

**Southwark Council**

**Finance and Governance  
Department**

**Budget Book 2021-22**

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# Departmental Statement

## Description of department

Finance and Governance is made up of ~~3~~-three divisions, which provides 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

Services	2020-21 Total	Budget	Inflation	Commitments	Savings	Growth	2021-22
	Budget	Adjustment					Total
	£000	£000	£000	£000	£000	£000	Budget
							£000
Finance Services	4,874	(18)	0	0	(50)	0	4,806
Exchequer Services	10,751	51	0	0	(421)	0	10,381
Law and Democracy	5,578	(152)	0	50	(259)	0	5,217
Corporate Budgets	(12,913)	(3,699)	2,615	2,100	(350)	0	(12,247)
<b>FINANCE AND GOVERNANCE</b>	<b>8,290</b>	<b>(3,818)</b>	<b>2,615</b>	<b>2,150</b>	<b>(1,080)</b>	<b>0</b>	<b>8,157</b>

<b>Subjective Analysis</b>	<b>2019-20 Outturn £000</b>	<b>2020-21 Total Budget £000</b>	<b>2021-22 Total Budget £000</b>
Employees	32,929	35,533	35,573
Premises	2,552	1,926	1,896
Transport	188	86	146
Supplies and services	20,009	28,912	26,159
Third party payments	2,931	2,542	2,169
Transfer payments	150,710	152,852	153,034
Support services	5,606	6,198	5,547
Capital charges	6,619	14,203	16,285
<b>Total Expenditure</b>	<b>221,544</b>	<b>242,252</b>	<b>240,809</b>
Fees and charges	(10,445)	(5,139)	(5,694)
Government grants	(185,001)	(183,213)	(180,008)
Other grants	(1,117)	0	0
Miscellaneous income	(1,694)	(702)	(702)
<b>Total Income</b>	<b>(198,257)</b>	<b>(189,054)</b>	<b>(186,404)</b>
<b>Net Expenditure before recharge</b>	<b>23,287</b>	<b>53,198</b>	<b>54,405</b>
Recharges to the General Fund	(16,454)	(43,556)	(44,636)
Recharges to the HRA	(1,609)	(1,352)	(1,612)
<b>Total Net Expenditure</b>	<b>5,224</b>	<b>8,290</b>	<b>8,157</b>

# Financial Services

## Description of division

Financial Services is made up of two 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. 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.

## Financial services division summary budget tables

Services	2020-21 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2021-22 Total Budget £000
Director's Office	393	(18)	0	0	0	0	375
Professional Finance Services	4,481	0	0	0	(50)	0	4,431
	<b>4,874</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>4,806</b>

Subjective Analysis	2019-20 Outturn £000	2020-21 Total Budget £000	2021-22 Total Budget £000
Employees	4,017	4,155	4,155
Premises	0	0	0
Transport	7	4	4
Supplies and services	566	830	780
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	27	0	0
Capital charges	18	18	0
<b>Total Expenditure</b>	<b>4,635</b>	<b>5,007</b>	<b>4,939</b>
Fees and charges	(3)	0	0
Government grants	0	0	0
Other grants	(32)	0	0
Miscellaneous income	0	0	0
<b>Total Income</b>	<b>(35)</b>	<b>0</b>	<b>0</b>
<b>Net Expenditure before recharge</b>	<b>4,600</b>	<b>5,007</b>	<b>4,939</b>
Recharges to the General Fund	0	(31)	(31)
Recharges to the HRA	(57)	(102)	(102)
<b>Total Net Expenditure</b>	<b>4,543</b>	<b>4,874</b>	<b>4,806</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.

### Exchequer services division summary budget tables

Services	2020-21 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2021-22 Total Budget £000
Financial Control and Processing	1,737	(10)	0	0	(186)	0	1,541
SAP GM	659	6	0	0	0	0	665
Revenues and Benefits	12,256	55	0	0	(235)	0	12,076
Benefits and Subsidy	(3,901)	0	0	0	0	0	(3,901)
	<b>10,751</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>(421)</b>	<b>0</b>	<b>10,381</b>

Subjective Analysis	2019-20 Outturn £000	2020-21 Total Budget £000	2021-22 Total Budget £000
Employees	12,500	11,417	11,925
Premises	2	30	0
Transport	19	(52)	8
Supplies and services	2,514	1,542	2,050
Third party payments	519	473	100
Transfer payments	150,710	152,852	153,034
Support services	2,748	3,128	2,736
Capital charges	0	0	0
<b>Total Expenditure</b>	<b>169,012</b>	<b>169,390</b>	<b>169,853</b>
Fees and charges	(8,046)	(4,688)	(5,243)
Government grants	(147,363)	(153,054)	(153,054)
Other grants	(70)	0	0
Miscellaneous income	(1)	0	0
<b>Total Income</b>	<b>(155,480)</b>	<b>(157,742)</b>	<b>(158,297)</b>
<b>Net Expenditure before recharge</b>	<b>13,532</b>	<b>11,648</b>	<b>11,556</b>
Recharges to the General Fund	(691)	(753)	(771)
Recharges to the HRA	(446)	(144)	(404)
<b>Total Net Expenditure</b>	<b>12,395</b>	<b>10,751</b>	<b>10,381</b>

## Law and Democracy

### Description of division

Law and Democracy 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.

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.

Financial governance comprises three small teams covering financial governance, pensions administration and risk and insurance management. The budget also includes 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.

### Law and democracy division summary budget tables

Services	2020-21	Budget					2021-22
	Total Budget £000	Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	Total Budget £000
Electoral Services	663	0	0	50	0	0	713
Procurement	446	0	0	0	0	0	446
Constitutional Services	2,489	0	0	0	(70)	0	2,419
Financial and Information Governance	1,610	(100)	0	0	(108)	0	1,402
Legal Services	370	(52)	0	0	(81)	0	237
	<b>5,578</b>	<b>(152)</b>	<b>0</b>	<b>50</b>	<b>(259)</b>	<b>0</b>	<b>5,217</b>



<b>Subjective Analysis</b>	<b>2019-20 Outturn £000</b>	<b>2020-21 Total Budget £000</b>	<b>2021-22 Total Budget £000</b>
Employees	7,324	7,653	7,535
Premises	105	16	16
Transport	23	41	41
Supplies and services	3,352	2,490	2,479
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	2,259	2,375	2,224
Capital charges	0	0	0
<b>Total Expenditure</b>	<b>13,063</b>	<b>12,575</b>	<b>12,295</b>
Fees and charges	(969)	(378)	(378)
Government grants	(64)	0	0
Other grants	(1,015)	0	0
Miscellaneous income	(17)	(2)	(2)
<b>Total Income</b>	<b>(2,065)</b>	<b>(380)</b>	<b>(380)</b>
<b>Net Expenditure before recharge</b>	<b>10,998</b>	<b>12,195</b>	<b>11,915</b>
Recharges to the General Fund	(5,785)	(6,617)	(6,698)
Recharges to the HRA	0	0	0
<b>Total Net Expenditure</b>	<b>5,213</b>	<b>5,578</b>	<b>5,217</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. A significant amount of insurance claims costs are due to historic claims, including for instance historic disease claims.

### Corporate budgets summary tables

Services	2020-21	Budget	Inflation	Commitments	Savings	Growth	2021-22
	Total	Adjustment					Total
	Budget	£000	£000	£000	£000	£000	Budget
	£000	£000	£000	£000	£000	£000	£000
Insurance	4,977	0	0	0	0	0	4,977
Other Corporate Budgets	(17,890)	(3,699)	2,615	2,100	(350)	0	(17,224)
	<b>(12,913)</b>	<b>(3,699)</b>	<b>2,615</b>	<b>2,100</b>	<b>(350)</b>	<b>0</b>	<b>(12,247)</b>

<b>Subjective Analysis</b>	<b>2019-20 Outturn £000</b>	<b>2020-21 Total Budget £000</b>	<b>2021-22 Total Budget £000</b>
Employees	9,088	12,308	11,958
Premises	2,445	1,880	1,880
Transport	139	93	93
Supplies and services	13,577	24,050	20,850
Third party payments	2,412	2,069	2,069
Transfer payments	0	0	0
Support services	572	695	587
Capital charges	6,601	14,185	16,285
<b>Total Expenditure</b>	<b>34,834</b>	<b>55,280</b>	<b>53,722</b>
Fees and charges	(1,427)	(73)	(73)
Government grants	(37,574)	(30,159)	(26,954)
Other grants	0	0	0
Miscellaneous income	(1,676)	(700)	(700)
<b>Total Income</b>	<b>(40,677)</b>	<b>(30,932)</b>	<b>(27,727)</b>
<b>Net Expenditure before recharge</b>	<b>(5,843)</b>	<b>24,348</b>	<b>25,995</b>
Recharges to the General Fund	(9,978)	(36,155)	(37,136)
Recharges to the HRA	(1,106)	(1,106)	(1,106)
<b>Total Net Expenditure</b>	<b>(16,927)</b>	<b>(12,913)</b>	<b>(12,247)</b>