

BRIEFING NOTE

TO: Members of Corporate Scrutiny & Performance Panel

DATE: 3 January 2013

RE: Central Support Services 2012/13

Purpose

To give Members an overview of Central Support Services (CSS), the services included within (CSS), the basis of recharging and provides budgeted recharges for 2012/13.

Central Support Services (CSS)

The Service Reporting Code of Practice (SeRCOP) issued by the Chartered Institute of Public Finance (CIPFA) states that all support and management costs should be allocated directly or apportioned to service divisions before the closure of accounts each year. This enables the true total cost of a service to be identified. CSS recharging is the process of charging service areas for central support services and follows seven general principles (detailed in Table 1 below).

Table 1 Principles for allocation of Central Costs

Principle	
Complete recharging of overheads	All overheads should be fully recharged to service expenditure headings as defined by SeRCOP.
Correct Recipients	Systems should correctly identify who should receive overhead charges.
Transparency	Services should be clear on what each recharge covers and should have information to challenge the approach.
Flexibility	Arrangements should be flexible to allow recharges to be made regularly and with details to meet needs
Reality	The distribution (recharge) of actual costs should be made on the basis of fact.
Predictability/Stability	Recharges should be as predictable as possible although there will be limitations to this.
Materiality	Due regard should be made to materiality to minimise the costs in running the system.

Services Recharged by CSS mechanism

Recharges are completed to allocate the costs of the following services:-

- Finance (Accountancy staff; Financial Systems; Financial Administration)
- Internal Audit
- Cashiers
- First Stop Shop and contact centre
- Communications
- Legal
- Human Resources
- Procurement
- Post Room
- Information and Communications Technology
- Programme Delivery and Corporate Performance Management

Administration and service management costs within individual services are also allocated but these recharges are outside of the CSS system.

Individual services receive a budget to equivalent to recharged costs.

CSS basis of apportionment

Various apportionment basis are used for the allocation (recharge) of cost to services. The current basis are shown below, however it is important to note there needs to be a balance between the simplicity of administration, whilst reflecting the basis of what drives the cost.

Finance

Based on a percentage split of estimated accountancy staff time spent against each service area.

Financial Systems

The recharge for the financial systems team is based on the number of cost centres within each service.

Financial Administration

The recharge is split between various elements; part of the recharge is based on staff time, the number of debtor invoices raised and the number of creditor invoices paid. Accounts receivable (debtors or AR) is based on the average level of debt outstanding at the end of each month, and accounts payable (creditors or AP) is based on the number of invoices paid.

Internal Audit

Based on the audit plan (number of working days per audit).

Cashiers

Based on the number of income slips received by the banking hall.

First Stop Shop (FSS)

The number of customer queries in the FSS is the basis for apportionment, customer queries are categorised by the service the customer is requesting to see.

Communications

The recharge is currently based on the number of press releases and enquiries. This is likely to be changed to incorporate some further activity that takes place within the communications team, such as time spent on specific projects and social network sites.

Legal Services

This is based on staff recorded time by hours.

Human Resources (HR)

Apportioned on the number of employees.

Procurement

The recharge is currently based on the number of orders raised through IPROC; this is likely to be changed to actual contracts in place across services.

Post Room

The post room recharge is a split on the basis of an average day;

- The post room staff spend around 55% of the day franking items, therefore 55% of the recharge is based on the number of franked items.
- Opening post takes up in the region of 21% of the day and this element is based on the areas that have their post opened.
- Delivering and collecting post takes up around 14% of the day and this is based on the number of times deliveries and collections take place throughout the day to the appropriate teams.
- 10% of the day is spent transporting post to and from external sites; this recharge is based on the number of collections/deliveries per week.

Information and Communications Technology (ICT)

The recharge is based on the number of service users with a login and the direct cost of ICT applications e.g. Oracle recharged to finance

Programme Delivery and Corporate Performance Management (CPM)

The basis of apportionment is a split of staff time within programme delivery and CPM.

Savings made from CSS areas over the last 3 years

Table 2 below shows levels of savings for each CSS area since 2010/11.

Table 2 Approved Budget savings for Central Support Services

Service	2010/11	2011/12	2012/13
	£	£	£
First Stop Shop and Customer Contact Centre	13,044	0	0
Cashiers	0	0	0
Communications	93,097	40,000	0
Internal Audit	11,444	0	0
Finance	428,423	474,000	150,000
Human Resources	588,757	683,276	399,000
Programme Delivery and Corporate Performance Management	197,464	338,184	0
Post Room	0	0	0
ICT	156,981	0	0
Procurement	55,116	50,000	0
Legal	0	47,000	0
Total	1,544,326	1,632,460	549,000

This equate to the percentage savings shown in Table 3 below compared to front line services

Table 3 Percentage Savings

	2010/11	2011/12	2012/13
Reduction in support services	6.72%	8.24%	2.85%
Reduction in front line services	3.71%	7.65%	4.70%

Traded Services

Walsall council also trades with schools and academies. This income is 'real' income to the council and therefore, does not form part of the CSS recharge.

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