

Southwark Council

Budget Book

**Finance and Governance
Department**

2018-19

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Departmental Statement

Description of department

Finance and Governance provides the corporate support services of Finance, Procurement, and Legal Services. In addition it operationally manages income and assessment services within Exchequer. 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 and service collection areas within Exchequer.

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	2017-18 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2018-19 Total Budget £000
Finance and Accounting	7,836	132	119	0	(490)	0	7,597
Exchequer Services	9,236	1,373	232	600	(830)	0	10,611
Law and Democracy	1,856	832	137	175	(90)	0	2,910
Corporate Budgets	(16,474)	(12,879)	2,823	2,175	(70)	0	(24,425)
FINANCE AND GOVERNANCE	2,454	(10,542)	3,311	2,950	(1,480)	0	(3,307)

Subjective Analysis	2016-17 Outturn £000	2017-18 Total Budget £000	2018-19 Total Budget £000
Employees	35,689	32,961	34,962
Premises	2,411	2,732	2,217
Transport	(318)	195	169
Supplies and services	18,660	28,044	29,757
Third party payments	4,911	3,369	2,969
Transfer payments	204,695	211,090	183,127
Support services	4,795	5,010	5,495
Capital charges	3,115	7,828	9,058
Total Expenditure	273,958	291,229	267,754
Fees and charges	(7,215)	(4,736)	(5,156)
Government grants	(237,299)	(241,660)	(219,870)
Other grants	(873)	0	0
Miscellaneous income	(945)	(702)	(777)
Total Income	(246,332)	(247,098)	(225,803)
Net Expenditure before recharges	27,626	44,131	41,951
Recharges to the General Fund	(62,184)	(40,375)	(43,911)
Recharges to the HRA	(1,289)	(1,302)	(1,347)
Total Net Expenditure	(35,847)	2,454	(3,307)

Finance and Accounting

Description of division

Finance and Accounting 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 income collection and assessments within Exchequer Services. 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 (sixteen 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 £30k for 2018-19 arising from a review of the staffing structure.

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 has 60 posts, and is seeking to embrace 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 procurement advice team supports procurement activity across the council, including the e-procurement system and approved list function, and has eight posts including fixed term contracts.

The anti-fraud and internal audit team has five posts delivering pro-active and reactive fraud investigation work, as well as management of the internal audit contract.

Finance and accounting summary budget tables

Services	2017-18	Budget Adjustment	Inflation	Commitments	Savings	Growth	2018-19
	Total Budget						Total Budget
	£000	£000	£000	£000	£000	£000	£000
Director's Office	1,040	0	5	0	(180)	0	865
Financial and Information Governance	1,792	34	24	0	(30)	0	1,820
Professional Finance Services	5,004	98	90	0	(280)	0	4,912
	7,836	132	119	0	(490)	0	7,597

Subjective Analysis	2016-17	2017-18	2018-19
	Outturn	Total Budget	Total Budget
	£000	£000	£000
Employees	6,456	6,053	5,916
Premises	0	1	0
Transport	12	14	4
Supplies and services	1,625	1,981	1,895
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	(105)	0	0
Capital charges	0	0	0
Total Expenditure	7,988	8,049	7,815
Fees and charges	(85)	(40)	0
Government grants	0	0	0
Other grants	(31)	0	0
Miscellaneous income	(2)	0	0
Total Income	(118)	(40)	0
Net Expenditure before recharges	7,870	8,009	7,815
Recharges to the General Fund	0	(131)	(131)
Recharges to the HRA	(42)	(42)	(87)
Total Net Expenditure	7,828	7,836	7,597

Exchequer Services

Description of division

Exchequer Services managed by the Director of Exchequer has responsibility for collection of income and assessment and payments for the core income and assessment related services within the council.

The division has responsibility for the billing and collection of council tax and business rates (including business improvement districts), payment and administration of invoicing, payroll and the management of the schemes for housing benefits, council tax reduction and local support. 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 2018-19 includes savings of £830k. It is anticipated that the bulk of the savings will come from continued reductions in staffing following transition of the council's Housing Benefit caseload to Universal Credit. Additional savings are generated through efficiency gains in income collection and reductions in associated support services.

The service structure consists of 409 FTE posts.

Exchequer Services division summary budget tables

Services	2017-18	Budget Adjustment	Inflation	Commitments	Savings	Growth	2018-19
	Total Budget						Total Budget
	£000	£000	£000	£000	£000	£000	£000
FC&P	1,665	(134)	37	0	0	0	1,568
Income Collection	(752)	752	0	0	0	0	0
Payroll	386	(386)	0	0	0	0	0
SAP GM	256	386	13	0	0	0	655
Revenues and Benefits	9,057	303	182	0	(830)	0	8,712
Benefits and Subsidy	(1,376)	452	0	600	0	0	(324)
	9,236	1,373	232	600	(830)	0	10,611

Subjective Analysis	2016-17 Outturn £000	2017-18 Total Budget £000	2018-19 Total Budget £000
Employees	13,502	11,357	11,732
Premises	39	73	73
Transport	20	35	32
Supplies and services	1,642	1,936	1,936
Third party payments	1,638	683	283
Transfer payments	204,695	211,090	183,127
Support services	2,113	2,249	2,735
Capital charges	0	0	0
Total Expenditure	223,649	227,423	199,918
Fees and charges	(6,102)	(4,238)	(4,708)
Government grants	(207,640)	(212,610)	(183,596)
Other grants	(220)	0	0
Miscellaneous income	(19)	0	0
Total Income	(213,981)	(216,848)	(188,304)
Net Expenditure before recharges	9,668	10,575	11,614
Recharges to the General Fund	(824)	(1,185)	(849)
Recharges to the HRA	(141)	(154)	(154)
Total Net Expenditure	8,703	9,236	10,611

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.

The service structure consists of 108 FTE posts as at 1 April 2017.

Services	2017-18 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2018-19 Total Budget £000
Electoral Services	635	(112)	8	175	0	0	706
Constitutional Services	2,049	157	39	0	(40)	0	2,205
Legal Services	(828)	787	90	0	(50)	0	(1)
	1,856	832	137	175	(90)	0	2,910

Subjective Analysis	2016-17 Outturn £000	2017-18 Total Budget £000	2018-19 Total Budget £000
Employees	6,471	5,450	5,768
Premises	110	24	10
Transport	29	53	40
Supplies and services	2,689	2,024	1,968
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	1,203	1,932	2,231
Capital charges	0	0	0
Total Expenditure	10,502	9,483	10,017
Fees and charges	(416)	(458)	(378)
Government grants	(363)	0	0
Other grants	(622)	0	0
Miscellaneous income	(3)	(2)	(2)
Total Income	(1,404)	(460)	(380)
Net Expenditure before recharges	9,098	9,023	9,637
Recharges to the General Fund	(6,492)	(7,167)	(6,727)
Recharges to the HRA	0	0	0
Total Net Expenditure	2,606	1,856	2,910

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	2017-18	Budget Adjustment	Inflation	Commitments	Savings	Growth	2018-19
	Total Budget						Total Budget
	£000	£000	£000	£000	£000	£000	£000
Insurance	5,231	0	0	0	0	0	5,231
Other Corporate Budgets	(21,705)	(12,879)	2,823	2,175	(70)	0	(29,656)
	(16,474)	(12,879)	2,823	2,175	(70)	0	(24,425)

Subjective Analysis	2016-17 Outturn £000	2017-18 Total Budget £000	2018-19 Total Budget £000
Employees	9,260	10,101	11,546
Premises	2,262	2,634	2,134
Transport	(379)	93	93
Supplies and services	12,704	22,103	23,958
Third party payments	3,273	2,686	2,686
Transfer payments	0	0	0
Support services	1,584	829	529
Capital charges	3,115	7,828	9,058
Total Expenditure	31,819	46,274	50,004
Fees and charges	(612)	0	(70)
Government grants	(29,296)	(29,050)	(36,274)
Other grants	0	0	0
Miscellaneous income	(921)	(700)	(775)
Total Income	(30,829)	(29,750)	(37,119)
Net Expenditure before recharges	990	16,524	12,885
Recharges to the General Fund	(54,868)	(31,892)	(36,204)
Recharges to the HRA	(1,106)	(1,106)	(1,106)
Total Net Expenditure	(54,984)	(16,474)	(24,425)