BEIS are also consulting on audit matters. A concern we have is the indication that local government could all be designated as Public Interest Entities with additional scrutiny that involves, notwithstanding the different transparency measures that exist for the local government sector. These include the public availability of financial and audit committee papers as well as the public inspection rights.
* Not expected that these changes will have an immediate effect on the shortage of audit staff and key audit partners which was referred to several times in the PAC hearing. As has been discussed numerous times there are other factors involved such as the size and format of the accounts.
1. **Consultation Responses:**
	1. **MHCLG / LGA Roundtables**

Feedback from the recent roundtables attended by the Executive were discussed. Adrian had provided feedback on the roundtable he and Alison had attended on the theme of Local Welfare, and Sal had circulated some information on the one he and Tracy had attended on 20th May on Local Government Finance Reform.

 A further meeting was to be held on 1st June on the theme of Efficiencies, and the SDCT will be represented by Homira and Jenny.

Alison provided feedback from the meeting of the LGA Improvement: Chief Finance Officers' Sounding Board that she had attended on 25th May on financial Improvement.

1. **Advisor and Sponsors key issues:**
	1. **LGA**

Bevis Ingram updated The Executive on:

* Capital Survey from CLG – possibly will be made mandatory in future. CLIP F – will discuss this at their June meeting.
* Burden of data requests generally
* Reserves – breakdown into more detail to ensure levels are not misinterpreted.
	1. **Link**

Rob Baxter updated the meeting on:

**CIPFA – Capital Strategy Guidance -** published last week:

* Drafted by Lisa Quinn (formerly of Link and SDCT) with support from Link
* Councils aren’t expected to adopt the guidance until next year.
* Aimed at the ‘Strategic Leadership’ of the organisation
* Includes ‘good practice’ examples from wide range of organisations.

**PWLB – Certainty Rate Application**

* From 14 May 2021, local authorities must have submitted a 2021-22 Certainty Rate return prior to borrowing from the PWLB.
* Submitting later than 14 May will not prevent authorities from accessing the PWLB at a later date, provided they submit the return before making a PWLB borrowing application.
* The 2020-21 Certainty Rate return suggested that it would cover until 31 October 2021, but it highlighted the then-ongoing consultation on revising the lending terms of the PWLB and notified local authorities that the Certainty Rate application process may change.
* Certainty rate form should be submitted through DELTA and should detail capital spending and financing.
* Must assign capital projects into categories (signed off by S151) –
	+ Service spend
	+ Housing
	+ Regeneration
	+ Preventative action
	+ Treasury Management
	+ Debt for Yield (if so no access to PWLB)

Rob requested feedback if anyone had any issues completing the form or had to pull any commercial schemes from your programmes.

* 1. **GT**

Paul Dossett updated the meeting on:

* Statutory recommendations that have been issued recently for certain authorities.
* Levelling up Index – will be published shortly.
	1. **CIPFA**

Joanne Pitt provided the following update:

**Financial Resilience**

There have been several high-profile reports on the resilience of Local authorities in England - Nottingham, Liverpool and Slough have all had issues with council owned companies impacting on resilience. CIPFA will be producing Guidance around this subject in the Autumn.

**Professional ethics**

At its January meeting PFMB approved CCAB guidance which focuses on the boundaries of professional and private behaviour for members of CCAB accountancy bodies. Ethics e-learning module- A module on professional ethics is the most recent addition to CIPFA’s suite of e-learning courses and has now been released. The course, which is available free to members and students,

**Audit**

CIPFA welcomed the announcement that the Audit, Reporting and Governance Authority (ARGA) will be the new systems leader for local audit. Pleased to see ARGA bring together regulatory functions, the Code of Audit Practice, reporting on local audit functions, and performance monitoring and review.

**Grant funding report**

A new report, ‘[Supporting local communities and people](https://www.cipfa.org/cipfa-thinks/insight/local-government-grants-support-communities): are local government grants effective?’, has been published by CIPFA in partnership with Capita plc (Capita) it highlights the complex landscape of local government grant funding, and warns that councils, businesses, and communities could be losing out on vital financial support from central government.

**CIPFA end of Year Bulletin**

[The bulletin](https://www.cipfa.org/policy-and-guidance/cipfa-bulletins) on the closure of the 2020/21 financial statements is now available,

**Prudential Code**

The first consultation stage is complete and there will be a second consultation in the summer. CIPFA is proposing to strengthen the provisions within the code. <https://www.cipfa.org/policy-and-guidance/consultations-archive/prudential-code-consultation>

**Levelling up**

A new Cabinet Office Unit has been set up to drive through work on the levelling up White Paper, with Neil O’Brien, MP for Harborough appointed Levelling Up Adviser. This replaces the Devolution White Paper and moves the responsibility from MHCLG to Cabinet Office. CIPFA will be producing a Levelling up briefing paper in June as part of a larger piece of work throughout the year.

**Sustainability reporting**

CIPFA has begun an international study into sustainability reporting. The report, which is scheduled for issue in summer of 2021, will draw on evidence from global stakeholders and examine the role of the public sector in sustainability reporting. A survey is in the process of being concluded and a series of roundtables are also planned.

**Public Finance Live – annual conference and exhibition**

To be held in London on 7-8 July. Should it not be possible to hold the conference because of pandemic-related restrictions, a contingency for a digital event is in hand.

**Public Finance Awards**

The Awards will take place at The Brewery in London on 28 September. The entry deadline closed on 14 April and judges will determine winners at a judging day taking place in June.

**CIPFA Learning and Education**

CIPFA will be launching the revised professional qualification in 2021. This will bring together both the UK and international versions of the qualifications and will have a greater emphasis on ethics, sustainability and digital.

**Hybrid working model at CIPFA**

Discussions with staff are taking place to move to flexible working on a permanent basis.

1. **Any Other Business - None**

1. **Date of Next Scheduled Meeting:**

**TBD – subsequently agreed as 9th July at 9am (private meeting of the Executive)**