

## **GLOSSARY OF TERMS**

### **Band D Property**

Property band commonly used to specify the average council tax. The band included property values between £68,001 - £88,000 (as at 1<sup>st</sup> April 1991).

### **Best Value Accounting**

A standard method of presenting financial information that has been recommended by CIPFA. Compliance with the Best Value Accounting Code of Practice (BVACOP) should facilitate comparisons to be made between different local authorities.

### **Billing Authority**

A local authority that has the power to set and collect Council Taxes and NNDR. In the area served by the County Council these are the six District Councils.

### **Budget**

A statement of the Council's policy expressed in financial terms.

### **Budget Requirement**

Estimated revenue expenditure, net of income from specific grants, fees and charges for services and any use of reserves.

### **Capital Charges**

A charge to services to reflect the cost of fixed assets used in the provision of services. Includes depreciation and notional interest on capital assets used by services.

### **Capital Expenditure**

Expenditure on acquisitions or construction of assets that have a value to the authority and will last for more than one year.

### **Capital Financing Costs**

The costs of financing fixed assets, being the interest costs of external loans and monies used to repay debt.

### **Capital Programme**

The authority's plan of capital works for the future years. Expenditure on the acquisition of fixed assets or expenditure that adds to the life or value of an existing fixed asset.

### **Capital Receipts**

Income from the sale of fixed assets.

### **Central Support Services**

The provision of services by the central departments of the County Council in respect of finance, personnel, legal, administration and property.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy. CIPFA provide guidance for Councils on finance issues.

### **Collection Fund**

The mechanism by which the District or Borough Council keeps the local taxation system separate from its own accounts. The surplus or deficit on the collection fund at the end of each year is fed into the Council Tax calculation for the following year.

### **Council Tax Precept**

The sum the County Council requires from each of the Collection Funds to be able to meet its budgetary requirement e.g. Budget requirement less RSG, less NNDR share.

### **Dedicated Schools Grant**

A major ring-fenced government specific grant introduced in 2006-07, providing funding for schools and school related expenditure.

### **Earmarked Reserves**

Reserves set aside for specific purposes.

### **Local Area Agreement (LAA)**

A three year agreement that sets out the priorities of a local area in certain policy fields as agreed between central government and a local area, represented by the local authority and local strategic partnership.

### **Local Authority Business Growth Incentive (LABGI)**

A Government scheme intended to give local authorities an incentive to maximise business creation in their area, by allowing them to effectively retain a proportion of any increase in business rates above a certain level reflection average growth in recent years. Communities and Local Government (CLG) business rates above a certain level reflecting average growth in recent years. CLG calculates amounts of grant due under the LABGI scheme. In two tier areas, the resulting grant is divided between District and County Councils on the basis of a notional EPCS calculation.

### **Long Term Borrowing**

The total long term borrowing of the Council consists of loans from the Public Works Loan Board (PWLB) and market loans (sources other than PWLB).

### **Local Transport Plan(LTP)**

A rolling programme of local transport strategies for achieving an integrated transport system to tackle the problems of congestion and pollution.

### **Non-Domestic Rates (NNDR)**

The business rate poundage is the same for all non domestic rate payers and is set annually by the Government. Income from business rates goes into a central pool which is then distributed to local authorities according to the resident population.

### **Prudential Code**

Since April 2004, local authorities have not been subject to external controls for the level of capital expenditure and borrowing. The key objectives of the Prudential Code are to ensure, within a clear framework, the capital investment plans of the Council are affordable, prudent and sustainable.

### **Relative Needs Formula (RNF)**

The RNF is determined by Government and is used to calculate the amount of Formula Grant the Council receives.

### **Reserves**

Amounts set aside to meet the cost of specific future expenditure.

### **Revenue Contributions to Capital Expenditure**

The amount of capital expenditure to be financed directly from the annual revenue budget.

### **Revenue Expenditure**

Expenditure that the Council incurs on the day to day costs of providing services including salaries and wages, running expenses of premises and vehicles as well as the annual repayment of debt recharges.

### **Revenue Support Grant (RSG)**

The grant is paid only in support of expenditure up to the level of the RNF. It is part of the Formula Grant provided by Government. RSG is a general grant that is not tied to any specific expenditure.

### **Specific Grants**

Government Grants in aid of particular services i.e. Children's Services, Adult Social Care which can not be used for any other purpose.

### **Supported Borrowing**

The level of borrowing for which the Council receives financial support from the Government through the Formula Spending Share (FSS).

### **Tax Base**

Each dwelling in England has been placed in one of eight valuation bands, A to H, based on its capital value at 1<sup>st</sup> April 1991. The taxbase is expressed in terms of "equivalent Band D dwellings". Each property is weighted in relation to the Band D property which is regarded as the benchmark and has a value of 1. Band A properties, for example, are weighted by 0.67 (6/9ths) whereas Band H properties have a weighting of 2 (18/9ths).

### **Themes**

The Council has identified 6 themes in which its key proprieties have been summarised. They enable objectives to be achieved across Directorates.

### **Virement**

A transfer of an amount of budget from one heading to another.