GLOSSARY OF TERMS

This appendix explains some uncommon terms used in this document.

Accruals
Cost of goods and services received but not paid for at the accounting date.

Actuarial gain (loss)
The changes in the pension fund’s deficits or surpluses that arise because of:
a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial valuation of the fund; or
b) The actuary changing the assumptions used in the current triennial valuation exercise from those used previously.

Agency
Where one Authority (the main Authority) pays another Authority (the agent) to do work for them.

Amortisation
The drop in value of intangible assets throughout their economic lives (the equivalent of “depreciation” on Property, Plant and Equipment).

Asset
An item which has positive value to the organisation.

Band D Equivalent
Council Tax is a tax on domestic properties. Each domestic property is placed in a ‘band’ from A to H based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D. (E.g. Band A is weighted 5/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produced the Band D Equivalent number of properties.

“Below the Line”
General Fund revenue expenditure can be roughly divided into two parts: “Above the Line” which is all of the costs of providing the services to the public; and “Below the Line” which is the capital, financing and reserve accounting adjustments required to the service expenditure in order to arrive at the Council Tax requirement.

Budget
A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business Rates (National Non-Domestic Rates – NNDR)
Businesses pay these rates to their billing authority instead of Council Tax. Business rates are pooled nationally and a share is given back to local authorities based on the number of people living in the area. The amount charged is calculated by multiplying the rateable value of each business property by the national rate in the pound which is set annually by the Government. From 1 April Government reforms have amended this process by allowing some degree of Business Rate retention.

Business Rate Retention Scheme

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From 1 April 2013 Councils will be able to keep a proportion of the business rates revenue as well as growth on the revenue that is generated in their area. It will provide a direct link between business rates growth and the amount of money councils have to spend on local people and local services.

Capital expenditure
Expenditure on the acquisition of a Non-Current Asset or which enhances the value, usage or life of an existing Non-Current Asset.

Capital charges
The cost of servicing debt and depreciation of non-current assets.

CIPFA
Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes, CIPFA specialises in the public sector.

Collection Fund Account
There is a statutory requirement for billing authorities to maintain a separate Collection Fund Account. This account details the transactions relating to the collection of Council Tax and National Non-Domestic Rates (NNDR). The Council is responsible for collecting Council Tax on behalf of Warwickshire County Council, Warwickshire Police and Crime Commissioner and the town and parish councils. The Council is also responsible for collecting NNDR on behalf of the Government.

Corporate and democratic core
Expenditure on the many services we provide to the public including the cost of member representation and activities associated with public accountability.

Council Tax
A tax charged on domestic householders dependant on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. From 1 April 2013 Councils must have a Council Tax Reduction Scheme which allows for Council Tax reductions of people, or classes of people, that are considered to be in financial need. In Warwickshire, the District and Borough Councils issue Council Tax bills and collect the Council Tax.

Council Tax Base
The total number of dwellings in a Billing Authority's area calculated by converting all the dwellings into Band D equivalents and deducting an allowance for non-collection, new builds and the Council Tax Reduction Scheme.

Current Assets
Cash or assets that or could reasonably be expected to be converted into cash within one year.

Depreciation
The fall in value of Property, Plant and Equipment. This is normally determined by division of the Balance Sheet value of the asset by its economic life.

Earmarked Reserves
Money set aside for a specific purpose.

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General Fund Expenditure
This comprises all of the Council's services funded by Revenue Support Grant and Council Tax.

Housing Revenue Account (HRA)
This is a statutory account which identifies the income and expenditure associated with the provision of housing for council tenants. The main function of the account is to isolate, or 'ring fence', all transactions relating to council housing from the rest of the Council's functions which are funded from the General Fund.

IAS19 Adjustments
International Accounting Standard 19 (IAS 19) requires an authority to recognise the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid as pensions. We can only charge the actual value of benefits paid out against Council Tax. An IAS19 adjustment is made "below the line" to account for the difference.

IFRS
International Financial Reporting Standards – standards to which we have been required to produce accounts since 1 April 2010.

Intangible Assets
Intangible Assets - are non-current assets which have no physical presence but have an economic life of more than one year. Examples are software, patents and intellectual property.

Major Repairs Reserve Account
An account required by statute to fund capital repairs and maintenance or repay debt within the HRA.

Non-Current Assets
Assets which are not easily convertible to cash or not expected to become cash within the next year. These include, for example, Property (land & buildings), Plant and Equipment and Long-term Investments

Precept
The amount each non-billing Authority (e.g. County Council, Police Authority) asks the billing Authority (this Council) to collect every year to meet their spending requirements.

Provisions
Funds set aside to meet specific liabilities the payment of which is highly likely but for which there is no definite date of payment.

Prudential Code
A statutory code of practice for Local Authority capital finance that ensures:
- Capital expenditure plans are affordable;
- All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good practice.

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Rateable Value (RV)
A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Inland Revenue's Valuation Office Agency.

Reserves
These are amounts set aside for future policy purposes or to cover contingencies. . When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year.

REFCUS (previously known as Deferred Charges)
This stands for Revenue Expenditure Financed from Capital Under Statute which is expenditure which may be deferred, but which does not result in, or remain matched with, assets controlled by the Council.

Revenue Expenditure
The day to day running expenses incurred by the Council in providing its services.

Support Services
The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.