Appendix H- Local Government Finance Glossary

Terms	Descriptions
Accounting Policies	The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts
Amortisation	The process of charging for the usage of intangible fixed assets gradually over their expected lives
Balances (or Reserves)	These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves, which are set out for technical purposes. It is not possible to utilise these to provide services.
Borrowing	Usually refers to the stock of outstanding loans owed, and bonds issued
Business Rates (NNDR/NDR)	Business rates are a nationally set property-based tax levied on local businesses (i.e. non domestic properties), but collected locally. Business rates are payable on business premises based on their rateable value (last assessed in the 2023 Rating List by the Valuation Office Agency) and a national rate poundage multiplier (55.5p/£ in 2025/26). Spelthorne Borough Council acts as the “billing authority” for its area and under the Localised Business Rates regime retains 40% of the net yield from business rates with Surrey County Council receiving 10% and central government the other 50%. A system of Tariffs and Top-ups as well as a Safety Net scheme operate within the Council’s General Fund to further adjust the amount the Council ultimately retains.
Capital Expenditure	Payments for the acquisition, construction, enhancement or replacement of fixed assets such as land, buildings, roads, and computer equipment.
Capital Financing Requirement (CFR)	The Council’s underlying need to borrow for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and Minimum Revenue Provision (MRP).
Capital Receipts	Income received from the sale of land, buildings or equipment.

Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code of Practice on Local Authority in the United Kingdom – the accounting standard governing financial reporting for local authorities
Collection Fund	An account that shows the income due from NNDR and Council Tax payers and the sums paid to the national NNDR pool and to the precepting authorities
General Fund	The account to which the cost of providing the Council Services is charged that are paid for from Council Tax and Government Grants.
Investment property	Property held solely to earn rentals and/or for capital appreciation.
MHCLG	The Ministry of Housing, Communities and Local Government is central to the mission driven government, from fixing the foundations of an affordable home to handing power back to communities and rebuilding local government.
Minimum Revenue Provision (MRP)	The minimum amount that the Council must charge to the General Fund to provide for the repayment of debt. Since 2008, local authorities have been required to set a "prudent" level of MRP. In setting a "prudent" level of MRP local authorities are required to have regard to the Statutory Guidance on Minimum Revenue Provision, most recently issued in April 2024.
Precepts	These are demands made upon the Collection Fund, by Surrey County Council and Surrey Police and Crime Commissioner for monies needed to finance the services they provide.
Revenue expenditure	Day to day payments on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.
TMSS	Approved Council's Treasury Management Strategy Statement.
Usable Reserves	Usable reserves are resources that the Council can use to support service delivery. There are three types of usable reserve: • The General Fund, which is the accumulated balance on the General Fund – see Earmarked Reserves and Ringfenced Reserves; • The Usable Capital Receipts Reserve which reports the capital receipts from the sale of assets, and can only be used to fund either new capital expenditure,

	repay debt or fund the directly attributable costs of disposing an asset; • The Capital Grants Reserve which reports all capital grants received and can only be used to fund capital expenditure. Some capital grants have conditions limiting the purpose for which the grant can be used
Earmarked Reserves	Local authorities are permitted to "earmark" parts of the General Fund balance for specific policy purposes (i.e. saving up funds for a particular project or smoothing expenditure over a number of years) or known/predicted risks (eg insurance risks).
Ringfenced Reserves	These are those elements of the General Fund balance which are statutorily ringfenced for specific purposes comprising: • The Community Infrastructure Levy (CIL) Reserve which reports contributions from developers under the local authority's approved CIL Scheme and can only be used for the purposes set out in the CIL Scheme; and • Developer contributions which are monies received from developers to discharge obligations under planning agreements granted under section 106 of the Town and Country Planning Act 1990. S.106 contributions can only be used for the purpose set out in the s.106 agreement. These can be used for both revenue and capital expenditure depending on the s.106 agreement
Unusable Reserves	Unusable reserves are not available to use to support service delivery. These reserves arise from either: a) statutory adjustments required to reconcile balances to the amount chargeable to council tax for the year, to comply with legislation, or b) accounting gains or losses recognised in other comprehensive income and expenditure in accordance with accounting standards adopted by the Code, rather than in the surplus or deficit on the provision of services