

Southwark Council

Finance and Governance Department

Budget Book 2019-20

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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 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 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	2018-19 Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	2019-20 Total Budget £000
Finance and Accounting	7,226	(649)	107	170	(160)	0	6,694
Exchequer Services	10,611	361	232	0	(602)	0	10,602
Law and Democracy	3,298	254	147	0	(260)	0	3,439
Corporate Budgets	(24,621)	12,966	(268)	2,882	(1,850)	0	(10,891)
FINANCE AND GOVERNANCE	(3,486)	12,932	218	3,052	(2,872)	0	9,844

Subjective Analysis	2017-18 Outturn £000	2018-19 Total Budget £000	2019-20 Total Budget £000
Employees	34,086	34,962	37,437
Premises	2,377	1,963	1,914
Transport	193	168	144
Supplies and services	17,186	29,757	28,562
Third party payments	3,187	2,969	2,968
Transfer payments	170,136	183,127	152,583
Support services	5,284	5,496	5,966
Capital charges	6,449	9,058	11,017
Total Expenditure	238,898	267,500	240,591
Fees and charges	(10,347)	(5,156)	(5,089)
Government grants	(205,954)	(219,870)	(179,935)
Other grants	(190)	0	0
Miscellaneous income	(60)	(702)	(702)
Total Income	(216,551)	(225,728)	(185,726)
Net Expenditure before recharges	22,347	41,772	54,865
Recharges to the General Fund	(30,837)	(43,911)	(43,674)
Recharges to the HRA	(1,344)	(1,347)	(1,347)
Total Net Expenditure	(9,834)	(3,486)	9,844

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, the senior information risk owner role and that of data protection officer.

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 seven CIPFA trainees who are normally placed within other sections of the department. The head of the subdivision reports directly to the Strategic Director of Finance and Governance.

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, his responsibility for good information and data management, including compliance with legislative and regulatory frameworks, 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 £85k for 2019-20 arising from a review of the staffing structure and a further reduction in local audit fees.

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, and delivering the anti-fraud and internal audit service. The division comprises of 57 FTE posts.

In a response to the increasing complexity of the local government financing, the finance service has made provision for resourcing technical financial planning and accounting to improve understanding of, and planning for, the changing environment. In July 2018 finance support staff were transferred to the Children's department to improve service provision for the department.

The anti-fraud and internal audit team delivers pro-active and reactive fraud investigation work, as well as management of the internal audit contract. During the budget setting process additional resources were allocated to the anti-fraud team, in order to provide better detect and prevent fraud.

Finance and accounting division summary budget tables

Services	2018-19	Budget	Inflation	Commitments	Savings	Growth	2019-20
	Total Budget	Adjustment					Total Budget
	£000	£000	£000	£000	£000	£000	£000
Director's Office	883	(320)	6	0	(25)	0	544
Financial and Information Governance	1,821	120	27	0	(85)	0	1,883
Professional Finance Services	4,522	(449)	74	170	(50)	0	4,267
	7,226	(649)	107	170	(160)	0	6,694

Subjective Analysis	2017-18	2018-19	2019-20
	Outturn	Total Budget	Total Budget
	£000	£000	£000
Employees	5,286	5,535	5,411
Premises	0	0	0
Transport	12	4	4
Supplies and services	1,558	1,887	1,479
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	91	0	0
Capital charges	19	18	18
Total Expenditure	6,966	7,444	6,912
Fees and charges	(147)	0	0
Government grants	0	0	0
Other grants	(31)	0	0
Miscellaneous income	(5)	0	0
Total Income	(183)	0	0
Net Expenditure before recharges	6,783	7,444	6,912
Recharges to the General Fund	(61)	(131)	(131)
Recharges to the HRA	(96)	(87)	(87)
Total Net Expenditure	6,626	7,226	6,694

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 2019-20 includes savings of £602k. 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 and, digitalisation and automation of processes with associated support services. The Division comprises of 265 FTE for general fund activities.

Exchequer services division summary budget tables

Services	2018-19 Total	Budget		Inflation	Commitments	Savings	Growth	2019-20
	Budget	Adjustment	Budget					
	£000	£000	£000	£000	£000	£000	£000	£000
FC&P	1,569	(85)	36	0	(27)	0	1,493	
SAP GM	655	25	13	0	(41)	0	652	
Revenues and Benefits	8,712	421	183	0	(534)	0	8,782	
Benefits and Subsidy	(325)	0	0	0	0	0	(325)	
	10,611	361	232	0	(602)	0	10,602	

Subjective Analysis	2017-18 Outturn £000	2018-19 Total Budget £000	2019-20 Total Budget £000
Employees	11,847	11,732	11,293
Premises	0	73	24
Transport	1	32	8
Supplies and services	2,131	1,936	1,931
Third party payments	1,087	283	282
Transfer payments	170,136	183,127	152,583
Support services	2,500	2,735	2,896
Capital charges	0	0	0
Total Expenditure	187,702	199,918	169,017
Fees and charges	(4,991)	(4,708)	(4,638)
Government grants	(172,208)	(183,596)	(152,852)
Other grants	53	0	0
Miscellaneous income	(10)	0	0
Total Income	(177,156)	(188,304)	(157,490)
Net Expenditure before recharges	10,546	11,614	11,527
Recharges to the General Fund	372	(849)	(771)
Recharges to the HRA	(142)	(154)	(154)
Total Net Expenditure	10,776	10,611	10,602

Law and Democracy

Description of division

Law and Democracy (L&D) consists of legal services, constitutional services, electoral services and procurement. Procurement was transferred to L&D from professional finance services in June 2018.

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 procurement team provide procurement advice to the council. The team are also responsible for the e-procurement system, revising and developing the council's Fairer Future Procurement Strategy and associated guidance to staff and contractors.

The service structure consists of 120 FTE posts.

Law and democracy division summary budget tables

Services	2018-19						2019-20
	Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	Total Budget £000
Electoral Services	705	0	8	0	(50)	0	663
Procurement	388	0	8	0	0	0	396
Constitutional Services	2,206	0	40	0	(70)	0	2,176
Legal Services	(1)	254	91	0	(140)	0	204
	3,298	254	147	0	(260)	0	3,439

Subjective Analysis	2017-18 Outturn £000	2018-19 Total Budget £000	2019-20 Total Budget £000
Employees	5,701	6,149	6,070
Premises	96	10	10
Transport	28	39	39
Supplies and services	2,453	1,975	1,942
Third party payments	0	0	0
Transfer payments	0	0	0
Support services	1,896	2,232	2,375
Capital charges	0	0	0
Total Expenditure	10,174	10,405	10,436
Fees and charges	(713)	(378)	(378)
Government grants	(84)	0	0
Other grants	(212)	0	0
Miscellaneous income	(3)	(2)	(2)
Total Income	(1,012)	(380)	(380)
Net Expenditure before recharges	9,162	10,025	10,056
Recharges to the General Fund	(5,929)	(6,727)	(6,617)
Recharges to the HRA	0	0	0
Total Net Expenditure	3,233	3,298	3,439

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	2018-19						2019-20
	Total Budget £000	Budget Adjustment £000	Inflation £000	Commitments £000	Savings £000	Growth £000	Total Budget £000
Insurance	4,977	0	0	0	0	0	4,977
Other Corporate Budgets	(29,598)	12,966	(268)	2,882	(1,850)	0	(15,868)
	(24,621)	12,966	(268)	2,882	(1,850)	0	(10,891)

Subjective Analysis	2017-18 Outturn £000	2018-19 Total Budget £000	2019-20 Total Budget £000
Employees	11,252	11,546	14,663
Premises	2,281	1,880	1,880
Transport	152	93	93
Supplies and services	11,044	23,959	23,210
Third party payments	2,100	2,686	2,686
Transfer payments	0	0	0
Support services	797	529	695
Capital charges	6,430	9,040	10,999
Total Expenditure	34,056	49,733	54,226
Fees and charges	(4,496)	(70)	(73)
Government grants	(33,662)	(36,274)	(27,083)
Other grants	0	0	0
Miscellaneous income	(42)	(700)	(700)
Total Income	(38,200)	(37,044)	(27,856)
Net Expenditure before recharges	(4,144)	12,689	26,370
Recharges to the General Fund	(25,219)	(36,204)	(36,155)
Recharges to the HRA	(1,106)	(1,106)	(1,106)
Total Net Expenditure	(30,469)	(24,621)	(10,891)