

**ROTHERHAM BOROUGH COUNCIL – REPORT TO SELF REGULATION
SELECT COMMISSION**

1	Meeting:	Self Regulation Select Commission
2	Date:	19th April 2012
3	Title:	Support Costs Review
4	Directorate:	Resources

5 Summary

On 8th December 2011 Self Regulation Select Commission received an update on progress made in respect of the Support Costs Review (the now broader remit of what originally started out as the Central Establishment Charges (CEC) Review).

This report provides details of the proposed charging methodology to be adopted for the support services which have always been part of the Council, but excludes former RBT support services as these services are currently being reviewed by nominated services leads. Once reconfigured and fully reintegrated, appropriate bases for the allocation or apportionment of these costs will be identified and a final report will be produced with the consolidated analysis, supported by detailed financial information. This report will be produced once the Council's 2011/12 accounts have been finalised and audited.

6 Recommendations

Self Regulation Select Commission is asked to:

- **Note the proposed charging methodology for Council support services (Appendix 1)**
- **Note the further work to be undertaken in respect of the former RBT support services currently under review as part of their reintegration into the Council**
- **Note that a consolidated report supported by detailed financial information will be presented to the Select Commission when this work has been completed.**

7.1 Background

Support Costs are those incurred through the operation of council services that support the delivery of front line services to the public. These charges are allocated or apportioned to the services they support, on an appropriate basis, so that a reasonable estimate as to the full cost of each service can be provided (i.e. including both direct costs incurred in service delivery and a fair share of the support costs incurred).

Over recent years there has been significant restructuring and downsizing of 'Support Services' to rightly ensure delivery of the Council's commitment to focus on and protect provision of value for money, front line services to the public. This restructuring and downsizing has taken place through a number of reviews:

- Management Review
- Business Support Review
- Localities and Premises Review
- Financial Services Review
- Performance and Management Review
- 2010 Rotherham Ltd reintegration
- RBT reintegration

There has also been a significant reduction in the number of buildings from which the Council operates so the historic basis for charging out office accommodation is no longer relevant. All of these factors and the new requirements stipulated in the new Service Reporting Code of Practice 2011/12 (SeRCOP) make this review appropriate.

Members may recall that the December briefing identified that Management and Back-Office staffing reductions amounted to 15.5% and front-line staffing reductions 3.2%. The 2012/13 budget savings continue this trend.

7.2 Progress Update

Services typically treated as 'support services' are Asset Management, Health and Safety, Human Resources, Finance, Legal, ICT, Office Accommodation costs, Procurement and some Corporate Services.

Finance have worked closely with Managers in support services to identify the key cost drivers and the most appropriate methodology for charging out their services to the operational services within Directorates. Appendix 1 to this report shows the proposed charging methodologies.

The recent decision to conclude the strategic partnering contract with BT and bring RBT services back in house requires the same work to be undertaken for most of these services (as most are support services). Leads have been nominated at Strategic Director or Director level to review these services so as to ensure the delivery of savings built into the 2012/13 budget, and smooth the reintegration of these services back into the Council. This work is currently ongoing and in some workstreams is nearing completion.

Once complete, appropriate charging methodologies will be identified for these services also, and the consolidated position will be reported back to the Self Regulation Select Commission. This consolidated position will include (for each support service):

- The proposed charging methodology (allocation, or apportionment and the basis of apportionment);
- The financial value to be charged to each Directorate as a result of the above;
- Details of services (and values) which are not charged out to front line services in operational Directorates (including Corporate and Democratic Core costs, Corporate Management costs and Non-distributed costs);
- Costs for support services which are borne by services outside of the General Fund (e.g. Housing Revenue Account (HRA), services sold direct to the public e.g Licensing, planning advice etc.)

7.3 (Former) RBT services undergoing review, restructure and reintegration

HR and Payroll:	Advice and Guidance Central HR Payroll & Operations Schools HR & Payroll
Procurement:	Management Category Management Purchase to Pay (P2P)
Customer Services:	Management Cashiers Registrars Welfare Rights & Money Advice Switchboard Housing Repairs Customer Service Centres
ICT:	Management Neighbourhoods & Adults ICT ICT Implementation - Management ICT Implementation – Applications ICT Implementation – Building ICT Implementation – Schools ICT Service Management Customer Support Customer Support Service Desk Data Applications – Applications Support Data Applications – Database Services Infrastructure - Communications Infrastructure – Servers RCI Service Governance & Transition Printing & Stationery
Revenues & Benefits:	Management Technical Team Account Management Benefits Assessment Local Taxation Neighbourhoods & Adults Revenues & Payments

Performance & Change:	Management Quality & Performance Information Team Resource Pool Service Development Change Team Bids
Design & Print:	Design Studio

7.4 Impact of the Support Costs Review

Implementing the outcomes of this review will:

- Ensure that we are complying with the new Service Reporting Code of Practice 2011/12 (SeRCOP), which replaces the former Best Value Accounting Code of Practice (BVACOP);
- Provide services with transparency over the support costs which are included in their overall service and unit costs; and
- Provide greater scope to focus on ensuring delivery of value for money services

8. Finance

Appendix 1 provides details of the net budgets of Council Support Services which have been considered by this review to date. Once the review of the former RBT services has been completed a consolidated position showing details of proposed charging methodologies for all support services and the costs to individual Directorates will be provided in a future report to the Self Regulation Select Commission.

For any costs allocated or apportioned to the Resources Directorate, it is proposed that the basis of apportionment to operational services (as required by SeRCOP) will be pro-rata to the value of all other support costs allocated or apportioned to operational Directorates.

9 Risks and Uncertainties

The review is necessary to ensure compliance with SeRCOP.

Failure to implement a revised charge out basis may mean that some services are receiving a disproportionate share of 'support costs'. Should this be the case, this would affect Unit Cost and Benchmarking comparisons.

10. Policy and Performance Agenda Implications

Will result in increased transparency of costs and provide greater scope to focus on ensuring delivery of value for money services.

11. Background Papers and Consultation

- Presentation and Briefing Note to Self Regulation Select Commission 15th September 2011
- Briefing to Self Regulation Select Commission 8th December 2011

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