

Draft Budget Digest 2015/16

Glossary

Please note that budget digest references on the service information and agreed savings documents refer to the individual services IDs on the budget digest pages.

A

ASC Adult Social Care – is the service currently provided by Torbay and Southern Devon NHS and Social Care Trust. The management of this service is governed by the Annual Strategic Agreement (ASA) approved annually by Council.

ATL **Above the Line** refers to the direct cost of a Service, which will include for example employees' basic pay, employers national insurance and pension contributions, supplies and services, and income from fees, charges and grants.

ATL does not include internal recharging from support services, these charges are referred to as being BTL (below the line), for example internal recharges to a Service from Human Resources for running a payroll system.

ATL and BTL charges together make up the Total Cost of the service.

The Council's budget is allocated to Services on an ATL basis. This digest does not show the internal BTL reallocation of support service costs.

Note for ring fenced services support service charges are ATL.

B

BTL **Below the Line** transactions are where a support service (e.g Human Resources) recharge a direct service (e.g. Highways) the cost of providing the service for example providing a payroll service for the employees in Highways.

BTL can also be for BTL capital recharges. BTL capital recharges are those not chargeable to Council Tax such as depreciation and impairment. Note: The Revenue Budget is charged an 'above the line' MRP charge for assets funded from borrowing.

ATL and BTL charges together make up the Total Cost of the service which is used for statutory reporting.

The Council's budget is allocated to Services on an ATL basis. This digest does not show the internal BTL reallocation of support service costs.

Borrowing

Councils borrow to fund Capital expenditure or for temporary cash flow requirements. The majority of Council borrowing will be from Central Government by means of the Public Works Loans Board. Council's are free to use other borrowing options provided they are within the Council's treasury management arrangements.

Brixham Town Council

The Town Council as a local precepting body will issue a precept to Torbay Council to collect Council Tax from residents in its area. This precept will form part of Torbay Council's budget requirement.

C

Capital Expenditure

Payments made for the acquisition, provision or improvement of assets, which will be of a long-term value to the Council, e.g., land and buildings. These costs are not included in the Revenue Budget but in the Capital Plan. Revenue contribution to fund capital projects maybe budgeted for in the revenue budget.

Capital Receipts

Money received from the sale of assets or the repayment of grants and loans which is available for financing future capital expenditure. These items are not included in the Revenue Budget but in the Capital Plan.

CIPFA

The Chartered Institute of Public Finance and Accountancy – the accounting institute that helps regulate and support accountants in the public sector.

Collection Fund

As a billing authority the Council is required to account for transactions associated with the collection of NNDR and Council tax such as bills raises and income collected separately.

D

Depreciation

Amounts set aside from the revenue account which represent the wearing out, consumption or loss of value of a fixed asset spread over the useful life of the asset. These costs are not funded by Council Tax and are therefore treated as a 'below the line' charge.

Direct Employee Cost

Direct employee cost follows the CIPFA definition which includes the following:-

- Basic Pay
- Employers National Insurance, Superannuation Contribution
- Agency Staff

Within this budget digest indirect employee costs e.g. training are including in supplies and services.

F

Fees, Charges & Sales

For this budget digest 'Fees, Charges and Sales' primarily includes any income that is not a:-

- Central government grants
- Contribution from a Reserve

G

Grant Income

For this budget digest this category primarily includes grants from central government.

I

Impairment

Impairment is a reduction in the value of a fixed asset, below its balance sheet value. This cost is not funded by Council Tax and therefore treated as a 'below the line' charge.

Investment Properties

Land and buildings held only for the income stream or for capital appreciation. The income stream will be included in the Council's Revenue Budget but any capital appreciation on sale will be a capital receipt and be part of the Capital Plan

M

MRP - Minimum Revenue Provision

The Minimum Revenue Provision is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for repayment of debt, as required by the Local Government Act 2003. For assets funded from unsupported borrowing this must be a "prudent" amount.

N

New Homes Bonus Grant

A general grant from 2012/13 that is linked to the growth in the number of properties available for occupation either from a new home or an empty home brought back into use.

NNDR

National Non Domestic Rates, a national tax collected on a local level formally known as business rates.

NNDR Retention Scheme

2013/14 was the first year of the new funding system for Councils – the NNDR Retention system. This change moves Councils away from central government funding based on a service "needs" basis to one linked more to economic growth. The Council retains a 49% share of any increase or decrease in NNDR income.

P

PFI - Private Finance Initiative

PFI is a method of using private investment to fund public sector schemes often supported by central government. The private sector typically builds an asset such as a school and then charges the Council over a period of typically 25 years to use and pay for the asset.

Precept

A statutory request made by one statutory body on another to meet the net cost of its services.

Precepting Body

The statutory body that makes a "precept" on a Council that is responsible for collecting Council Tax in an area. Town and parish Councils are classified

as a Minor Precepting body which means they precept their tax requirement on the Council who then include that amount in their precept.

Premises Costs

This group includes expenses directly related to the running of premises and land e.g, rates, rent and energy costs

Provisions

amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g., bad debts.

R

Reserves

Reserves are funds set aside for a particular purpose for example:-

- To smooth a regular cost that happens in the future e.g. elections. Rather than the cost being a pressure in the year the election happens, contributions are made from the revenue budget to the reserve over a 4 year period. In the 5th year the funds are taken from the reserve and brought into the revenue account as a contribution to fund the cost of the election.
- A general reserve where contributions are made from the revenue budget to the reserve to funded unforeseen occurrences.
- To set aside funds to meet capital expenditure on new capital projects.

A Reserve balance can only be used to fund 'one-off expenditure' in the Revenue Budget. Reserves can be classified as useable or unuseable – please see entries below.

Revenue Expenditure

Expenditure on day-to-day expenses consisting mainly of employee costs, the running expenses of buildings and equipment and capital financing costs.

Revenue Support Grant

A General Government Grant funded from national taxation to support the Council's net expenditure.

Ring Fenced

Description of a service and its source of funding where, usually, the funding is restricted to that service. This restriction can be from central government (e.g Public Health funding or Dedicated Schools Grant) or a local decision (e.g. Harbours or printing).

S

Supplies and Services

For this budget digest this category includes all expenditure that is not:-

- Employee Direct costs
- Premises related costs
- Contributions to reserves

Expenditure in this category would include payments to external bodies including providers and contractors.

T

Total Cost

The actual cost of services reflects all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

U

Unsupported (or Prudential) Borrowing

Any borrowing the Council undertakes that is above and beyond the level of Supported Borrowing which the Government helps to fund and which therefore the Council has to fund completely from its own resources.

Usable Reserves

A reserve held by the Council that can be used for supporting service delivery including capital expenditure in the future.

Unusable Reserves

A reserve held by the Council that can not be used for supporting services. These tend to be the result of accounting entries not funded by Council Tax such as those that reflect previous capital financing, asset revaluations and the pension reserve.

V

VRP – Voluntary Revenue Provision –

VRP is an additional sum that a Council can make to be set aside as provision for the future repayment of debt.