

Guidance on Implementing the Best Value Accounting Code of Practice Service Expenditure Analysis for Social Work Services

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Guidance on Implementing the Best Value Accounting Code of Practice Service Expenditure Analysis for Social Work Services

1 INTRODUCTION

- 1.1 The new Service Expenditure Analysis (SEA) for Social Work Services in Scottish local authorities, defined in Section 3 of CIPFA's Best Value Accounting Code of Practice (BVACOP), becomes a requirement from 1st April 2002.
- 1.2 This guidance has been produced to help authorities to implement the new SEA. It draws on the practical experience that authorities have had so far, both in establishing the new accounting structure, and in reformulating their 2002/03 budgets into this new framework.
- 1.3 The new SEA provides an opportunity for Councils to:
- €# review and improve the classification of social work expenditure;
 - €# achieve better alignment between financial and service activity data for planning and Best Value work;
 - €# improve the comparability of financial information between Councils for Best Value data benchmarking; and
 - €# improve the quality of information available nationally to inform discussion between the local authorities, COSLA, ADSW, and the Scottish Executive on funding requirements and policy development.
- 1.4 BVACOP defines 12 divisions of service:
- 1 Service strategy
 - 2 Reporter to the children's panel
 - 3 Children and families
 - 4 Older people
 - 5 People with physical or sensory disabilities
 - 6 People with learning disabilities
 - 7 People with mental health needs
 - 8 People with AIDS/HIV
 - 9 People with addictions/substance misuse
 - 10 Services to asylum seekers and refugees
 - 11 Criminal justice social work services
 - 12 Support Service and Management Costs
- 1.5 It is a mandatory requirement of the BVACOP that these are adhered to and that "total cost", as defined in Section 2 of the BVACOP, is accounted for at this level of detail, lower if a more detailed cost performance indicator exists. This means that overheads and capital charges must be accounted for at division of service level, as listed in 1.4 above, as well as all direct costs incurred in delivering the service.
- 1.6 The SEA comprises these 12 divisions of service and further subdivisions of service, which, although discretionary, were selected because they should help meet service planning and budget monitoring needs. Some of them will also be required for the completion of LFR and POBE forms (currently being reviewed by the Scottish Executive to ensure consistency with BVACOP).

- 1.7 It is therefore recommended that the SEA subdivisions of service are also built into authorities' coding structures:

While the subdivisions are discretionary, authorities are likely to wish to adopt them in order to meet requirements for financial information at service level, particularly for services that apply across several client-groups. The LFR3 return also requires information at broadly this level of detail. Best Value cost benchmarking will be easier if authorities use consistent definitions at the subdivisional level. In practice, cost centres are unlikely to aggregate in a consistent way to the mandatory divisions of service if they cannot first be aggregated to the discretionary subdivisions or to categories very similar to them. (BVACOP Social Work SEA, Part Two, para 5).

- 1.8 This Guidance was prepared by Paula Gilder (of Paula Gilder Consulting) and Mike Brown (Project Manager, Social Care Data Standards Project, seconded from City of Edinburgh Council). The authors wish to thank representatives from the 28 Councils who participated in the two CIPFA/ADSW workshops held at COSLA in February 2002, from whose experience this guidance has been drawn.
- 1.9 The opportunities to improve financial information about social work services are more likely to be realised if Councils continue to share their experiences in implementing the new CIPFA accounting structure. Comments on the present guidance are welcome, together with suggestions for improvements, and accounts of how particular problems have been resolved. These may be sent to:

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2 ESTABLISHING THE NEW ACCOUNTING STRUCTURE

- 2.1 A number of issues have arisen during the initial process of establishing the new accounting structure and these are considered below.

Getting the process underway

- 2.2 Implementing the BVACOP provides an opportunity to review the ledger structure, either just within social work or across the whole local authority. Since the Best Value Accounting Code affects all services there should be corporate recognition of the importance of implementing it effectively, including the recognition that an overhaul of the coding structure may be required.

- 2.3 The process of implementing the Social Work SEA needs to involve a number of different interests, including:

- €# Corporate Finance – social work account manager and manager responsible for the financial ledger cost centre and reporting structures;
- €# Social Work Finance – manager responsible for social work management accounting;
- €# Social Work Research/Management Information – manager responsible for management and performance information about social work clients, processes and services; and
- €# Social Work Service Planning – manager responsible for service planning.

- 2.4 The first stage should be to assess the current cost centre structure. Most structures have developed over a number of years and, over time, have become unwieldy and/or outdated. It would be worth asking questions such as:

- €# Does the current structure meet the budget monitoring needs of budget holders and senior managers?
- €# Does it meet the needs of budget and service planners?
- €# Does everyone understand all the existing cost centres?
- €# Can any existing cost centres be pruned?

- 2.5 It may turn out that the current structure appears to be close enough to current requirements that it could be “tweaked” to make it compliant with the new SEA, by redefining some codes and/or adding a few new ones, but a complete change can, in many ways, be easier. Minor adjustments can be very fiddly and some of the differences between the old SEA and the new one are in the detail. If the same heading continues to be used, but meaning something slightly different, this could be very confusing. Also, if a completely new structure is introduced, errors can easily be spotted.

- 2.6 Clearly, changing the cost centre structure is easier in some systems than others. In particular, older systems can be rather inflexible and people with such systems may not be able to do all they wish in the short term. However, they should ensure that, as and when the system is updated, they take the opportunity provided. The implementation of a new system (financial ledger or client information system) is an ideal opportunity to review ledger structure. Compliance with the new SEA should become easier over time.

Agreeing what the service cost centres should be

- 2.7 Establishing a complete set of cost centres which meets all the requirements of all the stakeholders can be a difficult process. Authorities will vary in the number of cost centre codes required to cover their social work activities and experience suggests that it is not the number of individual cost centres that is the issue (Glasgow, for example, has over 1,000) but designing a clear and logical structure for social work, consistent with the corporate parameters.

2.8 Experience suggests that three or four levels are required for an adequate reporting structure for social work:

	Level	Relation to BVACOP	Other comments
1	Client Group (also known as User Group)	These are (or should sum to) the BVACOP mandatory divisions of service	Include: Service Strategy, Children’s Panel, and optional Holding Accounts. The client group categories used may be divided further, e.g. “Older People” may be replaced by “Older people with dementia” and “Older People, not dementia” provided that all such more detailed categories aggregate to BVACOP divisions of service.
2	Service category	These are (or should sum to) the BVACOP discretionary subdivisions of service	BVACOP service subdivisions may be further broken down, as required, provided that all such more detailed categories aggregate to BVACOP subdivisions.
3	Location (also known as Division or Area)	Optional - not included in BVACOP	Usually needed only if the Council has adopted an area structure for social work services. Could be achieved in other ways, e.g. grouping services at level 2, or units at level 4, in the reporting structure to reflect management or area arrangements.
4	Unit (or team or agency)	Optional - not included in BVACOP	The individual social care service units of the authority (e.g. residential homes, day centres, fieldwork teams, projects, etc) and any external agencies, such as voluntary organisations, that require identification in the ledger.

2.9 It would be possible to embed all four levels in a cost centre code, provided one has enough digits for the relevant letters, numerical codes, or mixed “alphanumeric” codes. In practice, most authorities will achieve this kind of structure, partly through the structure of the cost centre codes adopted, and partly through reporting structures which bring together groupings of cost centres for particular purposes (budget monitoring, service planning, LFR3 and POBE reporting, etc). [See further under section 3.3. below].

2.10 Alphabetical codes have the advantage that there are 26 potential values (A-Z) for a single digit, rather than 10 (0-9). In practice, authorities may wish to avoid using I, O, Q, and Z, as these letters are easily misread, particularly where combinations of numbers and letters are used. They may also wish to avoid other vowels, to avoid codes generating words.

2.11 The structure shown below is an example of an alphabetical cost centre structure (used by Glasgow City Council Social Work). The last letter is used where there is more than one service unit, team, or project, providing the particular service type to the particular client group in that area (otherwise the default is “A”).

S	W	3rd LETTER	4th LETTER	5th LETTER	6th LETTER
Corporate requirements		Location (area) code	Client Category	Service Category	Unique identifier

- 2.12 The advantage of this type of structure is that it enables flexible reporting of the same basic data up two structures:
- €# *The SEA structure* by using the client categories which should be, or aggregate up to, the BVACOP divisions of service and the service categories which should be, or aggregate up to, the BVACOP subdivisions of service; and
 - €# *The management structure* by using the location code and/or the sixth letter as necessary to define cost centres which have defined budget holders.
- 2.13 In addition, there may be other requirements which the detailed coding structure needs to address. For example, the framework needs to relate to the service planning framework and financial cost centre codes should match with categories used in other related systems, e.g. social work costing systems or client information systems.
- 2.14 Defining the coding structure therefore needs to be a joint effort between corporate finance and social work so that the detailed framework meets service as well as accounting requirements. This process should not be rushed, quite detailed discussions may be required to ensure effective communication since many of the difficult issues are at a detailed level and it is all too easy to assume that two people mean the same thing when they use the same word.
- 2.15 Also, the coding structure should try to anticipate future information requirements, for example about politically interesting or sensitive issues. These will be different in different areas, for example the cities may need to account in more detail for services to asylum seekers, but this is less likely to be an issue elsewhere.

Subjectives

- 2.16 Finally, it should be noted that not all of the analyses required need to be drawn from the service expenditure analysis and the cost centre codes within it. Some may be achievable by using subjective codes. For example the subjective analysis may:
- €# Distinguish third party payments by sector (private persons, private companies, voluntary bodies, other local authorities, health authorities/NHS Trusts)
 - €# Distinguish Section Payments and grants to voluntary bodies from other transfer payments
 - €# Provide detailed analyses of expenditure reallocated from the Support Service & Management Costs optional holding accounts
 - €# Provide detailed analyses of corporate recharges, i.e. payments to/from other accounts within the authority
 - €# Separate out charges to service users, contributions from other LAs, and income from the NHS.

Agreeing what holding accounts are required

- 2.17 The ledger structure will need to support a series of holding accounts, all of which should be cleared out to final cost centres before the accounts are closed. Two different types of holding account are likely to be needed:
- €# one group will be **for corporate and departmental overheads**, covered within the definition of support service and management costs (see BVACOP Social Work SEA, Part Two, paragraphs 95-99), and
 - €# the other group will cover the costs of any **generic services**, such as assessment and care management, meals or home care, which are first accounted for as a whole and then require to be allocated to several client groups.
- 2.18 The processes for recharging overheads and for allocating generic service costs are discussed later and the actual recharges can, in some situations, be left until the year end. However, the holding

account structure and the bases on which recharges will later take place should be put in place before the start of the year so that the basic data can be accurately collected.

Training

- 2.19 The importance of training in the new coding structure, and the definitions which underlie it, cannot be over-estimated. Training will be needed by all affected staff, including both corporate and departmental finance staff, and social work planning and operational staff. This training should go beyond the basic definitions and also include something about the rationale for the new system and how, for performance management and comparison reasons, the financial data and related non-financial data will be used. Operational staff who are responsible for the maintenance of non-financial data in particular, need to be aware how it will be used and therefore why accurate maintenance of such data is important.

Feeder systems

- 2.20 Another important part of the implementation process for the new coding structure will be the identification of all feeder systems so that the necessary coding changes can also be made within these.

3 REFORMULATING THE 2002/03 BUDGET

- 3.1 Having determined the overall accounting framework and established the codes necessary for the future recording of income and expenditure, the budget for 2002/03, or at least most of it, may need to be recast into these headings.
- 3.2 It should be noted that the BVACOP does not prescribe a structure for budgets, only for final accounts and other published information. The recasting suggested is to enable effective budgetary control to take place and, for that reason, may not need to be complete. For example, if home care income is monitored and controlled by a central team, across all clients, then budgetary control does not require the attribution of budgeted income to client groups, although this will be required for actual income.
- 3.3 Similarly, if the authority has area managers with responsibility for generic care management teams in that area, then their budgets, and the expenditure they control against those budgets, need not be allocated across client groups until the end of the year. In other words, the authority will need two accounting structures, one for management accounting (by area/ budget holder) and one for financial accounting (by client group). This situation is most easily managed by having small cost centres defined on the ledger and 2 hierarchical reporting structures, but whether this is achievable or not will depend both on the size of the authority and on its financial accounting systems.
- 3.4 It is also important to note that, even where the management arrangements mean that allocations of budgets across client groups, or across types of service, are not appropriate, the basis on which this allocation will eventually be done needs to be clear so that the necessary information can be collected during the year.
- 3.5 Two types of budget reformulation issue have been identified; issues concerning client group definitions and those concerning the attribution of costs to services across client groups.

Mandatory Divisions/ Client group definitions

- 3.6 Further guidance on each of the mandatory divisions of service, most of which relate to client groups, is given below. The references given to “Part 2 of BVACOP” are to that part of the social work section of Section 3. In some cases suggestions for further divisions are made. Whether such further division is useful or not, and, if so, how it should be done, is entirely up to each authority to determine, although whenever a division of service is so divided it should be done in such a way that the detailed divisions aggregate back up to the mandatory divisions of service in the SEA.
- 3.7 It should be noted at this point that there is an inconsistency in the summary of service divisions given at the start of the social work section of Section 3 of the BVACOP. The columns in the matrix used to illustrate the relationship between the adult client group service divisions and the subdivisions of service, include one labelled “**vulnerable homeless people**”. This is blank and vulnerable homeless people are not identified as a client group in the main list of divisions of service. The current situation is that vulnerable homeless people are not a separately identified client group, i.e. it is the matrix which is misleading. Whether this should continue to be the case has been identified in section 6 of this Guidance as a possible issue for future review and the recommended treatment in the interim is discussed below at paragraph 3.26 onwards.
- 3.8 **Service strategy** is narrowly defined within BVACOP (Part 2, paragraphs 7 to 18) to refer to:

- €# Policy development and strategic commissioning (including: all strategic service planning, the preparation of Departmental service plans, Community care plan, Children’s service plan, Criminal justice social work services strategic plan, social work input to NHS plans, and liaison with outside bodies for strategic planning purposes);
- €# Registration and inspection (residual following the transfer of these functions to the Commission for the Regulation of Care from 1.4.02); and

€# Complaints

- 3.9 Service strategy will include mostly costs which relate to staff but it should be emphasised that its scope is defined by the activities it covers not by the people's job titles or by the position in the organisational structure which they occupy. This will almost certainly entail some apportionment of staff time across this and other headings, a process which is discussed further below.
- 3.10 One specific area of difficulty seems to be in distinguishing between the costs of the most senior managers as between the costs of the **Corporate and Democratic Core (CDC)**, the costs of Service Strategy and the costs of Service Management. CDC costs do not form part of social work costs at all, service strategy costs reside within this division of service and service management costs require to be recharged along with other overheads.
- 3.11 Annex E of section 2 of the BVACOP defines the two components of CDC, which are Democratic Representation and Management (DRM) and Corporate Management (CM). Corporate management is very tightly defined and it may well be that no material CM costs arise within social work. However, there may be material DRM costs. These include the costs of time spent providing advice and support to elected members, including the preparation of reports, which would not have been required had there been no elected members. Where reports would have been required in any event for service management reasons, e.g. the preparation of the budget, these costs are not DRM.
- 3.12 **Reporter to the children's panel** is defined in paragraph 19 of Part 2. No particular issues have been identified relating to this definition.
- 3.13 **Children and families** is defined in paragraphs 20 to 34 of Part 2. It includes all expenditure on social work services for children and families including child protection, looked after children, children with or affected by disability and other children in need and their families. The definition of this client group does not appear problematic and indeed many authorities have specialist children and families teams, making the attribution of costs to this group easier than across adult client groups.
- 3.14 **Older people** are defined in paragraphs 35 to 59 of Part 2 as being all clients who are aged 65 or over, regardless of whether their need relates to their age. So, for example, the costs associated with people over 65 with learning or physical difficulties should be accounted for in this division of service.
- 3.15 This classification by age, rather than by need, seems to give rise to several issues the resolution of which may require further division of this category. The biggest issue concerns **dementia**. This is not currently a mandatory division of service, although, as discussed in section 6, this may be reconsidered in a future review of the BVACOP. In the meanwhile, authorities may wish to consider including "**older people with dementia**" as a sub-category. At least one authority records costs for all people with dementia in what is effectively a holding account, later recharged mostly to older people but also partly to people with mental health needs, reflecting the small minority of people under the age of 65 who have dementia.
- 3.16 In some authorities, dementia services are funded largely through the Mental Illness Specific Grant (MISG). This does not make them "services for people with mental health needs" because in BVACOP that category is used for people aged 18-64. Dementia services for older people funded through MISG should be coded to Older People and the fact that they are MISG funded should be reflected in some other way, normally by using the subjective analysis to show income from specific grant.
- 3.17 Similarly, if there are material costs associated with **older people with specific disabilities**, e.g. learning disabilities, authorities may wish to introduce a sub-category for these, especially if these costs primarily arise from older peoples' use of services which cover all adult age ranges. This

would enable the full costs of, say, services for people over 18 with learning disabilities to be identified.

- 3.18 **People with physical or sensory disabilities** are defined in paragraphs 60 to 64 of Part 2 as being only those aged between 18 and 64. Some authorities may wish to use client group sub-categories here also, for example to identify separately the costs of services for people with a **visual impairment** or people with **hearing impairments**.
- 3.19 **People with learning disabilities** are similarly defined as being only those aged between 18 and 64 (paragraphs 65 to 67 of Part 2). No particular issues have been identified relating to this definition, although, as noted above, there may be some issues around the need initially to separate the costs between this category and older people, where some people over 65 use a service primarily used by younger adults, and then potentially re-aggregate them if this service goes into a joint management arrangement with the Health Service.
- 3.20 **People with mental health needs**, again defined as those between 18 and 64 (paragraphs 68 to 71 of Part 2), includes **younger people with dementia** and authorities may wish to identify separately the costs of services to such people. **People with head injuries** do not easily fit into the client group classification and this is recommended for review in 2003; meanwhile, people with head injuries should be included under people with mental health needs and treated as a separate category if necessary.
- 3.21 **People with addictions/substance misuse** are defined in paragraphs 72 to 74 of Part 2 and again this group only covers people aged between 18 and 64. Some authorities may wish to use client group sub-categories here to differentiate between the costs of service to people with **drug misuse** problems and **alcohol misuse** problems. Solvent abuse could be a third category or included with drug misuse.
- 3.22 **People with AIDS/HIV** are defined in paragraphs 75 to 77 of Part 2 and again this group only covers people aged between 18 and 64. Although some authorities report difficulty in extracting costs relating to services for this group, and also for people with addictions/substance misuse, this does not appear to be a definitional issue.
- 3.23 **Services to asylum seekers and refugees** (paragraphs 79 to 84 of Part 2) includes the costs of services provided to people of all ages in their capacity as asylum seekers or refugees. It does not include services provided because of their age or a specific need. For example, the costs of educating the children of refugees is an education cost and costs relating to the visual impairment of an asylum seeker should be recorded alongside other costs of services for people with physical or sensory disabilities.
- 3.24 **Criminal justice social work services** (paragraphs 85 to 94 of Part 2) includes the costs of all social work involvement in the criminal justice system, except youth crime (see Children and families). Specifically it includes services which are 100% grant funded and those which are not. Which is which could be identified by further analysis within the SEA, but identification through the subjective analysis, and the presence, or otherwise, of grant income, may be sufficient.
- 3.25 There are some issues around the edges of this definition, for example some criminal justice expenditure might originate within service for people with mental health needs or in those for people with a substance abuse problem. If such costs are material they should be transferred into this category.
- 3.26 **Support Service and Management Costs** are described in paragraphs 95 to 99 of Part 2. They are a series of holding accounts and it is up to each authority to determine how many it needs and the scope of each.

3.27 **Vulnerable Homeless People** are referred to in paragraph 78 of Part 2. This states that the costs of services to homeless people aged 16 or over with social work needs should be recorded in the client group division of service which best reflects those needs. Vulnerable groups of people (not all of whom are homeless) include:

- ⌘ Vulnerable young people;
- ⌘ People with poor social skills or disruptive behaviour;
- ⌘ Women, with or without children, using Women's Refuges;
- ⌘ People who are homeless or sleeping rough; and
- ⌘ Other vulnerable homeless.

3.28 Whether vulnerable homeless people should be a separate Mandatory Division in social work is an issue which will need to be reviewed in 2003 (see section 6). Meanwhile, the coding of expenditure on each of these groups is further discussed below and, in relation to *Supporting People*, in section 5 of this guidance.

Category	Definition	Which BVACOP service division?	Comments
Vulnerable young people	People aged of 16 – 18 who are without parental guidance or support and will face difficulty in finding and keeping accommodation, managing an income, finding work or establishing relationships.	Children and Families	If these young people had been looked after then code to: "Support to formerly looked after children"; otherwise to "other children's services"
People with poor social skills or disruptive behaviour		Some services may have a Mental Health focus; some Learning Disability; some neither.	Overlaps with Housing Support services funded under <i>Supporting People</i> . Recommend treatment in BVACOP be reviewed.
Women at risk of Domestic Violence	Women suffering, or in fear of physical, non-physical or sexual abuse.	If children are involved, then it may be coded to Children and Families, "other children's services".	Overlaps with Housing Support services funded under <i>Supporting People</i> – see above.
People who are homeless or sleeping rough	The legal definitions of homelessness are contained in the Scottish Office Code of Guidance on Homelessness (SDD December 1998). People sleeping rough are normally sleeping in derelict buildings or outside.	The social work input to services for such people may have a Mental Health focus or a Substance Misuse focus or neither.	Housing services currently defined in BVACOP should not be included within social work. Recommend treatment in BVACOP be reviewed.
Other vulnerable homeless	E.g. People at risk of harassment or violence on account of either race, colour, religion, illness, sexuality, or ethnic, religious or national origins may also be vulnerable	Depends on the nature of the vulnerability: mental health problems, addictions, learning disability, etc.	As above.

Discretionary Subdivisions/ Service type definitions

3.29 Most of the above divisions of service are subdivided by the type of service provided within the client group concerned. The definitions of service categories is common across adult client groups, although there are some differences between these and the subdivisions of service within the children and families division. The subdivisions of service are optional but:

- ## They serve to define the scope of the mandatory division of service;
- ## They were chosen with likely service planning and budget monitoring requirements in mind;
- ## They are used within LFRs and POBEs; and
- ## Consistent use of them will facilitate comparisons between authorities.

Compliance with them, further subdivided if required, is therefore recommended.

3.30 All the service categories mentioned in BVACOP are listed in a **spreadsheet** available with electronic versions of this guidance (to request a copy, e-mail mike.brown2@isd.csa.scot.nhs.uk). This may be useful for authorities when comparing their cost centre structure with BVACOP. It should also be noted that, in the matrix used in BVACOP to illustrate the relationship between the adult client group service divisions and the subdivisions of service, labelled “Divisions for community care client groups: matrix of subdivisions”, the cells which are not ticked are combinations which are thought unlikely to be material. They are not ruled out and the subdivisions concerned may be adopted if required. (See **amended matrix** reproduced at paragraph 3.60 below].

3.31 **Direct Payments** were not included in the BVACOP. Direct Payments are provided by Local authorities to eligible people, instead of arranging services, so that they can use the money to purchase for themselves the services they have been assessed as needing. Direct payments have been available to disabled people aged 18 to 64 since 1 April 1997 and to those aged 65 and over from 7 July 2000. A further extension to allow direct payments to be used to purchase children’s services for children with a disability was included in the Regulation of Care (Scotland) Act 2001. The Community Care and Health Bill (when enacted in 2002) makes it a duty, rather than a power, for local authorities to offer direct payments, and extends the scope of direct payments legislation to include all community care client groups, and children with disabilities. Recipients of direct payments will also be able to purchase services from a local authority if they want to.

3.32 Direct Payments are a recommended subjective category. However, the issue here is that when cash is transferred to a client to make payments for services it is not known what the service purchased will be. In other words, although the payment can be coded to the correct division of service, because the client group of the recipient is known, it cannot be coded with any reliability to any subdivision of service.

3.33 *It is recommended that Councils include Direct Payments as an additional discretionary sub-division of service for Children with disability, and for each of the community care client groups.* (The issue has been brought to the attention of CIPFA Scotland for inclusion in the annual BVACOP review.)

3.34 If the client then buys services back from authority, the consolidation of these subdivisions will need to be done carefully to avoid overstating both gross expenditure and income within the division of service concerned.

3.35 Some definitional issues have been raised about **supported employment**. In some Councils this activity is corporate rather than social work, and, in this circumstances, there may be a reluctance to “label” users of the service and attribute them to a social services client group. The BVACOP is clear that the part of the authority in which the cost arises does not influence how it should be accounted for. In the SEA, supported employment is within social services wherever the activity takes place. Also, to derive the total costs for each client group, which is the mandatory part of the analysis, information about supported employment costs by client group is required. That said, a

judgement will be required about the materiality of such costs before recharging arrangements are established.

- 3.36 In each client group division of service there is a subdivision labelled “**Other**” and, in each case, a warning is given not to use this unless absolutely essential, to avoid rendering comparisons at subdivision of service level meaningless. The following have been identified as likely to fall within this category:
- ## interpretation and translation services for people from ethnic minorities within the client group concerned; and
 - ## winter payments made to older people.
- 3.37 Issues about other service sub-divisions are discussed further in the guidance about how to apportion generic service across client groups. This follows the next section on recharging overheads.

Recharging overheads

- 3.38 The BVACOP requires the full recharging of overhead costs (and capital charges) to division of service level for final accounts and other published information purposes. However, authorities may want to recharge overheads to lower levels of detail, for example for establishing total costs to use in Best Value reviews or cost benchmarking. Similarly they may wish to make recharges at budget time, for example for financial management reasons, as discussed in paragraphs 3.2/3.3 above.
- 3.39 If this is required then a number of issues will arise early on in the implementation process. These differ for the three main categories of overhead, i.e. central overheads, departmental management costs and the costs of departmental support services, and guidance on each (separately) follows. However, the BVACOP specifies 7 general principles which should apply in all cases and to all types of overhead. These are summarised below.

1	Complete recharging of overheads	All overheads not defined as unapportionable central overheads should be fully recharged to service expenditure headings as defined in Section 3 of the BVACOP.
2	Correct recipients	The system must identify correctly who should receive overhead recharges.
3	Transparency	Recipients must be clear what each recharge covers and be provided with sufficient information to enable them to challenge the approach being followed.
4	Flexibility	The recharging arrangements must be sufficiently flexible to allow recharges to be made regularly enough and to a level of detail appropriate to meeting both users’ and providers’ needs.
5	Reality	Recharging arrangements should result in a distribution of actual costs which has a basis in fact. Even if the link cannot be direct, reality should be the main aim.
6	Predictability/ Stability	Recharges should be as predictable as possible, although there will be practical limitations to this.
7	Materiality	It is unlikely that a simple system will be adequate to meet all the other requirements noted above. However, due regard should be had to materiality to minimise the costs involved in running the system.

- 3.40 Further guidance on the application of these principles should be available from CIPFA later in 2002, although this will not prescribe how recharges should be done. However, following the principles will rule some recharges methods out, for example recharging overheads pro-rata to expenditure will (almost always) fail the reality principle.
- 3.41 From the perspective of social work departments, it will be very important for central departments to follow the transparency principle since, if central recharges are received only as a single, unexplained figure, it is not possible to recharge this properly further down the line. When it does

come to the onward recharging of central overheads, this could be by staff in central finance or by staff in social work but a joint effort is generally the most effective.

- 3.42 Recharging overheads which are internal to the social work service department should be easier but this still may give rise to a range of issues. For example, small authorities with small management teams and support units, all of whom are involved a little in lots of things, could end up with very complex and detailed internal recharging processes. However, in this context, the materiality principal can be useful.
- 3.43 Materiality can also be a significant issue when it comes to recharging out the contents of small holding accounts. For example, if total expenditure on welfare rights is not large, then recharging it to small subdivisions of service is likely to give rise to non-material recharges.
- 3.44 When departmental management costs are being recharged the main issues arise in dividing CDC from service strategy from service management and then how to recharge this third category. The definitional issues have been discussed above (paragraphs 3.9 and 3.10), which leaves the question about how the service management elements of the cost should be recharged. There are several ways this can be done but the time spent managing different aspects of the service is probably the most “real”, if it can be reliably estimated. Others, such as the numbers of staff directly managed, could be adequate, provided this meets all the 7 general principles.
- 3.45 Other holding accounts within “Support Service and Management Costs” relate to support services of various types and most of these relate to staff costs, for example finance or research staff. In most cases when staff costs predominate, time is likely to be the best method for recharging costs since this is how the costs arise. There are, however, also overheads, such as ICT costs, where specialist advice should be sought when determining the best recharge method.
- 3.46 Transport costs can also be difficult to recharge properly since there may be direct, client related costs charged into the same holding account as other transport costs, for example if a pooled or leased car is used both by staff attending meetings and to transport an elderly client to a day centre. Mileage covered on different activities may be thought to be a suitable recharge basis for transport costs.

Allocating the costs of generic staff

- 3.47 As discussed above, time is likely to be the best method for recharging staff costs and this applies equally to operational staff, such as generic fieldwork teams or homecare managers. The time basis used could be determined by the use of timesheets on an on-going basis or by staff’s own regular assessment of time spent on various activities and/or supporting different clients. Alternatively it could be based on a detailed snapshot analysis, redone occasionally, for example if work patterns change significantly.
- 3.48 In one authority such an analysis was done using detailed timesheets, but for a relatively short period, for assessment and care management activities as part of a Best Value review. This provided unit costs for activities recorded in their client information system by client group. The unit costs are now updated each year as salary costs rise. This could potentially give rise to some reconciliation issues since client information system activity counts multiplied by unit costs may sum to more or less than the expenditure to be recharged. The timesheets also need to be designed so that the categories of activities recorded match both those recorded in the client information system and those needed for accounting purposes.
- 3.49 However, despite such problems, such an approach may be a useful way to get round the issues which usually arise when timesheets are used, i.e. the practicalities of who completes them, how often and how their accuracy is assured/validated.

- 3.50 There may be alternative recharge bases which are considered good enough, for example caseloads, potentially weighted in some way, for fieldworkers. Similarly, a home care manager's costs could be recharged according to the number of clients in each client group who receive home care, since that is main driver of time and thus cost. However, the number of hours to each is probably not appropriate because one client with lots of hours is less work for the organiser than lots of clients with few hours. Although the 7 principles (see paragraph 3.39 above) were not designed for the recharging of direct costs, they may still provide helpful guidance when recharge mechanisms are being developed.
- 3.51 It is worth noting that a home care manager may manage a range of different domiciliary services and may be more interested in an analysis by type of service than by client group. In practice, to complete the SEA, both are required.
- 3.52 Finally, it is also worth remembering the principle of materiality. Some recharging methods could be over-sophisticated in relation to the sums involved.

Allocating the costs of services across client groups (general)

- 3.53 The BVACOP explicitly recognises that most services for the community care client-groups are generic and would therefore need apportionment. However, some services for children and families, offenders, and asylum seekers/refugees are also generic. The **table overleaf** shows the relationship between all the main discretionary subdivisions (services) in BVACOP and the Mandatory Divisions (client-groups).
- 3.54 In general, the best method for attributing such costs to the different client groups is likely to be according to output statistics, such as numbers of meals. In the case of home care, the number of hours of home care may be considered the best basis, although there may be a need to weight the absolute number of hours to allow for significant unit cost variations. A detailed approach for allocating home care costs is described below.
- 3.55 As an alternative to output statistics, client counts could be used. Again these should be weighted if possible to reflect the intensity of the service provided. The table below summarises the range of possible approaches, ranked according to the probable robustness of the evidence.

1. Volumes of service provided (hours, bed-nights, meals etc), weighted by unit costs
2. As above, without weights
3. Client counts, weighted somehow for resource intensity
4. As above, no weights
5. Judgement

- 3.56 These activity or client counts could be snapshots at one point in time, although counts of activity/clients over a period will usually have a firmer relationship with costs. Likewise, the data used could be historic, but only if little has changed, or contemporary.
- 3.57 Whatever bases are used there is a need both for reliable non-financial systems and for them to be used properly, i.e. for data input to be reliable. Some authorities may not have client or resource use information systems and they will need, in the short term, to rely on a degree of judgement. All authorities are likely to benefit from involving their information experts in establishing the most reliable/easy to get at data and all staff who input data should be helped to understand the importance of maintaining good records. In the medium term, changes to IT systems may need to be identified and commissioning, with subsequent staff training.
- 3.58 If external providers are used to provide services which cross client groups, they will need to be asked to give an appropriate analysis of the services they have provided, or to split the invoice

accordingly. Split invoices, allowing for split coding at the time when the bills are paid, cuts the need for year end allocations and is therefore likely to be the preferred approach.

3.59 However, if the external provider cannot provide this information, or if it is not thought reliable, an alternative would be to use information from the assessment side.

3.60 Once again the principle of materiality may well apply here and it could be used to restrict the number of groups to which costs are attributed and/or the types of cost allocated.

BVACOP Discretionary Subdivisions (Services) by Mandatory Divisions (Client Groups)

Discretionary Subdivisions (Services)	Children and Families	Older people	People with Physical or Sensory Disabilities	People with Learning Disabilities	People with Mental Health Needs	People with Addictions/Substance misuse	People with AIDS/HIV	Services to Asylum Seekers and refugees	Criminal justice social work services
Adoption services	J	.	.	.	.	.	.	.	.
Advocacy	.	J	J	J	J	*	J	**	.
Assessment and Care Management	.	J	J	J	J	J	J	**	.
Assessment and casework	J	.	.	.	.	.	.	**	.
Children with a disability	J	.	.	.	.	.	.	.	.
Children's rights/advocacy	J	.	.	.	.	.	.	.	.
Community Service	.	.	.	.	.	.	.	.	J
Court Services	.	.	.	.	.	.	.	.	J
Criminal Justice fieldwork	.	.	.	.	.	.	.	**	J
Day care	.	J	J	J	J	J	J	.	.
Day Care for younger children	J	.	.	.	.	.	.	.	.
Direct Payments	**	**	**	**	**	**	**	.	.
Equipment and adaptations	J	J	J	J	*	*	*	.	.
Fostering/family placement	J	.	.	.	.	.	.	.	.
Home Care	J	J	J	J	J	J	J	.	.
Meals	**	J	J	J	J	J	J	.	.
Nursing Homes	**	J	J	J	J	J	J	.	.
Occupational Therapy	J	J	J	J	*	*	*	.	.
Other Residential Care/ supported accommodation	J	J	J	J	J	J	J	**	J
Prison Social Work	.	.	.	.	.	.	.	.	J
Residential Care (registered)	J	J	J	J	J	J	J	.	.
Support for carers	J	J	J	J	J	J	J	.	.
Support to formerly looked after children	J	.	.	.	.	.	.	.	.
Supported employment	**	.	J	J	J	J	*	.	.
Youth crime	J	.	.	.	.	.	.	.	**
Youth work services	J	.	.	.	.	.	.	.	.
Other Services	J	J	J	J	J	J	J	**	J

Notes: (1) cells marked * were not ticked in the table "Divisions for Community Care Client-groups: matrix of subdivisions" in BVACOP because they were considered to be seldom provided. These subdivisions are not ruled out and may be adopted as required.

(2) Cells marked ** represent services that may sometimes be provided but which were not included within the recommended discretionary subdivisions of service in BVACOP.

3.61 The position is a bit more complicated than shown. Some of the service expenditure shown has also to be allocated to Children with a disability and Support for carers subdivisions, as well as the Mandatory Divisions. Further guidance on how this might be done is provided in **Appendix 1** below for the following services:

- ⊘ Advocacy and Children's rights/advocacy
- ⊘ Assessment and Care Management, Assessment and casework, Criminal Justice fieldwork
- ⊘ Occupational Therapy
- ⊘ Day care
- ⊘ Equipment and adaptations
- ⊘ Home Care
- ⊘ Meals
- ⊘ Nursing Homes, Residential Care (registered), Other Residential Care/ supported accommodation
- ⊘ Support for carers
- ⊘ Supported employment
- ⊘ Other Services

3.62 The guidance in Appendix 1 is intended mainly for research and management information staff. However, it must be emphasised that considerations of materiality apply: in some Councils, small amounts of expenditure obviously do not justify a lot of apportionment effort.

Allocating income

3.63 Allocating income to the correct division of service is not generally an issue, since it is known to whom each invoice relates. However, there can be issues determining which service should receive the income if the charge is for a package of care, subjected to an overall ceiling. In this situation the income received will need to be apportioned across the services. There are many ways this can be done, for example it could be apportioned pro-rata to the costs of delivering each part of the package or each service could receive a proportion of what the uncapped charge would have been.

3.64 Which approach is most appropriate will depend on the charging policy of the authority and what its objectives are. The proportion of cost approach might be appropriate if the authority's charging policy relates to cost recovery but, if each element of the charge is not cost related, for example a notional fixed sum, then this would not be appropriate and some other approach will be required.

3.65 With the introduction of free personal care, and especially if charging ceases for services such as OT and day care, this could become less of an issue.

3.66 The other income related problem which can arise relates to the situation where an external provider of residential or nursing care charges the authority a net amount, keeping for themselves the income from the client. The BVACOP is clear that in such a situation the authority should gross up the charge, using the best available information. Also, as the box below illustrates, this is not a new issue.

Audit Scotland guidance for Performance Indicator 2 (expenditure for adults in community care client groups) states: "Where the assessed client contribution for residential or nursing home care (excluding any third-party top-up) is not collected by the Council but is paid directly to the home, the amounts involved should still be counted towards gross expenditure".

3.67 In England, the Department of Health has issued similar, but more detailed, guidance to Councils completing the social services financial return (PSS EX1):

All expenditure should be recorded on a gross basis with contributions from clients being recorded in the income: client contributions column. In particular:

€# For supported residents in private and nursing homes the full cost should be shown under expenditure and any contribution by the client should be shown under income: client contributions (it may be necessary to obtain these figures specially or estimate them if your authority pays the homes concerned on a net basis).

€# In the case of residential homes run by your authority the total gross cost of running the home should be shown under expenditure and client contributions by supported residents, contributions by their relatives, payments by full cost paying residents and DSS payments in respect of preserved rights residents should all be shown under client contributions. However, in the case of residents paid for by other LAs, if possible, reduce expenditure and activity proportionately (if this is not possible, show total expenditure and total activity and show the other LA's contribution under other income).

Recharging between services

- 3.68 There are several examples where compliance with the SEA requires recharges to be made across organisational boundaries. The most frequent are with **Education**, for example in respect of residential schools, new community schools and early intervention and with **Housing**, for example relating to wardens in sheltered accommodation and adaptations to properties. These are not new requirements, although the new SEA makes them clearer; Councils' increased use of cost comparisons through, for example, cost benchmarking might mean that the way in which the appropriate shares of cost are determined becomes more important
- 3.69 When such comparisons are made, however, the impact of internal recharges must be carefully considered. Gross costs will reflect the accounting arrangements, for example whether education initially pay the bill to the school and then recharge social work with its share, whether the bill is split coded at the time of payment or whether it is paid by social work who then offset it with income from education.

4 RECORDING ACTUAL COSTS

- 4.1 Many issues here are similar to those which arise when the budget is reformulated into the new accounting structure and these have been covered in section 3 above. This section briefly considers a few additional issues which may arise once the accounting year is underway.

Allocating the costs of generic staff

- 4.2 It has been suggested that the most appropriate way of allocating the costs of staff such as senior managers, support staff, area teams and domiciliary care managers is by time. If this is done by actual time, as recorded on timesheets, then it can only be done by either charging the costs initially to a holding account, which is then cleared out by making allocations to the other cost centres concerned, or by charging costs initially to the one of the destination codes and only recharging those costs which belong elsewhere. This latter course of action is not recommended. The holding account approach is much better practice and provides a good audit trail.
- 4.3 If someone's time allocations are reasonably constant there may be a temptation to "split code" their salary across the relevant codes according to those proportions. However, this also should be avoided, even if the payroll system does allow it, since effective budgetary control is impaired by such a process.
- 4.4 For both these reasons, a number of holding accounts is likely to be inevitable and there is then the question of how often recharges out of them are made. They must be cleared at the year end but there may also be good reasons for making allocations more regularly, for example monthly, so that total costs can be regularly compared with workload statistics.

Recharging overheads

- 4.5 The same arguments about regular total cost comparisons may lead to the recharging of overheads more frequently than annually, if systems will allow. However, if central overheads are only recharged annually, then clearly these cannot be passed on any earlier, except possibly on an estimated basis.
- 4.6 Regular recharges may also be required for some grant claim purposes, although if this is not possible, estimates will have to be made for part of the year, eg for quarterly claims.

Moving costs when staff move around

- 4.7 The question may arise during the year as to whether the costs associated with staff need to be recoded if that person changes their job for a short period, e.g. to cover sick leave, to assist with a Best Value Review or to conduct an investigation into a complaint about a different part of the service. In principle the answer is, yes, they should be recoded, but in practice it will depend on the materiality of the amount of time and cost involved.

5 THE IMPACT OF RECENT AND IMMINENT DEVELOPMENTS

- 5.1 Since the SEA was agreed there have been a number of developments which have, or could have in the future, an impact on the accounting of local authorities. These are discussed below both as regards how they can be accommodated within the existing SEA and whether changes to the SEA might be required in the future.

Aligned and pooled budgets

- 5.2 The whole “Joint Future” agenda has surfaced since the SEA was agreed and it is too early at this stage to be certain whether or not there will be an impact either on how the SEA should be structured or on authorities’ ability to comply. However, the early indications are that no particular issues apply, at least while authorities are aligning, as opposed to pooling, budgets with the Health Service.
- 5.3 In fact, since in most cases the range of services identified for joint resourcing and management arrangements are defined by the client group they serve, authorities which have already established aligned budget arrangements have found that complying with the new SEA has helped them to identify the resources to put into the joint “pot”.
- 5.4 Since aligned budgets retain their identity as “belonging” to each agency, the local authority will contribute resources as determined by its own budget, structured in its own way. It will also need to ensure that expenditure is recorded against those same headings and that, if these are not SEA headings, that the necessary conversions can be made.
- 5.5 The sorts of issues likely to arise in due course from pooled budgets can be identified by considering initiatives, such as joint equipment stores, which operate on similar lines. In this situation it would seem that the authority could treat the jointly managed unit or service as an external provider, to whom it contributes an amount of resource, determined by its budget over the appropriate headings, which in turn is determined by the objectives and priorities of the jointly managed unit.
- 5.6 Depending on the extent to which the jointly managed unit has discretion to alter its actual expenditure compared with the expectations placed on it when these contributions were determined, it may be that the authority’s expenditure can be defined as being its contribution, split over client groups/services according to the budgeted split.
- 5.7 If the jointly managed unit has significant discretion then this would not be accurate enough and they would have to be asked to provide an analysis of actual expenditure in a way which meets the requirements both of the local authority and the health service. It is at this point where the difference in accounting structures across the two agencies could become a significant factor.
- 5.8 Further consideration will therefore need to be given as to the impact that pooled budgets will have on the future appropriateness of the SEA and this is flagged in section 6 as an area for review.

“Supporting people”

- 5.9 Within the BVACOP SEA for Housing Services there is a mandatory division of service described as “welfare services”. The definition states

“If the welfare services provided are delivered by housing personnel, then the costs should be included within General Fund Housing. If the welfare services are of a social services nature and are delivered by social workers, then the costs should be included within social work. As proposals on supporting people become clearer it may be necessary to provide additional guidance” (paragraphs 38-39, BVACOP Housing Services SEA).

5.10 Further work is required on definitions in order to clearly separate:

- ## Housing management services (clearly housing)
- ## Housing support services (as defined for supporting people purposes)
- ## Social and domestic care services (mainly social services, but outwith the definition of personal care for the purposes of the free personal care legislation); and
- ## Personal care (mainly social services)

5.11 In the short term at least it would seem appropriate for the second category, i.e. housing support services as defined for supporting people purposes to be established as a subdivision of service within “welfare services” within Housing Services. This separate classification will enable costs of such services to be compared with the funding available.

5.12 It is recommended that the question of how Supporting People expenditure is categorised and shared, if necessary, between Housing and Social Work, should be further considered as part of CIPFA’s annual review of the BVACOP (see section 6.)

Free personal and nursing care

5.13 Councils will wish to establish monitoring arrangements to enable the costs of personal and nursing care to be separated from other services so that expenditure can be compared with the funding received. Personal care may be provided in a number of services, including: care homes, home care, day care, some forms of accommodation with support, and some care management. “Personal care” is not therefore an appropriate category for the financial ledger but would need to be monitored via client information systems. It is recommended that the issue be kept under review.

Preserved rights

5.14 In a similar way there may be a need to compare the additional cost to the authority of picking up responsibility for preserved rights with the funding being received. Authorities for whom this is a significant issue will need to consider how best to collect the information. It may be that a code within the subjective analysis is the best way.

Single status homes

5.15 Some have suggested that, with the introduction of single status homes, separate subdivisions of service for residential and nursing care are no longer appropriate. However, there is the counter argument that the costs of each type of care should be kept separate so that the impact of the different charging rates can be assessed. Alternatively, Councils may have other mechanisms in place to record expenditure for different types of person placed in single status care homes.

5.16 In the short term the distinction is still considered useful but it is highlighted in section 6 as something which should be reviewed.

6 REVIEWING THE SEA

6.1 CIPFA is committed to keeping all aspect of the BVACOP under review, including the SEA. The number of recent and imminent changes means that a review of the Social Work SEA for April 2003 is appropriate, although review does not necessarily mean change.

6.2 Items so far identified for this review are:

- ## The need to include **Direct Payments** as an additional discretionary division of service for the Mandatory Divisions covering children with disabilities and the community care client-groups
- ## Whether the social work SEA adequately covers the "**Joint Future**" agenda, i.e. joint management and joint resourcing with the NHS:
 - accounting for jointly managed services and whether there is a need for a heading (or series of headings) within the SEA for **aligned or pooled budgets**;
 - **Older people with dementia** as a separate client group category;
 - How to deal with the general problem that NHS categories are partly care groups (similar to some of the social work client groups), and partly functions (e.g. acute medicine, general practice)
 - whether **people with head injuries** are a separate client group.
- ## Whether the social work SEA adequately covers the "**Supporting People**" agenda, generally the interface with housing, and specifically accommodation with support. Do we need a heading (or series of headings) within the social work SEA for supporting people costs and income?
- ## Is "**Occupational Therapy**" needed as a subdivision, or should it be part of the definition of Assessment and care management (and also of assessment and casework for children and families)?
- ## Should "**vulnerable homeless people**" be a separate division of service? (This is linked to the Supporting People questions).
- ## In view of the development of **single status homes**, should the residential and nursing care subdivisions of service be combined or kept separate?

6.3 Comments from all readers of this guidance are invited as to whether a review is required and, if so, what it should cover. These should be sent to:

Angela Scott,
Senior Manager (Policy & Technical Services),
CIPFA Scotland,
8 North West Circus Place
Edinburgh
EH3 6ST

Tel: 0131 220 4316
Email: angela.scott@cipfa.org

6.4 Up until September 2002, it would also be useful if you could copy your responses to:

Mike Brown
Project Manager
Social Care Data Standards Project
Room C050, Trinity Park House
South Trinity Road
Edinburgh EH5 3SQ

Tel 0131-551 8886
E-mail: mike.brown2@isd.csa.scot.nhs.uk; mike.brown2@scotland.gsi.gov.uk

APPENDIX 1:**DETAILED GUIDANCE ON APPORTIONING GENERIC SERVICE EXPENDITURE TO CLIENT GROUPS**

The guidance in Appendix 1 is intended mainly for research and management information staff. However, it must be emphasised that considerations of materiality apply: in some Councils, small amounts of expenditure obviously do not justify a lot of apportionment effort.

Advocacy and Children’s rights/advocacy

- A1.1 Many Advocacy services will be client-group specific. For example, grant-aid or MISG support to a voluntary organisation providing an advocacy service for people with a mental health problems; or under children and families, the costs of a children’s rights officer, or grants to Who Cares?
- A1.2 In other cases advocacy services will be generic. BVACOP states that “Advocacy includes the costs of any designated posts and grants to voluntary organisations providing advocacy services, translation/transcription and interpretation services (possibly on an apportioned basis)”. The basis for apportionment will probably have to be the judgement of the relevant Council or voluntary organisation staff, unless client statistics are kept by client-group.

Assessment and Care Management, Assessment and Casework, Criminal Justice Fieldwork

- A2.1 Councils vary in the extent to which fieldwork services are generic. Many Councils operate separate, area-based, practice teams for children and families, community care, and criminal justice. For such Councils, community care teams will need to be apportioned across community care client groups.

Main Types of Fieldwork organisation	Apportionment to		No apportionment	
	All client-groups	All Community Care client groups	Children and Families: Assessment and casework	Criminal Justice SW Fieldwork
Generic Area Social Work (or “Practice”) Teams	J			
Children & Families Teams			J	
Community Care Teams		J		
Criminal Justice Social Work Teams				J
Hospital social work teams	J			
Emergency (out of hours) social work services	J			

- A2.2 In all Councils, hospital social work teams are likely to require apportionment across all client-groups, depending on the type of hospital which they cover. Obviously, the costs of a social work team in a children’s hospital should be included in Assessment and casework for Children and Families, and in a learning disabilities hospital to Assessment and Care Management for that client-group. The costs of a social work team in a psychiatric hospital are likely to need to be split between people with mental health problems, older people (both with and without dementia), and possibly people with addictions/substance abuse (drugs and alcohol), learning disabilities, and children and families (in respect of work with patients in child and adolescent psychiatry). Some costs may also need to be apportioned to criminal justice social work fieldwork in respect of forensic psychiatry. The costs of social work teams in general hospitals are likely to require apportionment to all client groups.
- A2.3 Councils that employ mental health officers as a dedicated task will need to allocate their staff costs to Children and Families Assessment and Casework, and to Assessment and Care Management for Mental Health and the other community care client-groups, on the basis of workload.

- A2.4 All the different apportionments required will need to rely heavily on data collected in client information systems supporting generic area social work teams, emergency (out of hours) social work services, community care teams, and hospital social work services. (Obviously this assumes that all such services are supported by client information systems and that client group, and/or, perhaps, reason for referral, is recorded. Some counts of clients will already exist for other purposes, such as the count of people receiving a community care assessment by client group, required for the Accounts Commission statutory performance indicators). Consideration should be given to whether it is possible to weight the client counts in terms of the resources typically used for categories of client (perhaps using data from any Best Value reviews).
- A2.5 In addition to the client-group apportionments, there are also potentially some functional apportionment tasks.
- A2.6 Before Assessment and Care Management is apportioned between the community care client-groups, Occupational Therapy expenditure (mainly on staffing) should be deducted, as this is treated as a separate service sub-division.
- A2.7 As well as “the process of receiving referrals, assessing need, liaising with the children’s hearing system, schools or other agencies, providing family casework, arranging for service and undertaking reviews”, Children and Families Assessment and Casework also includes two further optional service sub-divisions:

£# **Assistance in cash or kind:** i.e. payments under section 12 of the Social Work (Scotland) Act 1968 and assistance to children in need, or their families, under section 22 of the Children (Scotland) Act 1995 (excluding the purchase of packages of care included under other subdivisions);

£# **Child protection:** i.e. staffing and other expenditure associated with the child protection register.

- A2.8 Such costs will normally be directly attributable to the Children and Families Mandatory Division before any apportionment of staffing and other fieldwork costs.
- A2.9 Children and Families Assessment and Casework excludes :

Fostering/family placement:

£# All fees, expenses and allowances paid to foster carers except those which relate to temporary/respite placements (included under Support for carers);

£# Staff and other costs for foster carer recruitment, training and support. (If necessary apportion these staff costs from Assessment and Casework).

- A2.10 Some Councils have separate “Resource Teams” for fostering and adoption work, including assessing prospective adoptive parents, foster carer recruitment, training and support. (Where this is the case, Councils will wish to divide them between the “Fostering/family placement” and the “Adoption services sub-divisions”. Where such family placement services are integrated in Children and Families area teams or in generic social work teams, a proportion of the staffing costs will need to be deducted from Children and Families Assessment and Casework expenditure, on the basis of whatever data is to hand, or the judgement of the relevant managers.
- A2.11 The boundary between “Children and Families Assessment and Casework” and “Youth work services” sub-divisions may also require some attention.

Occupational Therapy

- A3.1 Occupational therapy staff costs should be apportioned across client-groups according to the best methods available, eg the numbers of people allocated to an OT over a period (preferably a year) by client group, or the numbers of people in a period receiving an occupational therapy assessment.

The allocation to children and families should be counted under the “children with a disability” discretionary sub-division of service.

Day care

- A4.1 The main apportionment issue for day care for Children and Families is functional: how to split day care between “Day Care for younger children” and the day care element for “Children with disabilities”. Again, client data held by in-house or purchased services may need to be compared with data on the main client information systems for Children and Families (depending on whether placement in day care always requires a fieldwork team assessment).
- A4.2 Day care for adults needs to be split between the community care client-groups. The data returned to the Scottish Executive on form D1-B could be used for this purpose, with some amendments. The D1-B return is completed for all local authority provided and commissioned day services as well as all registered day services providing a range of practical, personal and social activities for adults. Anonymous data is returned for each person using the service during the week ending 1 April, including date of birth (from which the 65+ and 18-64 age-groups could be derived) and client-group. The relationship between D1-C client-groups (and derived age-groups) and the BVACOP Mandatory Divisions is shown below

D1-C Client-group	Age	BVACOP Mandatory Divisions
1 People with dementia	65+	Older people
	18-64	People with Mental Health Needs
2 People with physical disabilities / sensory impairment, (including frailty due to old age)	65+	Older people
	18-64	People with Physical or Sensory Disabilities
3 People with learning difficulties	65+	Older people
	18-64	People with Learning Disabilities
4 People with mental health problems	65+	Older people
	18-64	People with Mental Health Needs
5 People with alcohol / drug problems	65+	Older people
	18-64	People with Addictions/Substance misuse
6 People with HIV / AIDS	65+	Older people
	18-64	People with AIDS/HIV
7 Other	65+	Older people
	18-64	<i>Apportion pro rata across all 18-64 client groups</i>

- A4.3 The D1-C return also asks for information above service use (number of days per week; weekend use); the types of support received; and whether transport is provided. This information could be used to construct a weighting system to represent unit cost.

Equipment and adaptations

- A5.1 This sub-division includes: adaptations to homes; disability equipment and aids to daily living; telephones; alarm equipment (purchase and running costs); other communications equipment; equipment stores, delivery and other associated costs. Exclude equipment funded by the Council’s housing service.
- A5.2 Older people will be the single largest group of users of equipment and adaptations. Data on the client-group of service users might be available in the client databases used to support the alarms services or, possibly, equipment stores. Otherwise, the client information systems supporting assessment and care management should record the provision of equipment and adaptations to individual clients following assessment; the analysis of such data should be by client-group and age-group.

Home care

- A6.1 Most Councils are able to apportion home care expenditure between client-groups by using data on hours provided or purchased from their client information systems (including commitment accounting systems).
- A6.2 Some Councils have also separated out shopping and pension collection from personal care and domestic support. Where such services are provided by voluntary organisations receiving grant aid, the collection of management information should be part of the contract or SLA. If data on hours of service are not available for shopping services, then use client counts or in the last resort the judgement of the relevant service manager.
- A6.3 The calculations need to be undertaken separately for the in-house service(s) and the purchased service(s). This is because unit costs and the distribution of clients across the client groups are likely to be very different between in-house and externally purchased services. Moreover, in the final accounts, the apportioned expenditure is coded to different subjectives (largely to employee costs for in-house provision, and to third party payments for externally purchased services).
- A6.4 Councils already count clients at as 31 March by client-group and age-group for the Scottish Executive H1 Statistical Return - the relevant reports (ie the computer retrieval programmes) need to be changed in two ways:
- ⌘ To count the hours, rather than clients. (Ideally the hours should be actuals, but planned hours could be used instead);
 - ⌘ To count period data, ideally for a year, rather than a snapshot at 31 March.

Scottish Executive H1 Return (table 1.3)

		0-15	16-17	18-64	65-74	75-84	85+	Total
1	People with dementia	1	2	3	4	5	6	
2	People with mental health problems	7	8	9	10	11	12	
3	People with learning disabilities	13	14	15	16	17	18	
4	People with physical disabilities (including frailty due to old age)	19	20	21	22	23	24	
5	People with alcohol problems	25	26	27	28	29	30	
6	People with drug problems	31	32	33	34	35	36	
7	People with HIV or AIDS	37	38	39	40	41	42	
8	Carers of dependent people in groups 1-7 above	43	44	45	46	47	48	
9	Carers/children not in groups 1-7 above	49	50	51	52	53	54	
10	People in other vulnerable groups	55	56	57	58	59	60	
11	TOTAL							

- A6.5 We have put numbers in each cell to explain how the corresponding counts of hours should be constructed to fit with BVACOP client-groups and services. While the bulk of home care expenditure will come under the home care sub-divisions within each client-group, some will need to be counted under children with disability and support for carers.

Basis for apportioning home care expenditure – cell references

BVACOP Mandatory Divisions (client-groups)	BVACOP Discretionary Sub-Divisions		
	Home care	Children with a disability	Support for carers
Children and Families	49-54, 31,32; 25,25	19,20; 37,38; 1,2; 7,8; 13,14.	
Older people	Sum of below		46,47,48
€# With dementia	4,5,6		N/a
€# Without dementia	10-12; 16-18; 22- 24; 28-30; 34- 36; 40-42; 58-60.		N/a
People with Physical or Sensory Disabilities	21		} 43-45
People with Learning Disabilities	15		
People with Mental Health Needs	3, 9		
People with Addictions/Substance misuse	Sum of below		
€# People with Drugs misuse problems	33		
€# People with Alcohol misuse problems	27		
People with AIDS/HIV	39		
Services to Asylum Seekers and refugees	none	none	
Criminal justice social work services	none	none	none
Total			

- A6.6 Services to Asylum Seekers and refugees : should not be allocated a share of home care expenditure for reasons given elsewhere in this guidance (for eg, home care provided to, say, an elderly asylum seeker should be counted under Older people).
- A6.7 There is no BVACOP Mandatory Division for “other vulnerable groups”. Home Care hours counted recorded for this client group should be allocated between children and families and community care client groups in proportion to their counts under the Home Care column in the table above.
- A6.8 On the H1 return, home care hours provided as support to carers are split by the age-group (not client-group) of the cared for person. This means that support for carers of people aged 18-64 will need to be allocated to each client-group pro-rate to the corresponding counts (for non-elderly community care client groups under the “home care” column of the table above).
- A6.9 Once home care hours have been allocated to client groups (and between home care, children with disability and support for carers), the next question is whether to give them then same unit cost. In the case of the purchased services, it may well be that the commitment accounting or other client-based systems record client group and count both hours of service and expenditure, so the cost per hour can be calculated directly for each client-group. For in-house services, , some Councils have different kinds of home staff with those mainly doing personal care more highly trained, and paid more, than staff mainly undertaking domestic support tasks. Some client-groups may receive relatively more home care in the evenings or at weekends when the cost of provision may be higher. Unit cost differentials between client-groups may well have been investigated in some Councils as part of Best Value Reviews of Home Care services; where such data exists consideration can be given to weighting the hours apportioned to each client-group, before expenditure is distributed to client-groups on their basis.

Meals

- A7.1 “Meals” includes the costs of meals on wheels, frozen meals delivered for reheating, meals at luncheon clubs. Meals provided at day centres are excluded (they should be included with the other costs of the day centre concerned) as are meals cooked by home care staff alongside other duties.

A7.2 The vast majority of users will be older people. Client group data may be available if meals are recorded as a service provided, following an assessment, on the main client information system. If there is no client-group data available then the judgement of the service providers should be sought.

Nursing Homes, Residential Care (registered), Other Residential Care/ supported accommodation

- A8.1 The distinction between Nursing Homes, registered by Health Authorities, and Residential Care Homes, registered by Councils, will disappear from 1st April 2002 when these (and Education) registration functions are transferred to the Commission for the Regulation of Care. Both categories will in future be registered as "single status" Care Homes. These separate subdivisions of service can therefore be combined. (Councils may still wish to monitor expenditure on people placed in single status homes by whether they require or do not require nursing care).
- A8.2 Some forms of supported accommodation are currently registered as Residential Care Homes, other forms (including Sheltered Housing) are not registered (and thereby able to attract transitional housing benefit). The care provided in such accommodation will be registered by the Commission as housing support services from a date to be determined.
- A8.3 For Children and Families, BVACOP recommends a number of separate discretionary sub-divisions of service for the various types of residential care (non-respite) - secure accommodation, residential schools, residential homes, supported accommodation, etc. In addition, expenditure on residential care for Children with a disability should be distinguished, as should be residential care provided as support to carers: respite care placements in residential schools, in residential homes, or in other forms of residential care. The distinction between respite and non-respite residential expenditure may have to be made using residential placement data on bed-nights by admission reason. The time period should be a year.
- A8.4 The distinction between respite and non-respite residential expenditure is also required for Older People and the other community care client groups. Again, placement data on bed-nights by admission reason, by client-group, may also have to be used for apportionment reasons.
- A8.5 In addition, accounting for "other residential care" for the community care client groups will require social work and housing expenditures to be distinguished.

Support for carers

- A9.1 Support for carers is a discretionary sub-division of service for all the client group Mandatory Divisions, except Criminal Justice Social Work. For the community care client groups, support for carers includes:
- Respite care placements in care homes (ie nursing and residential care homes);
 - Other residential respite care;
 - Respite care placements in day care facilities;
 - Home Care provided on a respite care basis; and
 - Other services to support carers (eg grants to voluntary organisations, special projects, and welfare benefits advice).
- A9.2 This means that expenditure on all such services - residential care, home care, day care, etc - has to be split between respite and non-respite. That is why the BVACOP states that "Authorities may need to maintain separate sub divisions for some or all of the services listed above so that they can identify the total amount spent on each type of service, for example home care" (para 57, Social Work SEA). In other words, for each of these services required as a subdivision, two subdivisions are required, for non-respite and respite.

- A9.3 Some Scottish Executive statistical returns require client or service volume counts to be distinguished for respite reasons, eg the H1 Home Care Return. Accounts Commission Performance Indicator SW9 requires counts of the number of people receiving respite care (and the total hours or bed-nights involved) for (a) care in a residential or nursing home; (b) care in the person's home; and (c) care at another place (eg day centre; in someone's home). Separate counts are required for children aged 0-17 with disabilities, older people, and people aged 18-64.
- A9.4 Some services only exist in respite form but in most cases "respite care" is a reason for providing or arranging a service, which may be provided also on a non-respite basis. Client information systems may already record the reason for particular service episodes; if not, the source data used to produce the Accounts Commission PI may need to be used, with amendments, to apportion service expenditure between respite and non-respite purposes.

Supported employment

- A10.1 Probably the records of the supported employment services (defined in the BVACOP) will be the only practical source of information for apportionment to client groups: mainly people with a physical disability, a learning disability, or a mental health problem.

Other Services

- A11.1 The BVACOP states that "Other services includes grants to voluntary organisations that cannot be more specifically placed under another heading. Inappropriate use of this residual category will invalidate comparisons across the other Older people subdivisions. It should only be used when no other heading or headings are appropriate and, in particular; it should not be used to avoid the need for allocation across services or client groups" (Social Work SEA para 59).
- A11.2 If each voluntary organisation grant-aided (or providing spot- or block-purchased services) is given its own cost centre, then the relevant planning, commissioning or operational staff in the Social Work Department should be asked to assign them to one or more of the client groups above. Initially, this should be done on the basis of judgement (later, the question of whether there is any data on service users of the voluntary organisations could be considered). The suggested method is to present the relevant planning, commissioning or operational staff with a table, set out like the one below:

Cost Centre	Organisation	Budget, or Annual Expenditure	Children and Families	Older Persons	Adults with physical or sensory disabilities	Adults with learning difficulties	Adults with mental health needs	Adults with addictions / substance abuse	HIV/AIDS	Services to Asylum Seekers and refugees	Criminal justice social work services	TOTAL
			%	%	%	%	%	%	%	%	%	%
												100
												100
												100
												Etc

- A11.3 Ask the subject experts to estimate the percentage of the budget or actual expenditure which applies to each client-group (adding more columns if client-groups are further subdivided).

A11.4 The exercise may need to be repeated for the type of services provided, to ensure that "other" is only used for those services which cannot be better classified elsewhere.