

SECTION 4

Recommended Standard Subjective Analysis

INTRODUCTION

- 4.1** This section provides CIPFA's recommendations for a standard subjective analysis. The subjective analysis has been drawn from CIPFA's earlier guidance in this area. It aims to meet the minimum reporting requirements for Government statistical returns and build on current practice adopted by authorities to provide financial information in multi-dimensional formats.
- 4.2** In 2001, CIPFA consulted with chief finance officers in England, Scotland and Wales. The consultation process concluded that it would be advantageous to introduce a recommended subjective analysis to this publication. It also concluded that a common subjective analysis would improve consistency and therefore help authorities to make effective comparisons for financial reporting requirements. In addition, a subjective analysis would provide further information that would be useful for benchmarking analyses and for analysing costs in reviews.

STRUCTURE OF THE SUBJECTIVE ANALYSIS

- 4.3** There are 10 standard subjective groupings:
- employees
 - premises-related expenditure
 - transport-related expenditure
 - supplies and services
 - third party payments
 - transfer payments
 - support services
 - depreciation and impairment losses
 - income

capital financing costs (not included in the 'net cost of services').

- 4.4 Each category is defined in the following pages. The sub-group recommendations are also listed, although not all groups will be relevant for each local authority or service.

STATUS AND IMPLEMENTATION

- 4.5 This subjective analysis is applicable to all formal reporting requirements for accounting periods from 1 April ~~2010~~2012.
- 4.6 This guidance is recommended to all authorities. It is non-mandatory guidance.

UPDATING THE GUIDANCE

- 4.7 CIPFA is dedicated to keeping this guidance up to date. This guidance will be reviewed on an annual basis as a minimum.

GROUP 2 – PREMISES-RELATED EXPENDITURE

- 4.9 This group includes expenses directly related to the running of premises and land.

Sub-group	What it includes
Repairs, alterations and maintenance of buildings	Includes relevant materials and consumables, payments to contractors and internal trading operations.
Energy costs	
CRC Allowances	
Rents	
Rates	
Water services	All payments to water undertakings/authorities.
Fixtures and fittings	Only those physically attached to buildings. Equipment, loose furniture and materials used in the operation of a service should be included under the Supplies and Services standard grouping. This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (ie below de minimis thresholds set).
Apportionment of expenses of operational buildings	A distinction should be drawn between shared operational buildings and administrative buildings. This should be charged to

Sub-group	What it includes
	the Support Services standard grouping. This sub-group will receive any charge for the use of shared operational buildings.
Cleaning and domestic supplies	Includes expenditure on contract cleaning. Cleaning equipment is to be charged to 'equipment, furniture and materials' as part of the Supplies and Services standard grouping. The management of the cleaning contract is normally defined as a support service cost (see Group 7).
Grounds maintenance costs	Includes expenditure on external contracts for grounds maintenance.
Premises insurance	Includes premium payments or contributions for insurance provisions.
Contributions to premises-related provisions	

GROUP 9 – INCOME

4.23 This group includes all income received by the service from external users or by way of charges or recharges to internal users.

Sub-group	What it includes
Government grants	Specific and special government grants.
Other grants reimbursements and contributions	Revenue income received to finance a function/project jointly or severally undertaken with other bodies. Contributions from other local authorities. Value of costs recharged to outside bodies including other committees.
Customer and client receipts	Sales of products or materials, data technology or surplus products. Fees and charges for services, use of facilities, admissions and lettings. Rents, tithes, acknowledgements, way leaves and other land and property-based charges of a non-casual user.

Interest	
Recharges	Value of costs recharged to internal users.
Credits resulting from soft loans	All credits resulting from soft loans should be included in this subjective group (as a corporate entry).

4.24 Specific government grants received in a year in relation to on Balance Sheet PFI/PPP schemes should be apportioned in line with the elements charged in the year (repayment of the liability and interest; where exceptionally the grant also provides funding for service charges, this should be taken into account in the apportionment). That proportion of the grant that relates to the interest element should be credited corporately outside the net cost of services (to match the related charge). The remainder of the grant should be credited to the service revenue account(s), ~~as the service revenue account(s) will be charged with depreciation~~, which is related to the repayment of the liability element (and with the service charges element, which may exceptionally be partially funded from the grant). Specific government grants in relation to off Balance Sheet PFI/PPP schemes should be allocated in full to the service revenue account(s). This treatment is consistent with the specific grant principles in paragraph 2.22 of SeRCOP. Where the grant is not ring-fenced but is paid as part of Revenue Support Grant/General Revenue Grant (as is the case with Level Playing Field Support in Scotland), the accounting treatment in this paragraph will not apply, as the grant will be included in general grants, not netted off the net cost of services.

4.25 Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement are included with non-specific grants, and should not be included in the net cost of services.

4.26 Business Rates Supplements (England and Wales) (BRS) is a specific levy to be applied to specific projects expected to promote economic development. ~~BRS income should not be included in net cost of services but should be recognised as general income and included in the Taxation and Non-specific Grant Income line in the comprehensive Income and Expenditure Statement and should be recognised as income in the appropriate service-revenue account and included in the net cost of services.~~

4.27 Community Infrastructure Levy (England and Wales) is a general levy to be spent on infrastructure to support development in the area. It is not project specific and should be recognised as general income and not included in the net cost of services. ~~However, authorities will need to be aware that the Coalition Government has indicated that it will review this area, and the levy (and therefore the accounting treatment) is therefore subject to amendment.~~

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