

## Appendix D

### Consultation Arrangements

#### Questionnaire

A questionnaire designed by MORI has been sent to 4,000 randomly selected households in the borough. Provisional findings will be available at the end of the first week in January with the final report due at the end of January.

#### Stakeholder Meetings

Members agreed to hold a series of meetings with key stakeholders for in-depth consultation in January and February. The meetings will be attended by the Leader and Deputy Leader with relevant Portfolio Holders, Conservative and Liberal Democrat Members, and key officers to listen to the stakeholders' views and answer questions on the budget proposals. The stakeholders, together with the meetings suggested to pick up their issues, are listed below:

Stakeholder	Meeting	Date
Tenants and Leaseholders	Tenants and Leaseholders Consultative Forum	6 January
Voluntary Sector	Special meeting	To be confirmed
Statutory partners	HSP Board	27 January
Schools	Education Consultative Forum	1 February
Unions	Employees Consultative Forum	2 February
Local Businesses	NNDR Consultative Forum	3 February
Public	Two special meetings – location to be confirmed	18 January 3 February

#### Budget Review Working Group

This report will be considered by BRWG on 14 December and any comments will be referred to cabinet.

#### Overview and Scrutiny

This report will be considered by the Overview and Scrutiny Committee on 31 January.

**Report of the Director of Financial and Business Strategy on General Reserves**

As part of the budget process for 2004-05 Council approved the level of general reserves that we should hold at a minimum of £4m with an optimum level of £7m.

This report recommends that the minimum and the optimum level of general fund reserves are maintained at current levels. The report does not cover reserves held by schools, nor does it consider earmarked reserves.

It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe minimum or optimum level.

In setting the level the authority should take into consideration the advice of their chief financial officer, taking into account all local relevant circumstances. A well managed authority, with a prudent approach to budgeting should be able to operate with a relatively low level of reserves.

The Audit Commission's Corporate Performance Assessment (CPA) takes account in assessing an authority's financial standing, the level of financial reserves. They also expect a good authority to review their reserves on an annual basis.

As at the 31<sup>st</sup> March 2004 the level of General Fund Reserves was £9.2m and at 30<sup>th</sup> September 2004 the unallocated level was around £7m, consistent with the current optimum level approved by Council.

**My recommendation as the Council's Section 151 Officer and in line with my statutory responsibility under the Local Government Act 2003 is that**

- a) The minimum prudent level for general fund reserves (excluding schools) should remain at £4m at the end of any financial year.
- b) The optimal level of general fund reserves should remain at £7m for the period of the Medium Term Budget Strategy for the period 2005-6 to 2007-8.
- c) The optimal level should be maintained for the period of the Medium Term Budget Strategy for the period 2005-6 to 2007-8
- d) The level of general fund reserves should be reviewed annually

In arriving at the levels set out in the recommendations (minimum £4m, optimal £7m) the following factors have been taken into account:-

Inflation and interest rates	Assumption has to be made of the general level of inflation, pay awards and interest rates. The pay award is known and general inflation is relatively low and stable enabling reasonable assumptions to be made.
Service pressures	The Council approves an annual budget and MTBS, however reserves have to be held for unavoidable financial implications such as changes in legislation.
Cash flow management	The budget assumes that growth, savings and income generation will occur during the year. Dependent upon the timing reserves may be required to avoid major fluctuations in cash flow.
Risk management	The level of reserves is dependant upon effective risk management. The more effective the management the lower the level of reserves needed.
Financial management	Strengthening of the MTBS, to take account of inherent pressures and risks, general monitoring and financial management and action to tackle potential problem areas are all considered
External factors	Emergency planning provisions, disaster recovery action and robust business planning are factors to be taken into account

The minimum level of reserves of £4m equates to 2.5% of net expenditure excluding schools. The optimum level equates to 4.5% of net expenditure excluding schools,

In my opinion this is reasonable given the certainty about the pay award, low levels of inflation, and the nature of the Council's earmarked reserves.

The level of reserves will be monitored throughout the year taking into account any changes in circumstances and a report submitted annually of the proposed levels.

## PROVISIONAL SETTLEMENT 2005-2006

### General

1. This information circular provides an initial assessment of the provisional finance settlement.
2. The key points at this stage are:
  - the settlement appears to be marginally better to the underlying increase used in the initial Medium Term Budget Strategy reported in October.
  - Harrow has received a larger increase in Formula Grant (5.6%) than many other London Boroughs, the average for the London area is 5.3%.

### National Position

- an increase of 5.6% in Formula Grant (Revenue Support and Business Rates);
- an increase of 5.4% in total Formula Spending Shares
- a 7.9% increase in specific and special grants with a reduction in those ring fenced;
- a 5.6% increase in Education FSS;
- a 6.0% increase in Personal Social Services FSS;
- a 2.5% increase in Environmental, Protective and Cultural Services FSS,  
(Note all these are after adjustments for transfers functions with central government )
- Assumed Band D Council Tax (ANCT) up by 3.6% from £1,061.46 to £1,099.51 in 2005-2006
- Additional resources as announced in the Pre budget Report to keep Council tax increases below last years rise of 5.9%

3. Table 1 shows the national picture of the changes over services.

**Table 1: Total Assumed Spend increase 2004/05 to 2005/06**

	<b>2004/05 TAS £m</b>	<b>2004/05 TAS adjusted £m</b>	<b>2005-06 TAS £m</b>	<b>Change over adjusted %</b>
Education	30,515	30,424	32,306	6.2
Personal Social Services	14,527	14,532	15,695	8.0
Fire	1,848	1,864	1,914	2.7
Police	9,124	9,192	9,631	4.8
Highway Maintenance	2,004	2,004	2,054	2.5
EPCS	12,431	11,941	12,233	2.4
Capital	2,802	2,802	3,269	16.7
Financing Unallocated	587	2394	2,474	3.3
<b>Total</b>	<b>73,836</b>	<b>75,153</b>	<b>79,577</b>	<b>5.9</b>

#### **Additional Resources announced in Pre Budget**

4. The following changes were made in the Pre Budget announcement in recognition that the Spending Review 2004 failed sufficiently to recognise the pressures facing local authorities. An extra £358m has been included in the Revenue Support Grant and an extra £50m in police grant. New money amounting to £100m for safeguarding children and £100m for access and systems capacity and £28m for fire authorities has also been made. These amounts are being funded from an extra £125m together with £512 million re-allocated to councils from government departments and are for one year only.

#### **Local Picture**

5. Table 2 shows the change in Harrow's Formula Spending Share between 2004-2005 and 2005-2006. The Total Assumed Spend is the amount of spend the Government will support by Grant. The FSS is the amount of spend being supported by general grant excluding the specific grants

**Table 2 Harrow's Formula Spending Share 2004-05 to 2005-06**

	<b>FSS 2004-05 £m</b>	<b>Adjusted FSS 2004-05 £m</b>	<b>FSS 2005- 2006 £m</b>	<b>% Change on adjusted</b>	<b>Average Outer London boroughs</b>	<b>Average Nationally</b>
Education Schools	102.807	102.807	109.863	6.86	6.21	5.70
Education other	12.246	12.246	12.852	4.95	4.55	4.20
Personal Social Services	55.708	57.157	60.570	5.97	5.40	6.04
Highway Maintenance	6.745	6.745	6.714	-0.46	2.16	2.48
EPCS	48.287	48.126	49.119	2.06	1.54	2.51
Capital Financing	8.340	8.338	9.197	10.30	14.98	19.13
<b>Total</b>	<b>234.133</b>	<b>235.419</b>	<b>248.315</b>	<b>5.48</b>	<b>5.22</b>	<b>5.41</b>

### **Floors and Ceilings**

6. The settlement provides for floors to limit individual authority's losses from the settlement. There are however no ceilings this year but the floors will be paid for by scaling back the grant increases for individual authorities above the floor.
7. For local authorities with Education and Social Services responsibilities like Harrow no authority can have less than a 4% increase in grant (plus capital adjustment). No Education/Personal Social Services authority will receive an increase in grant less than the increase in their schools FSS.
8. Harrow's increase in grant is 5.6% and in excess of its schools FSS. As a result of the application of the scaling factor its grant is £ 220,000 ( 11.37% of the excess over the floor) less than it could have been.

9. The table below shows the calculation of the grant and how this compares with 2004-2005.

**Table 3 Grant Entitlement**

	2004-2005	2004-2005 Adj	2005-2006	% change
	£m	£m	£m	
Total Formula spending Share	234.133	235.419	248.315	5.48
Assumed National Council Tax	-77.783	-77.783	-81.950	4.17
Effect of the scaling of grant increases	-0.287	-0.287	-0.219	
	156.063	157.349	166.146	5.59

ANCT includes change in Council tax base used for exemplification purposes

### Education Floors and Ceilings

10. There is added protection in the Education Formula Spending Share. The settlement is designed to deliver no less than 5.8% for outer London Boroughs ( 5.8% nationally)more than 2004-2005 and no more than 8.75% more than 2004-200. Harrow is not affect by either limits. The LEA block also has floors and ceilings of 3.5% and 4.95%. Harrow is subject to the ceiling and its entitlement has been reduced by. £0.11m.

### Education Passporting

11. The Government has announced its intention that the increase in Education Schools FSS be passed onto schools. The amount Harrow is required to passport is £7.06m. This equivalent to 80% of the total change in grant of £8.80m.

### Special Grants

12. The aggregate level of specific grants has increased by 7.9%. The proportion of grants that are ring fenced has been reduced 9%. This provides for local flexibility especially in Social Services.

### Formula and Data Changes

13. There is a formula freeze for 2005-2006. Therefore some data in the settlement will continue to come from the 1991 census. The Government have taken the view that it would be inappropriate to incorporate new data without changing the underlying formula.

### Changes in formula grant by class of authority and by region

14. The Government have changed shares of Assumed national Council tax. These are set judgementally. Broadly they benefit shire districts, police and fire authorities at the expense of shire counties. The share for Outer London Boroughs has been marginally increased by 0.25%. An increase in ANCT reduces the Grant entitlement.

## Changes in formula Grant

15. The table below shows the changes in formula grant per types of authority.

**Table 3: Changes in Formula Grant By Area**

	<b>Change (%)</b>
England	5.6%
London area	5.6%
Met areas	5.5%
Shire areas	5.6%
Inner London boroughs (inc. City)	6.1%
Outer London boroughs	5.3%
London boroughs	5.7%
GLA - all functions	5.5%

## Impact on the Medium Term Budget Strategy.

16. The estimated increase in the grant entitlement of £10.08m is £ 2.3m greater than that included in the Medium Term Budget Strategy reported to Cabinet in October 2004. Of this difference £ 1.3m relates to an increase in the Education Schools FSS which is expected to be passported to the schools. The reduction in the Personal Social Services specific grants is however less than forecast. The exemplification is based on a significant estimated increase in the Council Tax base which will be reduced when the actual amounts are used in the Final Settlement which could improve the Grant position by a further amount of up to £0.5m.



**Housing Revenue Account**

**Base Budget Review**

1. Appendix G1 shows the results of the base budget review which has been conducted during 2004/05 and has identified a number of areas where the budget does not reflect actual activity. The net impact of the proposed changes for 2004/05 is a reduction of £186k and can be summarised as follows:

	£000
Repairs	421
Single Status	135
In house staff costs	111
Consultancy	75
Revenue contribution to capital expenditure replaced by borrowing	(1,166)
Rents and service charges	(127)
Rent rebate subsidy loss	62
Grounds Maintenance	50
Energy costs	56
IT projects capitalised	(145)
Provision for doubtful debts	250
Working Time Directive	118
ALMO set up costs	180
Other miscellaneous items	(206)
<b>Total</b>	<b>(186)</b>

2. The revised budget for 2004-05 also includes the work carried forward from 2003-04 as agreed by cabinet in September. This resulted in a lower contribution to capital expenditure from revenue and a higher surplus in 2003/04 than anticipated.

Repairs

3. There is a forecast overspend on revenue repairs of £421k which is being managed through a reduction in the capital programme.

4. Issues relating to the forecast overspend on repairs and building maintenance are:

- ◆ Some £232k of expenditure is due to a budget shortfall in setup costs for the repairs partnering contracts (this year only), and specialists works, in particular to our sheltered blocks;
- ◆ The Budget overspend, amounting to approximately 10% of the agreed budget, has been brought increasingly under control from the situation at the end of first quarter 2004/05. Regular budgetary control meetings with the partnering contractors are now in place, and these are now being supplemented by external audit of the “open book accounting” approach. Work is underway to ameliorate further pressure on the budget, both with the contractors, and within our own repairs team resources;
- ◆ As part of the process of gaining greater financial control, outstanding repairs, going back in some cases to 1997 have been completed and the costs accurately posted in the accounts.

5. The base budget review has ensured that the underlying HRA is a sound basis for the medium term financial strategy.

### **MEDIUM TERM BUDGET STRATEGY FOR 2005-06 TO 2007-08**

#### **Staff costs**

6. The recommended staffing structure is contained within the existing budget.

#### **Options Appraisal**

7. A provision of £100k has been allowed for the options appraisal and associated work. Some of this expenditure may fall in 2004/05, however the impact on the HRA balances will be the same.

#### **Repairs**

8. In relation to the repairs budget for 2005/06 and beyond it is assumed that the existing provision of £4.5m before inflation will be sufficient. However, within this figure some adjustments have been made:

- ◆ A zero based approach to repairs budget calculation has been undertaken, based on the half year position in 2004/05. This exercise has corrected the previous budget shortfall for specialist works to sheltered blocks;
- ◆ From the first season of gas servicing an updated and corrected number of properties to be serviced has also increased the budget requirement by £75k. Likewise the realistic provision for our

commercial boiler installations has also increased the budget requirement by £45k;

- ◆ The voids budget has been increased by £35k to reflect the numbers of voids being worked upon;
- ◆ Discussions with partners are on going in respect of budget responsibilities.

## **Growth Bids**

9. The growth bids are summarised below:

### Cleaning – Communal Areas

£19k reflecting the increasing demands for cleaning of the internal communal areas and communal bins. It is proposed that a contract be let to cover these services.

### Housing Management – Money Advice Project

£20,000 is required for Money Advice project scheme currently being run in conjunction with the Housing Advice Centre. The scheme provides advice on money matters to tenants in arrears and with multiple debts.

### Computer Equipment

Additional provision is required to introduce Business Objects at a cost of £80k and £30k for the new asset management system. In line with Council policy, IT project expenditure will be capitalised.

## **Prudential Borrowing**

10. The medium term plan for the HRA assumes capital expenditure of £11m per year and revenue repairs expenditure of £4.5m per year over the period. This is funded from a number of sources with the balance being financed through prudential borrowing of £7m in 2005-6 and £8m in 2006-07 and 2007-08. The revenue budget reflects the net cost of borrowing.

## **Leaseholder Charges**

11. The base budget review demonstrated that at present leaseholder expenditure is not fully recovered through service charges. It is recommended that service charges be increased to achieve full cost recovery.

12. The recharge of leasehold management cost to leaseholders is currently set at 10% of total service charges to leaseholders. The income recoverable in 2004/5 from current policy is not sufficient to cover the total leasehold management cost. In order to recover the total cost of providing leasehold administration, it is proposed that we charge a fixed fee of 92p per week per leaseholder to cover the admin and management cost to leaseholders. This will generate an additional income of £29,300.

13. The recharge of admin cost for repairs to leaseholders, which is currently set at 10% of service charge billed, should be increased to 15%. This is required in order to recover more of the housing management cost on leaseholders. A 5% increase, which equates to approximately £1 a week, will lead to an extra income to HRA of £30,700 in 2004/5.

14. It is proposed that the increase is phased in over the next 3 years.

### **Recovery of Energy Costs**

15. The increase in energy cost in 20004-05 if recovered fully from sheltered housing tenants will amount to additional weekly charges of £2.00 charges per tenant. The proposal is for the increase in charges to be spread over at least 2 years starting from 2005/6 in order to minimise the effect of the extra charges on tenants. The expected additional charges for 2005/6 and 2006/7 are £1.00 and 70p respectively. This is expected to generate additional charges of £35k in 2005/6 and £25k in 2006/7.

### **Rents**

16. A rent model is attached at appendix G3.

17. In addition to having to meet the Decent Homes standard by 2010, local authorities are required to meet Rent Convergence with Registered Social Landlord (RSL) level rents by 2012. The notional target (formula) rent for RSL's in the area is adjusted for inflation each year to 2011/12 and the local authority has until this time to bring its average rent to the same level, although increases are restricted to the upper limit of the formula  $RPI + 0.5\% + £2$ .

18. The model shows a zero increase for the next two years that maintains Harrow's average rent below the target rent thus incurring no rebate limitation until 2011-12. After the first two years the rents increase by a standard 4.73% pa to reach convergence.

19. Over the period rebate limitation is minimized thus maximising the net rental income. It should be noted that the model is subject to a number of assumptions on inflation rates, subsidy rules etc.

### **Right to Buy Sales**

20. The three-year financial strategy assumes a certain level of right to buy transactions, which reduce rental income. No assumption has been made about corresponding reductions in expenditure at this stage.

### **Depooling of tenant rents and service charges**

21. Consideration should be given to depooling rents and service charges. The depooling of caretaking, landlord lighting, ground maintenance and maintenance of refuse areas costs could lead to additional HRA income in the longer term.
22. The regulation on depooling of service charge is that during a transitional period the total amount of rent and service charges to tenants after depooling should not exceed the average rent before depooling plus RPI for the year plus 0.5% plus £2. Also the service charge costs after depooling should not exceed the cost of providing the service in the first place.
23. Officers have spoken to a number of other authorities, most of which have carried out a depooling exercise recently. Most authorities have taken a fairly broad-brush approach to depooling, and some have applied a flat rate across all properties being charged. Others calculate a charge for each service across the stock involved. Generally authorities have not had problems introducing tenant service charges as it has been done in a cost neutral way.
24. It is recommended that Harrow proceed with consultation on implementing service charges from 2006-7. At least initially this should be on a broad-brush approach e.g. same charge for all properties receiving a service. In the longer term as rent restructuring works through there will be additional income from the service charges available to fund service expenditure.

### **Rent Restructuring**

25. The conclusion of the three-year review by ODPM on rent restructuring is expected to impact on the HRA budget from 2006/7. The following recommendations from the report may affect future year's budget:
  - ◆ Higher bedroom weights proposed for three and four bed properties, and new higher weightings for five and six (more) properties;
  - ◆ Harmonisation – using the same formula for restructuring local authority rents as that currently used for restructuring RSL rents, and adopting the RPI as the inflation measure used in calculating LA rent increases;
  - ◆ Local authorities should ignore the downward limit of RPI + 0.5% minus £2 per week on rent charges, in order to achieve restructuring on all properties for which rents need to fall by 2011/12.

## Appendix G1

### HRA Budget Summary

	Original Budget 04/05	Revised Forecast 04/05	Estimated Budget 05/6
<b>Expenditure</b>			
Employee Costs	4,159,590	3,983,665	3,907,905
Supplies & Services	1,514,540	1,562,040	1,545,650
Central Recharges	1,825,910	1,855,140	1,829,580
Housing costs adjustment	235,000	487,875	417,875
IT Projects	70,000	74,890	70,000
Miscellaneous	94,280	119,780	110,240
Option appraisals	190,000	98,000	45,000
Recharge to other services	(1,072,860)	(1,053,380)	(1,026,090)
Leasehold Management	182,450	109,710	109,710
Rent Rebates	0	62,450	62,450
Rent/Agency/Payments	6,850	3,850	3,850
<b>Baseline expenditure</b>	<b>7,205,760</b>	<b>7,304,020</b>	<b>7,076,170</b>
Pension & one off Staff costs	75,000	120,000	
IT Projects	145,000		
Inflation			296,242
Contingency	302,690	272,250	112,500
<b>Operating Expenditure</b>	<b>7,728,450</b>	<b>7,696,270</b>	<b>7,484,912</b>
Charges for Capital	5,073,400	5,044,800	4,962,520
Contribution to Repairs Account	4,475,630	5,226,060	4,527,560
RCCO	1,873,000	707,330	0
ALMO Set Up costs		180,000	
Bad or Doubtful Debts	0	250,000	75,000
<b>Total Expenditure</b>	<b>19,150,480</b>	<b>19,104,460</b>	<b>17,049,992</b>
<b>Income</b>			
Rent Income – Dwellings	(20,450,060)	(20,473,521)	(20,231,721)
Rent Income – Non Dwellings	(511,110)	(598,762)	(598,762)
Service Charges	(223,010)	(240,190)	(240,190)
Facility Charges	(157,510)	(157,510)	(157,510)
Interest	(50,000)	(50,000)	(45,000)
Other Income	(42,450)	(42,450)	(42,450)
Transfer from General Fund	(101,090)	(113,030)	(113,030)
HRA Subsidy	3,370,950	3,370,950	3,767,160
<b>Total Income</b>	<b>(18,164,280)</b>	<b>(18,304,513)</b>	<b>(17,661,503)</b>
<b>In Year Deficit / (Surplus)</b>	<b>986,200</b>	<b>799,947</b>	<b>(611,511)</b>

## Appendix G2

### Housing Revenue Account Medium Term Financial Strategy

	2005/06	2006/07	2007/08
	£000	£000	£000
Balance b/f	(2,514)	(3,126)	(3,155)
Base expenditure	17,050	17,134	17,243
Base income	(17,662)	(17,164)	(16,652)
Net expenditure/(income) for year	(612)	(29)	590
<b>Balance c/f</b>	<b>(3,126)</b>	<b>(3,155)</b>	<b>(2,565)</b>
Provision for staffing	250		
Options Appraisal	100		
Growth Bids	39	39	39
Net cost of prudential borrowing	252	712	1,153
Leaseholder charges	(44)	(63)	(82)
Energy charges	(35)	(60)	(71)
Rents			(934)
Depooling of tenant service charges			
<b>Total Adjustments</b>	<b>562</b>	<b>628</b>	<b>105</b>
Revised Balance B/F	(2,514)	(2,564)	(1,965)
Revised net expenditure	(50)	599	695
Revised Balance C/F	(2,564)	(1,965)	(1,270)

**Appendix G3**

**Housing Revenue Account – Rent Model**

Year	Years to 2012	Formula Rent	Actual Rent	rent increase %	rent increase	Limit Rent	Rebate Limitation	Rebate Subsidy loss per annum	Rebate Subsidy loss per dwelling per wk	Additional Rent Income	Additional net rent income
2004/05			77.40			79.68					
2005/06	7	81.68	77.40	0.00%	£0.00	81.95	0.00	0	£0.00	0	0
2006/07	6	84.13	77.40	0.00%	£0.00	84.28	0.00	0	£0.00	0	0
2007/08	5	86.65	81.06	4.73%	£3.66	86.49	0.00	0	£0.00	951,600	951,600
2008/09	4	89.25	84.90	4.73%	£3.84	88.87	0.00	0	£0.00	998,400	998,400
2009/10	3	91.93	88.92	4.73%	£4.02	91.31	0.00	0	£0.00	1,045,200	1,045,200
2010/11	2	94.69	93.13	4.73%	£4.21	93.82	0.00	0	£0.00	1,094,600	1,094,600
2011/12	1	97.53	97.54	4.73%	£4.41	97.38	0.16	20,987	£0.08	1,146,600	1,125,613
											<b>5,215,413</b>



### **Glossary**

#### **Audit Commission**

The national body responsible for ensuring effective audit and inspection of Councils and other public bodies.

#### **Balances**

See reserves below.

#### **Base Budget**

The Council's main budget for they year, taking into account pressures, savings and funding. This is also used as the basis for future years budgets, updated for inflation, new pressures, savings etc.

#### **Budget Review Working Group**

A cross party group of members set up to consider in detail budget and financial issues affecting the Council.

#### **Business Rates**

See NNDR below.

#### **Capital**

Spend on creating or enhancing assets such as roads, buildings and computer systems which is one-off and can be classified as an investment.

#### **Chief Financial Officer**

The Council's officer designated as carrying the statutory financial role under section 151 of the Local Government Act 1972. This is currently the Director of Financial and Business Strategy (Business Connections)

#### **Collection Fund**

A separate account which the Council is required to keep to monitor income from Council Tax and National Non Domestic Rates.

## **Council Tax**

A tax based upon the value of a property which helps to support the council's general budget.

## **Council Tax Bands**

A series of Bands (from A – H) based upon the value of a property which determines how much tax will be levied on each property.

## **Council Taxbase**

The total number of properties in the Borough subject to Council Tax translated to their equivalent at Band D. This is required so that central government can compare the tax burden on each area of the country.

## **CPA (Comprehensive Performance Assessment)**

The Audit Commission's Assessment of how well each Council is performing in a wide range of areas.

## **CPI (Consolidated Price Index)**

The measure of inflation used by government which excludes pay and mortgages.

## **CPZ (Car Parking Zone)**

An area designated as being available for car parking for only those who are residents or have relevant car parking permits.

## **CSCI**

Commission for Social Care Inspection

## **Demography**

The changes in numbers of the population and the make up of those numbers by either age range, ethnicity or location.

## **ERP**

Enterprise Resource Planning. A computer system linking the key corporate systems of finance, personnel, payroll and property.

### **External Auditor**

The organisation charged with ensuring that the Council's accounts, budgets and finances comply with legislation and are true and accurate records. For the Council this is currently Deloitte & Touche.

### **FSS (Formula Spending Share)**

The amount of funding that the government calculates (via a complex formula) that a Council needs to undertake all of its services.

### **GLMCA Levy**

The Council's contribution to the Greater London Magistrates Courts Authority.

### **Growth**

Increased expenditure required to meet service expectations from changes to policy, legislation, demand etc.

### **HECA**

Home Energy Conservation Act

### **HMO**

Houses in multiple occupation

### **HRA (Housing Revenue Account)**

A separate account which must be kept by the council to track income and expenditure relating to its stock of council houses.

### **HSE**

Health & Safety Executive

### **HSW**

Health & Safety at Work

### **Local Development Framework**

There is a new statutory requirement for the Council to produce a strategic planning document which is supported by research and evidence, and to meet deadlines and standards prescribed by the government.

## **Medium Term Budget Strategy**

The Council's plans for how it intends to form its budget in support of its objectives over the following 3 years.

## **NCSC**

National Care Standards Commission

## **NHP**

The major project being undertaken to improve the way the council delivers services to the citizens of the Borough, encompassing area based services, a restructure of the Council to provide more effective services, more investment in IT to enable greater customer focus and efficiency and ensuring sound financial management across the organisation.

## **NNDR (National Non-Domestic Rates)**

Also called Business Rates. A rate charged on all businesses operating in the Council's area. It is calculated by applying a national figure to the rateable value of each business in the Borough. It is collected by the Council and paid to central government, who then redistribute it based on the Council's population.

## **NSF**

National Service Framework

## **Passporting**

The Government terminology for the requirement to pass on increases in the Education element of the FSS directly to schools budgets.

## **PCT**

Primary Care Trust

## **PFI (Private Finance Initiative)**

A means whereby the Council enters into a partnership with a private provider to enable capital developments to be undertaken which the Council could not of itself afford and which generates value for money.

**Procurement**

The ways a council buys in goods and services.

**Provisional Finance Settlement**

The government's annual announcement of how much financial support each Council will receive in the following year. The final settlement is usually announced some 2 months after this, once the government has all the data it requires.

**Repricing**

The updating of a base budget to reflect inflation and more accurate costings of pressures and savings.

**Reserves**

Also called balances. Money held by the Council to cover emergencies and unforeseen expenditure which may occur in the year.

**Revenue**

Spend on day to day running expenses of the Council.

**RPI (Retail Price Index)**

The measure of inflation used by government which includes pay and mortgages.

**RSG (Revenue Support Grant)**

The main grant which central government provides to support overall council expenditure. This grant can be spent on any services the council wishes.

**SEN (Special Educational Needs)**

Pupils who have educational requirements in excess of standard educational provision

**Specific Grants**

Additional grant funding from central government in excess of the Revenue Support Grant. These grants are paid for specific purposes and the Council needs to spend the grant for the purposes detailed by central government.