

Glossary of Terms

Aggregate External Finance (AEF) – Financial support provided by central government for revenue expenditure on services that impact on the council tax. AEF comprises revenue support grant, redistributed national non-domestic rates and specific and special grants.

Budget Requirement – The estimated revenue budget on general fund services that is financed from council tax after deducting income from fees and charges, specific grants and funding from reserves.

Capital Expenditure – The Local Government and Housing Act 1989 defines ‘expenditure for capital purposes’. It includes expenditure on the acquisition of assets either by the local authority or indirectly in the form of grants to other persons or bodies.

Capital Receipts – The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within the rules set down by the government, but they cannot be used to finance revenue expenditure.

Central Allocation - one of the allocation blocks that make up formula grant. An amount allocated on a per head basis that in total represents the amount of formula grant left over after calculation of the relative needs block and the relative resources block.

Collection Fund – A statutory fund maintained by a billing authority, which is used to record local taxes and non-domestic rates collected by the authority, along with payments to precepting authorities, the national pool of non-domestic rates and its own General Fund.

Comprehensive Spending Review (CSR) – The public expenditure planning process introduced by the government in 1997 to replace the system of annual public expenditure surveys. Each CSR covers a three-year period, the last one was published in 2007.

Council Tax – The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and use by its own General Fund.

Council Tax Benefit – Assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to the authorities of council tax benefit is largely met by government grant.

Department for Communities and Local Government (DCLG) - Government department that replaced the Office of the Deputy Prime Minister (ODPM) in 2006.

Direct Revenue Financing (DRF) – Resources provided from an authority’s revenue budget to finance the cost of capital project (also known as CERA – Capital Expenditure met from Revenue Account).

Environmental Protective and Cultural Services (EPCS) – This element covers all services not included in any of the other service blocks that make up the relative needs block. It covers, inter alia, consumer protection, libraries, refuse disposal and (outside London) public transport support for buses, allotments, concessionary fares, parking, planning control and implementation and refuse collection.

External Audit – The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative

requirements and proper practices and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fees and Charges – Income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, the collection of trade refuse, etc.

Financial Regulations – A written code of procedures approved by the authority, which provides a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.

Floor Damping Block - one of the allocation blocks that make up formula grant. The Government guarantees each authority a minimum (floor) level of increase in formula grant year on year. Authorities with increases above the floor give up a proportion of their increase to pay for bringing those with increases below the floor up to the floor. Different floors are calculated for different types of authority. There is a separate floor for district councils.

Formula Grant – formula grant is the amount of support that the Government gives to Local Authorities after specific and special grants have been deducted from total aggregate external finance. It comprises revenue support grant, redistributed national non-domestic rates and police grant. Formula grant is calculated for each authority by reference to four blocks – the relative needs block; the relative resources block; the central allocation and the floor damping block.

General Fund – The main revenue fund of a billing authority. Day-to –day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

Gross Expenditure – The total cost of providing the council's services before taking into account income from government grants and fees and charges for services.

Housing Benefit – An allowance to persons on low or nil income to meet, in whole or part of their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefits and of the running costs of the service to local authorities. Benefit paid to the authority's own tenants is known as rent rebate and that paid to private sector tenants as rent allowance. See also council tax benefit.

Housing Investment Programme (HIP) - An annual detailed submission to the Department for Communities and local Government (DCLG) by Housing authorities, to enable the DCLG to assess housing needs.

Large Scale Voluntary Transfer (LSVT) - The process of transferring Council House stock from a local Authority to a Registered Social Landlord. North Norfolk District Council transferred its housing stock to North Norfolk Housing Trust in February 2006.

Local Government Finance Settlement (LGFS) – The product of the annual consultation process between central and local government which sets funding levels for local government in the following year. LGFS is announced in late November / early December following the Chancellor of the Exchequer's November statement on public expenditure.

Net Expenditure – Gross expenditure less specific service income, but before deduction of revenue support grant.

Planning Delivery Grant (PDG) - PDG is a Government grant allocated to local authorities (2003-2008) to improve the planning system and deliver sustainable communities.

Precepting Authorities – Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rate. County councils, police authorities and joint authorities are “major precepting authorities” and parish, community and town councils are “local precepting authorities”.

Preserved Right to Buy Receipts (PRTB) - Preserved Right to Buy Receipts arise following a housing stock transfer where the local Authority and the Registered Social Landlord entered into a sharing agreement whereby the proceeds from Preserved Right to Buy sales are split between them.

Prudential Code - Professional code of practice developed by CIPFA which came into effect from the 1 April 2004 to ensure Local Authorities Capital investment plans are affordable, prudent and sustainable.

Relative Needs Block – one of the allocation blocks that make up formula grant. Allocations are based on formulae that reflect the relative needs of individual authorities in providing services. It is always a positive amount.

Relative Resources Block – one of the allocation blocks that make up formula grant. It reflects the relative ability of authorities to raise revenue locally from council tax. It is always a negative amount.

Reserves - Accumulated balances built up from excess of income over expenditure or sums that have been specifically identified for a particular purpose.

Revenue Expenditure - The day to day running expenses on the services provided.

Revenue Income - Amounts receivable for such items as rents and charges for services and facilities.

Revenue Support Grant (RSG) – A grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose. The grant makes up the balance of formula grant after the deduction of re-distributed business rates and police grant.

Specific Grants – The term used to describe all government grants – including supplementary and special grants – to local authorities other than revenue support grant, capital grants and HRA subsidy. Not to be confused with specified capital grants.

Specified Capital Grants (SCG) – Certain government grants towards capital spending, for example house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCG's all relate to housing.

Supplementary Credit Approval (SCA) – An amount additional to the basic credit approval, issued by the government to allow an authority to incur capital spending which can be financed by borrowing. SCA's are usually issued on condition they be used for a specific purpose. Generally, they may only be used in the year for which they are issued.

Travel Concession Authorities (TCA) – Local authorities who provide concessionary travel scheme.

VAT Shelter - A procedure agreed by the DCLG and HM Revenues and Customs to ensure that following a housing stock transfer there is no impact on taxation. Had the Council retained the housing stock and carried out the necessary works on the properties the VAT would have been reclaimed by the Council, however the Housing Trust are unable to recover the VAT and the VAT shelter arrangement allows the VAT to be recovered and shared between the Council and NNHT.