



Minutes of the Executive Committee

17th May 2024

Venue: Virtual (Public) Meeting

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

LinkedIn: Society of District Council Treasurers (SDCT)

SDCT Members in Attendance: Adrian Rowbotham (President), Angela George (Secretary), Alison Scott, Christine Marshall, David Stanley, Jon Illingworth, Terry Collier, Richard Baker, Homira Javadi, Peter Catchpole, Hannah Doney.

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

Also in attendance: Nico Heslop (DLUHC) for item 3, Andrew Chappell (PSAA), Guy Clifton and Andy Mack (GT), Mike Newbury (NAO), Alex Burfitt (LGA), Rob Baxter (Link), Joanne Pitt (CIPFA)

1. **SDCT Executive Apologies:** Clare Fletcher, Simon Freeman, Emma Foy, Suzanne Jones.

Also: Neil Harris (FRC), Vicky Davis (NAO), Nicola Morton (LGA)

2. **Minutes of previous meetings:**

The minutes of the previous meeting of 19th April 2024 were agreed and will be published on the website.

Outstanding Actions:

- There has been no further progress on the Housing roundtable issue, and this will not be progressed at this time.
- Peter will progress the suggested group of LA's who have limited companies.

Action - Peter

Any other matters arising have either been actioned or are considered further on the agenda.

3. **Financial Issues Update:**

- Nico Heslop (DLUHC) reported that there was not a great deal to update on and much was currently election dependent.

Nico reiterated that an area that would significantly assist them was improvement in the accuracy of the RO Forms which was the single most important return the Department relied on and which should be submitted by the end of August. They estimated that 8 out of 12 returns had inaccurate Reserves data.

Note – Adrian to again reiterate the importance of the RO / RA / QRU Returns to members.

- The various approaches to the completion of the Productivity Plans was discussed.
- Adrian reported that the results of the ALATS Reserves survey contained 85 responses (21 from Districts). Reserves have not dropped as much as expected and Districts show a 1% increase from 21/22 to 22/23.
- Adrian reported that there is no update yet on the ALATS Resilience Survey.

4. Local Government Audit update

- **FRC**

Rikin Taylor, previous Deputy Director of Local Audit at the FRC has not yet been replaced at the FRC and so no update was available.

- **NAO**

Mike Newbury updated the Executive on the following issues:

- The C&AG had considered the outcomes of the consultation on a proposed new Code of Audit Practice and concluded that the current Code should be replaced along the lines set out in the consultation.
- It was working with DLUHC officials on getting the new Code through the necessary Parliamentary processes as quickly as possible so it would be in force ahead of the Summer Parliamentary Recess.
- It understood that DLUHC officials were working on the outcomes of their own consultation on amendments to the Accounts and Audit Regulations and further information on this should be available in the next few weeks.
- It was working with the FRC on a set of bespoke statutory guidance for auditors to support the reset and recovery programme. Alongside this an initial explanatory bulletin would be published shortly setting out for anyone interested in the sector what was happening and how the guidance setting process would work.

- **PSAA**

Andrew Chappell reported that:

- The number of o/s opinions at the end of April was 600.
- PSAA are waiting for the detail guidance on the work auditors will need to do in completing a backstopped disclaimer and subsequent build-back for assurance in order to assess the impact on fees.
- PAC hearing on Weds 15th on WGA covered a lot of the local government audit issues.

5. CIPFA Conference – SDCT Workshop – Accounts and Materiality Project

Alison / Adrian updated the meeting on the progress with the SDCT Workshop which will be held on 10th July at 4pm at the CIPFA Conference in Manchester and which will be as follows:

Streamlining Accounts

This session looks at how we ensure the financial reporting burden is proportionate to users needs, especially for smaller councils. Effective financial reporting should inform decision making and provide value to users of the accounts allowing them to hold organisations to account. Whatever the cause, the current audit crisis and the prospect of disclaimed accounts will result in a loss of confidence in local authority accounting. It is no coincidence that the authorities most impacted by the backlog are district councils and without longer term reform there can be little confidence that a new backlog will not emerge. If we are to meet the needs of stakeholders we need to take a pragmatic view of how we apply IFRS, taking a proportionate approach that focuses on accountability for public funds and decision making.

A survey has been sent round to SDCT members by Mark Green (Maidstone) and members are encouraged to complete it to aid the information in the session.

Adrian will Chair the session and speakers are currently being finalised.

Action – Alison / Adrian to finalise details.

6. Consultations:

No upcoming consultations.

Website Update - Angela reported that CIPFA are looking to update the look of the website and queried whether 'old' consultation responses etc are to be kept. Currently this is the only record of past SDCT work and it was agreed it should be kept.

7. External Advisor updates:

- LGA:

Alex Burfitt updated the Executive on the current work of the LGA including:

- An issue with the proposed March '26 audit backstop date which was in a pre-election period and so members would be unable to comment.
- New LGA Chief Executive – Joanna Killian
- Drainage Board
- Productivity Plans
- OFLOG – strong response to DLUHC re. recent information published in the press.

- Grant Thornton

Guy Clifton and Andy Mack updated the meeting on:

- Next GT national report will be lessons from Auditor's Annual Reports, to be published in June.
- GT VfM AARs for 22/23 are 97% complete (with a third of these relating to joint reporting with previous years).

- GT current focus is on completing as many 2022/23 audits as we are able before the backstop and will then be on helping the sector return to balance.

- **Link Group**

Rob Baxter updated the meeting on:

- **MRP Guidance** – following consultation the revised guidance was released on 10th April and Link issued a briefing note to their clients setting out the key elements -
 - Guidance is effective from 1st April 2025 except requirements to charge MRP equal to ECL and impairments on all new capital loans issued from 7 May 2024 (that being the date the relevant regulations come into effect)
 - Authorities must make MRP and cannot defer making MRP on the basis that the debt is associated with an investment asset that the authority believes will retain or increase capital value.
 - The draft guidance included a new line to specify that Options 3 and 4 (asset life/ depreciation) were “not expected to be appropriate” for supported capital expenditure. The government has since removed that sentence to make the Guidance consistent with previous versions. This will be kept under review.
 - Capital Loans - MRP is required for all loans that are made for a commercial purpose. However, where loan repayments are received in year then those capital receipts may be used to reduce the MRP charge in that year. Flexibility will not apply in years where no capital receipt is received, or where future capital receipts are anticipated.
 - Where the capital loan is not a commercial loan, authorities can opt not to provide MRP.
 - Link can do an assessment of your current approved MRP policy against revised regs and also a full MRP appraisal to ensure you have a prudent policy for charging MRP.
- **IFRS 9 Pooled Fund Override** – due to expire on 31st March 2025
 - If DLUHC do not extend when it expires, a local authority which had made use of the Statutory Override would need to take any outstanding balance on that account to revenue in the financial year that the override ceases to apply to (e.g. 2025/26 if not renewed).
 - IFRS9 without the Pooled Investment Fund Override would then apply from that point, with any gains or losses (realised or unrealised) and income recognised in CI&ES (revenue) in the year that these arise.

Link Group was acquired by MUFG* yesterday (16th May) and will now be known as MUFG Pension & Market Services

*(Mitsubishi UFJ Trust & Banking Corporation, a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG))

- MUFG is one of the world's largest financial groups with 360 years of history and total assets of approximately US\$3 trillion
- They remain more committed than ever to grow in partnership with our clients, with ongoing investment in our technologies and platforms to ensure that we continue to deliver exceptional value and user experience.

- CIPFA

Joanne Pitt updated the meeting on:

- New CEO – Owen Mapley
- Strengthening regional leads across CIPFA
- Audit consultation continuing.
- Workforce Capability and capacity research being submitted to DLUHC with LGA
- IIA consultation contact Diana.melville@cipfa.org if you want to comment.
- Managing Demand Publication to be released in July
- Public finance Live

8. SDCT Executive - Advisor updates

- **HRA:**

Homira undertook to update if and when any information was available in the SDCT advisor update section of the agenda.

- **Drainage Board Levy:**

This is a current issue and Christine updated members on progress. She reiterated that the £3m proposed is not enough and that nearer £11m would be required. There was no indication that IDB's would bring down costs next year.

Action – Christine to update as appropriate.

- It was suggested a simple template be circulated for advisors to complete ahead of Executive meetings to try to encourage easy bullet point updates. Homira suggested using SlidePack (Powerpoint) and would send an example to Angela. It was also suggested sending known consultations as part of this.

Action – Angela / Homira / Jon

9. Any Other Business

- None

10. DONM – 10th July 2024 4pm - CIPFA Conference, Manchester

- 26th July 10am (Public – virtual)

11. Private Executive Business:

- **Updates from other meetings:**
- Adrian gave updates on:

- DCN
 - NAO
 - Trusted Treasurers
 - Alison updated on Building control.
- **SDCT Engagement at CIPFA Conference**
The Executive discussed how SDCT member engagement could be improved at the conference and various approaches were suggested and will be progressed. Approximately 6 members of the Executive will be present at the conference.
- Action – Angela / Exec**
- **SDCT Vacancies**
Adrian has written to those County areas currently not represented on the Executive (12). There are currently 6 vacancies on the Executive and places will be allocated on a first come first served basis.
- **Finance System Survey**
Adrian reported that 120 responses had been received.