

SeRCOP 2012/13

Consultation on Proposed Changes to:

- **Service Expenditure Analysis, England and Wales**
- **Recommended Standard Subjective Analysis**

Introduction

- 1 SeRCOP (under its previous title of the Best Value Accounting Code of Practice) was first issued in February 2000 and CIPFA is committed to keeping it up to date by reviewing it each year and developing it in response to:
 - changes in the external environment, including legislative changes and changes in the Code of Practice on Local Authority Accounting in the United Kingdom; and
 - suggestions made for the improvement or clarification of specific issues.
- 2 The Service Expenditure Analysis (SEA) defines the mandatory divisions of service at which total cost must be aggregated, and provides further discretionary subdivisions of service.
- 3 This consultation paper proposes changes to the SeRCOP 2012/13 SEA that authorities in England and Wales will need to follow, together with changes to the 2012/13 SeRCOP definition of 'Total Cost' that will be mandatory for authorities in preparing financial information for the following
 - 2012/13 Budget
 - 2012/13 Performance Indicators
 - 2012/13 Statement of Accounts
- 4 Separate SEAs are in place for Scottish and Northern Irish authorities.
- 5 The proposed changes to the Service Expenditure Analysis, for England and Wales, within this consultation paper are largely based on a series of recommendations made by the practitioners who serve on the network of working groups run by the CIPFA Information Services. These groups review the service information collected by Information Services which are based around the SEA divisions and subdivisions of service, and hence are well-placed to review the relevance of the SEA categorisations and the guidance notes. Informal invitations to comment are also sent to CIPFA Panels, CIPFA Technical Information Services Online (TISonline) editorial boards and other key stakeholders.
- 6 The consultation also proposes changes to the Recommended Standard Subjective Analysis in Group 2-Premises Related Expenditure in relation to the Carbon Reduction Commitment scheme and Group 9-Income to reflect updates arising from proposed changes to the 2012/13 Code relating to Business Rate Supplements (England) (see the separate consultation on the Code of Practice on Local Authority Accounting in the United Kingdom).

- 7 CIPFA would welcome comments and feedback on any aspect of this consultation paper or SeRCOP generally but the questions at the end of this consultation paper on the proposed change may assist respondents.

Consultation on Proposed Changes to Section 3 (SEA) for England and Wales

- 8 Proposals to alter mandatory divisions of service are limited to the following SEA:
- Children's and Education Services
- 9 Remaining SEAs are largely unchanged with alterations for the most part consisting of amendments to the subdivisions and guidance notes.

Adult Social Care SEA

- 10 There are no proposed changes to the Adult Social Care Services SEA.

Central Services SEA

- 11 There are no proposed changes to the Central Services SEA.

Children's and Education Services

- 12 The proposed changes are:
- Services to young people.** Propose to rename division of service 'Services to young people' to 'Services to young people and other community learning'.
 - Other School related education functions.** Propose to rename division of service 'Other school related education functions' to 'Other strategic functions'.
 - Commissioning and social work.** It is being proposed that a new service line 'Commissioning and social work' should be introduced, which was previously under 'Service strategy'.
 - Guidance notes.** The following sections have been combined 'Guidance Note: Completing the service expenditure analysis for children's and education services – Education services' with 'Guidance Note: Completing the service expenditure analysis for children's and education services – Children's Social Care'.

Invitation to comment questions

- Q1. *Do you agree that division of service 'Services to young people' should be renamed to 'Services to young people and other community learning'?*
- Q2. *Do you agree that division of service 'Other school related education functions' should be renamed to 'Other strategic functions'?*

- Q3. *Do you agree that the guidance for 'Other services to young people' under 'Services to young people and other community services' should include 'and young people's learning and development'?*
- Q4. *Do you agree with the introduction of new service line 'Commissioning and social work'? This was previously under 'Service strategy'.*
- Q5. *Do you think discretionary line 'Teenager pregnancy services' should be under service line:*
- (a) *Family support services*
(b) *Other services to young people*
- Q6. *Do you think discretionary line 'Substance misuse services' should be under service line:*
- (a) *Family support services*
(b) *Other services to young people*
- Q7. *Do you think discretionary line 'Leaving care support services' should be under service line:*
- (a) *Children looked after*
(b) *Other children's and families services*

Cultural and Related Services SEA

- 13 The proposed changes are:
- (a) **Culture and heritage.** There has been a change to the guidance for discretionary line 'Archives', it is proposing to now refer to the "Local Government (Records) Act 1962" hence covering both England and Wales Acts.

Invitation to comment questions

- Q8. *Do you agree that the guidance for 'Archives' under 'Culture and heritage' should be changed from "The Secretary of state is responsible for archives services under the Local Government (records) Act 1962" to "The Local Government (Records) Act 1962".*

Environmental and Regulatory Services

- 14 The proposed changes are:
- (a) **Regulatory Services.** It is being proposed to change the discretionary lines under service line 'Regulatory services'.

Invitation to comment questions

- Q9. *Do you agree with the new discretionary line 'Agriculture' under service of division 'Regulatory services'?*

- Q10. *If you agree with Q10, do you agree with the new guidance for discretionary line 'Agriculture'?*
- Q11. *Do you agree with the new discretionary line 'Animal health and welfare' under service of division 'Regulatory services'?*
- Q12. *If you agree with Q12, do you agree with the new guidance for discretionary line 'Animal health and welfare'?*
- Q13. *Do you agree with the new discretionary line 'Animal welfare licensing/registration' under service of division 'Regulatory services'?*
- Q14. *If you agree with Q14, do you agree with the new guidance for discretionary line 'Animal welfare licensing/registration'?*
- Q15. *Do you agree with the new discretionary line 'Consumer safety' under service of division 'Regulatory services'?*
- Q16. *If you agree with Q16, do you agree with the new guidance for discretionary line 'Consumer safety'?*
- Q17. *Do you agree with the new discretionary line 'Environmental crime' under service of division 'Regulatory services'? This was previously included with 'Environmental protection'.*
- Q18. *Do you agree with the renaming discretionary line 'Private rented housing standards' to 'Housing standards' under service of division 'Regulatory services'?*
- Q19. *Do you agree with the renaming discretionary line 'Food labelling' to 'Food standards' under service of division 'Regulatory services'?*
- Q20. *Do you agree with the renaming discretionary line 'Infectious disease control' to 'Infectious disease' under service of division 'Regulatory services'?*
- Q21. *Do you agree with the renaming discretionary line 'Weights and measures' to 'Metrology' under service of division 'Regulatory services'?*
- Q22. *Do you agree with the new discretionary line 'Noise and nuisance' under service of division 'Regulatory services'? This was previously included with 'Environmental protection'.*
- Q23. *Do you agree with the new discretionary line 'Petroleum' under service of division 'Regulatory services'?*
- Q24. *If you agree with Q24, do you agree with the new guidance for discretionary line 'Petroleum'?*
- Q25. *Do you agree with the new discretionary line 'Public health' under service of division 'Regulatory services'?*
- Q26. *If you agree with Q26, do you agree with the new guidance for discretionary line 'Public health'?*

- Q27. *Do you agree with the new discretionary line 'Road Traffic' under service of division 'Regulatory services'?*
- Q28. *If you agree with Q28, do you agree with the new guidance for discretionary line 'Road traffic'?*
- Q29. *Do you agree with the new discretionary line 'Smoking control' under service of division 'Regulatory services'?*
- Q30. *If you agree with Q30, do you agree with the new guidance for discretionary line 'Smoking control'?*
- Q31. *Do you agree with the new discretionary line 'Street trading' under service of division 'Regulatory services'?*
- Q32. *If you agree with Q32, Do you agree with the new guidance for discretionary line 'Street trading'?*
- Q33. *Do you agree with the removal of discretionary line 'Port health' under service of division 'Regulatory services'?*

Fire and Rescue Services SEA

- 15 There are no proposed changes to the Fire and Rescue Services SEA

Highways and Transport Services SEA

- 16 The proposed changes are:
- (a) **Public Transport.** It is being proposed to split out discretionary line 'Concessionary fares' into two new lines 'Statutory concessionary fares' and 'Discretionary concessionary fares'.

Invitation to comment questions

- Q34. *Do you agree with the new discretionary line 'Statutory concessionary fares' under service of division 'Public Transport'?*
- Q35. *If you agree with Q35, do you agree with the new guidance for discretionary line 'Statutory concessionary fares'?*
- Q36. *Do you agree with the new discretionary line 'Discretionary concessionary fares' under service of division 'Public transport'?*
- Q37. *If you agree with Q37, do you agree with the new guidance for discretionary line 'Discretionary concessionary fares'?*
- Q38. *Do you agree with the removal of discretionary line 'Concessionary fares' under service of division 'Public transport'?*

Housing Services SEA

- 17 In February 2011 the DCLG set out their plans for the replacement of the Housing Revenue Account Subsidy System in England in the policy document *Implementing Self-Financing for Council Housing* on the future financial arrangements for council housing. The Localism Bill published in December 2010 includes measures to repeal the existing subsidy system and replace it with powers for the Secretary of State to introduce the self-financing system.

On implementation of the new regime there are likely to be changes to the statutory accounting requirements for the HRA in England. However, as the Localism Bill is not expected to be enacted until later in 2011 any use of the new powers for the Secretary of State to introduce the self-financing system would be subject to the passage of the Bill. The timescale for the introduction of these changes is likely to be outside the timetable for the production of the 2012/13 SeRCOP. Any changes to the SeRCOP as a result of the introduction of the self-financing regime will therefore need to be implemented via a 2012/13 SeRCOP Update. It should be noted that this would not impact on the ability of housing authorities in England to implement any statutory accounting requirements introduced by the new self-financing system.

Invitation to comment questions

- Q39. *Do you agree with the note relating to HRA reform (Part 2: HRA format, paragraphs 2.1 – 2.4)?*

National Parks Services SEA

- 18 There are no proposed changes to the National Parks Services SEA

Planning Services SEA

- 19 There are no proposed changes to the Planning Services SEA.

Police Services SEA

- 20 There are no proposed changes to the Police Services SEA.

RESPONDING TO THE "SEA for ENGLAND & WALES" SECTION OF THE CONSULTATION

- 21 Responses to this consultation paper should be sent preferably by email to: (sercop@cipfa.org.uk) or

Sukhjit Gill
CIPFA
No 1 Croydon
12-16 Addiscombe Road
Croydon
CRO OXT

To arrive no later than noon on **16 September 2011**.

- 22 During the consultation period, any questions or queries about the proposed changes should be directed to Sukhjit Gill on:

Telephone: 020 8667 8526
Email: sercop@cipfa.org.uk

Section 2

Consultation on Proposed Changes To Section 4: The Recommended Subjective Analysis in the 2012/13 SeRCOP

THE PURPOSE OF THE RECOMMENDED STANDARD SUBJECTIVE ANALYSIS

- 23 A common subjective analysis improves consistency and therefore helps authorities to make effective comparisons for financial reporting requirements. In addition, a subjective analysis provides further information that would be useful for benchmarking analyses and for analysing net costs in service reviews.

UPDATES TO REFLECT PROPOSED CHANGES IN THE CODE

- 24 It is still not possible at present to provide guidance in respect of the CRC Energy Efficiency Scheme (CRC) beyond 2012/13, due to the ongoing review and simplification of the scheme. 2011/12 was the first year that CRC emissions give rise to a liability for authorities to purchase and surrender CRC carbon allowances. This is expected to continue until further changes are agreed. For the purposes of SeRCOP, it is proposed that CRC allowances should be charged to services on a reasonable basis that fairly reflects the production of CRC carbon emissions. Since the calculation of carbon emissions is primarily based on energy bills, it is recommended that the cost of CRC allowances is charged (apportioned) to services in accordance with the method of apportionment used to allocate other energy cost charges, as part of premises costs. This change has been updated to Group 2-Premises Related Expenditure, to reflect the revised requirements.
- 25 The proposed 2011/12 Code Update and the proposed 2012/13 Code include amendments to the accounting arrangements for Business Rates Supplement (England and Wales) to reflect the fact that BRS levies should be recognised in the "Taxation and non-specific grant income line", in the Comprehensive Income and Expenditure Statement (where conditions have been met). Therefore, Business Rates Supplements should not be included in the net cost of services as previously required by the Code. This change has been updated to SeRCOP Section 4, Group 9-income, to reflect the revised requirements.

INVITATION TO COMMENT QUESTIONS

- 26 It would be helpful if you could support your answers to the following questions with reasons.

- Q1 Do you agree that Carbon Reduction Commitment costs should be charged (apportioned) to services in accordance with the method of apportionment used to allocate other energy cost charges, as part of premises costs?
- Q2 Do you agree that Business Rates Supplement (England & Wales) should be recognised as income in the Taxation and Non-Specific Grant Income line (when the condition attached to it have been met) and therefore NOT included in net cost of services?

RESPONDING TO "THE DEFINITION OF TOTAL COST" SECTION OF THE CONSULTATION

- 27 Responses to the consultation paper relating to standard subjective analysis (SeRCOP Section 4) should be sent preferably by email (laura.deery@cipfa.org.uk) to:

Laura Deery
CIPFA
3 Robert Street
London WC2N 6RL

To arrive no later than noon on **16 September 2011**.

- 28 During the consultation period, any questions or queries about the changes proposed should be directed to Laura Deery on:

Telephone 0207 5435686
Or e-mail laura.deery@cipfa.org.uk