

Southwark Council

Budget Book

Finance and Governance Department

2017-18

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Departmental Statement

Description of department

Finance and Governance provides the corporate support services of Finance, Procurement, Revenues and Benefits and Legal Services. It is headed by the Strategic Director of Finance and Governance, who is the designated chief financial officer and manages the department through the Senior Management Team (SMT) which consists of the heads of the department's service divisions.

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. Support service expenditure is charged out to service departments as central overheads. Income consists mostly of government grants.

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.

Services	2016-17 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2017-18 Total Budget £000
Finance and Governance	7,418	171	58	85	(495)	0	7,237
Exchequer Services	10,596	9	125	0	(895)	0	9,835
Law and Democracy	1,555	91	68	0	(565)	0	1,149
Corporate Budgets	(16,165)	69	92	5,230	(5,700)	0	(16,474)
FINANCE & GOVERNANCE	3,404	340	343	5,315	(7,655)	0	1,747

Subjective Analysis	2015-16 Outturn £000	2016-17 Total Budget £000	2017-18 Total Budget £000
Employees	35,796	33,632	32,963
Premises	2,329	2,635	2,732
Transport	572	108	196
Supplies and services	19,445	24,919	28,061
Third party payments	3,427	3,269	3,368
Transfer payments	222,733	211,090	211,090
Support services	4,605	5,569	5,010
Capital charges	3,310	13,528	7,828
Total Expenditure	292,217	294,750	291,248
Fees and charges	(18,190)	(5,448)	(5,463)
Government grants	(252,595)	(241,320)	(241,660)
Other grants	(812)	0	0
Miscellaneous income	(1,381)	(702)	(702)
Total Income	(272,978)	(247,470)	(247,825)
Net Expenditure before recharges	19,239	47,280	43,423
Recharges to the General Fund	(47,352)	(42,770)	(40,374)
Recharges to the HRA	(1,106)	(1,106)	(1,302)
Total Net Expenditure	(29,219)	3,404	1,747

Finance and Governance

Description of division

Finance and Governance is made up of three subdivisions.

1. Director's Office

The Strategic Director of Finance and Governance provides professional leadership and management to the finance, procurement, and legal functions across the council and is responsible for the revenues and benefits service. In addition, the Strategic Director of Finance and Governance has the statutory Section 151 role.

2. Financial and Information Governance

Financial and Information Governance comprises four small teams (fifteen FTE posts in total) covering financial governance, information governance including information requests, pensions administration and risk and insurance management. The budget also includes five CIPFA trainees who are normally placed within other sections of the department. The head of the team reports directly to the Strategic Director of Finance and Governance.

The role of the team 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, his responsibility for good information and data management, including compliance with legislative and regulatory frameworks, his responsibilities as the council's senior information risk owner 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, risk and information management and the corporate need for high quality standards.

The Financial and Information Governance budget includes savings of £195k for 2017-18 arising from a reduction in external audit fees, a reduction in funding for the departmental sponsorship scheme for professional training and a review of the staffing structure.

Financial and Information Governance acquired responsibility for pensions administration from Exchequer Services on 1 January 2017. The budget for this service will be transferred to Financial and Information Governance in 2017-18. In this budget book the budget for the service is included in the Exchequer Services section (see pages 7 to 8).

3. Professional Finance Services

The professional finance services division is managed by the Director of Finance. The division provides corporate leadership on financial planning and financial reporting as well as performing the financial support functions for the service departments, supporting procurement activities across the council and delivering the anti-fraud and internal audit service.

The finance service delivered a significant restructure in 2016-17, which embraced greater sharing of joint resources, enhanced use of information technology, development of standard models for monitoring and control, and the removal of obsolete or unnecessarily bureaucratic processes. The service now has 60 posts following £255k saving as part of the 2017-18 budget.

The procurement advice team supports procurement activity across the council, including the e-procurement system, and has 6 posts.

The anti-fraud and internal audit team has 7 posts delivering pro-active and reactive fraud investigation work, as well as management of the internal audit contract. Work to support the National Fraud Initiative is being delivered by a fixed term contract post to end September 2017.

Services	2016-17 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2017-18 Total Budget £000
Director's Office	1,030	6	4	0	0	0	1,040
Financial and Information Governance	1,273	107	8	0	(195)	0	1,193
Professional Finance Services	5,115	58	46	85	(300)	0	5,004
	7,418	171	58	85	(495)	0	7,237

Subjective Analysis	2015-16 Outturn £000	2016-17 Total Budget £000	2017-18 Total Budget £000
Employees	8,033	5,697	5,596
Premises	6	1	1
Transport	15	(67)	14
Supplies and services	1,540	2,043	1,838
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	94	0	0
Capital charges	0	0	0
Total Expenditure	9,688	7,674	7,449
Fees and charges	(97)	(125)	(40)
Government grants	0	0	0
Other grants	(20)	0	0
Miscellaneous income	(27)	0	0
Total Income	(144)	(125)	(40)
Net Expenditure before recharges	9,544	7,549	7,409
Recharges to the General Fund	(19)	(131)	(130)
Recharges to the HRA	0	0	(42)
Total Net Expenditure	9,525	7,418	7,237

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 and management of payroll. It is also responsible for services financed through the Housing Revenue Account including housing rent collection, leasehold management, garages and temporary accommodation.

Exchequer Services is also responsible for the management of some services whose budgets are held in the Housing and Modernise department. The budgets for these services – which are listed above – are included in the budget book pages for the Housing and Modernise department.

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 2017-8 includes savings of £895k. 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 implementation of Universal Credit. Additional savings are generated through efficiency gains in income collection and reductions in associated support services.

Exchequer Services division summary budget tables

Services	2016-17 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2017-18 Total Budget £000
FC&P	1,944	33	20	0	(75)	0	1,922
Income Collection	(610)	5	3	0	(150)	0	(752)
Payroll	376	7	4	0	0	0	387
Pensions	587	7	5	0	0	0	599
Revenues and Benefits	13,895	(43)	93	0	(670)	0	13,275
Benefits and Subsidy	(5,596)	0	0	0	0	0	(5,596)
	10,596	9	125	0	(895)	0	9,835

Subjective Analysis	2015-16 Outturn £000	2016-17 Total Budget £000	2017-18 Total Budget £000
Employees	12,419	12,047	11,814
Premises	65	73	73
Transport	60	32	36
Supplies and services	2,465	2,076	2,078
Third party payments	1,554	683	682
Transfer payments	222,733	211,090	211,090
Support services	2,494	2,628	2,249
Capital charges	0	0	0
Total Expenditure	241,790	228,629	228,022
Fees and charges	(6,033)	(4,238)	(4,238)
Government grants	(224,230)	(212,610)	(212,610)
Other grants	(41)	0	0
Miscellaneous income	(48)	0	0
Total Income	(230,352)	(216,848)	(216,848)
Net Expenditure before recharges	11,438	11,781	11,174
Recharges to the General Fund	(1,117)	(1,185)	(1,185)
Recharges to the HRA	0	0	(154)
Total Net Expenditure	10,321	10,596	9,835

Law and Democracy

Description of division

Law and Democracy consists of Legal Services, Constitutional Services and Electoral Services. Constitutional and Electoral Services were transferred to Law and Democracy from the former Corporate Strategy division in the Chief Executive's department during 2015-16.

Legal Services offers 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, including Data Protection and Freedom of Information; advice to members in cabinet, scrutiny at all committees and sub committees of the council and at community councils; housing litigation and policy advice; contract formation and advice; children's and adults' services litigation and advice; planning agreements, advice and litigation; property and regeneration matters; environment advice and litigation; enforcement and prosecutions; advice on regeneration schemes; education advice; employment advice and litigation; 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. Since June 2014 the ERO has been responsible for the implementation of individual electoral registration (IER). The elections team supports the ERO in the discharge of this function.

Services	2016-17 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2017-18 Total Budget £000
Electoral Services	100	11	6	0	(189)	0	(72)
Constitutional Services	2,062	37	18	0	(69)	0	2,048
Legal Services	(607)	43	44	0	(307)	0	(827)
	1,555	91	68	0	(565)	0	1,149

Subjective Analysis	2015-16 Outturn £000	2016-17 Total Budget £000	2017-18 Total Budget £000
Employees	6,183	5,655	5,452
Premises	61	24	24
Transport	35	53	53
Supplies and services	2,946	2,030	2,042
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	1,044	1,972	1,932
Capital charges	0	0	0
Total Expenditure	10,269	9,734	9,503
Fees and charges	(1,451)	(1,085)	(1,185)
Government grants	0	0	0
Other grants	(751)	0	0
Miscellaneous income	(5)	(2)	(2)
Total Income	(2,207)	(1,087)	(1,187)
Net Expenditure before recharges	8,062	8,647	8,316
Recharges to the General Fund	(5,735)	(7,092)	(7,167)
Recharges to the HRA	0	0	0
Total Net Expenditure	2,327	1,555	1,149

Corporate budgets

Description of budgets

There are a number of budgets that are not allocated direct 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. A significant amount of insurance claims costs are due to historic claims, including for instance historic disease claims.

Corporate budgets summary tables

Services	2016-17 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2017-18 Total Budget £000
Insurance	5,151	0	0	80	0	0	5,231
Other Corporate Budgets	(21,316)	69	92	5,150	(5,700)	0	(21,705)
	(16,165)	69	92	5,230	(5,700)	0	(16,474)

Subjective Analysis	2015-16 Outturn £000	2016-17 Total Budget £000	2017-18 Total Budget £000
Employees	9,161	10,233	10,101
Premises	2,197	2,537	2,634
Transport	462	90	93
Supplies and services	12,494	18,770	22,103
Third party payments	1,873	2,586	2,686
Transfer payments	0	0	0
Support services	973	969	829
Capital charges	3,310	13,528	7,828
Total Expenditure	30,470	48,713	46,274
Fees and charges	(10,609)	0	0
Government grants	(28,365)	(28,710)	(29,050)
Other grants	0	0	0
Miscellaneous income	(1,301)	(700)	(700)
Total Income	(40,275)	(29,410)	(29,750)
Net Expenditure before recharges	(9,805)	19,303	16,524
Recharges to the General Fund	(40,481)	(34,362)	(31,892)
Recharges to the HRA	(1,106)	(1,106)	(1,106)
Total Net Expenditure	(51,392)	(16,165)	(16,474)