

# ANNEX G

## Glossary of terms and acronyms

*Cross references to other terms are shown in **bold**.*

**Accruals basis** – an accounting concept which requires that income and expenditure are accrued (i.e. recognised as they are earned or incurred, not as they are received or paid). Under this concept therefore inclusion or exclusion of an item of income or expenditure will depend on the period to which it relates, not the period in which it was received or performed.

**ACC Adjusted Credit Ceiling** – a modified form of credit ceiling, a measure of an authority’s net indebtedness relating to capital transactions, which was used until 31 March 2004 solely for the purpose of calculating the **Minimum Revenue Provision**.

**AEF Aggregate external finance** – central government revenue funding. It comprises **RSG, NNDR** (in the case of net AEF) and also includes certain **specific grants** (in the case of gross AEF). (See section 2.4.1)

**Amortisation** – the loss in value of an intangible asset due to its use by the company is accounted for by means of amortisation. Amortisation is a so-called “non-cash” charge insofar as it merely reflects accounting assessments of the loss in value.

**ACG Annual Capital Guidelines** – issued until 31 March 2004 by the government in respect of the main groups of services. Historically, a broad indication of the level at which the government considers an authority needs to spend on capital in the financial year. More recently, the element of an authority’s **BCA** allocated on a service-related basis. (See section 4.5.3)

**Appropriations to/from reserves** – these are respectively, the movement of monies into **reserves** from the **GFRA**, or out of **reserves** to the **GFRA**.

**BCA Basic Credit Approval** – until 31 March 2004 the government’s calculation for each local authority of the amount of **capital expenditure** it need not charge to a revenue account (i.e. that it may finance from borrowing or other forms of credit). It was calculated as follows: **Annual Capital Guidelines** minus proportion of **capital receipts**. A Basic Credit Approval was issued in advance of the year in question and **Supplementary Credit Approvals** could be issued later. (See section 4.5.1)

**BVACOP Best Value Accounting Code of Practice** – prepared and published by **CIPFA** with the aim of modernising the system of local authority accounts and reporting. Provides standard service and subjective analyses of local government expenditure and income, and standard costing definitions. **(See section 1.7.1)**

**Billing authority** – a local authority empowered to set and collect **council taxes**, and manage the **Collection Fund**, on behalf of itself and local authorities in its area. In England, shire and metropolitan districts, the Council of the Isles of Scilly, unitary authorities, London Boroughs and the City of London are billing authorities. **(See section 1.6.3)**

**Budget requirement** – an amount calculated, in advance of each year, by each **billing authority**, by each **major precepting authority** and by each **local precepting authority**. It is broadly the authority's estimated net **revenue expenditure** allowing for movement in reserves. It is, therefore, the estimate of the amount to be met from **Formula Grant**, **GLA** general grant and from **council tax** income. **(See section 3.2.1)**

**BR Budget requirement return** – a form seeking information on the calculation of each local authority's **budget requirement** and **council tax**.

**Business rates** – see **NNDR**. **(See section 2.3.8)**

**Capital charges** – charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

**CER Capital estimates return** – a form seeking local authority forecasts of **capital expenditure** (and **receipts**) and how they plan to finance it.

**Capital expenditure** – expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain the value of existing fixed assets. **(See section 4.1)** This standard accounting definition is modified in local government by regulations and directions made under Local Government Act 2003.

**CERA Capital expenditure charged to revenue account** – a method of financing **capital expenditure** where the expenditure is financed direct from revenue account in the year it is incurred **(See section 4.4.1)**.

**CIPFA Chartered Institute of Public Finance and Accountancy** – the leading professional accountancy body for public services, whether in the public or private sectors

**COR Capital outturn return** – a form seeking detailed final outturn about **capital expenditure** (and **receipts**) and how it has been financed.

**CPR4 Capital payments & receipts return 4** – a form seeking provisional estimates of **capital expenditure** (and **receipts**) and how it has been financed.

**Capital receipts** – income from the sale of capital assets. Such income may only be used for purposes authorised by regulations under Local Government Act 2003, for example to repay loan debt and to finance new **capital expenditure**. **(See section 4.6.1)**

**Capitalised current expenditure** – expenditure which would normally score as **current expenditure** but which a local authority has been allowed to capitalise by a direction issued by the Secretary of State (eg redundancy payments).

**Capping** – when the government limits a local authority's **budget requirement** and hence its **council tax**.

**Cash basis** – an accounting convention in which transactions are recorded in the period in which payment is made or received as opposed to the period in which the transaction took place (**accruals basis**). **Capital expenditure** and **capital receipts** were, for many years, recorded on a cash basis but local authorities now account for them on an **accruals basis**.

**Central support protection grant** – paid for 1999-2000 and 2000-01 to provide minimum increases in the level of central government support (principally **RSG** plus redistributed **NNDR**). It ensured that authorities with education and social service responsibilities received at least a 1.5% increase in support and that other authorities did not experience a year-on-year fall in support. From 2001-02 damping of grant changes for authorities is provided via the floor mechanism.

**City of London offset** – an amount of **redistributed business rates** that the City of London is permitted to retain due to its unique circumstances.

**Collection fund** – the fund administered by a **billing authority** (from 1 April 1993) into which **council taxes** are paid, and from which payments were made to the general fund of **billing and major precepting authorities**. **NNDR** collected by a billing authority is also paid into the fund before being passed on to central government for distribution to local authorities (**see section 2.3.1**). Under the **community charge** system, **billing authorities** were known as charging authorities, and community charges, **RSG**, **NNDR** entitlements and special grants were all paid into their collection fund.

**Community assets** – are assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal, for example parks and historic buildings.

**Community charge** – the local domestic charge that was in operation between 1 April 1990 and 31 March 1993. Also known as the 'poll tax'.

**Council tax** – a local charge (or charges) set by the **billing authority** in order to collect sufficient revenue to meet their demand on the **collection fund** and the precepts issued by the precepting authorities. It replaced the **community charge** on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline. (**See section 2.2.1**)

**CTB1 Council tax base return** – a form seeking information on the calculation of the council tax base for **revenue support grant** purposes for each **billing authority**.

**Council tax benefit** – an income related social security benefit designed to help people on low income pay their **council tax**. Council tax benefit replaced community charge benefit on 1 April 1993. (See section 2.2.7)

**CTBSL Council tax benefit subsidy limitation** – a scheme designed to limit the amount of **council tax benefit** subsidy paid to local authorities if they made increases in **council tax** above a guideline set annually by the government. Not operated from 2002-03.

**Council tax requirement** – for billing and local precepting authorities this is the amount calculated under section 97(1) of the 1988 Act to be transferred from the **Collection fund** to the General Fund (except where the amount calculated is negative, in which case it is the amount to be transferred from the General Fund to the **Collection fund**).

**Council tax transitional reduction scheme** – this scheme limited the increase in a household's bill as a result of the change from **community charge** to **council tax** to a fixed amount for each band. Relief was withdrawn at a fixed rate in 1994-95 and 1995-96. There was no further relief from 1996-97.

**Credit approvals** – until 31 March 2004 authorisations given by the Government to local authorities that enable them to finance **capital expenditure** by borrowing or by other **credit arrangements**, such as finance leasing.

**Credit arrangements** – forms of credit that do not involve the borrowing of money by a local authority (eg finance leases).

**Credit ceiling** – until 31 March 2004 the difference between an authority's total liabilities in respect of **capital expenditure** financed by credit and the provision made to meet them.

**Credit cover** – until 31 March 2004 resources which need to be found to meet the initial cost of a credit arrangement (eg the capital value of payments made under a lease). Credit cover could be provided by setting aside as **PCL** usable **capital receipts** or an amount from revenue or by using a **credit approval**.

**Current expenditure** – a general term for the direct running costs of local authority services including employee costs and running expenses but excluding debt charges. Particular definitions include **net current expenditure**. (See section 3.1.1)

**DSG Dedicated Schools Grant** – there was a change in the funding of **specific and formula grants** in 2006-07 largely due to changes in the way that expenditure on schools is funded. From 2006-07, local authorities receive Dedicated Schools Grant (DSG) as within specific grant rather than funding previously included in formula grant

**Deferred capital receipts** – these represent amounts derived from the sale of assets, which will be received in installments over agreed periods of time. They arise mainly from mortgages on the sale of council houses and form the main part of mortgages.

**Deferred charges** – these represent expenditure of a capital nature where no fixed asset is created but which may properly be financed over a period of years, for example renovation grants.

**Demand on the collection fund** – after 1 April 1993, represents the amount calculated by a **billing authority** or **precepting authority** to be transferable from the billing authority's **collection fund** to its general fund. Between 1 April 1990 and 31 March 1993, represented the amount required from the **collection fund** by a charging authority in order to finance its own expenditure, and funded by **RSG**, **NNDR** and **community charges**.

**Depreciation** – Depreciation is the accounting recognition of the loss in value of a tangible fixed asset due to its use or its holding/ownership by the company. It thus covers two different phenomena: wear due to the use of a product (machines, fittings, cars, vehicles, buildings, etc.) and obsolescence, due to technological advances in the industry. Depreciation is a so-called “non-cash” charge insofar as it merely reflects accounting assessments of the loss in value.

**DLO Direct labour organisation** – an organisation, which consists of workers directly employed by a local authority to carry out construction and/or maintenance work.

**DSO Direct service organisation** – an organisation which consists of workers directly employed by a local authority to carry out work formerly specified under the Local Government Act 1988.

**Distributable amount** – the amount of centrally-collected **NNDR** that is estimated to be available to be distributed to local authorities. **(See section 2.3.8)**

**Earmarked reserves – reserves** held by an authority which are to be used for specified purposes.

**EPCS Environmental, protective and cultural services** – one of the main blocks of local authority spending, which has its own relative needs formulae under the **RSG** system. The formulae are based on resident population and modified for sparsity, density, deprivation and for higher wage cost areas.

**Fees and charges** – see **sales, fees and charges**.

**FRS17 Financial Reporting Standard 17**– From 2003-04 local authorities' final accounts were required to comply in full with Financial Reporting Standard 17 (FRS17) on retirement benefits. This requires future liabilities for retirement benefits to be recognised in the accounts for all the main categories of local government employees (other than teachers).

**Fixed assets** – assets that yield benefits to the local authority and the services it provides for a period of more than one year. **(See section 5.1.1)**

**Formula Grant** – the main channel of government funding. This includes **Redistributed business rates**, **RSG** and Police Grant. The distribution is determined by the **FSS** formulae, also taking account of authorities' relative ability to raise **council tax** and the floor damping mechanism. There are no restrictions on what local government can spend it on.

**FSS Formula spending shares** – are a nominal measure of the relative cost of service provision, used for the distribution of grant from 2003-04. FSS replaces **SSA**.  
(See section 2.4.3)

**FTSE all share index** – is a series used to represent the performance of over 900 companies resident and domiciled in the United Kingdom. The prices used in the calculation of these indices are exact mid prices taken at the close of business each day.

**GDP deflator** – the GDP implied deflator is a measure of general inflation in the domestic economy. It reflects the movements of hundreds of different price indicators (especially of wages and profits) for the individual components of **GDP**.  
(See section 3.2.1)

**Gearing** – a measure of the impact on council taxes of increasing budgets. This varies widely between local authorities. An authority that meets 25% of its **budget** through **council tax** is said to have a gearing of 4.0. Therefore, a 1% increase in budget would lead to a 4% increase in council tax. (See section 2.2.3)

**GFRA General Fund revenue account** – the General Fund is the fund within which, since April 1990, most transactions of a local authority take place. Other funds held by a local authority may include a **collection fund**, superannuation fund and trust funds held for charitable purposes. The General Fund revenue account holds the revenue transactions of the General Fund.(See section 1.6.5)

**Golden rule** – this is a fiscal rule which states that, on average over the economic cycle, the Government should borrow only to invest and not to fund current expenditure. So to accord with this rule, the average surplus on current budget over the cycle should be positive. (See section 1.5.6)

**GLA Greater London Authority** – a strategic authority for London, created on 1 July 2000.

**GDP Gross domestic product** – is a measure of the total domestic economic activity. It is the sum of all incomes earned by the production of goods and services on UK economic territory, wherever the earner of the income may reside. GDP is equivalent to the value added to the economy by this activity. Value added can be defined as income less intermediate costs. Therefore growth in GDP reflects both growth in the economy and price changes (inflation).

**Gross expenditure** – see **total gross expenditure**

**Gross revenue expenditure** – is derived from **net current expenditure** by adding on net capital charges, **CERA**, gross expenditure on **council tax benefit**, and other non-current items. It is net of expenditure met by **sales, fees and charges** and interest receipts.

**Gross total cost** – includes all expenditure relating to a service/activity, including employee costs, expenditure costs, expenditure relating to premises and transport, supply and services, third party payments, transfer payments, support services and **capital charges**. Specifically it includes **capital charges** calculated in accordance with existing capital accounts guidance, but with certain aspects changed.

**Hereditament** – property which is or may become liable to **NNDR**, and thus appears on the rating list, compiled and maintained by the Valuation Office Agency of HM Revenue and Customs. **(See section 2.3.2)**

**Housing benefit** – financial help given to local authority or private tenants whose income falls below prescribed amounts. Central government finances about 95% of the cost of benefits to non-HRA tenants ('rent allowances') and the whole of the cost of benefits to HRA tenants. Some local authorities operate 'local schemes' whereby they finance allowances in excess of the standard payments.

**HRA** **Housing revenue account** – a local authority statutory account, within the general fund, covering current income and expenditure on its housing services relating to its own housing stock. **(See section 3.8)**

**Hypothecated grants** – see **ring fenced grants**.

**Impairment** – this is where the value of an asset falls below the carrying (or book) value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

**Intangible asset** – this is a non-physical fixed asset. Intangible fixed assets include patents, brands, etc.

**Joint arrangements** – refers to the transfer of money between one local authority and another, as distinct from joint arrangements between local authorities and health authorities, fishery boards or any outside bodies. This includes situations where two or more authorities jointly finance an enterprise, or where one authority carries out work on behalf of another.

**LSVT** **Large and Small scale voluntary transfer** – transfer of council housing stock to Registered Social Landlords.

**Levy** – a payment that a local authority is required to make to a particular body (a levying body). Levying bodies include national parks authorities and passenger transport authorities.

**Local precepting authority** – parish councils, chairmen of parish meetings, charter trustees and the treasurers of the Inner and Middle Temples. These local authorities make a **precept** on the **billing authority's** general fund.

**Major precepting authority** – county councils, police authorities, metropolitan county fire and civil defence authorities, combined fire and rescue authorities and the **GLA**. These local authorities make a **precept** on the **billing authority's collection fund**.

**MRP** **Minimum revenue provision** – the minimum amount which must be charged to a revenue account each year and set aside as provision for repaying borrowing and meeting other credit liabilities.

**NNDR** **National non-domestic rates** – are a means by which local businesses contribute to the cost of local authority services. They are also known as **business rates**. On 1 April 1990 the rating of non-domestic (mainly commercial and industrial)

properties was substantially reformed. Before 1990-91, rate poundages were set individually by local authorities and varied from authority to authority. Since 1 April 1990, a single national poundage has been set by the Government.

**National non-domestic rates multiplier** – the factor by which a **hereditament's** rateable value is multiplied in order to calculate the gross rates due on it before deductions.

**NCE Net current expenditure** – is, essentially, spending on services. It is defined as expenditure on employees and running expenses net of **sales, fees and charges**, internal recharges, other non-grant income (such as receipts from other authorities), but gross of expenditure funded by **specific grants** and interest receipts.

**NRE Net revenue expenditure** – is derived from revenue expenditure by deducting expenditure funded by specific grants inside **AEF**. It also represents spending other than the use of reserves, to be funded by the **budget requirement**.  
(See section 3.1.3)

**Net total cost** – is **gross total cost** less income including **sales, fees and charges** and all **specific grants** (i.e. all grants except **general grants**).

**Net total cost excluding specific grants** – is **gross total cost** less income other than **specific grants**. This is equivalent to **net current expenditure** plus **capital charges**.

**NDPB Non-departmental public bodies** – an organisation that is not a government department but which has a role in the processes of national government, these include organisations such as the Sports Council, English Heritage and Natural England.

**Non-operational assets** – are **fixed assets** held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

**ONS Office for National Statistics** – is the government agency responsible for compiling, analysing and disseminating many of the United Kingdom's economic, social and demographic statistics including the **Retail Price Index**, trade figures and labour market data as well as the periodic census of the population and health statistics.

**Operational assets** – are **fixed assets** held and occupied, used or consumed by a local authority in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

**Pension funds** – for the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of the employee. The Local Government Pension Scheme consists of 81 pension funds that provide pensions for most local government workers in England, excluding teachers, police and firefighters. (See section 7.1.1)

**Precept** – the amount of money (**council tax**) that a **local** or **major precepting authority** has instructed the **billing authority** to collect and pay over to it in order to finance its net expenditure, i.e. **budget requirement** less income from **NDR** and **RSG**.

**PFI** **Private finance initiative** – started in 1997-98, PFI offers a form of **PPP** in which local authorities do not buy assets but rather pay for the use of assets held by the private sector. (See section 4.7.2)

**Procurement** – expenditure on goods and services

**PCL** **Provision for credit liabilities** – until 31 March 2004 amounts set aside from revenue or **capital receipts** to repay loans and credit arrangements. (See section 4.4.1)

**Provisions** – sums set aside to meet any liabilities or losses in respect of a past event which are likely or certain to be incurred, but uncertain as to the amounts or dates on which they will arise.

**Prudential capital finance system** – this is the informal name for the system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003. It allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources. (See section 4.0.4)

**The Prudential Code** – a professional code of practice prepared by **CIPFA**, for the prudential system introduced on 1 April 2004 (see **Prudential capital finance system**). Local authorities are required by legislation to have regard to the Code.

**PPP** **Public-private partnership** – a joint venture where the private sector partner agrees to provide a service to a public sector organisation. The **PFI** is one form of a PPP.

**Public sector net borrowing** – a concept based on internationally agreed definitions. It measures the change in the public sector's accruing net financial indebtedness. It is an accrual concept, whereas the closely related net cash requirement is almost entirely a cash measure. It is the government's preferred measure of the short term impact of fiscal policy. (See section 1.5.9)

**Public sector net debt** – this consists of the public sector's financial liability at face value minus its liquid assets, mainly foreign exchange reserves and bank deposits. (See section 1.5.6)

**PWLB** **Public Works Loan Board** – a body, now part of the Debt Management Office (a government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury. (See section 5.2.1)

**QRC** **Quarterly return of council taxes and non-domestic rates**

**RTIA Receipts taken into account** – central government’s assessment of local authorities relative abilities to finance **capital expenditure** from their **usable capital receipts**. Discontinued from 2003-04. **(See Basic Credit Approval)**

**Recharges** – the collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

**Redistributed non-domestic rates – non-domestic rates** which, having been paid into the non-domestic rating pool, are redistributed between local authorities on the basis of population, as part of **Formula Grant**. **(See NNDR and sections 2.3.7 and 2.4)**

**Regions** – this refers to the nine government office regions. See **Annex A1** for list and maps.

**Reserves** – sums held to finance future spending for purposes falling outside the definition of a **provision**. Reserves held for stated purposes are known as **earmarked reserves**. The remainder is **unallocated reserves**. **(See section 3.6.1)**

**RPI Retail price index** – is the main domestic measure of inflation in the UK. It measures the average change in the prices of goods and services purchased by most households in the UK.

**RA Revenue accounts budget estimates return – General Fund Revenue Accounts** return for budget estimates.

**RG Revenue accounts budget estimates return: income from specific and special grants – General Fund Revenue Accounts** return for budget estimates of income from **specific grants** and **special grants**.

**Revenue expenditure** – in a general sense, expenditure on recurring items including the running of services and capital financing. A particular definition of revenue expenditure is that derived from **gross revenue expenditure** by deducting spending met by grants outside **AEF** (including rent allowance grant, mandatory student awards grant and council tax benefit grant). **(See section 3.1.2)**

**RO Revenue Outturn Returns** – suite of forms gathering outturn figures for the **General Fund Revenue Account** consisting of the RS, RG, RO1 to RO6, **TSR** and **SAR**.

**RSG Revenue Support Grant** – a general grant which replaced rate support grant in 1990-91. Now it is distributed as part of **Formula Grant**.

**Ring-fenced grants** – these grants fund particular services or initiatives considered a national priority, and must be spent on a particular service.

**Sales, fees and charges** – charges made to the public for a variety of services such as the provision of school meals, meals-on-wheels, letting of school halls and the hire of sporting facilities, library fines and planning application fees. **(See section 2.5.1)**

**Settlement** – the Local Government Finance Settlement is the annual determination made in a Local Government Finance Report by affirmative resolution of the House of Commons in respect of the following year of: the amount of Revenue Support Grant and Non Domestic Rates to be distributed to local authorities; how that support will be distributed; and the support for certain other local government bodies.

**Small business rate relief** – The scheme offers rate relief at 50% to eligible properties up to £5,000 rateable value, with relief decreasing at the rate of around 1 per cent per £100 of rateable value up to 0% at £10,000. Eligible properties with rateable values between £10,001 and £14,999 (£21,499 in Greater London) do not have to contribute to the cost of the rate relief scheme.

**Specific formula grants** – these are distributed outside the main formula, but do not have to be spent on a specific service, for example the Neighbourhood Renewal Fund.

**Specific grants** – these are grants paid by various government departments outside the main formula. They include **ring-fenced grants** and **specific formula grants**.

**Specified body** – this is the term used for bodies (such as the Local Government Improvement and Development Agency and the National Youth Agency) that are directly funded from **RSG**, and that centrally provide services for local government as a whole.

**SORP Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice** – prepared by a joint committee of **CIPFA** and the Local Authority (Scotland) Accounts Advisory Committee. The Code gives a comprehensive statement of the accounting concepts, accounting policies and estimation techniques to be followed by local authorities, and also sets out the format of the accounting statements. **(See section 1.7.1)**

**SSA Standard spending assessment** – provided a basis for distributing grant until 2002-03 inclusive. It was calculated using information reflecting the demographic, physical and social characteristics of each area. **SSAs** were replaced by **FSSs** from 2003-04.

**SAR Subjective analysis return** – since 1998-99 a sample of local authorities have completed this return (120 up to 2004-05 and 143 from 2005-06). This shows how net current expenditure is broken down between pay and the procurement of goods and services. Pay is analysed to show the major pay negotiating groups. Procurement of goods and services is analysed to show goods and services purchased directly and services provided by external contractors (private contractors and voluntary organisations) or internal **trading services** (eg **DLOs** and **DSOs**). **(See section 3.4.2)**

**SCA Supplementary credit approval** – authorisation which used to be given by central government to a local authority not to charge a specified amount **of capital expenditure** to any revenue account (i.e. finance it from borrowing or other forms of credit) in addition to what has already been authorised by its **BCA**. From 1 April 2004 credit approvals have been replaced by **Supported Capital Expenditure** (Revenue) or **SCE(R)**. **(See section 4.4.2/4.5.1)**

**SCE Supported Capital Expenditure** – the term for most forms of central government support for local authority **capital expenditure** from 1 April 2004. Supported Capital Expenditure (Revenue) – SCE(R) – is the amount of expenditure towards which revenue grant support will be paid to a local authority on the cost of its borrowing. The revenue grant support is provided to help authorities with the costs of financing loans. Supported Capital Expenditure (Capital) – SCE(C) – is the term used for capital grants. **(See section 4.5.2)**

**Surplus on current budget** – this is the net saving plus capital taxes. It represents the balance of revenue over **current expenditure**, whereas net borrowing measures the overall budget deficit i.e. the balance of receipts over expenditure, both current and capital. The surplus on current budget therefore represents the surplus available for investment.

**Sustainable investment rule** – this is a fiscal rule which requires that public sector net debt, as a proportion of **Gross Domestic Product (GDP)** will be held, over the economic cycle, at a stable and prudent level. **(See section 1.5.11)**

**Tangible fixed asset** – this is defined as a physical fixed asset and includes land, buildings, plant and machinery. These are held for use for by the authority for a period over more than one year.

**Taxbase** – the number of Band D equivalent properties in a local authority’s area. An authority’s taxbase is taken into account when it calculates its **council tax**, and when central government calculates allocations of formula grant.

**Total cost** – see **gross total cost** and **net total cost**.

**Total gross expenditure** – gross spending, taking all local authority accounts together (except pension funds), after eliminating double counting of flows between services, accounts and other authorities, where this is possible. Total gross expenditure is divided into gross **revenue expenditure** and gross **capital expenditure** – see **Table 1.6b**. The definition used in Table 1.6b excludes payments of rent rebates, rate rebates, **council tax benefits** and **council tax transitional reduction scheme** to individuals because the purpose of such payments is to finance local authority expenditure rather than to increase it.

**TME Total managed expenditure** – this includes **current** and **capital expenditure** as well as depreciation but excludes financial account transactions. **(See section 1.5.1)**

**Trading services** – local authority services, which are, or are generally intended to be, financed mainly from charges levied on the users of the service. External trading services are typically organisations funded mainly by sales outside the authority. Internal trading services are typically organisations funded mainly through contracts with local authority departments, with the authority funding any loss, or receiving any surplus at the end of each year. **(See section 3.4.2)**

**TSRA Trading services revenue account** – a local authority account, covering current income and expenditure on its **trading services**.

**Unallocated reserves – reserves** held by an authority which may be used for any purpose.

**Unhypothecated grant** – see **general grant**.

**Usable capital receipts** – until 31 March 2004 this represented the amount of capital receipts available to finance **capital expenditure** in future years, after setting aside amounts laid down by statute for the repayment of debt.

### ***Symbols and conventions***

... = not available

– = not relevant

- = negative

0 = zero or negligible

B = budget

E = estimate

F = forecast

P = provisional

R = revised since the last statistical release

|| = discontinuity

### **Rounding**

Where figures have been rounded, there may be a slight discrepancy between the total and the sum of constituent items.