

General Fund Revenue Accounts 2011-12

Guidance notes for completing form SAR: SUBJECTIVE ANALYSIS RETURN

*These notes should be read in conjunction with RO General Guidance 2011-12
and CIPFA's Service Reporting Code of Practice (SeRCOP) 2011-12.*

GUIDANCE NOTES FOR COMPLETING FORM SAR: SUBJECTIVE ANALYSIS RETURN FOR 2011-12

1. The **Subjective Analysis Return (SAR)** is an extension of the subjective analysis in the General Fund Revenue Account Outturn suite. In principle, therefore, its totals are designed to agree with the Net Current Expenditure on the individual **RO** forms, and the Total Service Expenditure line on the **RS** form.

2. Please refer therefore to the RO general guidance notes, as well as the following notes. Information on the Housing Revenue Account is not required. The subjective analysis is defined, as far as is possible, in terms of CIPFA's Recommended Standard Subjective Analysis in the Service Reporting Code of Practice (SeRCOP).

OBJECTIVE ANALYSIS

3. The **SAR** objective analysis should correspond to the divisions inherent in the **RO 2011-12 suite of forms**, as below; see the Validation Checklist, attached, for details.

GENERAL GUIDANCE

4. Price base

Actuals are to be included at Outturn 2011-12 price levels.

5. Transactions between local authorities

Expenditure incurred when acting as an agent for another local authority:

- should be analysed subjectively in Parts A and B;
- the reimbursement income should be shown at Part C, **line 66**.

Authorities making reimbursements to another authority acting as their agent should return a single entry at Part B, **line 54**:

NB wherever possible, this should agree with the related income returned by the agent authority.

6. Joint financing with health authorities/ fishery bodies/outside bodies

Local authorities should report the total cost of schemes jointly financed with Health Authorities, etc, on the appropriate **RO** forms, and consequently on this **SAR** form:

- direct expenditure by the authority should be recorded on the appropriate running expenses line;
- contributions received from the outside body should be recorded on **line 66** 'all other income';
- contributions paid by the authority when another authority is incurring the direct expenditure should be recorded in **line 58**.

7. Agency work on behalf of central government and regional health authorities

Expenditure and income in respect of work carried out as agents of Regional Health Authorities and similar bodies, and on behalf of government departments, should **not** be reported on the individual **RO** forms or on this **SAR** form.

This includes:

- motorways;
- trunk roads;
- reception centres;
- youth employment;
- vehicle licence administration;
- supply of teaching staff and related services in penal establishments.

8. Management and support services

- a. Wherever possible the employee and running costs incurred by management and support services providers should be analysed subjectively within Parts A and B of the form; this will, however, depend upon the way in which these services are structured within the authority.
- b. Where management and support services are provided 'within a service' (e.g., where a unit providing financial support services to a department is actually based within that department), then the subjective analysis of the cost of these services should be recorded within that service column.
- c. Where 'central' management and support services are recharged out to individual services, then the costs incurred by the recipients of these 'central' services should be recorded on line 62 in the appropriate column. Costs incurred by central management and support service providers should be analysed subjectively in columns 10 and 13.
- d. The income received by 'central' management and support services providers for charging their services out, should also be recorded in columns 10 and 13, **on line 65 'Recharges'**.
NB This line should include any income arising from the sale of management and support services to non-General Fund areas.

9. Specific grants

The expenditure recorded should be gross of specific and special revenue grants.

10. Subjective analysis and the CIPFA standard form

In accordance with the CIPFA Recommended Standard Subjective Analysis (as found in SeRCOP), actual expenditure on employees' pay, and related employers' costs, should be shown in Part A, under the appropriate category of staff. The remaining expenditure should, wherever possible, be analysed in detail over the appropriate subjective heads in Part B (e.g. equipment, vehicles etc.). The costs of employing agency staff should be recorded to be consistent with Revenue Outturn and DfE Section 251 returns. Where there is some doubt as to the correct line for a particular subjective

type of expenditure, the guiding principle should be to group together those items which are likely to be affected by the same inflationary trends.

11. **General**

Where actuals are not prepared in the detail required by this return, apportionments should be made on the best possible information. Credit entries should be preceded by a negative (-) sign.

SPECIFIC NOTES

PART A: PAY ESTIMATES – Direct employee expenses

12. This corresponds to **Group 1** of the SeRCOP Standard Subjective Analysis and includes:

- Total salaries
- Employers' National Insurance contributions,
- Employers' pension contributions and
- Location allowances

They are to be shown separately for each group of staff detailed in section 13 below.

Important Note: Agency staff should NOT be included in Part A. They should be included in Part B: running expenses (Line 57). (Refer to the RO general guidance notes).

- a. **Lines 1, 6 and 11: Total salaries** – These lines should include basic pay, overtime payments, pay related bonuses, back pay, all allowances such as service allowances, special allowances, shift allowances, **excluding** location allowances (these should be included in **lines 4,9,and 14**).
- b. **Lines 2, 7and 12: Employers' National Insurance contributions** – These lines should be the Employer's contribution only.
- c. **Lines 3, 8 and 13: Employers' pension contributions** – These lines should cover the employers' contribution rate for all schemes, and should cover non-funded pension scheme payments, net of pension contributions made by employees.

Net payments only in respect of commutations, refunds of contributions, and transfer values etc. relating to such schemes should also be included here.

Contributions made by other authorities towards the costs of such non-funded pension schemes should be treated in the same way as agency income & expenditure (see Note 5 above).

- d. **Lines 4, 9 and 14: Location allowances** – London weighting, London allowances and any other regional allowances paid for location should all be included here.
13. The subjective analysis by type of employee is intended to reflect the broad pay negotiating groups. The service to which the employee expenditure in the RO has been allocated should be reflected in the SAR service breakdown. Where there appears to be conflict between a functional classification and the appropriate negotiating group, the latter should prevail e.g. if National Joint Council for Local Government Services (NJCLGS) staff were working in Fire Control Rooms, they should be recorded in Part A, **lines 11-15** (All Other Staff), not lines 6-9 (Fire).

If you are unsure as to where an employee should be included, please email lqf1.revenue@communities.gsi.gov.uk or phone 0303 44 42123 or 0303 44 41354 for assistance.

a. Lines 1 to 5: Teachers Group

Include the following groups not covered under NJCLGS:

- All school teachers in maintained primary, secondary and special schools, as specified in the DfE School Workforce Census return;
- Further Education staff employed by LEAs in adult education (mainly part time);
- Teachers in Residential Establishments.

Important Note: Any non-teaching staff in education other than those listed above, should be included in All Other Staff Group.

b. Lines 6 to 10: Police & Fire Group

Include the following groups not covered under NJCLGS:

- Police Service: ACPO Ranks; Chief Superintendents; Superintendents; Chief Inspectors; Inspectors; Sergeants and Constables and any other uniformed Police Staff (excluding Police Community Support Officers, Traffic Wardens and Designated Officers)

Important Note: Any non- uniformed Police Staff other than those listed above, should be included in All Other Staff Group.

- Fire & Rescue Service: Full Time Officers & Fire-fighters; Retained Fire-fighters; Chief Fire Officers; Fire Control Room Staff (excluding those under NJCLGS).

c. Lines 11 to 15: All Other Staff Group

This is anyone who is not covered by the Teachers and Fire and Police negotiating groups and includes:

- All non teaching education support staff under NJCLGS;
- Soulbury Committee;
- Youth & Community Workers;

- NJCLGS Fire Support Staff;
- Any Fire Control Room staff under NJCLGS;

- Police Community Support Officers, Traffic Wardens and Designated Officers
- Any other non-uniformed Police Staff

- Chief Officers and Chief Executives (except Chief Police and Fire Officers);
- Workshops for the Blind Staff;
- Craftworkers within scope of the Joint Negotiating Committee for Local Authority Craft and Associated Employees;
- Any other staff not listed here, but covered under NJCLGS.

d. Miscellaneous Categories of Staff - Miscellaneous categories of staff not listed under any of the main negotiating groups above (including staff on locally agreed scales) should be included within the estimates of pay for those categories of staff to which their scales are linked or related.

e. Line 16: Other Pay Related Costs – Indirect employee expenses

Include:

- training, relocation & interview expenses; staff advertising; employee related insurance;
- the cost of any gratuities and severance payments (includes redundancy payments) charged direct to the General Fund;
- Employee related schemes;
- the cost of the Pensions Increase Act payments, not collected via the employers contribution rate, but charged to the General Fund; transfer payments relating to unfunded pension schemes.

PART B: RUNNING EXPENSES

The subjective analysis should follow the CIPFA Service Reporting Code of Practice (SeRCOP) Recommended Standard Subjective Analysis.

Lines 18 to 29 Premises related expenditure

This includes all running costs expenditure on goods, services and contractors, directly related to premises and land. It corresponds to **Group 2** of the Standard Subjective Analysis.

Include:

- the cost of materials;
- charges from eg architects, engineers and surveyors;
- expenditure on energy conservation, and health & safety.

Expenditure on, for example, contracted out services relating to repairs, alterations and maintenance of buildings go in **line 18**, not in other premises related expenditure (**line 28**).

Lines 30 to 37 Transport related expenditure

This includes all costs connected with the provision hire or use of transport for employees and clients. Include pooled transport costs, travelling allowances, home to school/college transport, and transport for social care clients. It corresponds to **Group 3** of the Standard Subjective Analysis. The costs of paying private contractors to support public transport services and for concessionary fares schemes should be recorded in **line 58**.

Lines 38 to 53 Supplies and services

This includes all direct supplies and services expenditure incurred by the authority. It corresponds to **Group 4** of the Standard Subjective Analysis.

Line 39 Catering

Include food and drink, and expenditure on contract catering.

Line 41 Printing, stationery and general office expenses

Include schools' administrative supplies expenditure.

Line 44 Communications and computing - Computer Costs

Include operating leases, charges for central computing facilities, and non-capitalised IT support.

Line 48 Insurance

All insurance not recorded in **lines 16, 27 and 35**.

Line 52 Other Supplies and Services

Include

- services to pupils, clients and others not recorded elsewhere. Private Finance Initiative and Public-Private Partnership expenditure that has not been recorded elsewhere should also be included here.

Lines 54 to 60 Third party payments

This includes payments to third party providers of Local Authority Services, as defined in Section 4 of the CIPFA Service Reporting Code of Practice (SeRCOP). It corresponds to **Group 5** of the Standard Subjective Analysis. Where the service being contracted relates to categories of expenditure in groups 2-4 of the Standard Subjective Analysis, then the expenditure is included in **lines 18-53** as appropriate.

Include in private contractors and other agencies:

- government departments;
- voluntary associations where they are providing a contracted service;
- private contractors;
- other (non-local authority) agency and contracted services.

Line 55 Grants to voluntary bodies

Include here payments to eg clubs and societies. London Boroughs should include their contributions to the London Boroughs Grants Committee of the Association of London Government.

Line 56 Professional services

Include legal, accountancy, audit, management consultancy etc

Line 57 Agency staff

HM Treasury guidance, which has been followed by DfE in the S251 data collection from schools, is for expenditure on agency staff to be counted as running expenses. However, the **CIPFA SeRCOP** includes agency staff in employee costs. The suggested solution is for Local Authorities to be consistent with what they do on the S251 and RO forms.

Line 58 Private contractors and other agencies: other

Examples to be included here:

Education: bought in professional services related to the curriculum;

Social care: purchased care for clients;

Local transport: support for public transport services, concessionary fares;

Waste: refuse collection and disposal;

Recreation: sports and leisure facilities.

Line 59 Internal Trading Organisations

These will typically be organisations funded mainly through contracts with local authority departments, with the authority funding any loss, or receiving any surplus at the end of each year. It is possible, however, that some - but not more than 50% - of their funding might come from contracts with other local authorities or the private sector. Most will be Direct Labour/Service Organisations, but services which were not subject to CCT may be provided on a similar basis, and should be included in this category.

Line 61 Total Transfer Payments (Discretionary)

This will generally comprise three elements:

- rent allowances and rebates in excess of statutory schemes (**RO4 lines 51, 52 and 53**);
- non mandatory education awards, including those paid to school pupils and students in further education (part of **RO1 line 52**);
- payments to social care clients.

See also the validation checklist attached.

Line 62 Expenditure on Management and Support Services

Where 'central' management and support services are recharged out to individual services, then the costs incurred by the recipients of these 'central' services should be recorded here, in the appropriate column. Costs incurred by central management and support service providers should be analysed subjectively in columns 10 and 13.

PART C: INCOME

Income should be shown separately in Part C (**lines 64 to 67**). It corresponds to **Group 9** of the Standard Subjective Analysis.

Line 65 Recharges

Wherever possible and appropriate, management and support services expenditure should be recharged to specific services, and shown in the appropriate service column within Part B, Running Expenses; the corresponding recharged income to management and support services should be entered here.

Validation Checks

SAR 2011-12**A. Arithmetic Checks (for Lines 1 to 73)**

Column 12, All Services = the total of columns 1 to 11.

Column 13, Management and Support Services ≤ Central Services column 10

B. Arithmetic Checks (for all Columns)

Line 5, Total Teachers Group = the total of lines 1 to 4.

Line 10, Total Police & Fire Group = the total of lines 6 to 9.

Line 15, Total All Other Staff Group = the total of lines 11 to 14.

Line 17, Total Part A = the total of lines 5 + 10 + 15 + 16.

Line 29, Total Premises Expenses = the total of lines 18 to 28.

Line 37, Total Transport Expenses = the total of lines 30 to 36.

Line 53, Total Supplies/Services = the total of lines 38 to 52.

Line 60, Total Third Party Payments = the total of lines 54 to 59.

Line 63, Total Part B = the total of lines 29 + 37 + 53 + 60 + 61 + 62.

Line 67, Total Part C = the total of lines 64 to 66.

Line 68, Summary Part A = line 17.

Line 69, Summary Part B = line 63.

Line 70, Summary Part C = line 67.

Line 71, Total Service Expenditure = line 68 + line 69 – line 70.

C. Cross Checks**a) Line 17, Total Part A - Pay Estimates**

Column 1 (Education) = RO1, column 1, line 90

Column 2 (Highways and Transport Services) = RO2, column 1, line 90

Column 3 (Social Care) = RO3, column 1, line 90

Column 4 (Housing Services) = RO4, column 1, line 90

Column 5 (Cultural & Related Services) = RO5, column 1, line 190

Column 6 (Environmental and Regulatory Services) = RO5, column 1, line 290

Column 7 (Planning & Development) = RO5, column 1, line 390

Column 8 (Police) = RO6, column 1, line 100

Column 9 (Fire & Rescue) = RO6, column 1, line 290

Column 10 (Central Services) = RO6, column 1, line 490

Column 11 (Other Services) = RO6, column 1, line 500

Column 13 (Management & Support) = RO6, column 1, line 489

b) **Line 61, Transfer Payments Discretionary**

Column 1 (Education) ≤ RO1, column 2, line 52
Column 4 (Housing Services) = RO4, column 2, lines 51+52+53

c) **Line 62, Expenditure on Management and Support Services**

Column 10 (Central Services) = RO6, column 5, line 491
Column 12 (All Services) = RO6, column 5, lines 491 + 492

d) **Line 63, Total Part B - Running Expenses**

Column 1 (Education) = RO1, column 2, line 90
Column 2 (Highways and Transport Services) = RO2, column 2, line 90
Column 3 (Social Care) = RO3, column 2, line 90
Column 4 (Housing Services) = RO4, column 2, line 90
Column 5 (Cultural & Related Services) = RO5, column 2, line 190
Column 6 (Environmental and Regulatory Services) = RO5, column 2, line 290
Column 7 (Planning & Development) = RO5, column 2, line 390
Column 8 (Police) = RO6, column 2, line 100
Column 9 (Fire & Rescue) = RO6, column 2, line 290
Column 10 (Central Services) = RO6, column 2, line 490
Column 11 (Other Services) = RO6, column 2, line 500
Column 13 (Management & Support) = RO6, column 2, line 489

e) **Line 65, Recharges**

Column 10 (Central Services) = RO6, column 5, lines 491+492+493+494

f) **Line 67, Total Part C - Income**

Column 1 (Education) = RO1, column 6, line 90
Column 2 (Highways and Transport Services) = RO2, column 6, line 90
Column 3 (Social Care) = RO3, column 6, line 90
Column 4 (Housing Services) = RO4, column 6, line 90
Column 5 (Cultural & Related Services) = RO5, column 6, line 190
Column 6 (Environmental and Regulatory Services) = RO5, column 6, line 290
Column 7 (Planning & Development) = RO5, column 6, line 390
Column 8 (Police) = RO6, column 6, line 100
Column 9 (Fire & Rescue) = RO6, column 6, line 290
Column 10 (Central Services) = RO6, column 6, line 490
Column 11 (Other Services) = RO6, column 6, line 500
Column 13 (Management & Support) = RO6, column 6, line 489

g) **Line 71, Total Service Expenditure**

Column 1 (Education)	= RS, column 1, line 190
Column 2 (Highways and Transport Services)	= RS, column 1, line 290
Column 3 (Social Care)	= RS, column 1, line 390 + 399
Column 4 (Housing Services)	= RS, column 1, line 490
Column 5 (Cultural & Related Services)	= RS, column 1, line 509
Column 6 (Environmental and Regulatory Services)	= RS, column 1, line 590
Column 7 (Planning & Development)	= RS, column 1, line 599
Column 8 (Police)	= RS, column 1, line 601
Column 9 (Fire & Rescue)	= RS, column 1, line 602
Column 10 (Central Services)	= RS, column 1, line 690
Column 11 (Other Services)	= RS, column 1, line 698
Column 12 (Total All Services)	= RS, column 1, line 699
 Column 13 (Management & Support)	 = RO6, column 7, line 489