

Glossary

EXPLANATION OF TERMS

Actual

The term is often used as an abbreviation for actual expenditure. It refers to the amount spent against a budget in a particular period.

Best Value Accounting

The Best Value Accounting Code of Practice (BVACOP). The statutory guide to financial accounting for local authorities. The code ensures that a consistent and comparable calculation of the total cost of services is provided by all local authorities.

Budget

A statement of an authority's plans for net revenue or capital expenditure over a specified period of time. The annual budget is prepared as part of the Council's Annual Strategic Financial Planning process. The Budget, once approved, provides the basis for which is used to authorising, monitoring and controlling expenditure (and income). Legally every Council must set a budget by the 11th March preceding the financial year.

Business Rates (or National Non Domestic Rates - NNDR)

These are paid on commercial, business and non-residential properties. The Government determines the level, although the Council is responsible for its billing and collection. The proceeds are pooled nationally and then redistributed amongst local authorities.

Capital Charges

These are charges attributable to the assets used by the relevant service/s such as depreciation, impairment and amortisation. These charges do not impact on the Council Tax. The negative charges are where the capital contributions and government grants deferred written off exceed the depreciation charge.

Capital Expenditure

This is expenditure that provides an asset which is capable of providing a benefit for more than one year e.g. the acquisition, construction and enhancement of buildings, land, vehicles and equipment etc. Rules and regulations govern the manner in which the Council can undertake capital expenditure e.g. prudential borrowing. All expenditure is revenue expenditure unless it can be clearly demonstrated that it is 'expenditure for capital purposes'.

Capital Financing

The raising of money to pay for the capital expenditure, for example, by borrowing, leasing, capital receipts, revenue or grants. Under the Code of Practice on Capital Accounting, individual service areas are charged for the use of their assets by means of a notional interest and depreciation charge.

Capital Programme

The capital schemes that the authority proposes to undertake over a set time; the Council has a 3 year programme for both Council Housing and General Fund services.

Capital Receipts

These are monies received from the sale of assets e.g. Council buildings and surplus land.

Contracted Services

Costs associated with services that are 'contracted out', such as the Waste and Open Spaces contract.

Council Tax

Council Tax is a tax that is set by the billing authority, and is levied on all domestic dwellings, whether houses, bungalows, flats, maisonettes, mobile homes or houseboats and either rented or owned. This is based on a value set by the Government.

Council Tax base

The Council Tax base is used to calculate how much each property will be charged to cover the total net costs of the Council and the precepting authorities. The total net expenditure is divided by the Council Tax base to give the amount to be paid by individual households. The Council Tax base is calculated in line with Government regulations.

Council tax requires that all domestic properties are placed in one of nine valuation bands. The Government has determined that the Council Tax level for each of the bands is assessed as a proportion of the tax rate for a band D property.

Each year the Council must estimate the equivalent number of Band D properties, after allowing for discounts, exemptions, losses on collection fund etc.

Council Tax - Valuation Bands

Each domestic dwelling is valued into one of eight bands according to what it might reasonably have been expected to fetch had it been sold on the open market as at 1st April 1991. The eight valuation bands for England are:-

Valuation Band	Range of Values	Relative Liability for Tax
A	Up to £40,000 (incl.)	6/9 ths
B	> £40,000 but not > £52,000	7/9 ths
C	> £52,000 but not > £68,000	8/9 ths
D	> £68,000 but not > £88,000	1 (or 9/9 ths)
E	> £88,000 but not > £120,000	11/9 ths
F	> £120,000 but not > £160,000	13/9 ths
G	> £160,000 but not > £320,000	15/9 ths
H	> £320,000	18/9 ths

(> - greater than)

Direct Staffing Costs & Back Office Support

These are the staffing and other employee-related costs associated with the running of Council services, either front-line staff directly engaged with the service, or those providing support, such as legal and accounting services.

Equality Impact Assessment

Equality impact assessment (EIA) is designed to assess the impact local government policies have on communities. It is also aimed to help to reduce negative impacts and increase positive impacts for disadvantaged people within communities that use local government services. Equality impact assessments also help to provide and generate suggestions for improvements to the delivery of local government services.

The Equality Standard for Local government (ESLG) requires local authorities to carry out equality impact assessments with regard to race, gender and disability, and ensures that legislative requirements are met.

Fees and Charges

Fees and charges are levied on a wide range of services. Discretion in pricing policy is available in some areas but some charges are fixed naturally. Income from fees and charges reduces the amount to be raised from Council Tax. Financial regulations require that all scales of charges or other levels of income shall be reviewed not less than annually.

Formula Grant

This is the grant that the Government pays to the Council in order to bridge the gap between Council Tax and total assessment of the Council's need to spend. It comprises 2 elements – Revenue Support Grant and NNDR.

Grants and Contributions

Income derived from specific Government grants, contributions from other local authorities and receipts from other external sources.

Housing Revenue Account

The Housing Revenue Account (HRA) is the Council's landlord account and is 'ring fenced' for this purpose. Income to the HRA is mostly generated by the rents and service charges paid by tenants and leaseholders, while expenditure is on the management and maintenance of the Council's housing stock, including loan charges incurred for capital works.

Housing Subsidy

Housing Revenue Account Subsidy is a Central Government grant to local authorities with council housing in order to assist them in meeting the costs of running their housing stock and for the repayment of rent rebate (housing benefit) to council housing tenants less an amount related to rent income received. In the case of Babergh District Council, this amounts to a substantial negative subsidy position which is paid to the Government. This is because the assumed rental income received by the Council exceeds the Government prescribed management and maintenance allowances.

Investment Income

Income from the investment of revenue and capital account balances.

LABGI (The Local Authority Business Growth Incentives)

It is a financial incentive scheme to encourage economic growth by allowing local authorities to retain a share of increased Non Domestic Rate (NDR) revenue. Authorities are free to spend LABGI revenues on their own local priorities.

Manpower Budget

This includes direct and "Back office" staffing and agency costs relating to General Fund Business Units and Housing Revenue. Those staffing costs directly related and charged to services are excluded from this section and are included in the services' budgets. A small proportion of staffing costs are charged to Capital schemes and rechargeable works accounts (which are funded by specific admin. Charges, e.g. for repair work).

Medium Term Financial Strategy (MTFS)

The Medium Term Financial Strategy (MTFS) is an important part of the Council's Strategic and Financial Planning Process, which aims to ensure that all revenue resources are directed towards delivery of the Council's Strategic priorities. The Strategy describes the financial direction of the Council and outlines the financial pressures over a 3 year period.

Net Cost of Service

The cost of providing a service after the deduction of income and specific grants.

Policy & Budget Framework

The framework by which the Council's Strategic priorities and financial planning process is outlined and the authority's one year delivery plan is based on.

Precepting Authority

Precepts and (request for money) are received from County Council and Town/Parish Councils, Police Authorities. The District Council collects such monies for itself and on behalf of the other authorities. Monies collected are paid into the Collection Fund. Any surplus or deficit on the Collection Fund is then shared with each Council / Authority.

Premises

Costs associated with the repair, alteration and maintenance of buildings, fixed plant and grounds; energy costs, rent, rates and water charges; fixtures and fittings; cleaning and domestic supplies.

Procurement

Procurement is the full range of activities related to purchasing goods, services and works. Procurement can range from contracting for an entire service to purchasing small assets such as office equipment. Effective procurement supports the Council's aims and objectives, in helping to deliver quality services and efficiencies which meet the current and future needs of local people and are based on value for money. The Council has a procurement strategy which details how procurement is achieved.

Reserves and Balances

These are monies that are held at the end of the year, after allowing for all the expenditure and income that has taken place. Some of these monies are earmarked for specific purposes.

Revenue Expenditure

This is expenditure on the day to day running of the authority e.g. wages and salaries, non domestic rates, heating, lighting etc.

Revenue Expenditure Funded from Capital Under Statute

This is expenditure incurring during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets. This is charged as expenditure to the relevant service revenue account in the year.

Revised Budgets

The approved Budget is amended for any changes in costs and income, and budget virements. It is an update of the anticipated out-turn for the current year and is prepared in conjunction with the Budget for the following year. The revised budget also includes approved carry forwards from previous year.

Supplies and Services

Costs associated with the provision of equipment, furniture and materials, catering, printing, stationery and general office expenses; professional fees/services; communications and computing; miscellaneous expenses; grants and subscriptions; contributions to funds and provisions.

Supporting People

The Supporting People Programme Grant has been in place since 2003 with strict guidance in place limiting use of funding to Housing Related Support. From 2010/11 will be paid as part of the Area Based Grant.

Transport

Costs associated with the provision, hire, maintenance and/or use of transport; including travelling allowances.