

Corporate Finance

Service Statement 2018 - 2021

Executive Director: Barry Scarr

Service Director: Alison Elsdon

Lead Member: Nick Oliver

March 2018

Corporate Finance

Service purpose and functions

Purpose

To provide a range of effective, efficient, and high quality professional services which support Members, managers, staff, services, schools and a range of external partners including Northumberland Town and Parish Councils, the North East Combined Authority, Active Northumberland and the Council's external auditors in the delivery of the Council's objectives.

To work in partnership with other public authorities to deliver effective and efficient common back office functions

Primary functions

Corporate Finance

Pension Fund Accounting

Service parameters

Key service facts and figures

Overall

- Provide a range of professional corporate services across the Council servicing an authority with 67 elected members, 5,000 staff, 140 schools, a gross annual revenue budget of £792 million and a medium term capital plan valued at £580 million over the next 3 years.

Corporate Finance

Manage investments with an average value over the year of approximately £46 million; generating investment income of approximately £1.3 million per annum for the Council.

- Manage a debt portfolio of up to £973 million; and secure estimated new borrowing of £495 million between 2018 and 2021 (including replacements for maturing loans).
- Manage £478 million of loans to in excess of 30 organisations, generating around £23 million per annum of income for the Council.
- Prepare the NCC statement of Accounts with a gross asset value of almost £2 billion at 31 March 2017.
- Prepare the annual report and accounts for NCC Pension Fund, valued at £1.3 billion at 31 March 2018, with 43 participating employers.

Summary of service resources at 1 April 2018:

	Number of FTE posts	Staffing Expenditure £'000	Non Staffing Expenditure £'000	Income £'000	Capital Investment £'000
Corporate Finance	32.38	1,670	303	(471)	2,473
Pension Fund Accounting	4.00	208	2	(210)	
	36.38	1,878	305	(681)	2,473
Other Corporate Areas					
Strategic Finance & Projects	13.19	613	15	(32)	
Precepts	0	0	16,021	(88)	
Treasury Management	0	0	255	(27,767)	30,490
Capital Financing	0	0	46,461	(109)	
NDC and Corporate & Democratic Core	0	10,530	230	(4,501)	
Corporate Grants	0	0	0	(259,720)	
Finance General	0	0	26,289	(3,027)	
	13.19	11,143	89,271	(295,243)	30,490
Total for Corporate Finance	49.57	13,021	89,576	(295,924)	32,963

Contribution to the Corporate Plan

As a back-office function, Corporate Finance does not have a direct impact on the achievement of the County Councils strategic priorities. However, our role is critical to the success of other services in achieving relevant outcomes within relevant resource constraints. The services therefore supports the achievement of all the priorities of the Corporate Plan.

External Validation

Inspections

- The External Auditor has given the Statement of Accounts a clean bill of health for a number of years.

Benchmarking

Measure	NCC	Group Median
Total cost of Corporate Finance per £k of Gross Revenue Turnover (£)	2.50	4.21
Staff cost of Corporate Finance per £k of Gross Revenue Turnover (£)	1.92	3.38
Total FTE of Corporate Finance Staff per £100 million of Gross Revenue Turnover (£)	3.90	7.30
Average cost of borrowing (%) Weighted average rate of interest paid on external borrowing during 2016-17 (i.e. from 1 April 2016 to 31 March 2017)	3.14	4.06
Average rate of return on investments (%) Weighted average rate of interest received on external investments during 2016-17 (i.e. from 1 April 2016 to 31 March 2017)	1.72	0.85

Priorities for 2018 - 2021

Priority area	Key milestones
Corporate Finance	
1. E-Business Suite - reporting and budgeting.	Planning, budgeting and Cloud Solution (PBCS) from April 2018 and Fusion September 2018
2. Update Financial Regulations.	July 2018
3. Develop a workforce plan for Corporate Finance.	October 2018
4. Develop the Capital Strategy.	December 2018
5. Implement the new accounting requirements of IFRS 16 - Leasing.	April 2019
6. Work with Border to Coast Pool partner funds to develop legal structure for the £43 billion asset pool, manage NCC Pension Fund's £1 billion asset transition.	Ongoing
7. Develop the working arrangements with TWPF for the shared LGPS administration service.	Ongoing
8. Explore collaborative working arrangements with other LGPS funds.	Ongoing

Performance framework

Measure	Outturn 2016-17	Outturn 2017-18	Target 2018-19	Target 2019-20	Target 2020-21
Draft Statement of Accounts published on the Council Website	31 July 2017	31 May 2018	31 May 2019	31 May 2020	31 May 2021
Final Statement of Accounts presented to Audit Committee	30 Sept 2017	31 July 2018	31 July 2019	31 July 2020	31 July 2021