

CIPFA

The Chartered Institute of
Public Finance & Accountancy

CIPFA South East Spring Conference Adapting to the New Realities

SECTOR



22 March 2011
Central London



The CIPFA logo consists of the letters 'CIPFA' in a bold, purple, sans-serif font. A thin white diagonal line runs from the top right of the 'A' towards the top left of the 'C'.

The Chartered Institute of
Public Finance & Accountancy

Welcome & introductions

Nick White
Chairman
CIPFA South East



Thanks to our Sponsors

SECTOR



**ZURICH
MUNICIPAL**

Agenda (am)

- **10.00 - President's address – Jaki Meekings Davis**
- **10.30 - Assessing the impact of the Coalition Government - *Tony Travers, Director, LSE London Group***
- **11.15 – Refreshment/networking break**
- **11.45 - The Big Society - is it working? *Debra Allcock Tyler, CEO, Directory of Social Change***
- **12.30 - CIPFA South East Annual General Meeting**
- **13.00 - Lunch Break and optional briefing sessions**
 - **CIPFA's new Education and Training developments regionally and nationally**
 - **CIPFA Business products and support for regional members and employers**
 - **Sector Treasury Services Ltd – a hot topic and it's Budget Day tomorrow!**

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The Chartered Institute of
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\CIPFA President

Jaki Meekings Davis



Presidential themes

- Contributing to fiscal sustainability in the national public finances
- Strengthening CIPFA as an organisation
- Support for our members in difficult times

A headline from the future?

FEATURE
Local government

INTEGRATED COMMUNITY BUDGET ACCOUNTS WIDELY HAILED A SUCCESS

Initiative succeeds at same
time as spending reductions
– AND frontline services
maintained

Words: Peter Hetherington | Photographs: Sam Kenton

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This initiative has
paid dividends –
the accounting
challenge has
been met

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report

Paper C45 09/10

Confidential both before and after the meeting

Committee	COUNCIL
Venue	Council Chamber, Robert Street
Date	15 August 2014
Author	Chief Executive
Subject	High number of qualified accounts and public interest reports: likelihood of CIPFA members in front of Disciplinary and Investigations panels

Purpose

This report considers the high number of qualified accounts and public interest reports in 2013/14 and the likelihood of a significant cohort of our members being called before Disciplinary and Investigations panels.

Executive Summary

Recent headlines have been dominated by the number of qualified accounts across the public sector, many directly accountable to a loss of financial control and poor accountability during the period in which community budgets were first established.

This paper alerts Council to the likelihood that a significant cohort of CIPFA members will be called before Disciplinary and Investigations panels, with the attendant impact on the Institute's reputation.

Current status

...or a
cautionary
tale?

A real eye-
opener!



A headline from the future?

FEATURE
International analysis



2,000 students and rising

AS UK PUBLIC sector organisations prepare their first budgets following October's Comprehensive Spending Review, those working in the public finance area know that they are facing an unprecedented situation. Certainly, it is the first time that we can remember hearing senior managers in public services say that they seriously doubt whether what they will be asked to do will be consistent with their beliefs and values, or indeed will be achievable. Remarkably, many have been looking around to see if any other countries have successfully made the substantial shift in resource base that is currently being demanded in the UK.

Countries generating large budget deficits with increasing levels of public debt need to implement policies to ensure a 'fiscal consolidation' and there are good international examples of how to do this. It's useful to look at recent cases in advanced economies, focusing governments of the European Union and Organisation for Economic Co-operation & Development, to see what lessons they offer for the UK. There is much OECD evidence on the many fiscal

Words: Roger Latham and Malcolm Pinner

The Winning Partnership

considerations that have taken place and the factors that are likely to produce success (see box opposite). It is worth noting that, despite the fiscal consolidation across 24 OECD countries in recent decades, the average consolidation was around 2% of gross domestic product over a two-year period.

The current consolidations of 1% of GDP and the longer time-scale are at the very top end of previous experience. In some cases, such as Ireland, they go well beyond anything seen since the mid-1970s.

Four main lessons for the UK emerge from these examples.

The first is that the severity of the effect on the public sector will depend on how the rest of the economy responds. If there is strong growth in the private sector over the next four to five years, this will be significantly eased. This happened in Canada and Sweden, and so the impact on public finances of a rise in unemployment and a collapse in tax revenues was avoided.

The second lesson from countries that have made this target already announced for the next five years (a this case, as has happened in Ireland, the impact on public attitudes would be seriously detrimental, and political difficulties would be acute).

This should be the single biggest item on the government's 'to-do' register, and somewhere there should be a 'Plan B' for what will happen if growth is not as strong as expected. Given the weakness in global demand, the potential dangers of protectionist 'beggar my neighbour' responses, and the impact on unemployment of public sector unemployment, this places real pressures on the ability of manufacturing and services to lead the export-led growth that will be needed.

The second lesson from countries that have made this fiscal transition successfully is that so great of the public sector should be exempted from the cuts. By deciding to protect, even at a very basic, the National Health Service and schools budgets, the coalition government has placed significant pressure on all other elements of spending, and on the welfare budget. The net consequence is that there will be significantly greater cuts than expected and, as we have seen with the student tuition fees, the net change to individual groups' circumstances will be considerable.

Ministers need seriously to question whether the least efficient area of the NHS has greater value than some of the lesser prioritised services, and whether the impact of the welfare cuts on poorer income families with higher public sector dependencies, and on geographical areas of the country with higher public sector dependency, is acceptable. There will inevitably be intergenerational comparisons made here between the 'poor' pensioners' perks and the increased debt levels of young people.

The third factor in the success or failure of any deficit reduction programme is how well regulated the banks are. Western governments initially avoided the Japanese experience of the 1980s by taking immediate action to regulate their banks after the 2008 banking crisis. However, as Ireland has shown, leaving an

LESSONS FROM AHEAD	
	The OECD experience
Risk of fiscal consolidation needed	The OECD average has a strong single deficit target to reduce debt to 100% of GDP over 10 years. The higher the budgetary contribution to the total consolidation the more likely to be successful. If there is no consolidation, this is not a possibility. A function of the way a country is financed will be a function of the way it is financed and the way it is financed.
Risk of economic growth	Fiscal consolidation will be successful if the economy is growing and growing at a rate that is above the long-term growth rate. In some cases, such as Ireland, the growth rate is above the long-term growth rate. In other cases, such as Ireland, the growth rate is below the long-term growth rate.
Fiscal system	Fiscal consolidation will be successful if the system is based on a sound and transparent system. The success of the fiscal consolidation is a function of the way the system is financed and the way it is financed.
Tax revenues versus expenditure cuts	A successful consolidation will be based on a sound and transparent system. The success of the fiscal consolidation is a function of the way the system is financed and the way it is financed.
Phase of consolidation	Most of the world's experience of fiscal consolidation is based on a sound and transparent system. The success of the fiscal consolidation is a function of the way the system is financed and the way it is financed.
Fiscal rules	The success of the fiscal consolidation is a function of the way the system is financed and the way it is financed.
Supporting systems	The success of the fiscal consolidation is a function of the way the system is financed and the way it is financed.
Government	The success of the fiscal consolidation is a function of the way the system is financed and the way it is financed.

14 Public Finance | 11 JANUARY 2012

PUBLIC FINANCE | 11

report

Paper C45 09/16

Confidential both before and after the meeting

Committee	COUNCIL
Venue	Council Chamber, Robert Street
Date	15 April 2016
Author	Steve Freer, Chief Executive
Subject	Closure of CIPFA international programmes

Purpose

This report résumés the final outcomes of CIPFA international programmes and related partnership issues

Executive Summary

For the last ten years, CIPFA has been scaling up its international activities as a source of growth and development for the Institute.

Although there have been notable achievements over that time, it has become apparent that the programmes are no longer economically viable and have not generated the anticipated growth in membership numbers. A plan to withdraw from them is ready to be put into action.

In addition, CIPFA's relationships with partner organisations have become increasingly difficult in a number of territories and Council are asked to consider lessons from this experience in relation to UK market share and relationships with UK partners.

Current international programmes

that would develop

...or a
cautionary
tale?

CIPFA support for members

- **Influencing policy** – CIPFA Manifesto, After the Downturn, Rebalancing the Public Finances, Parliamentary processes, public pensions and NHS White Paper
- **Guidance** – Role of the CFO, Role of the HoIA, Leading in Hard Times, and advice to LA CFOs
- **Promoting cross-sector working** – conferences, summits, panel work programmes, community budgeting
- **Widening access** – reducing costs and widening geographic access to CIPFA PQ, e-learning and assessment
- **Engaging CIPFA in key initiatives** – Big Society, Asset Management, transparency, sustainability, delivering social enterprises, supporting charities and civil society organisations

\thank you. Any questions?

Jaki Meekings Davis

CIPFA President

22 March 2011

Assessing the Impact of the Coalition Government

Tony Travers
Director, LSE London Group



Assessing the impact of the Coalition Government

Tony Travers

London School of Economics

'Coalition government' – traditional expert view

- ❑ Lack of firm policy
 - ❑ Need for months of debate about legislation
 - ❑ Difficulty in delivering radical change
 - ❑ Risk of rebellions in Parliament
 - ❑ Weak financial control
 - ❑ No control of budgets
 - ❑ Inevitable risk of another general election soon
 - ❑ Or, possibly, several....
-

The post-2010 Coalition

- ❑ Very short period to deliver a Coalition Agreement
 - ❑ Major programme of radical change affecting all parts of government
 - ❑ Biggest reductions in public expenditure in modern times, over just four years
 - ❑ Coalition so far appears robust and likely to last till 2015
-

Key changes of policy

- Eradicate government's deficit by 2015-16
 - 80:20 public spending:tax balance
 - No obvious 'Plan B'
 - Public service reforms
 - NHS
 - Schools, Universities
 - Big Society/Localism
 - Police
 - Benefit system
 - Social housing
 - Planning
 - Mayors for major cities
-

Key reforms - 1

□ NHS

- GP commissioning
- Abolition of PCTs, SHAs
- Fragmentation of traditional NHS?
- More voluntary and private providers
- Competition between providers (but not prices)

□ Schools

- Increase in number of academies
 - 'Free' schools
 - Shift in performance measurement
 - Funding review
 - Possible move towards 'national funding formula'
-

Key reforms - 2

□ Universities

- Cut in public funding
- Increase in fees
- Limits of UK student numbers/also fees?

□ Big Society, Localism

- Shift of service provision to NGOs, private sector via 'commissioning'
 - General Power of Competence
 - Referendums
 - 'Right to challenge'
 - Unknown outcomes of this major policy shift
-

Key reforms - 3

□ Police

- Abolition of police authorities
- Elected police commissioners
- 'Politicisation' of policing or 'strengthened accountability'?

□ Benefit system

- Cap on housing benefit per household
 - Cap on overall household benefit receipts
 - Move to universal benefit
 - Transfer of council tax benefit to LG
 - Disagreement within Whitehall over CT benefit transfer
-

Key reforms - 4

□ Social Housing

- Move, over time, to rents at 80% of market levels
 - Certainly for new tenancies
- Reduction in scale of 'homes for life'

□ Planning

- Neighbourhood planning
- NIMBYism: less or more?

□ Mayors

- Referendums in May 2012 in all major cities
-

Funding of local government

- 'Resource' review now under way
 - Business rate retention
 - New Homes Bonus
 - Together, these reforms = 'self-sufficiency' for some councils
 - Need for 'pool' for equalisation
 - 'Fixed' or 'dynamic'?
 - Starting point?
 - Transparency...
-

Impact of all this reform

- Public expenditure as % of GDP to fall from 48% to 41% by 2015-16
 - Back to long-term average
 - Fragmentation of the State
 - More 'micro' bodies
 - Risk of failure
 - LG role in guaranteeing local services?
 - Need for new audit and finance arrangements
 - Perception of very radical change
 - Definitely a challenging period...
-

Assessing the impact of the Coalition Government

Tony Travers

London School of Economics

\The Big Society –is it working?

Debra Allcock Tyler

CEO

Directory of Social Change



\ CIPFA South East Annual General Meeting



CSE Annual General Meeting

Agenda:

1. Welcome
2. Apologies
3. Approval of Minutes of the 2010 AGM and any matters arising
4. Annual Report and Accounts for 2010
5. Nominations for and confirmation of Regional Council Membership for 2011/12 In accordance with the 2011 AGM notice of 12 January 2011
6. Appointment of Honorary Auditor 2011/12
7. Any other business.

CSE Annual General Meeting

Annual Report:

- Presentation of Report
- Development of Hubs
- Events & Activities
- Future Plans

Examples of Events



East Anglia Conference



Invigilators Thank-you Reception



Newly Qualified Reception



Annual Dinner

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\AGM

Presentation of Accounts

A background image showing a diverse group of business professionals in a meeting or conference setting. The focus is on a woman in the foreground, looking slightly to the right with a subtle smile. Other people are visible in the background, slightly out of focus.

CSE Annual General Meeting

Nominations received:

Officer roles

Chair	Nick White
Vice Chair	John Thornton
Honorary Secretary	John Barker
Treasurer	Nicki Cooper
Newsletter Editor	John Dyson

Other Council roles

Two corporate members	Steve Watson & David Berry
Four registered students	James Donegan, Lillian Manning, Jane Cika
Retired Corporate Member	Bill Capps
Regional Representative on CIPFA Council	John Thornton

Lunch & Optional Briefing Sessions –

Julia Attridge - CIPFA's new Education and Training developments regionally and nationally

Ann MacFadyen - CIPFA Business products and support for regional members and employers

Richard Bason, Sector Treasury Services Ltd – a hot topic and it's Budget Day tomorrow!



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\Welcome Back

Nick White
Chair
CIPFA South East



Agenda (pm)

- **14.00 - Balancing our budgets and finding new ways of working - *Jane West, DoF, LB of Hammersmith and Fulham and President of SLT***
- **14.45- Leading in difficult times - *Chris Bilsland, Chamberlain, City of London and CIPFA Vice President***
- **15.35 – Refreshments/networking break**
- **15.55 - The new realities - What should, or could, we be doing differently?- Panel debate:**
 - ***Jane West - President of SLT***
 - ***Chris Bilsland - CIPFA Vice President***
 - ***Paul McDermott Trowers & Hamlins LLP***
 - ***Nick White, Chair CIPFA SE***
 - ***John Thornton, Vice Chair CIPFA SE (Facilitator)***
- **16.30 - Close**

Balancing our budgets and finding new ways of working

Jane West

Director of Finance, LB of Hammersmith and
Fulham and President of the Society of London
Treasurers



Balancing our budgets and finding new ways of working

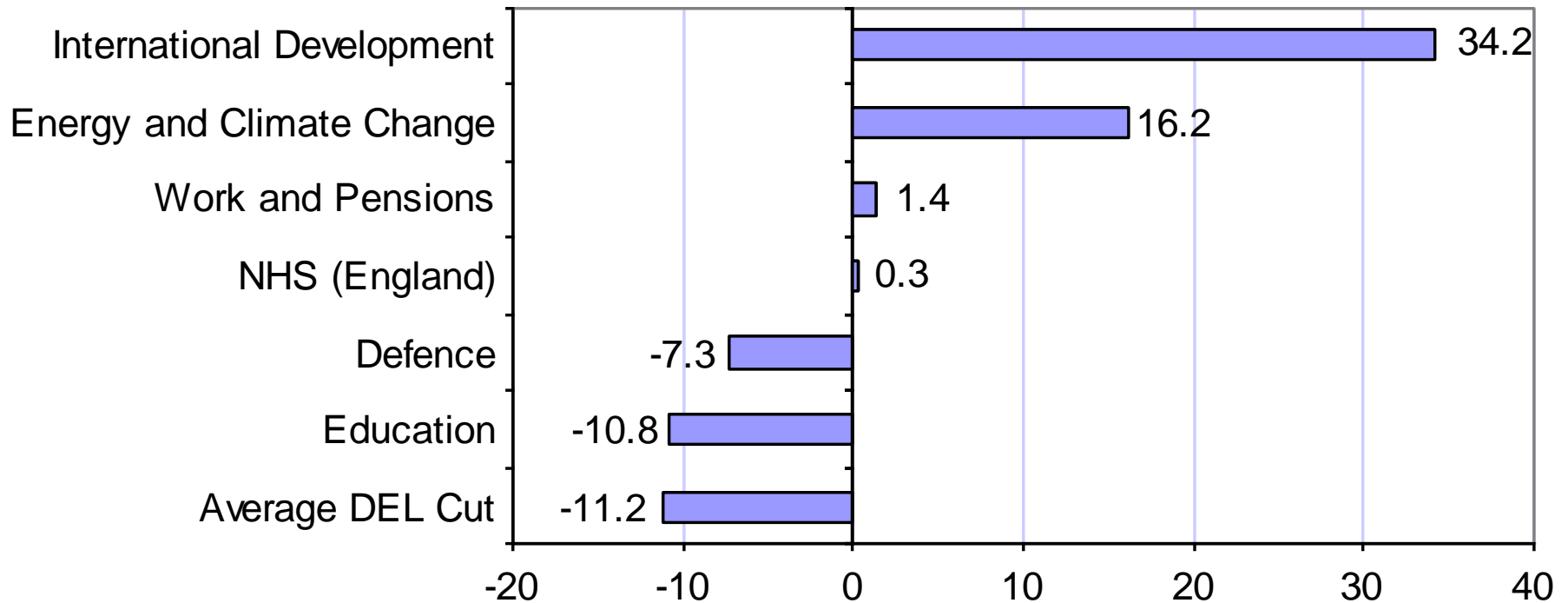


Jane West - Director of Finance and Corporate Services

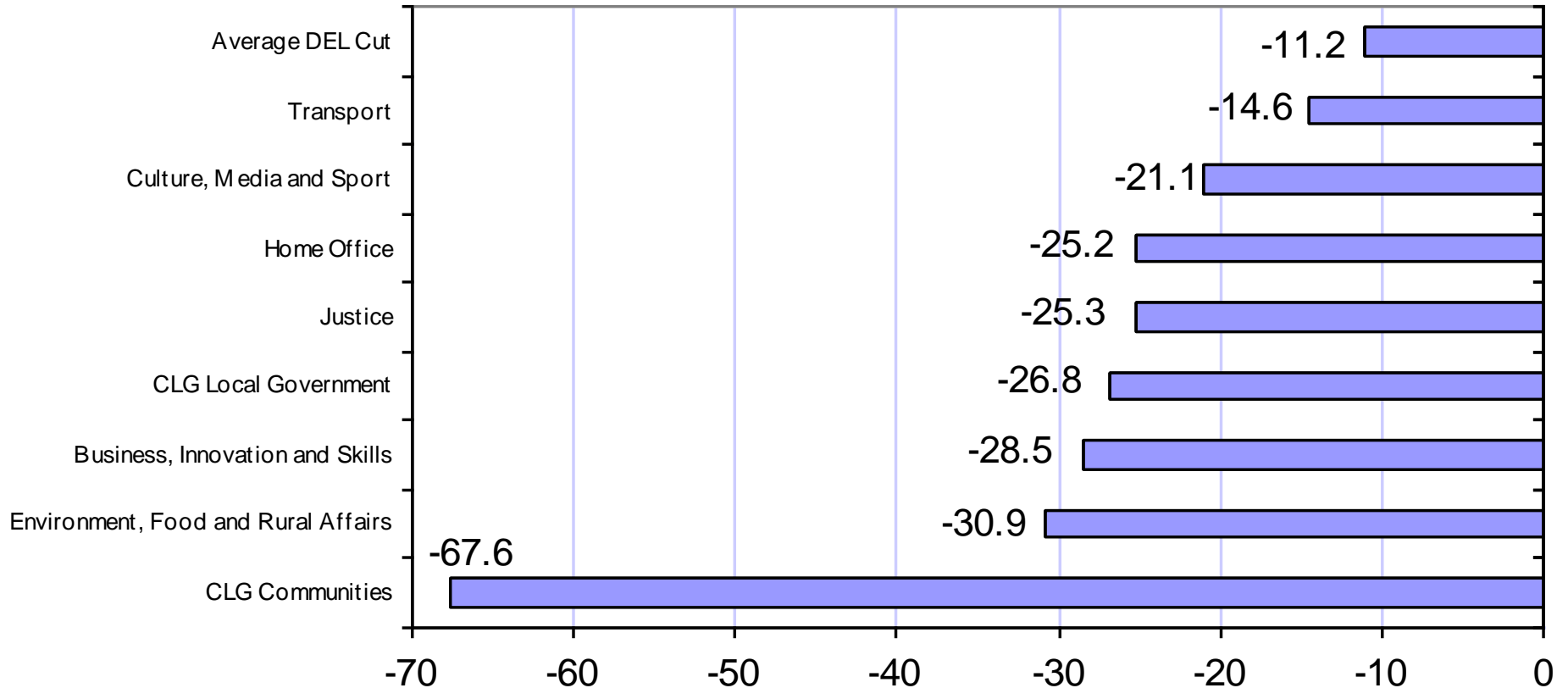
Introduction

- Scale of the challenge
- H&F budget 2011/12
- H&F budget approach for the future
- Tri-borough working

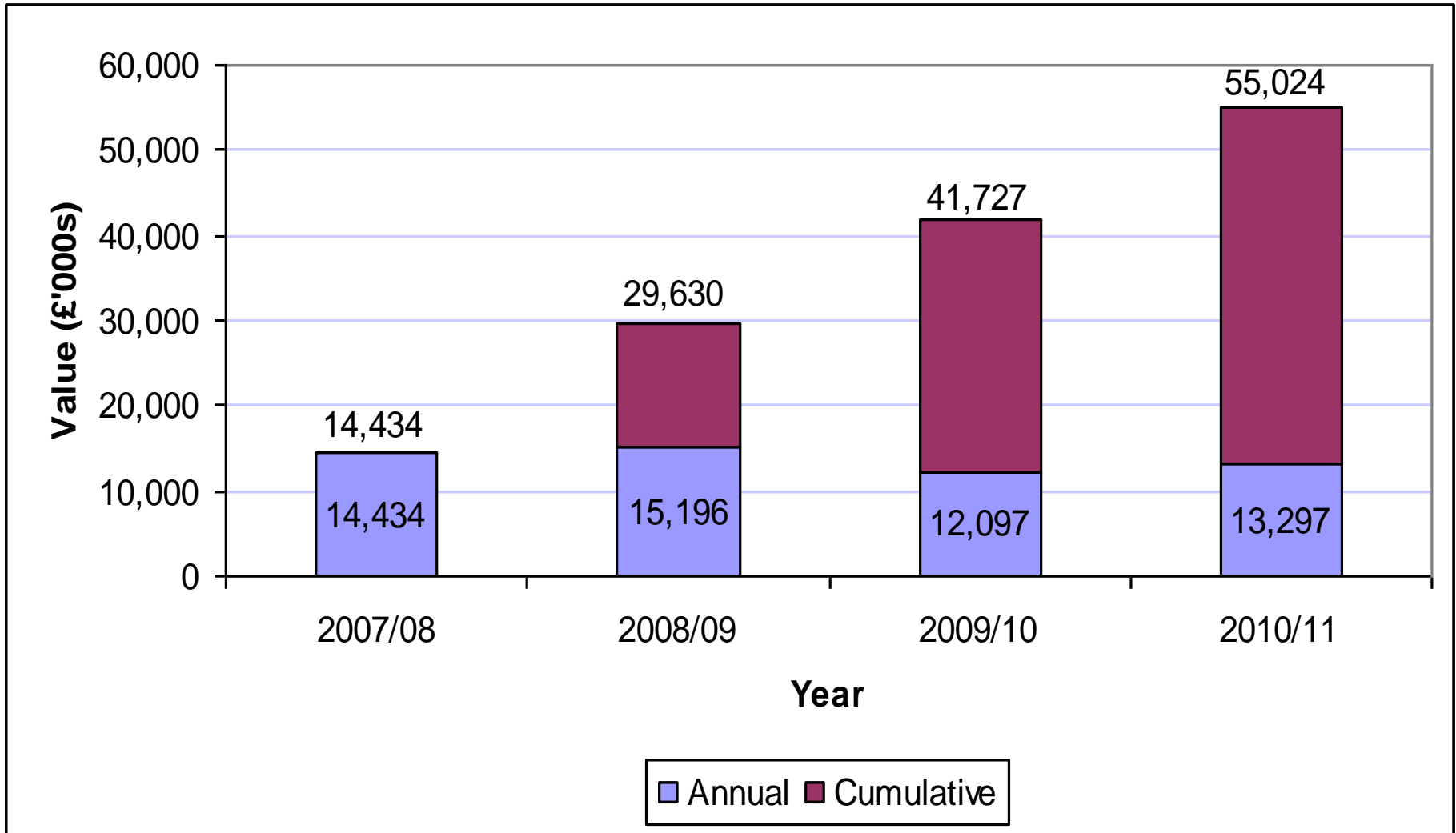
Spending Review October 2010 – “Winners”



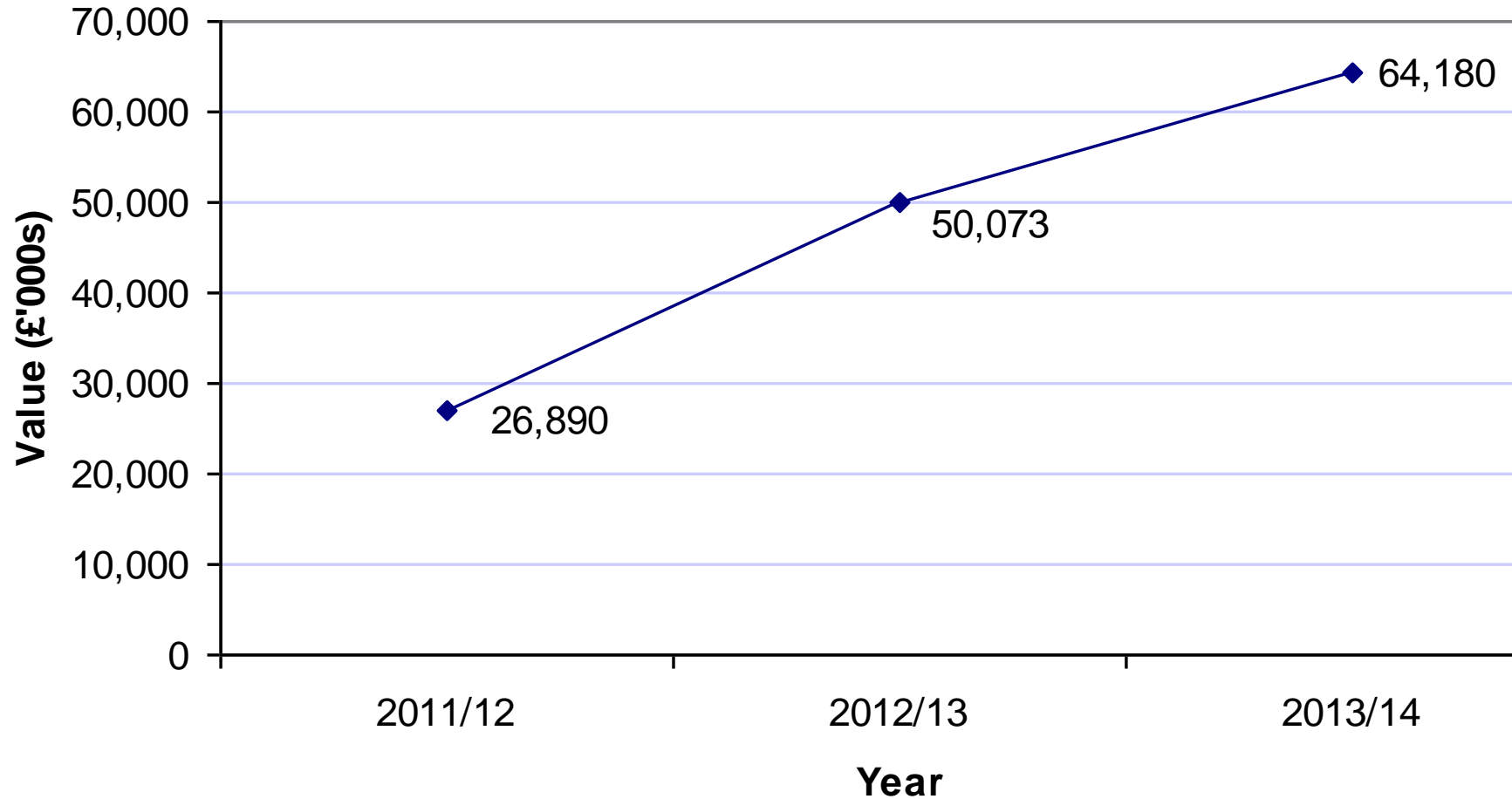
Spending Review 2010 – “Losers”



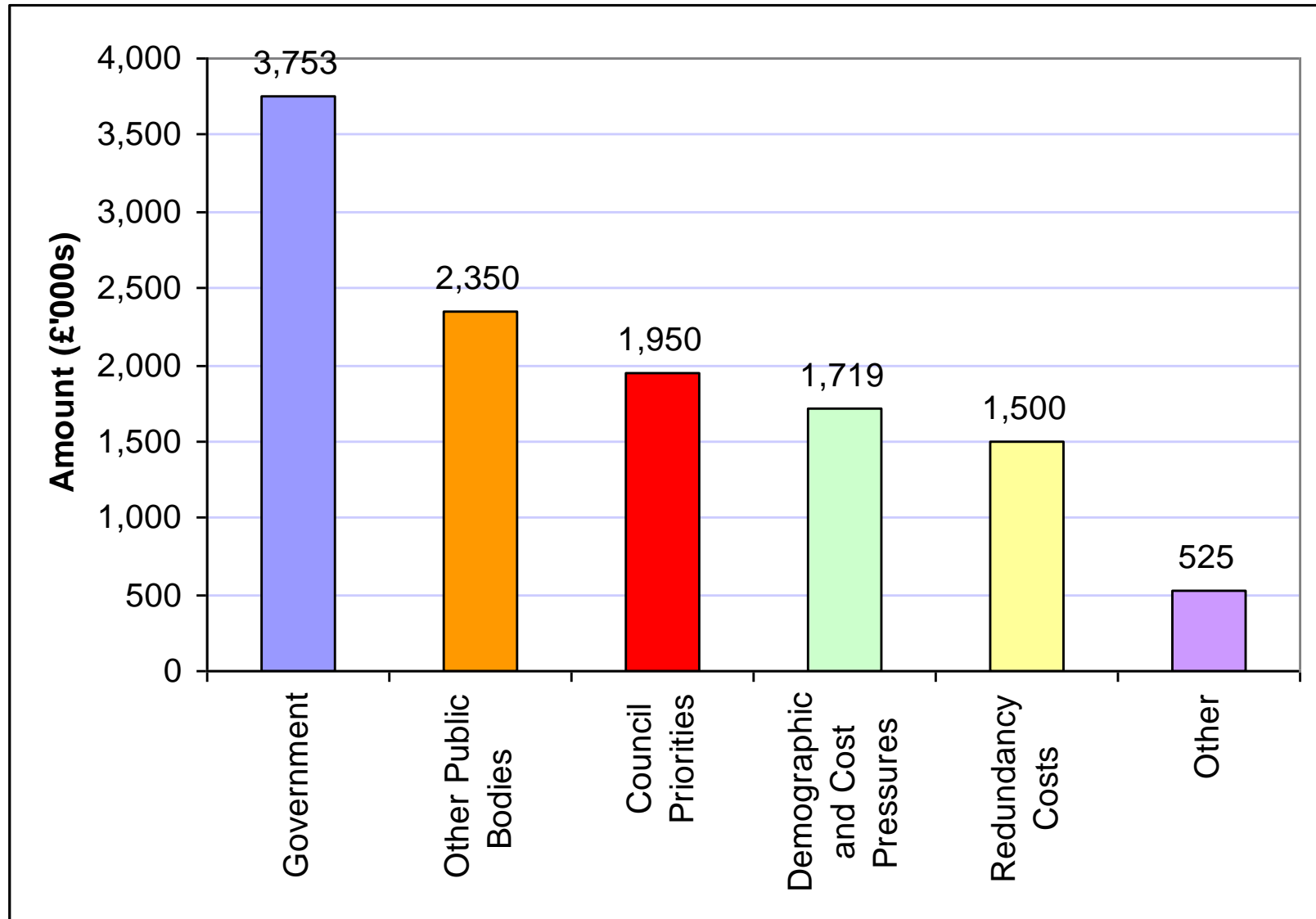
Hammersmith & Fulham Savings - 2007/08 to 2010/11



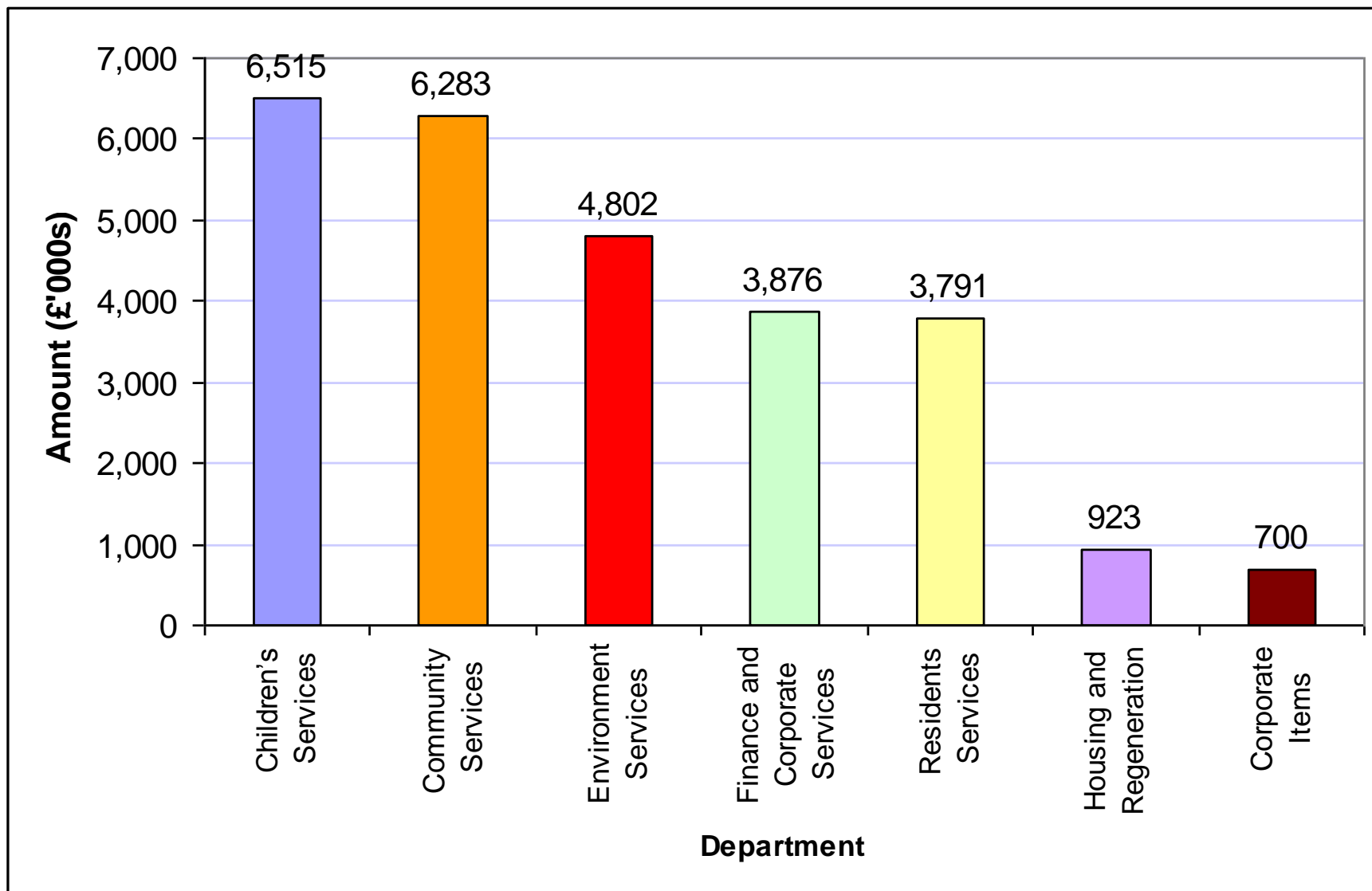
Savings Required (2011/12 to 2013/14)



Reasons for Budget Growth 2011/12

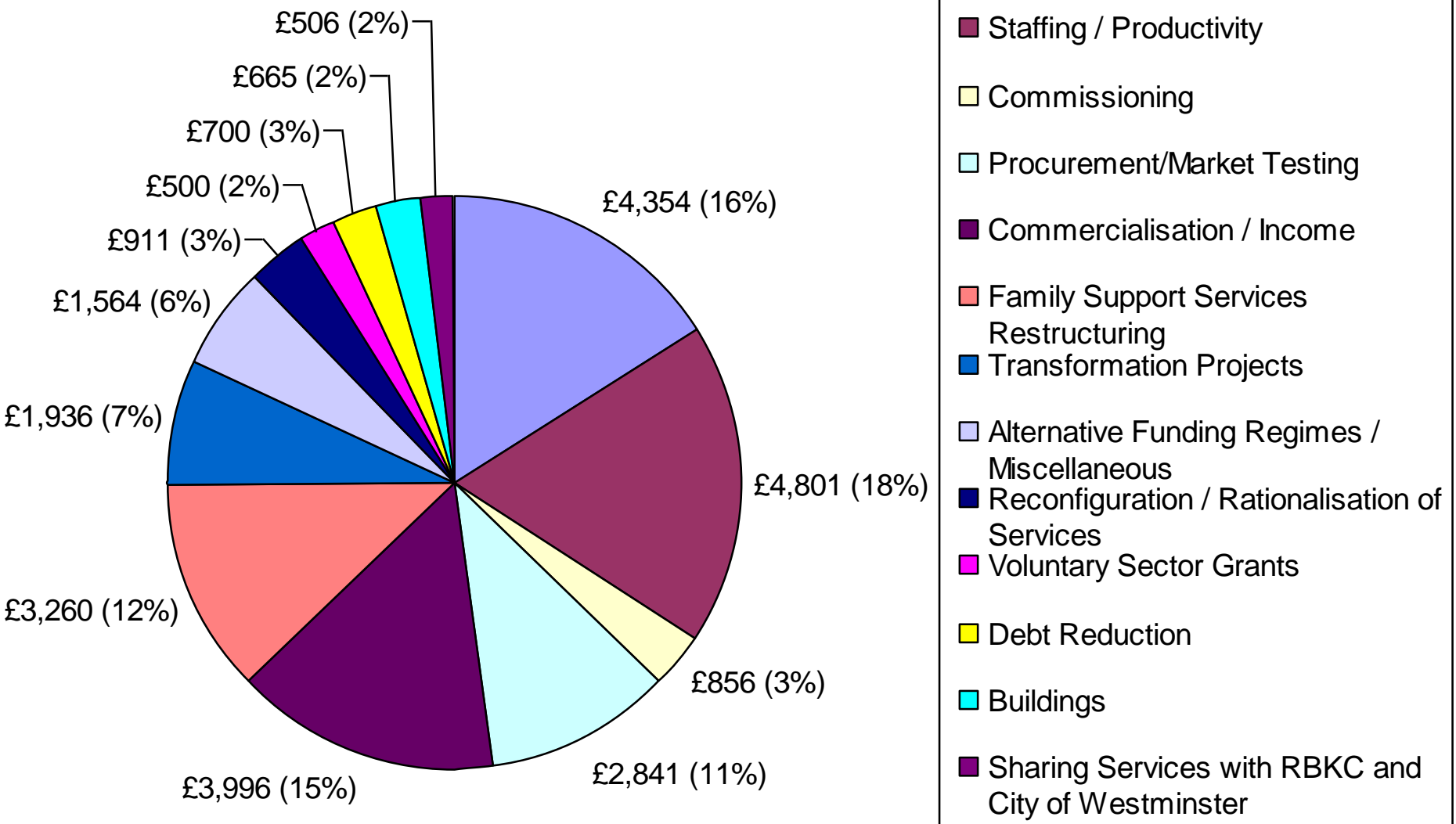


Savings Proposals



Analysis of the 2011/12 Savings

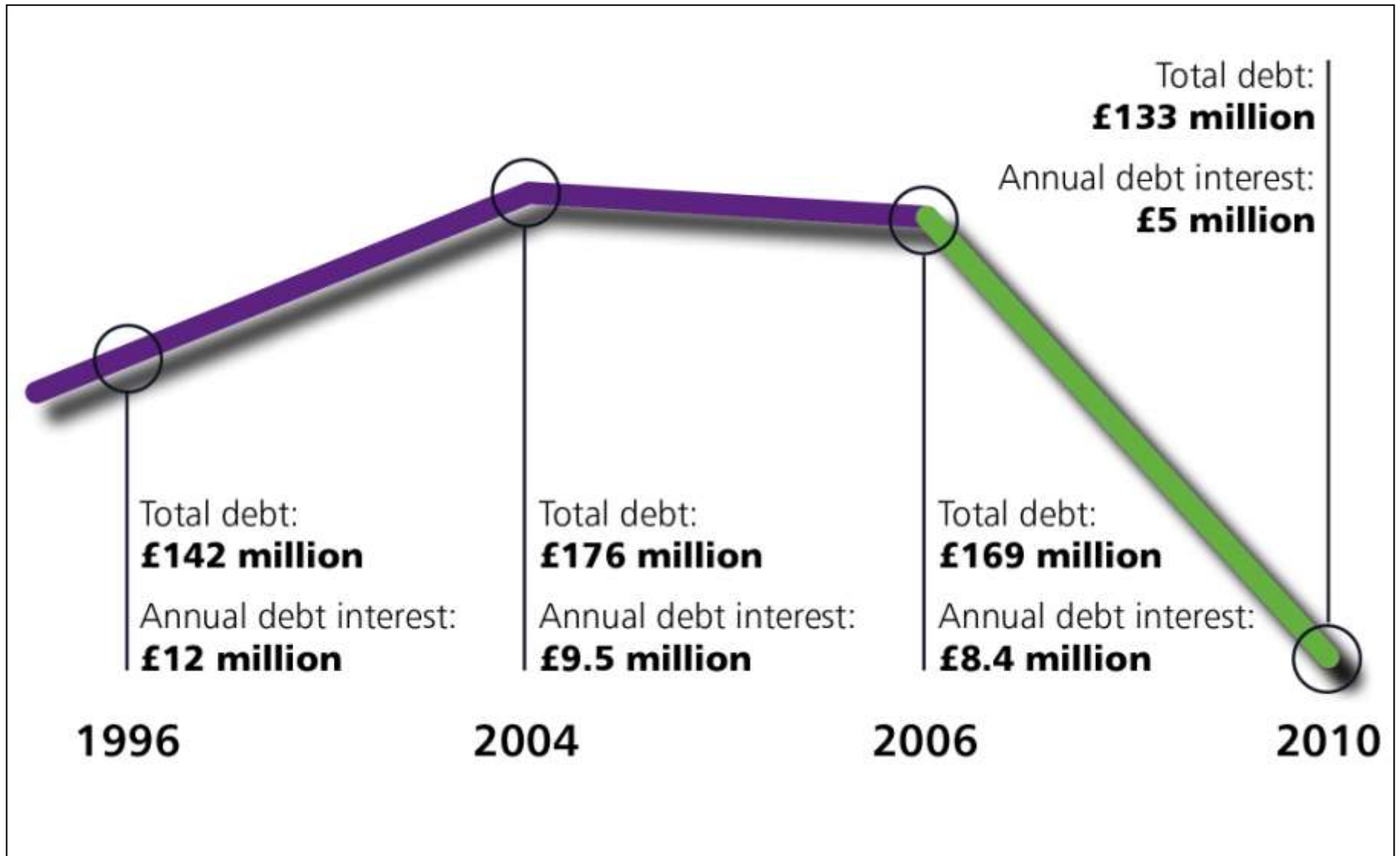
**** All figures in £'000s**



Key H&F future savings strategies – 3Rs

- Releasing underutilised assets to reduce council debt. Aim is to halve non housing council debt (£80 million)
- Restructuring the council by combining services with our neighbours so that we halve our overhead and save at least £35 million a year across 3 councils
- Reforming the way we deliver local public services eg using community budgets to weave together local agencies to target help for vulnerable families sooner and pulling down the wall between health and social care in the community

Council Debt (1996 to 2010)



Reforming public services

- Family intervention programmes
- Area based community budgeting
- Big Society approaches
- Area based regeneration programmes

Tri-borough working

- Westminster, Kensington and Chelsea, H&F
- Proposals report published in February for consultation
- Cabinet report planned for May
- Areas under serious consideration – Children’s Services, Adults’ Services, Libraries, IT, HR, Facilities Management, finance support to Tri-borough services, some specialist finance services, Legal
- Incremental change over time, no big bang

Governance arrangements

- Politically driven
- CE managed
- Officer Central Policy Programme Board
- Numerous workstreams
- No consultants assisting
- Proposed that H&F and K&C share a Chief Executive from October 2011
- Sovereignty guarantee

Tri-borough savings by 2014/15 - £34.6m

- Children's Services - £10.5 million
- Adults' services - £9.9 million
- Libraries - £1.6 million
- Facilities Management - £2 million
- ICT - £4 million
- Property - £1 million
- Environment Services management - £1.5 million
- HR - £2.7 million
- Other - £1.4 million

Services still up for discussion

- Property portfolio management
- Environment services
- Highways
- Parking services
- Community Safety
- Specialist financial services

Some local services

- Housing
- Regeneration
- Planning
- Democratic Services
- Electoral Services
- Policy
- Communications
- Corporate Finance
- Revenues and Housing Benefits

Principles for Tri-borough working

- 50% reduction in middle and senior management costs
- Reduction in overheads on frontline services of 50%
- Overheads and management to be a smaller proportion of spend than in 2010/11
- Collaborative working will promote better procurement of external services and allow more detailed comparisons and challenge to drive out costs

Is this enough to balance the budget in future years?

Leading in Difficult Times

Chris Bilsland

Chamberlain, City of London and CIPFA Vice
President





The Challenge

city of london

- Political and Economic Context
- Finances
- People
- Change



The Context

city of london

- Public Spending Reductions
- Coalition Government
- Localism / Big Society
- Reforms – Police, Health, Higher Education....
- *Change first- apologies later*



Finances

city of london

- Grant Losses and Budget Reductions
- Investment Income
- Reserves and Balances
- Inflation
- Front line Services vs Back Office
- Shared Services
- *Managing the reductions actively*



People

city of london

- Permanent Reductions in pay and conditions
- Permanent Reductions in numbers
- Focus on leadership and productivity
- *But still a competitive employer*



Delivering the Change Agenda

city of london

- Shared services plan
- Investment in new Technology
- Ways of Working, productivity and Buildings
- Dynamic reporting on risk areas
- Procurement
- Income Management
- Communication



Concluding Thought

city of london

- Managing Change
-*we can't avoid the change*.....
-*but lets manage the uncertainties*

\ The new realities - What should, or could, we be doing differently?

Panel Debate

- Jane West, President SLT
- Phil Butlin, LB Sutton
- Nick White, Chair CIPFA SE
- John Thornton, Vice Chair CIPFA SE (Facilitator)



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