

GLOSSARY OF TERMS

Budget requirement	This is the amount each authority estimates as its planned spending, after deducting any funding from reserves and any income it expects to raise (other than from the Council Tax and general funding from the Government i.e. Formula Grant and sometimes in the past, certain special grants). The budget requirement is set before the beginning of the financial year.
Business Rates	These rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services. Business rates are paid into a central pool. The pool is then divided between all authorities.
Capital Assets	Land, buildings and other assets whose benefit to the authority exceeds one year.
Capital Charges	A calculation of the annual costs (included within the revenue accounts) of using capital assets. This includes asset rentals and, where appropriate, depreciation charges.
Capital Expenditure	Expenditure on Capital Assets.
Capital Receipts	Receipts from the sale of Capital Assets.
Capping	When the Government limits an authority's budget requirement, and hence the council tax it sets
Collection Fund	The fund operated by the Council which receives all income from the Council Tax, Community Charge, Business Rates and Government Grant and from which the County, Police and Borough precepts are paid.
Council Tax	The Council Tax is charged on all domestic properties in the Borough and will vary according to which Band the property has been placed in. Discounts will be applied to the charge if there are less than two liable adults living in the property.
Council Tax Base	The Council Tax base of an area is equal to the number of band D equivalent properties. To work this out, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties, because it pays twice as much tax. The amount of revenue which could be raised by Council Tax in an area is calculated allowing for discounts and exemptions but, for the purpose of the Formula Grant calculation, assuming that everyone pays. rt
Damping	'Damping' is sometimes used to describe the way limits are applied to the effect on grant funding of changes to the distribution formulae or data used. Minimum increases, floors, on Formula Grant changes from one year to the next are now the major damping mechanism.

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Direct Service Organisation (D.S.O.)	Government regulations require that local authorities may only undertake certain activities if they have been subject to competitive tendering. If the in-house team wins the tender, they form a D.S.O. for which separate trading accounts must be kept.
Distributable Amount	This is the estimated total amount in the business rate pool that is available to be distributed to local authorities. The business rates are collected by local authorities and paid into a national pool and then redistributed to all authorities.
Floor damping	A method by which stability in funding is protected through limiting the effect of wide variations in grant increase. A floor guarantees a fixed level of increase in grant. The grant increases of authorities who receive more than the floor are scaled back by a fixed proportion to help pay for the floor.
Formula Grant	The amount paid by the Government in support of the Council's annual budget requirement. It comprises Revenue Support Grant and redistributed Business Rates.
General Fund	The fund to which all the Council's revenue expenditure is charged. The Housing Revenue Account is a "ring fenced" part of the General Fund. Net expenditure on the General Fund is met from the Council Tax and the Government's Formula Grant .
Housing Revenue Account (HRA)	A statutory account which deals with matters relating to Council Housing, the cost of which is borne by the tenants and Government subsidy.
Investment Income	Income from interest receipts on investments held by the Council. The level of investment income is proportional to the level of reserves held and prevailing interest rates.
Local Government Finance Settlement	The Local Government Finance Settlement is the annual determination of formula grant distribution as made by the Government and debated by Parliament. It includes: <ul style="list-style-type: none">• the totals of formula grant;• how that grant will be distributed between local authorities;• the support given to certain other local government bodies.
National Non Domestic Rates (NNDR)	See Business Rates .
Precept	The annual demand made on Runnymede as billing Authority by Surrey County Council and the Surrey Police Authority.
Rate Pounding (Business Rates only)	Also known as the Multiplier . This is the amount that is determined each year by the Government which, when multiplied by the rateable value, establishes how much is levied on each business property. The Local Government Finance Act 1988 restricts the annual increase in the multiplier to the movement in the retail prices index.

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Relative Needs Formulae	These are the first stage in the calculation the Government uses to distribute formula grant.
Reserves	These are balances in hand that have accumulated over previous years and are held for defined purposes. The level and purpose of the reserves that are held are regularly reviewed by the Council.
Revenue	Income and expenditure relating to the day to day running costs of the Authority.
Revenue Support Grant (RSG)	A Government grant which can be used to finance revenue expenditure on any service. The total amount is set out in Section 2 of the Local Government Finance Report.
Ring-fenced grant	A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be spent.
Tax Base (Council Tax only)	See Council Tax Base .