

Section 151 update

Dear colleagues,

Following my last update to Section 151 officers, here is a roundup of key developments from CIPFA shaping the world of local government.

Conservative electoral win

As we are all aware by now, the December general election resulted in an overwhelming Conservative majority in parliament. Now, the time has come to see how campaign promises translate into policy that will benefit those who rely on vital public services around the UK. Hopefully this will be revealed in the next budget, which is currently scheduled to be announced on 11 March. There are significant challenges continuing to face the public sector, and we urge officials to provide adequate funding for public services with long-term sustainability in mind.

Brexit

With the successful passage of the Prime Minister's Brexit bill, the United Kingdom is now set to leave the European Union on 31 January. While we have clarity on this, there is still much unknown about how funding challenges facing local government will be addressed. We've expressed our concerns that there has not been an economic impact assessment performed on the Brexit bill as it currently stands. The economy has already been weakened because of the Brexit process, and we can expect that there will be further impacts on the public sector, especially related to immigration and the workforce. In order to engage in long-term planning for these effects, we must have some clarity on future funding.

Big issues facing local authorities

There are quite a few issues facing local government that need to be solved. The majority in parliament might help longer term planning, but without a budget revealed it is difficult to be completely certain. Since austerity began, providers of public services have been successful in making reductions that haven't impacted quality. But the question remains whether these reductions to certain areas are sustainable with the anticipated rise in demand over the next five years.

Last year's [Performance Tracker](#) released in partnership with the Institute for Government revealed large concerns in its predictions for the coming years. We have significant concerns about how the housing and climate crises will be addressed within local authorities in the future.

In addition, pressure on health and social care services for both children and adults continues to increase. Big promises have been made regarding funding in these areas that have yet to be fulfilled.

Resilience Index

Our latest iteration of the Financial Resilience Index for local authorities was released just before Christmas. This online data tool provides information about the financial resilience of local authorities throughout England based on nine key indicators. Fortunately, the Index revealed high levels of financial resilience across local authorities in England.

The Resilience Index is one of the tools that CIPFA provides to ensure high standards for public financial management by supporting decision making at the local level. It's created using publicly-available data with the goal of providing greater transparency and assisting local authorities to prepare for potential financial shocks. The Index is available online and can be found [here](#).

Redmond Review

CIPFA has submitted a [formal response](#) to the call for views by former CIPFA President Sir Tony Redmond in relation to the Redmond Review into local authority audit and financial reporting. We call for the creation of an independent regulatory body to oversee local audit with transparency and public confidence in mind. It's clear that the process for overseeing local audit has become overly fragmented following the dissolution of the Audit Commission.

The exact scope and nature of this regulatory body should be openly debated – but we would recommend reconstituting the responsibilities for audit appointments, standards, enforcement and public reporting on the overall position of councils into one centralised organisation.

The Redmond Review into local authority audit was called last summer, seeking information about whether the existing audit arrangements were performing as expected. It examines if there is an expectation gap between what the general public believe local audit will deliver and what it can in reality. A final report is expected to be published later this year.

CBE Award

I'd like to extend my gratitude to all involved for selecting me as a recipient for a [CBE](#) for services to public sector financial management in December. I'm proud to represent dedicated professionals working in the public sector who provide crucial services to residents of the United Kingdom. I look forward to continuing my work alongside civil servants who serve their communities tirelessly.

Business rates reform and fair funding

There are still challenges on the horizon that we must address - including tackling outstanding business rates reform and fair funding. Following the election when most of this work was put on hold, there is now a need for it to resume. Debates around deprivation and what is included in the resource adjustment all need to reach a conclusion so that organisations can increase their financial planning horizons.

Yours sincerely,

A handwritten signature in black ink that reads "Rob Whiteman". The signature is written in a cursive, slightly slanted style.

Rob Whiteman
CIPFA CEO

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