

SOCIETY OF DISTRICT COUNCIL TREASURERS

Newsletter September 2008



Issue No. 04/08

1 Apologies

Firstly, my apologies for the rather lengthy time since our last newsletter. I have been 'away' for health reasons. Hopefully, all is now well.

2 Executive Committee News

The minutes of the Committee's last meeting on 18 July are on our website at: www.socdct.co.uk.

We welcomed Neil Taylor (Bassetlaw) and Jim McDonald (Canterbury) to the Committee, and received very interesting presentations from David Pottruff (Audit Commission) and Ellie Greenwood (LGA). David talked to us about the Commission's research report on charging for services ("Positively Charged") and Ellie brought us up to date on the changes going on at the LGA and the current thinking on CAA.

The meeting was held at Tradition's offices in London. We were given a guided tour of the dealing room and heard from David Ingram about Tradition's current view of the money markets and the credit crunch.

3 CIPFA Conference

The SDCT workshop in Brighton in June was quite well attended, although we (the Executive) felt that we didn't have enough time for the range of subjects we needed to cover. What did you think? We would like your feedback to help us to plan for Manchester – Wednesday, 24 Jun 2009.

For example: will you be attending the 2009 CIPFA conference? Are the dates better or worse for you? Should the SDCT hold a workshop at the conference? What format should it be? What subject matter should we cover? Which speakers should we invite? My contact details are below.

4 SDCT website

We have completed the transfer of the website from Chester to Kettering. We will now begin to develop it so that it is even better than it is now. Please let us have your thoughts on what we need to do to make it worth visiting.

5 SDCT/CIPFA Shared Service for Financial Services

The Local Government Minister, John Healey, has approved a special grant of £260,000 to fund the preparation of a detailed business case and implementation plan for the shared service for financial services. CIPFA are leading the project in partnership with the SDCT. Our representatives on the project board are Mark Lovell (east Northamptonshire) and Grahame Lucas (Worcester). Their contact details are on our website.

6 Leadership and Development Academy for District Council Finance Directors

I am delighted to say that the Academy is now up and running, in partnership with CIPFA. Twelve of the first cohort of district treasurers will be getting together for their second workshop on 6 October. In addition, we are offering places on two more cohorts to start in October and November. We have emailed the SDCT membership and sent out a hard copy mailshot with information, but if you have not seen any of this please let me know or give me a call.

There is a tremendous amount of interest in this initiative across the country, and I am looking forward to working with many of you in the future.

7 Free Swimming

The DCMS wrote to Chief Executives on 29 July with the financial details of the Government's free swimming initiative. If your authority wants to participate (and take advantage of the financial support) you have until 15 September to respond.

The Minister's written statement on free swimming is at: http://www.culture.gov.uk/reference_library/minister_speeches/5295.aspx

The SDCT is in Partnership with Tradition (UK) Ltd and Zurich Municipal

8 LABGI

Last week the Government yesterday published its consultation paper "Reforming the Local Authority Business Growth Incentives Scheme":

<http://www.communities.gov.uk/publications/localgovernment/reforminglabgiconsultation>

They also published an exemplification spreadsheet and a CLG news release:

<http://www.local.communities.gov.uk/finance/labgi/exempmodel.xls>

<http://www.communities.gov.uk/news/corporate/945966>

The LGA have commented on the consultation paper at:

<http://www.lga.gov.uk/lga/core/page.do?pagelid=949241>

Councils have an early opportunity to collectively consider the consultation at an LGA conference taking place next Friday, 5 September. Details of the event are at:

<http://www.lga.gov.uk/lga/events/display-event.do?id=431866>

9 Members' Queries

Measuring Efficiency

"At Melton we have been calculating our efficiency targets based on the guidelines for the next 3 years. Despite the increase due to the increase in baseline expenditure and the increase from 2.5 to 3% we have found one of the largest increases in the target is due to the inclusion of HRA capital into the calculation and the apparent inability to also net off capital expenditure funded by capital receipts.

If this is correct I am surprised that I have not read anything with regard to this as it makes an already highly challenging target almost impossible for a small council such as ours. Have you picked up anything from any other members in this area or is there any flaw in our calculation."

Dawn Garton CPFA Head of Financial Services, Melton Borough Council

SDCT Adviser's Response

"Following our telephone conversation I set out the points made. Prior to CSR07 councils were able to take 'in year' capital receipts into account when calculating the 2004/05 baseline expenditure. However, post CSR07, the Treasury decided that capital receipts should be excluded. This will have a significant impact on the calculations for some councils.

We have argued that the basis for including capital expenditure has been flawed given that in most cases the spend impacts on services for more than one year. We asked if it could be replaced by a method that measured efficiency from the revenue impact of capital schemes, but this would require the adoption of 'whole life costing' principles. The CLG agreed to look at this but could not guarantee that the methodology would be changed.

It was no surprise to find that this did not find favour with the Treasury, because of its impact on their overall efficiency target. However, we were surprised and disappointed with their decision to exclude capital receipts in the 2007/08 baseline calc. I suppose the success of local government in exceeding CSR04 targets did not help. I suspect Councils will find it more difficult to hit the new targets, but this may not necessarily be a bad thing, except in your case where it is part of your LAA. I will continue to lobby CLG on behalf of districts but I would need evidential support from all sectors if we are going to exert any influence on the Government.

As I stated, my intention is to ask all treasurers to pass their efficiency baseline calculations to me showing the impact, the removal of capital receipts line has had. I can then report this via the SDCT with a view to agreeing what further action we can take. I will raise this at our next SDCT meeting in September. You have agreed to raise this again at your local CFO group and I look forward to receiving evidence from your region."

Bill Price, East Hampshire DC

This is a good example of how the SDCT's advisers can help you. Their contact details are on our website www.socdct.co.uk

11 Fighting fraud as the recession deepens

Fraud losses are bad enough at the best of times. As the economic downturn becomes a full-blown recession, desperate people turn to desperate measures and local authorities will need to be on their guard to prevent such fraud losses from escalating. But there is light at the end of the tunnel.

Already, the National Fraud Initiative does much to seek out fraud that has already been perpetrated, and to claw back funds whenever possible. Later this year, when the Section 68 of the Serious Crime Act 2007 http://www.opsi.gov.uk/ACTS/acts2007/pdf/ukpga_20070027_en.pdf is implemented, it will become possible for public authorities - including local authorities - to share their own fraud data through specified anti-fraud organisations to prevent fraud.

This will for the first time give local authorities the legal gateway required to share fraud data with, and receive fraud data from, the private sector, enabling them to fight fraud on a level playing field with private sector organisations.

Pilot data matching exercises undertaken by CIFAS (the UK's Fraud Prevention Service) demonstrate clearly that fraudsters do not differentiate between the public and private sectors, so pooling fraud data to prevent fraud is extremely powerful.

In 2007, CIFAS's 270 member organisations from the private sector prevented fraud losses of almost £1bn through use of CIFAS data. When the Secretary of State specifies the chosen anti-fraud organisations later this year, local authorities will have an opportunity to do the same. For further information, contact simon.fitzgerald@cifas.org.uk

10 Au Revoir

As many of you know, some time ago I accepted an offer from my employer, Malvern Hills DC, to retire early on 30 September. Consequently, I will be stepping down as SDCT Secretary at the Executive Committee's next meeting on 19 September.

I first joined the Executive in 1994, so it has been quite a long journey for me! Having been through the reorganisations of 1996 to 1998 there is a certain symmetry about leaving during the current changes.

The SDCT has probably never been stronger than it is now, and I encourage you to both use it and, if you can, take opportunities to work within it.

I will take this opportunity to say thank you to everyone past and present for your support and friendship. We are a large and close-knit family, and it has been a privilege to work with you and on your behalf.

It may not be a complete farewell for some of you because I will be working with CIPFA on the Leadership and Development Academy and in other ways in the future.

David Wood, Hon Secretary

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