

**Southwark Council**

**Finance and Governance  
Department**

**Budget Book 2020-21**

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# Departmental Statement

## Description of department

Finance and Governance is made up of three divisions, which provide the corporate support of financial, legal, procurement and democratic services. In addition the department is responsible for and manages income and assessment operational services within Exchequer Services. It is headed by the Strategic Director of Finance and Governance, who is the designated section 151 officer, managing the department through the Senior Management Team (SMT) which consists of the heads of service divisions for the department.

Housing benefits and council tax support payments make up the majority of the department's expenditure with employees, premises and service contracts costs making up most of the remainder. The majority of corporate support services are charged to service departments as central overheads. Legal services operate as a trading centre. Income consists mostly of government grants and service collection areas within Exchequer Services.

The department also controls a number of budgets that are not allocated to departments but are managed centrally under the heading of corporate budgets. These include contingency budgets and technical accounting budgets such as the reversal of depreciation and employee benefit charges reflected in departmental service budgets. One of the main corporate budgets is the council's insurance budget.

## Finance and Governance department summary budget tables

| <b>Services</b>               | <b>2019-20 Total<br/>Budget<br/>£000</b> | <b>Budget<br/>Adjustment<br/>£000</b> | <b>Inflation<br/>£000</b> | <b>Commitments<br/>£000</b> | <b>Savings<br/>£000</b> | <b>Growth<br/>£000</b> | <b>2020-21<br/>Total<br/>Budget<br/>£000</b> |
|-------------------------------|--|---------------------------------------|---------------------------|-----------------------------|-------------------------|------------------------|--|
| Finance and Accounting        | 6,588                                    | (28)                                  | 0                         | 0                           | (75)                    | 0                      | 6,485  |
| Exchequer Services            | 10,602                                   | 199                                   | 0                         | 50                          | (100)                   | 0                      | 10,751                                       |
| Law and Democracy             | 3,898                                    | (30)                                  | 0                         | 100                         | 0                       | 0                      | 3,968  |
| Corporate Budgets             | (10,890)                                 | (3,600)                               | 0                         | 3,236                       | 0                       | 0                      | (11,254)                                     |
| <b>FINANCE AND GOVERNANCE</b> | <b>10,198</b>                            | <b>(3,459)</b>                        | <b>0</b>                  | <b>3,386</b>                | <b>(175)</b>            | <b>0</b>               | <b>9,950</b>                                 |

| <b>Subjective Analysis</b>              | <b>2018-19<br/>Outturn<br/>£000</b> | <b>2019-20<br/>Total Budget<br/>£000</b> | <b>2020-21<br/>Total Budget<br/>£000</b> |
|---|-------------------------------------|--|--|
| Employees                               | 34,571                              | 37,731                                   | 38,091                                   |
| Premises                                | 2,469                               | 1,920                                    | 1,896                                    |
| Transport                               | 124                                 | 146                                      | 146                                      |
| Supplies and services                   | 16,590                              | 28,613                                   | 29,420                                   |
| Third party payments                    | 5,644                               | 2,968                                    | 2,044                                    |
| Transfer payments                       | 156,646                             | 152,583                                  | 153,034                                  |
| Support services                        | 6,652                               | 5,967                                    | 5,756                                    |
| Capital charges                         | 4,412                               | 11,017                                   | 14,203                                   |
| <b>Total Expenditure</b>                | <b>227,108</b>                      | <b>240,945</b>                           | <b>244,590</b>                           |
| Fees and charges                        | (10,293)                            | (5,089)                                  | (5,539)                                  |
| Government grants                       | (184,357)                           | (179,935)                                | (183,213)                                |
| Other grants                            | (71)                                | 0  | 0  |
| Miscellaneous income                    | (378)                               | (702)                                    | (702)                                    |
| <b>Total Income</b>                     | <b>(195,099)</b>                    | <b>(185,726)</b>                         | <b>(189,454)</b>                         |
| <b>Net Expenditure before recharges</b> | <b>32,009</b>                       | <b>55,219</b>                            | <b>55,136</b>                            |
| Recharges to the General Fund           | (22,893)                            | (43,674)                                 | (43,574)                                 |
| Recharges to the HRA                    | (1,381)                             | (1,347)                                  | (1,612)                                  |
| <b>Total Net Expenditure</b>            | <b>7,735</b>                        | <b>10,198</b>                            | <b>9,950</b>                             |

# Financial Services

## Description of division

Financial Services is made up of three subdivisions.

### 1. Director's Office

The Strategic Director of Finance and Governance provides professional leadership and management to the corporate support service and Exchequer functions across the council and is responsible for income collection and assessments within Exchequer Services. In addition, the Strategic Director of Finance and Governance has the statutory Section 151 role, the senior information risk owner role and that of data protection officer.

### 2. Financial Governance

Financial governance comprises three small teams (21 FTE posts in total) covering financial governance, pensions administration and risk and insurance management. The budget also includes seven CIPFA trainees who are normally placed within other sections of the department.

The role of these teams is to ensure that the Strategic Director of Finance and Governance may discharge his Section 151 responsibility for proper financial administration of the council's financial affairs and his responsibility for the administration of the Southwark pension fund. It provides strategic advice, direction and support to the council to maintain a healthy balance between the benefits of local financial and risk management and the corporate need for high quality standards.

The financial and information governance budget includes savings of £25k for 2020-21 arising from a reduction in the budget for specialist risk advisory services.

### 3. Professional Finance Services

The professional finance services division (PFS) is managed by the Director of Finance. The service provides corporate leadership on financial planning and financial reporting as well as performing the financial support functions for the service departments.

PFS includes the anti-fraud and internal audit service. The anti-fraud and internal audit team delivers pro-active and reactive fraud investigation work, as well as management of the internal audit contract.

The PFS budget includes savings of £50k for 2020-21 for completion of the structural review of staffing resources, implementation of enhanced business partnering approach and improvements to the financial management system.

The division comprises of 57 FTE posts across 7 teams.

## Financial services division summary budget tables

| Services                             | 2019-20      | Budget      | Inflation | Commitments | Savings     | Growth   | 2020-21      |
|--------------------------------------|--------------|-------------|-----------|-------------|-------------|----------|--------------|
|                                      | Total Budget | Adjustment  |           |             |             |          | Total Budget |
|                                      | £000         | £000        | £000      | £000        | £000        | £000     | £000         |
| Director's Office                    | 543          | (150)       | 0         | 0           | 0           | 0        | 393          |
| Financial and Information Governance | 1,776        | (141)       | 0         | 0           | (25)        | 0        | 1,610        |
| Professional Finance Services        | 4,269        | 263         | 0         | 0           | (50)        | 0        | 4,482        |
|                                      | <b>6,588</b> | <b>(28)</b> | <b>0</b>  | <b>0</b>    | <b>(75)</b> | <b>0</b> | <b>6,485</b> |

| Subjective Analysis                     | 2018-19      | 2019-20      | 2020-21      |
|---|--------------|--------------|--------------|
|   | Outturn      | Total Budget | Total Budget |
|   | £000         | £000         | £000         |
| Employees                               | 4,703        | 5,306        | 5,308        |
| Premises                                | 0            | 0            | 0            |
| Transport                               | 6            | 4            | 4            |
| Supplies and services                   | 1,164        | 1,478        | 1,288        |
| Third party payments                    | 0            | 0            | 0            |
| Transfer payments                       | 0            | 0            | 0            |
| Support services                        | 42           | 0            | 0            |
| Capital charges                         | 18           | 18           | 18           |
| <b>Total Expenditure</b>                | <b>5,933</b> | <b>6,806</b> | <b>6,618</b> |
| Fees and charges                        | (12)         | 0            | 0            |
| Government grants                       | 0            | 0            | 0            |
| Other grants                            | (32)         | 0            | 0            |
| Miscellaneous income                    | (3)          | 0            | 0            |
| <b>Total Income</b>                     | <b>(47)</b>  | <b>0</b>     | <b>0</b>     |
| <b>Net Expenditure before recharges</b> | <b>5,886</b> | <b>6,806</b> | <b>6,618</b> |
| Recharges to the General Fund           | 0            | (131)        | (31)         |
| Recharges to the HRA                    | (100)        | (87)         | (102)        |
| <b>Total Net Expenditure</b>            | <b>5,786</b> | <b>6,588</b> | <b>6,485</b> |

## Exchequer Services

### Description of division

The Exchequer Services division is responsible for the billing and collection of council tax and business rates, payment and administration of invoicing and the management of the schemes for housing benefits, council tax reduction and Southwark Emergency Support (SESS) and management of payroll.

Exchequer Services is also responsible for the management of some services which are funded by the HRA, such as housing rent collection, leasehold management, garages and temporary accommodation.

The division's income is derived in the main from housing benefit grant subsidy from central government and some additional areas that generate fees and charges.

The budget for 2020-21 includes savings of £100k. It is anticipated that the bulk of the savings will come from reductions in staffing following a reduction in Housing Benefit caseload due to government's continued implementation of Universal Credit. The budget also includes a £50k commitment to the SESS budget to address the increased demand for support.

The division comprises of 264 FTE for general fund activities.

### Exchequer services division summary budget tables

| Services              | 2019-20 Total | Budget     | Inflation | Commitments | Savings      | Growth   | 2020-21       |
|-----------------------|---------------|------------|-----------|-------------|--------------|----------|---------------|
|                       | Budget        | Adjustment |           |             |              |          | Total         |
|                       | £000          | £000       | £000      | £000        | £000         | £000     | Budget        |
|                       |               |            |           |             |              |          | £000          |
| FC&P                  | 1,493         | 235        | 0         | 0           | 0            | 0        | 1,728         |
| SAP GM                | 652           | 13         | 0         | 0           | 0            | 0        | 665           |
| Revenues and Benefits | 12,157        | 153        | 0         | 50          | (100)        | 0        | 12,260        |
| Benefits and Subsidy  | (3,700)       | (202)      | 0         | 0           | 0            | 0        | (3,902)       |
|                       | <b>10,602</b> | <b>199</b> | <b>0</b>  | <b>50</b>   | <b>(100)</b> | <b>0</b> | <b>10,751</b> |

| <b>Subjective Analysis</b>              | <b>2018-19<br/>Outturn<br/>£000</b> | <b>2019-20<br/>Total Budget<br/>£000</b> | <b>2020-21<br/>Total Budget<br/>£000</b> |
|---|-------------------------------------|--|--|
| Employees                               | 12,014                              | 11,293                                   | 12,316                                   |
| Premises                                | 4                                   | 24                                       | 0  |
| Transport                               | 15                                  | 8  | 8  |
| Supplies and services                   | 2,070                               | 1,931                                    | 2,050                                    |
| Third party payments                    | 1,172                               | 282                                      | (25)                                     |
| Transfer payments                       | 156,646                             | 152,583                                  | 153,034                                  |
| Support services                        | 2,664                               | 2,896                                    | 2,685                                    |
| Capital charges                         | 0                                   | 0  | 0  |
| <b>Total Expenditure</b>                | <b>174,585</b>                      | <b>169,017</b>                           | <b>170,068</b>                           |
| Fees and charges                        | (7,230)                             | (4,638)                                  | (5,088)                                  |
| Government grants                       | (155,063)                           | (152,852)                                | (153,054)                                |
| Other grants                            | (39)                                | 0  | 0  |
| Miscellaneous income                    | 0                                   | 0  | 0  |
| <b>Total Income</b>                     | <b>(162,332)</b>                    | <b>(157,490)</b>                         | <b>(158,142)</b>                         |
| <b>Net Expenditure before recharges</b> | <b>12,253</b>                       | <b>11,527</b>                            | <b>11,926</b>                            |
| Recharges to the General Fund           | (1,039)                             | (771)                                    | (771)                                    |
| Recharges to the HRA                    | (175)                               | (154)                                    | (404)                                    |
| <b>Total Net Expenditure</b>            | <b>11,039</b>                       | <b>10,602</b>                            | <b>10,751</b>                            |



## Law and Democracy

### Description of division

Law and Democracy (L&D) consists of legal services, constitutional services, electoral services and procurement. Scrutiny and Information Governance teams were transferred from Chief Executive's and Financial services respectively at the beginning of the year.

The Scrutiny team provides support to members in their scrutiny function.

Legal services is a trading service offering legal support to all parts of the council. It covers the whole range of local authority legal work including corporate advice; advice in relation to governance matters, contract formation and advice, litigation and advice departmental specialisms; and general litigation including debt collection.

The role of the constitutional team is to support member-level decision making at council meetings and in individual decision making. The team provides constitutional advice and support to councillors, officers and the general public ensuring the decision making process is efficient, open and accountable to local people. The constitution is maintained by the team and this provides the framework for the council's decision making processes.

The electoral registration officer (ERO) is responsible for compiling and maintaining an accurate register of electors. The elections team supports the ERO in the discharge of this function.

The procurement team provides procurement advice to the council. The team is also responsible for developing the council's Fairer Future Procurement Strategy and associated guidance to staff and contractors.

The division's budget constitutes a £50k commitment for implementation and monitoring of the requirements of the new Fairer Futures Procurement Framework.

The division structure consists of 106.5 FTE posts.

### Law and democracy division summary budget tables

| Services                | 2019-20                 | Budget             |                   |                     | 2020-21         |                |                         |
|-------------------------|-------------------------|--------------------|-------------------|---------------------|-----------------|----------------|-------------------------|
|                         | Total<br>Budget<br>£000 | Adjustment<br>£000 | Inflation<br>£000 | Commitments<br>£000 | Savings<br>£000 | Growth<br>£000 | Total<br>Budget<br>£000 |
| Electoral Services      | 663                     | 0                  | 0                 | 0                   | 0               | 0              | 663                     |
| Procurement             | 396                     | 0                  | 0                 | 50                  | 0               | 0              | 446                     |
| Constitutional Services | 2,529                   | (90)               | 0                 | 50                  | 0               | 0              | 2,489                   |
| Legal Services          | 310                     | 60                 | 0                 | 0                   | 0               | 0              | 370                     |
|                         | <b>3,898</b>            | <b>(30)</b>        | <b>0</b>          | <b>100</b>          | <b>0</b>        | <b>0</b>       | <b>3,968</b>            |

| <b>Subjective Analysis</b>              | <b>2018-19<br/>Outturn<br/>£000</b> | <b>2019-20<br/>Total Budget<br/>£000</b> | <b>2020-21<br/>Total Budget<br/>£000</b> |
|---|-------------------------------------|--|--|
| Employees                               | 6,115                               | 6,469                                    | 6,500                                    |
| Premises                                | 63                                  | 16                                       | 16                                       |
| Transport                               | 29                                  | 41                                       | 41                                       |
| Supplies and services                   | 2,331                               | 1,993                                    | 2,032                                    |
| Third party payments                    | 0                                   | 0  | 0  |
| Transfer payments                       | 0                                   | 0  | 0  |
| Support services                        | 3,196                               | 2,376                                    | 2,376                                    |
| Capital charges                         | 0                                   | 0  | 0  |
| <b>Total Expenditure</b>                | <b>11,734</b>                       | <b>10,895</b>                            | <b>10,965</b>                            |
| Fees and charges                        | (582)                               | (378)                                    | (378)                                    |
| Government grants                       | (258)                               | 0  | 0  |
| Other grants                            | 0                                   | 0  | 0  |
| Miscellaneous income                    | (10)                                | (2)                                      | (2)                                      |
| <b>Total Income</b>                     | <b>(850)</b>                        | <b>(380)</b>                             | <b>(380)</b>                             |
| <b>Net Expenditure before recharges</b> | <b>10,884</b>                       | <b>10,515</b>                            | <b>10,585</b>                            |
| Recharges to the General Fund           | (7,390)                             | (6,617)                                  | (6,617)                                  |
| Recharges to the HRA                    | 0                                   | 0  | 0  |
| <b>Total Net Expenditure</b>            | <b>3,494</b>                        | <b>3,898</b>                             | <b>3,968</b>                             |

## Corporate budgets

### Description of budgets

There are a number of budgets that are not allocated directly to departments and are therefore managed centrally under the heading of corporate budgets. These include contingency budgets and technical accounting budgets such as the reversal of depreciation and employee benefit charges reflected in departmental service budgets in order that they do not impact on the net budget requirement or level of council tax that the council sets each year.

One of the main corporate budgets is the council's insurance budget. Southwark, like other similar sized authorities and large corporate bodies, arranges its insurance cover mainly on the basis of catastrophe level cover. This avoids "pound swapping" with external insurers and minimises costs.

Insurance expenditure during any one year is the result of claims monies expended during the financial year even though the event involved may have happened in previous years, plus the cost of catastrophe level insurance protection and other administrative and advisory costs.

Significant claims costs against the authority include highways slips and trips; subrogation claims by commercial household insurers for alleged tree root incursion causing subsidence damage to private homes and liability for housing related water damage to tenants' property; motor claims incurred for the council's vehicle fleet; and fire and other property losses from the council's large portfolio of schools, housing and other buildings.

### Corporate budgets summary tables

| Services                | 2019-20                 |                              | Inflation<br>£000 | Commitments<br>£000 | Savings<br>£000 | Growth<br>£000 | 2020-21                 |
|-------------------------|-------------------------|------------------------------|-------------------|---------------------|-----------------|----------------|-------------------------|
|                         | Total<br>Budget<br>£000 | Budget<br>Adjustment<br>£000 |                   |                     |                 |                | Total<br>Budget<br>£000 |
| Insurance               | 4,977                   | 0                            | 0                 | 0                   | 0               | 0              | 4,977                   |
| Other Corporate Budgets | (15,867)                | (3,600)                      | 0                 | 3,236               | 0               | 0              | (16,231)                |
|                         | <b>(10,890)</b>         | <b>(3,600)</b>               | <b>0</b>          | <b>3,236</b>        | <b>0</b>        | <b>0</b>       | <b>(11,254)</b>         |

| <b>Subjective Analysis</b>              | <b>2018-19<br/>Outturn<br/>£000</b> | <b>2019-20<br/>Total Budget<br/>£000</b> | <b>2020-21<br/>Total Budget<br/>£000</b> |
|---|-------------------------------------|--|--|
| Employees                               | 11,739                              | 14,663                                   | 13,967                                   |
| Premises                                | 2,402                               | 1,880                                    | 1,880                                    |
| Transport                               | 74                                  | 93                                       | 93                                       |
| Supplies and services                   | 11,025                              | 23,211                                   | 24,050                                   |
| Third party payments                    | 4,472                               | 2,686                                    | 2,069                                    |
| Transfer payments                       | 0                                   | 0  | 0  |
| Support services                        | 750                                 | 695                                      | 695                                      |
| Capital charges                         | 4,394                               | 10,999                                   | 14,185                                   |
| <b>Total Expenditure</b>                | <b>34,856</b>                       | <b>54,227</b>                            | <b>56,939</b>                            |
| Fees and charges                        | (2,469)                             | (73)                                     | (73)                                     |
| Government grants                       | (29,036)                            | (27,083)                                 | (30,159)                                 |
| Other grants                            | 0                                   | 0  | 0  |
| Miscellaneous income                    | (365)                               | (700)                                    | (700)                                    |
| <b>Total Income</b>                     | <b>(31,870)</b>                     | <b>(27,856)</b>                          | <b>(30,932)</b>                          |
| <b>Net Expenditure before recharges</b> | <b>2,986</b>                        | <b>26,371</b>                            | <b>26,007</b>                            |
| Recharges to the General Fund           | (14,464)                            | (36,155)                                 | (36,155)                                 |
| Recharges to the HRA                    | (1,106)                             | (1,106)                                  | (1,106)                                  |
| <b>Total Net Expenditure</b>            | <b>(12,584)</b>                     | <b>(10,890)</b>                          | <b>(11,254)</b>                          |