

Glossary of Terms

Appendix 6

Best Value – The council is a Best Value authority under the Local Government Act 1999 and is under a general Duty of Best Value which requires it to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” See also VFM.

Budget Allocation - This is the financial limit for each service unit’s budget excluding charges for support services and capital financing.

Budget Gap - The Budget Gap is the difference between the anticipated Local Government Financial Settlement (LGFS), estimated or assumed taxation increases, and the estimated increase in the cost of services including increased demands on statutory services such as social care. The Budget Gap is also referred to as the ‘savings requirement’ as it determines the level of savings needed to close the gap.

Budget Requirement - Total expenditure (after deduction of income) that the Council can finance from Revenue Support Grant, Business Rates and Council Tax.

Business Rates - Business rates (also known as National Non-Domestic Rates) are taxes to help pay for local services. They’re charged on most non-domestic properties including shops, pubs, offices

and factories. Business Rates are set nationally by government.

Business Rates Local Share - Under the Business Rates Retention Scheme, the council is able to retain 49% of the business rates income it collects, with 50% being paid over to central government and 1% to East Sussex Fire Authority.

Business Rates Tariff Payment - A payment to Government to reflect the level of business rates retained locally that is above the baseline funding level calculated by a Government funding formula.

Capital Charges & Recharges - Includes depreciation (cost of fixed assets consumed during the year) and support services charges in respect of administrative and professional services and office accommodation charged to a particular service. These charges are outside of a service unit’s budget allocation.

Capital (Investment Programme) - Spending (often called CAPEX) which produces an asset, enhances or improves an asset, or extends the useful life of an asset e.g. the cost of building a school or purchasing a vehicle.

Capital Receipts - Income received from the sale of capital assets.

Contingency - The council’s contingency budget includes provision for costs which

are likely to occur but for which the estimated cost cannot be adequately foreseen at the time of setting the budget.

Council Tax - The main source of local taxation to local authorities and is levied on households within its area by the billing authority.

Council Tax Reduction Scheme - The Council Tax Reduction scheme is a local scheme that replaced the national Council Tax Benefit on the 1st April 2013. Council Tax Reduction provides a discount on Council Tax for those on low incomes. If Council Tax payers are eligible for support their council tax bills are reduced.

Dedicated Schools Grant (DSG) - The Dedicated Schools Grant is payable to local authorities by the Department for Education. It is a ring fenced specific grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2008. It can be used for no other purpose.

Direct Revenue Funding - Resources provided from a revenue budget to finance the cost of capital projects.

Financing Costs - Capital expenditure is financed by loans, Government grants, external contributions, direct revenue funding, and capital receipts. The revenue budget bears the cost of direct revenue

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funding, together with interest and the provision for repayments of these loans.

General Fund - This is the main revenue account and fund of the council. The day-to-day transactions are conducted through this fund, other than sums to be paid into the Collection Fund or a trust fund.

General Fund Budget – the General Fund Budget is the main council budget incorporating all General Fund expenditure and income except that relating to the Housing Revenue Account and Schools (Dedicated Schools Grant).

Government Grants - Contributions by central Government towards either the revenue or capital cost of services.

Housing Revenue Account (HRA) - The Local Government and Housing Act 1989 requires each local housing authority to keep a Housing Revenue Account within its General Fund to account for income and expenditure on council housing stock.

Levies - Other public bodies may levy the council by making a demand on the council tax requirement. The two organisations that levy the city council are the Environment Agency and Sussex Inshore Fisheries and Conservation Area.

Medium Term Financial Strategy (MTFS) - This contains the council's financial projections and spending plans for future

years for both capital and revenue budgets. The current MTFS provides financial projections to 2023/24.

New Homes Bonus - A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

One-off – This term refers to any funding, resource or budget that is provided on a short-term, one-off basis. All reserves are one-off resources. The terms 'non-recurrent', 'short-term' or 'temporary' are used synonymously.

Recurrent – The term recurrent means that the funding source and associated budget is both permanent and annually recurring. The term 'ongoing' is also used synonymously. Contrast this with one-off or short-term funding and budgets.

Reserves & Provisions - Reserves are set aside to finance approved future expenditure for purposes falling outside the definition of provisions. Provisions are made for liabilities of uncertain timing or amounts.

Revenue Expenditure - The day to day spending on running and providing services e.g. salaries and wages or the running costs of a building such as heating and lighting. It also includes payments to external suppliers and providers of services.

Revenue Support Grant – RSG is a general government grant to support the General Fund expenditure.

Ringfencing - This term refers to Government controls to prevent funding being used other than for a specified service or purpose. For example, transferring funding between the Housing Revenue Account and the General Fund Budget is generally prohibited. It is also used in relation to grants which are awarded to the council on the condition that they are spent on a particular service area or project, for example, the Dedicated Schools Grant (DSG).

Savings Requirement – see Budget Gap.

Service Pressure Funding (or Re-investment) – this refers to the setting aside of budget provision for priority or demand-led services to ensure that demographic trends, legislative changes or other above-inflation cost increases (i.e. Service Pressures) are provided for in the council's budget to ensure that essential services are maintained and the council can continue to meet its statutory duties. This typically covers adult and children's social care.

Section 75 – Partnership Agreements relating to the pooling of resources can be made under Section 75 of the Health Act 2006 between the council and National

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Health Service partners. The council has in place a Section 75 agreement for the provision of adult social care services.

Targeted Budget Management (TBM) – TBM is the council's budgetary control and financial performance reporting framework. TBM reports are produced monthly for the council's Executive Leadership Team (ELT) and are regularly presented to Policy, Resources & Growth Committee for member oversight.

Taxbase – the council has two taxbases. One for Council Tax and one for Business Rates. In the case of Council Tax, the taxbase relates to the number of chargeable dwellings (e.g. houses and flats) in Bands A to H in the city. The Council Tax taxbase is often quoted as the amount that a £1 tax would generate if all properties were scaled up or down to Band D. The Business Rate taxbase is similarly the rateable value (RV) of properties eligible for business rates multiplied by the relevant nationally-set 'multiplier'.

Third Sector - A collective term for charities, voluntary and community organisations, and some social enterprises.

Transfer Payments - Payments made to individuals for which no service or goods are exchanged – examples include housing benefit payments or carers' allowances.

Unringfenced – this term is the opposite of ringfenced. In other words, unringfenced grants or funding may be used for any purpose or service.

Unsupported Borrowing – this refers to borrowing undertaken by the council at its own risk without any government funding support. As such, unsupported borrowing is normally only undertaken where a business case can demonstrate that the associated investment will benefit the council and its residents and preferably will generate cost savings to enable repayment of the loan and interest.

Workstyles – this refers to the council's programme to reduce the amount of administrative building space it requires by adopting agile and flexible working practices supported by appropriately upgraded office spaces, technology and equipment.

Value for Money (VFM) – The council's arrangements for securing economy, efficiency and effectiveness in the use of its resources. VFM is reviewed and assessed by the external auditor annually.

