

Glossary of Terms

AGENCY

The provision of a service by an authority on behalf of another authority which is legally responsible for providing that service. The authority providing the service in the first instance is reimbursed by the responsible authority.

BEST VALUE

A duty placed on local authorities that came into force in April 2000 with the aim of continuous improvement in the effectiveness, efficiency, economy and quality of local services.

CAPITAL RECEIPTS

Income from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

CAPITAL RESERVE

An internal reserve of the Council which is used to generate monies for financing capital expenditure thus avoiding the need to borrow externally.

COLLECTION FUND

The fund administered by each authority collecting Council Tax (district councils in shire areas). The County Council precepts on these funds to finance its net expenditure after taking into account other sources of income, e.g. Government Grants, National Non-Domestic Rate income and charges for services.

CORPORATE & DEMOCRATIC CORE

Concerns those activities and costs which allows services to be provided, whether by the authority or not, including information which is required for public accountability.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

DEBTORS

Amounts due to the Authority but unpaid at the end of the financial year.

DEFERRED CHARGES

An item in the Balance Sheet where there is no tangible asset, an example being:

Deferred revenue costs where a government department has given approval to capitalise and spread the costs over a number of years.

DISTRICT AUDITOR

An officer of the Audit Commission, a body appointed to provide an independent examination of the accounts of a local authority.

EMOLUMENTS

All sums paid to an employee, including expenses and allowances, chargeable to UK income tax and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employers or employees are excluded.

FINANCIAL REPORTING STANDARD (FRS)

A statement of common accounting practice, devised by the Accounting Standards Board (itself a division of the Financial Reporting Council), which is applicable to the majority of large organisations, both public and private sector.

GENERAL COUNTY FUND

The main revenue fund of the County Council. Precept income, National Non-Domestic Rate income and government grants are paid into the fund, from which the cost of providing services is met.

INFRASTRUCTURE

The network of roads, bridges, sewers, lighting etc., which is a pre-condition to development and prosperity.

LEASING

A method of financing the acquisition of assets, notably equipment, vehicles, plant, etc.

There are two forms of lease:

- (i) A finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.
- (ii) An operating lease involves the payment of a rental by a lessee for a period, which is normally substantially less than the useful economic life of the asset.

LONG TERM BORROWING

Loans raised to finance capital spending which have still to be repaid.

NON-OPERATIONAL ASSETS

Assets held by the Authority but not directly used for the provision of services, e.g. assets surplus to requirements, commercial properties, and assets under construction.

PRECEPTS

The income which the County Council requires from the collection funds of the district councils.

PROVISION

An amount set aside for any liabilities or losses of uncertain timing or amount that have been incurred.

PUBLIC WORKS LOAN BOARD (PWLB)

A government body from which local authorities may raise long term loans, usually at advantageous interest rates.

REVENUE SUPPORT GRANT (RSG)

Grant paid by the Government in respect of general local authority expenditure.

RECHARGE

The transfer of costs from one service account to another.

RESERVE

An amount set aside for purposes falling outside the definition of a provision.

REVENUE FUNDING OF CAPITAL

The financing of capital expenditure by a direct contribution from revenue.

REVENUE

Expenditure that the County Council incurs on the day to day running costs of its services including salaries and wages, running expenses of premises and vehicles as well as the annual payment of capital charges. The expenditure is financed from charges for services, government grants and income from Council Tax and National Non-Domestic Rates.

SERVICE LEVEL AGREEMENT (SLA)

An agreement between users and providers of support services which specifies the service to be provided and the charge to be made.

SPECIFIC GRANTS

Grants paid by the Government for a particular service, e.g. Probation, Magistrates Courts.

STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

A statement of common accounting practice, devised by the Accounting Standards Board (itself a division of the Financial Reporting Council), which is applicable to the majority of large organisations, both public and private sector. SSAP's are being progressively replaced by Financial Reporting Standards.

SSAP 24

An accounting standard that requires an entity to recognise the cost of providing pensions on a systematic and rational basis over the period of an employees service.

TRUST FUNDS

Funds administered by the County Council for such purposes as charities, prizes and specific projects.

UNAPPORTIONABLE CENTRAL OVERHEADS

Comprises costs associated with a surplus on the Local Government Pension Fund and the costs of pension enhancements under the Local Government Pension Scheme.