



**BRENTWOOD
BOROUGH COUNCIL**

Section 151 Officer's
Assurance Statement
& Useful Information

Introduction

1. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report to the Council on the robustness of the budget calculations and the adequacy of reserves as part of the budget and council tax setting decision.

2. The Council's budget is based on a range of assumptions. In considering the overall budget position, it is necessary for Members to be aware of the range and scale of risk and uncertainty surrounding the budget projections, particularly with regard to external factors.

3. While the Act itself does not provide any specific detail on how to evaluate the robustness of the estimates, accompanying guidance notes state that it should be based on an assessment of all circumstances considered likely to affect the authority.

4. The following factors have been taken into account when considering the overall levels of reserves:

- Assumptions regarding inflation
- Treatment of demand-led pressures
- Treatment of savings and efficiencies
- Financial standing of the authority (for example level of borrowing, debt outstanding)
- The authority's track record in budget management (including the robustness of medium term plans)
- The authority's capacity to manage in-year budget pressures
- The authority's virement and year-end procedures in relation to under and Overspends
- The adequacy of insurance arrangements
- The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions
- The risks inherent in the council's investment activities
- Risks inherent in partnerships
- Estimates of the level and timing of capital receipts
- The general financial climate to which the authority is subject

5. This report considers the robustness of the Council's budget calculations including a summary of the key risks inherent in the budget forecast, and it reviews the adequacy of reserves in light of these risks.

General Budget Uncertainties

6. This section updates Members on a number of key activities and responsibilities that have a significant financial impact for the Council but also by their nature carry inherent risk and uncertainty as to the full extent of that impact. Generally specific budget allocation or provision has been set aside for such associated costs but the scale of some of the risk means that reserve levels must take these into account.

a) Government Grant and Support

The scope for local authorities to maximise government grant and support lies in incentive schemes such as are offered by business rates retention and the New Homes Bonus (although these schemes are subject to further review by the government). Any significant benefit, however, will depend on growth policies being implemented and being sustained over several years.

The business rates retention scheme is being reviewed by central government with a proposal that 75% of business rates be retained at the local level but these proposals have now ceased with the pandemic being a catalyst. Government is now exploring how it can redistribute funding to local areas with less tax income and no conclusions can be drawn at this stage on future of the business rates retention scheme.

There is no direct control over business rates by local authorities because the multiplier is set by the Government and the rateable value by the Valuation Office Agency (VOA).

Local risks specifically include:

- Risks associated with appeals by ratepayers against their rateable values, for example one large appeal could have a big impact on business rate income.

b) COVID-19

There is continued uncertainty over the financial impact of the pandemic on the council. The budget has been prepared on the basis of current business and issues will therefore be dealt with as they arise during the year. Reserves have been set aside to mitigate any in year pressures. However working balances are also held for emergency situations.

c) Delivery of savings

The budget for 2022/23 is balanced and continues to set aside property income surplus into a regeneration reserve. However, the budget does include a modest level of savings of approx.. £1m assumed within the MTFS yet to be achieved. Decisions and delivery must be required in order to achieve these savings which will provide sustainability for the Council's finances.

d) Council tax and Business Rates

The tax base projections used in the MTFS include a target of 0.5% growth. The predications of housing targets as set out in the emerging Local Plan, have not yet been incorporated. Delivery will need to be closely monitored to ensure the assumptions are realised.

There is a great deal of volatility in the Business Rates system that has been exaggerated by the pandemic. Close monitoring is required to ensure that assumed income is realised.

e) Investment & Regeneration income

The budget and forecast assume significant levels of income from council property acquisitions, regeneration activity and investment income from the Council's company, Seven Arches Investment Limited (SAIL). This income can be affected by a number of factors, for example:

- The general economic climate
- Interest rates and financing costs
- Government policy

The alterations to the PWLB borrowing criteria have prevented further investment for yield at this time and therefore unless regeneration opportunities are discovered and acquired within the Borough no further investment will take place. This is a risk in respect to further diversification of the income stream.

At the time of writing this report, the DLUHC is consulting on proposed changes to minimum revenue provision on investment assets and capital loans. Any changes arising from this consultation are expected to come into effect from 1 April 2023. It is unclear whether any changes will apply just to new loans or to loans already in place, however depending on the outcome of the consultation this could present a risk to the Council and will be monitored closely throughout 2022/23.

f) UK leaving the European Union

The Council is not immune from the effects of uncertainty surrounding the UK's exit from the EU on 31 December 2020, but these effects are likely to be manifested through changes in the external environment (for example interest rates and inflation). The Council is not exposed to the risk of the withdrawal of EU funding and none of the current regeneration plans are predicated on the receipt of such funding. The risk to these projects lies rather in the impact of the exit on the economy as a whole, for example a decline in the availability of labour, and the ability of public and private sector partners to deliver their contractual obligations. The Senior Leadership Team regularly review and monitor the developments in this area. The Council has seen no direct impacts in relation to EU Exit and so it has been reviewed to reduce the balance of the earmarked reserve to zero, which was previously set aside from a Government grant received to support the Council in the transition.

g) Legal risk

It is usual for a number of judicial processes and challenges to be in progress at any given point in time. These will relate to various issues including planning, planning enforcement, contract disputes, property disputes, business rates, housing issues and other matters. It is not practicable to estimate the financial effect or timing of these issues but they may give rise to unanticipated expenditure. To the extent that it is possible provisions are made in respect of known issues.

h) Local Government Pension Scheme

The local scheme is administered by Essex County Council and Brentwood is a scheduled body to the scheme. The scheme is valued every 3 years by an actuary. The results of the valuation and the assumptions that the actuary makes about the future of the fund (e.g. investment performance, longevity) determine the payments that the Council has to make for any deficit arising from past service and the ongoing contributions that have to be made by both the Council and its employees who are members of the scheme in the future.

The last actuarial valuation took place at 31 March 2019 and this set the employer's ongoing contribution rate for the Council at 19.9% (an increase of 2.8% over the previous rate) for the period 1 April 2020 to 31 March 2023. In line with other local government schemes the pension fund deficit fell at this valuation indicating a better fund performance than in previous periods.

i) Interest Rates

While interest rates have remained relatively stable for a considerable amount of time the Bank of England base rate or Bank Rate did increase to 0.25% in December 2021 (previously 0.1%) in is expected to continue to rise. The continued uncertainties in the global economy regarding the pandemic and the impact of UK's departure from the European Union means there is always the risk of fluctuations in interest rates and therefore a significant risk to the Council's finances.

The decision to increase PWLB rates by 1% overnight in October 2019 highlighted the risk of dependency on the PWLB as the main source of borrowing. This risk is increasing with the council's growing level of borrowing need (to support investment and income generation activities). However due to changes within PWLB rules following the results of a government consultation the rates dropped back down to much more sustainable levels. The key mechanisms to manage this risk in respect of borrowing are:

- Ongoing use of external Treasury Management (TM) advisors to provide information on interest rate forecasts.
- Maturity structure of borrowing designed to minimise exposure in any one year.
- Retention of core fixed rate borrowing within the portfolio.

j) Inflation

The draft MTFS was prepared in accordance with the Budget Setting Guidelines for 2022/23 as distributed to Senior Leadership Team and agreed by the Policy, Resources & Economic Development Committee. However inflation did see a sharp incline during the autumn, where in November 2021, the Consumer Price Index (CPI) rose by 5.1% in the 12 months to November 2021, up from 4.2% in October 2021 and continues to rise for December 2021. Taking new statistics into account:

The following assumptions have been made on inflation:

- Inflation of 4% has been applied to service employee budgets for 2022/23
- Inflation has been applied to expenditure that is subject to legal contractual obligations in accordance with the terms set out in the relevant contract.

k) Treatment of demand-led pressures

Certain budgets are particularly susceptible to demand-led pressures. These include Benefits and Homelessness. The level of budgeted income for Council services, particularly planning, land charges, and building control is also subject to changes in customer preference and demand. While every effort is made as part of the budget setting process to identify current trends, review historic patterns and assess the likelihood of change, such budgets will always have inherent risk. This risk is particularly heightened in the current economic climate.

The Council has a range of mechanisms in place to respond to changes in expenditure/income patterns including the option to review service levels, virements from other budget heads and the use of contingency and/or reserves.

l) Value Added Tax (VAT)

VAT is a complex issue for Local Authorities and active management of VAT is essential both to avoid significant unexpected costs and also to ensure that the Council is able to take advantage of opportunities to recover VAT previously paid when possible. The major VAT risk is that the Council exceeds its partial exemption threshold. If this is exceeded it would mean that a substantial payment, estimated to be in excess of £500,000 for 2022/23, would need to be paid to HMRC. In general it is large capital projects that would cause this to happen and VAT issues are, therefore, considered at an early stage in the development of all such projects.

Adequacy of Reserves

7. As outlined above, the Council's finances are subject to a range of external influences and significant risk particularly in the current economic climate and the associated impacts on local government funding. Continued reductions to government grants, reductions and potential further changes to the NHB scheme, the Fair Funding Review, business rates reset and the risk of appeals in the business rates system, together with the reversal to not implement 75% business rates retention exacerbates uncertainty and risk. The table below sets out the arrangements in place to mitigate such risks.

Risk	Mitigation
Government Grant Support	Forecast assumes no resources additional to those currently being received.
COVID-19	Earmarked Reserve and General Fund reserves
UK leaving the European Union	Combination of measures to mitigate other risks. Business Continuity Plans reviewed.
Legal	Specific provision set aside as well as Earmarked reserve for specific casework.
Pensions	Contingency within forecast costs.
Interest rates	Contingency within forecast costs.
Inflation	Reserve balance would be used to manage significant demand pressures

Demand	Reserve balance would be used to manage significant demand pressures
VAT	Careful management of partial exemption position.
Regeneration projects	Robust management of assets. Regeneration reserve.
Insurance	Earmarked reserve available
Business rates and fair Funding review	Earmarked reserve available
Investment asset returns	Prudent assumptions made in forecasting income. Earmarked reserve available

8. The Council remains ambitious and is continuing to deliver on a number of significant capital and revenue investment projects. These projects, combined with exceptional financial uncertainty, mean that the financial scale of risk and complexity that the Council will be managing is substantial. Financial resilience and adequate reserves are therefore, paramount. This, together with the overall scale of the Council's financial transactions and complexities of its core operations, means that such risk cannot be eliminated but must be managed effectively.

9. Particular attention is drawn to the reserves section in Appendix A of the budget report that identifies the reserves currently retained by the Council over the forecast period together with the rationale for each reserve.

10. Earmarked Reserves are currently forecasted at March 2022 totalling £6.472 million. These have been re-aligned to reflect the anticipated outturn position for 2021/22 and the council's current priorities and changing risk profile. It is important to note that while the council does have discretion to use its reserves in any manner it sees fit, the current position means that the majority of this sum (some £.601 million) is allocated for specific purposes and therefore not generally usable.

11. It is anticipated that these earmarked reserves will be used over the forecast period to support the council's ongoing investments and the delivery of budget reductions.

12. Although there is no statutory minimum level of reserves, the level of the General Fund working Balances is reviewed annually as part of the budget process and an annual risk assessment is undertaken alongside the Councils strategic risk register. Given the overall levels of risk the Section 151 Officer considers that the General Fund working Balance should be maintained above £2 million when setting the budget for 2022/23. £2 million represents approximately 20% of the total Spending requirement for and 5% of the Councils Gross Expenditure of £39.4million for 2022/23.

13. The general fund balance will, therefore, be used to manage unusual or unanticipated events, for example a borough wide emergency situation, failure to deliver savings targets or unprecedented increases in demand or costs to provide a short term contingency to manage the risks identified in this report.

Robustness of the Budget Calculations

14. The budgets and forward financial forecasts represent the current assessment of the costs of providing services in line with the Council's existing policies and strategic priorities. The estimates are based on assumptions about levels of pay (including an allowance for pay awards, increments and vacancies), inflation and other external factors such as legislative changes, and changes in demand for services. These assumptions are considered to be appropriate. Service Fees & Charges have been considered by the relevant service committee chair and senior leadership team. Any significant changes in external factors, compared to the assumptions made at this time, could result in a variance in the actual levels of expenditure and income against the budget provision and the council's financial targets not being met. Similarly, there will be a risk to the delivery of services at both operational and strategic levels.

The Authority's track record in budget management, including its ability to manage in-year budget pressures and the robustness of the Medium Term Financial Strategy

15. Financial monitoring reports are subject to review by Policy, Resources & Economic Development Committee and by the senior leadership team. The budget includes prudent contingencies that can and are used to manage in year budget pressures. The council's in year budget management is effective. Earmarked reserves are used for non-recurring expenditure to assist in producing a smooth profile of expenditure over the forecast period. The council also has a track record of delivering savings and efficiencies as required. However, reserves can only be used once and the ability to continue to deliver savings and efficiencies cannot be taken as a given, particularly in the light of the current funding circumstances. In particular a significant shift in expenditure or income outside the parameters considered in the budget or a combination of several issues at once could constitute a serious shock to the Council's level of resources and threaten its potential ongoing financial viability.

16. The assumptions underpinning the Medium Term Financial Strategy are set out in Appendix A These are considered to be as robust as is possible given the continuing uncertainty over the future of government funding.

17. During November 2021, the Council participated in a peer review, supported by the Local Government Association, and was carried out by senior Officers from other Local Authorities.

18. The review complimented the Council's financial planning and management and highlighted
Financial arrangements are fundamentally sound, with a good set of accounts and clean opinions. The review also highlighted a few areas of consideration, which are under review and will be explored throughout 2022/23.

19. As part of their value for money work during the 2019/20 audit the external auditors considered whether or not the council was taking appropriate measures to ensure that its financial position remains sustainable. Specifically they reviewed:

- Governance arrangements for Joint Venture decision making.
- Delivering Financial Resilience

They had no concerns to report. The 2020/21 audit is still ongoing at this present time.

CIPFA Financial Resilience Index

20. This index measures resilience in relative terms by placing authorities on an axis of risk as expressed by various financial metrics relative to all other (or groups of) authorities. It does not take account of future plans, as expressed in medium term financial planning, for example planned use of reserves, and it is not an absolute measure of financial resilience. As such it is of limited value in its current form.

However, it can be seen to demonstrate that the council is well placed, both absolutely and compared to its peers, to manage the financial challenges of the future.

CIPFA Financial Management Code

21. CIPFA published the first edition of their 'Financial Management Code' for local authorities in October 2019. CIPFA considers that compliance with this code is mandatory for all local authorities but it is important to note that such compliance is not specifically mandated by statute. CIPFA state that the first year in which it expects authorities to be fully compliant with the code is by April 2022, it is proposed that an assessment is carried out in March demonstrating the Council compliance.

22. The code is essentially a best practice guide to financial management in the local authority sector. It covers the following areas:

- The responsibilities of the chief financial officer (section 151 Officer) and the leadership team
- Governance and financial management style
- Medium to long term financial management
- The annual budget
- Stakeholder engagement and business plans
- Monitoring financial performance
- External financial reporting

23. Officers are yet to complete a full assessment of the extent of compliance with the requirements of the code. However, on initial consideration it can be confirmed that in general terms the council's arrangements follow the recommended best practice set out in the code.

Conclusion

24. Taking all of the above factors into account it is considered that the budget calculation is robust and that the level of reserves are adequate at this time. Members are reminded of the need to consider all of the factors discussed in this section and their potential impact on the

ongoing sustainability of the Council's medium term financial position when considering the budget and level of council tax to be set for 2022/23.

Legalities of setting a balanced budget

Council's constitution

25. The Council's constitution states in Part 4.5 – Financial Regulations (section 2.11) **Section 114 of the Local Government Act 1988** - The Section 151 Officer shall report to the Council, Policy, Projects & Resources Committee, Audit & Scrutiny Committee and the external auditor in fulfilment of the statutory obligations under Section 114 of the Local Government Finance Act 1988 or otherwise if the Authority or any of its Officers:

- a) Has made, or is about to make, a decision which involves incurring unlawful or unauthorised expenditure.
- b) Has taken, or is about to take, an unlawful or unauthorised action which has resulted or would result in a loss or deficiency to the Authority.
- c) Has made or is about to make an unlawful or unauthorised entry in the Authority's accounts.

26. The Section 151 Officer shall assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective operations, financial stewardship, effective risk management, probity and compliance with laws and regulations.

27. The Section 151 Officer shall ensure that there are effective and properly resourced internal audit and risk management functions, that key controls are operating effectively and that controls are recorded and managed within an effective risk management framework.

Legislation

28. The Local Government Finance Act 1992 states that the Council must set a (balanced) budget and its council tax, including precepts, before 11 March in each financial year. The responsibilities and consequences of not adhering to Legislation are listed below.

Council

29. The consequences for the Council itself would be:

- It would be subject to the 'prohibition period' under the 1988 Act;
- It could be faced with acute cash flow and potentially collection difficulties, and
- It might be unable to meet its obligations to its precepting authorities.

Officers

30. The processes should be managed so that the consequences are avoided.

31. If the Council does not set its budget and council tax the officer of the council having responsibility for the administration of the council's financial affairs under Section 151 of the Local Government Act 1972 ('the Section 151 Officer') would be obliged to make a Report pursuant to Section 114 (and 114A) of the Local Government Finance Act 1988 including subsection (3).

32. This would have the ultimate consequences set out in Sections 115 and 115B of the 1988 Act. They include that during a 'prohibition period' the council is very constrained with respect to what expenditure, it can incur.

33. The Section 151 Officer should do whatever he can to protect the council's financial interests. Specifically, the person should:

- Make a Section 114/114A Report. In preparing a Report to consult so far as possible the Head of the Paid Service and the council's Monitoring Officer ('MO') and discharge his Section 114 duties personally;
- Do so as soon as it is apparent that the budget and council tax are not likely to be Set by 11 March;
- To send copies of the Report to the council's External Auditor and to all Councillors
- To give the Council his opinion as to what staff, accommodation and other resources he/she needs in order to allow his Section 114 duties to be performed.

34. In addition, the Monitoring Officer (MO) has responsibilities, pursuant to Sections 5 and 5A of the Local Government and Housing Act 1989.

35. The Council Members' Code of Conduct, pursuant to Sections 27 and 28 of the Localism Act 2011 ('LA 2011'), imposes an obligation on Councillors to 'uphold the law'.

The MO should:

- Make a statutory Report at or about the same time or in conjunction with the Section 151 Officer's Section 114 Report; and

warn Councillors as to:

- the implications of the Code and of their legal obligation and of breaches thereof, and
- their potential liabilities.
- The MO also has a duty to consult so far as is practicable with the person who is for the time being designated as the head of the authority's paid service and with their Chief Financial Officer

Full Council

36. The statutory responsibility of Full Council is all other functions in relation to the budget and council tax. It is Full Council who take final responsibility for the budget and the council tax.

Section 114/114A Report

37. The Council/Policy, Resources and Economic Development Committee must consider the Section 114/114A Report at a meeting where it shall decide whether it agrees or disagrees with the views contained in the Report and what action (if any) it proposes to take in consequence of it.

38. That meeting must be held not later than the end of 21 days beginning with the day on which copies of the Report are sent. The Council must, during the period beginning with the day on which copies of the Report are sent and ending with the first business day to fall after

the day on which the Council's consideration of the Report is concluded, not enter into any new agreement which may involve the incurring of expenditure (at any time) by the Council unless the Section 151 Officer is able to and does authorise it to do so. Policy, Resources and Economic Development Committee must act in accordance with Section 115B.

39. If the Policy, Resources Economic Development Committee, having received a Section 114/114A report and having held the meeting required by Section 115B, disagrees with it, in these circumstances, the Section 151 Officer will have discharged his duties to make a Report to the Audit and Scrutiny Committee. The misconduct of Councillors will, however, be aggravated.

40. If the Policy and Resources Committee agrees with the Section 114 Report, but the Council were to vote against approving a budget and setting a council tax, in these circumstances, the Section 151 Officer will have discharged his duties to make a Report to Council. The misconduct of Councillors will, however, be aggravated.

Councillors

41. The statutory and common law responsibility of all Councillors and each and every Councillor individually is to seek to ensure that the Council's statutory responsibilities are duly, fully and timeously discharged.

42. Councillors must work together to find a proposal that can be carried in accordance with the legislative timetable. Any Councillor who played a part in achieving the defeat of all proposals for a balanced and lawful budget, by voting against every such proposal, or even by abstaining, would be at very serious potential risk, disciplinary, financial and reputational.

Implications for Councillors

- Officers do have an obligation to make Councillors aware of the consequences for Councillors themselves. Group Leaders' briefings and more widely published briefing notes would be useful.
- Each individual Councillor who makes a declaration of office is required to carry out the statutory duties to which the Council is subject. Moreover, every Councillor has a duty to comply with the Council's statutory Code of Conduct. Each Councillor is under a positive duty at all times to do what he or she can to ensure that the Council fully complies with the law.
- Councillors who breach the Code are liable to sanctions. Notwithstanding the abolition of surcharge, if a Councillor's wilful misconduct is found to have caused loss to the Council the Councillor will be liable to make good such loss.
- Further, Councillors may incur liabilities in other ways. Not only may they become liable to compensate the Council for losses the Council sustains, also they may:
 - Be guilty of the tort and crime of misfeasance in public office: and
 - They may be liable in negligence and/or breach of statutory duty to service users.

What is Tort?

43. This is a civil liability for breach of obligations imposed by law.

What is Tort and Crime of Misfeasance in public office?

44. The Crime of Misfeasance in Public Office is an offence at common law against a holder of public office. The Tort of Misfeasance in Public Office provides an individual with a remedy against someone in Public Office, such as a Councillor, who has acted in bad faith, where there has been injury or damage caused which was foreseeable by the Defendant. This is a serious offence.

45. As the Council is a 'best value authority', Central Government is able to step in should the Council fail to set a balanced budget and council tax. Central Government has powers of inspection under Sections 10 and 11 of the Local Government Act 1999 and intervention powers under Section 15 of that Act.

46. The House of Commons also could summon Councillors and/or Officers before a Committee.

47. Furthermore, the Council's auditors have powers and duties under Part 5 of the Local Audit and Accountability Act 2014 and also Section 116 of the 1988 Act.

Glossary

Actuary

A business professional who measures and manages risk and uncertainty.

Asset management

Process that identifies the resources required for the upkeep of properties.

Baseline

The minimum level of business rates the council will receive (subject to the safety net).

Budget gap

Also known as a budget deficit, this is when planned expenditure is forecast to exceed revenue in any given year. The gap must be closed by the delivery of savings, efficiencies or growth in income. The opposite of this is a budget surplus.

Budget Requirement

This represents net budgeted expenditure for the year adjusted for transfers to and from reserves but allowing for sums required by Parish and Town Councils. It is used to determine the amount of Council Tax to be precepted on the Collection Fund after allowing for income from Government and any surplus or deficit on the Collection Fund.

Business rates multiplier

This is the number of pence per pound of rateable value that has to be paid in business rates, before any relief or discounts are deducted.

Business Rates Retention Scheme

The scheme under which the council is permitted to retain an agreed portion of business rates collected.

Capital Programme/Budget

The council's budget for capital expenditure and resources for the current and future years.

Capital Expenditure

This generally relates to expenditure on the acquisition or enhancement of noncurrent assets that will be of long-term use or benefit to the authority in providing its services. It also includes grants made by the council to other individuals, community organisations and other external bodies for similar long-term benefit.

Capital Receipts

Income from the sale of capital assets and the repayment to the council of grants and loans given for capital purposes. Regulations govern the way capital receipts may be used.

Cash terms/Real terms

Cash terms compares sums in actual amounts regardless of when received/paid. Real terms adjusts these amounts for inflation.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the professional accountancy body for public services. It publishes the Code of Practice which defines how local authority accounts are prepared.

Code of Practice

The Code of Practice on Local Authority Accounting in the United Kingdom, also referred to as the Code. This document is based on International Financial Reporting Standards, and states how these must be applied to the preparation of the Statement of Accounts by local authorities.

Collection Fund

The fund into which Council Tax and Non-Domestic Rates are paid and from which the Council Tax precepts and shares of business rates of Brentwood Borough Council, Essex County Council, Essex Police Authority, Essex Fire Authority, the Government and Parish and Town Councils are met as appropriate. Any surplus or deficit is shared between the various authorities, other than the Parish and Town Councils, in proportion to precepted amounts.

Collection Rate

The percentage of total taxation collected by the authority.

Committee

A committee appointed for a specific purpose.

For more information visit

[Committee structure - Brentwood Borough Council \(modern.gov.co.uk\)](http://modern.gov.co.uk)

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure or shortfalls in income occurring during the year ahead. This would include changes to the inflation and interest rate assumptions made when the budget was set.

Core Spending Power

Core spending power measures the core revenue funding available for local authority services, including council tax and locally-retained business rates.

Corporate Strategy

Presents the council's goals, objectives and plans.

Council Tax Base

The equated number of dwellings over which the council tax is collected. All dwellings are valued and classified into eight bands (A to H). Each band is expressed as a proportion of Band D. The council tax base is the number of dwellings expressed in terms of a Band D equivalent after adjusting for the local council tax support scheme.

Council Tax Requirement

The portion of the annual budget that is required to be funded through council tax.

Department for Levelling Up, Housing and Communities

Successor Ministry of Housing, Communities & Local Government (MHCLG)

Successor Department to CLG

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government/about>

Departmental Expenditure Limit (DEL)

The budget allocated to specific Government departments set at the spending reviews.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Devolution

The government granting powers to regional authorities to make decisions at a local level, rather than through central government.

Discretionary Rate Relief

A relief on business rates available to some businesses and charities.

Fair Funding Review

The Fair Funding Review will deliver an assessment of relative needs of local authorities within a fixed amount of business rates income. For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The distribution of funding for new responsibilities will be considered on a case by case basis once these responsibilities are confirmed; they are likely to have bespoke distributions.

Fees and Charges

Charges made to the public to the use of council services and facilities. A full schedule of current fees and charges is published on the council's website.

Financial Conduct Authority

Regulates the financial services industry in the UK. It protects customers, promotes competition and keeps the industry stable.

Financial Regulations

A written framework for the proper financial management of the authority. The Financial Regulations are approved by the Council as part of its formal constitution.

General Fund (GF)

The main revenue fund of the council. Day to day spending and income from services are accounted for here.

Gross domestic product (GDP)

The total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

Housing benefit administration subsidy grant

A grant provided by central government to assist with the costs of administering housing benefit.

Housing Revenue Account (HRA)

This statutory account records the revenue expenditure and income relating to the provision of council housing. While technically part of the General Fund, the balance is 'ring-fenced' and may not be included in the budget requirement to be met by Council Tax.

Insurance Pool

The council acts as internal insurer for all the council activities. Some risks are selfinsured and others are reinsured through external insurance companies. Premiums and excesses are charged to the revenue accounts of services and credited to the Pool.

Judicial Review

A court reviews an administrative action by a public body.

Leasing

A method of acquiring the use of assets in which the investment is made by a lessor and a rental is charged to a lessee. The council operates both as lessor and lessee in respect of land, property, vehicles, plant and equipment. Finance Leases transfer substantially all the risks and rewards of ownership to the lessee, and are regarded as a debt extended to purchase the leased asset (even when ownership of the asset does not legally pass to the lessee). Any lease which does not meet the definition of a finance lease is classified as an Operating Lease, and is treated as an arrangement to hire an asset for a specified term.

Levy rate

The rate at which the Government shares in the benefits of business rate growth above the baseline.

Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012

For more information please visit

<http://www.legislation.gov.uk/ukxi/2012/2914/contents/made>

Local Development Plan (LDD)

A project plan that identifies which local development documents will be produced, in what order, and when.

Local Government Act 1972

For more information please visit

<http://www.legislation.gov.uk/ukpga/1972/70/contents>

Local Government Act 1988

For more information please visit

<http://www.legislation.gov.uk/ukpga/1988/9/contents>

Local Government Act 2003

For more information please visit

<http://www.legislation.gov.uk/ukpga/2003/26/contents>

Local Government Finance Act 1992

For more information please visit

<http://www.legislation.gov.uk/ukpga/1992/14/contents>

Local Government and Housing Act 1989

For more information please visit:

<http://www.legislation.gov.uk/ukpga/1989/42/contents?wb48617274=A375BAFB>

Localism Act 2011 Local Government Finance Act 1992

For more information please visit:

<https://www.gov.uk/government/publications/localism-act-2011-overview>

Local Government Act 2000

For more information please visit:

<https://www.legislation.gov.uk/ukpga/2000/22/contents>

Local Government Act 1999

For more information please visit:

<http://www.legislation.gov.uk/ukpga/1999/27/section/10>

Local Audit and Accountability Act 2014

For more information please visit:

<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted>

Local Government Finance Settlement

The annual determination of funding to local government.

Localised Council Tax Support Scheme (LCTS)

Council tax support replaced council tax benefit from 1 April 2013. Each billing authority is required to have a published scheme in place setting out the entitlement to support for residents.

Localism Agenda

The movement of responsibilities from central Government to local government and local communities.

Local Precepting Authority (LPA)

Precepting authorities instruct billing authorities to collect council tax on their behalf. Local preceptors include parishes, villages or towns.

Major Precepting Authority

Authorities that do not collect council tax directly but instead they instruct a billing authority to collect it on their behalf. Major preceptors are larger than the billing authorities, i.e. usually county councils.

Minimum revenue provision (MRP)

Each year local authorities are required to set aside a prudent amount of revenue as provision for financing capital expenditure.

Department for Levelling Up, Housing and Communities

Successor Ministry of Housing, Communities & Local Government (MHCLG)

Successor Department to CLG

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-andlocal-government/about>

MMI

Municipal Mutual Insurance

Monitoring Officer

Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000 requires a local authority to appoint a monitoring officer. The Monitoring Officer has three main duties:

1. To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
2. To be responsible for matters relating to the conduct of Councillors and Officers.
3. To be responsible for the correct operation of the Council's Constitution.

New Burdens Grant

Grants designed to cover the costs associated with providing new local authority services, which, if not funded by central government, could lead to an increase in council tax.

New Homes Bonus (NHB)

A grant paid to local councils on an incentive basis from central government to encourage housing growth.

National Non-Domestic Rates (NNDR)

Non-Domestic Rates (NDR), or Business Rates, are the means by which occupiers of non-residential property contribute to the cost of providing local authority services. They are levied on the rateable value of each business property multiplied by a uniform amount set annually by the government. Business rates are collected by all Billing Authorities on behalf of other preceptors and the government.

Office for Budget Responsibility (OBR)

A public body that provides independent economic forecasts and analysis of the public finances.

Parish Council

A parish council is a civil local authority found in England and is the lowest, or first, tier of local government. They are elected corporate bodies, have variable tax raising powers, and are responsible for areas known as civil parishes

Partial Exemption Threshold

The limit to which the council can recover VAT on certain activities undertaken; however, if the 5% limit is exceeded all such VAT becomes irrecoverable.

Planning Inspectorate

An organisation that deals with planning appeals, applications and examinations of local plans.

Policy, Resources and Economic Development Committee

The Policy, Resources and Economic Development Committee co-ordinates the development and recommendation to Council of the Budget.

Precept

The amount that local authorities providing services within the Brentwood Borough require to be paid from the Collection Fund to meet the net cost of their services. The Council Tax requirement is made up of the sum of all precepts levied on the Billing Authority.

Preceptor

A body that levies a precept.

Prudential code for capital finance in Local Authorities

A CIPFA publication, providing guidance to ensure capital programmes are affordable, prudent and sustainable.

Prudential Indicators

Indicators within the treasury management strategy that ensures that borrowing and debt is within agreed limits.

Public Works Loans Board (PWLB)

A government agency that offers longer-term loans to local authorities at interest rates marginally above the government's own cost of borrowing.

Referendum Limit (For council tax setting purposes)

Each year the Secretary of State sets a limit for the rise in council tax. If council taxes are set to rise by this percentage or higher than the decision must be ratified through a local referendum.

Reserves

Reserves are set aside at the discretion of the council to meet items of expenditure in future years.

Reserves – Earmarked

Reserves set aside for specific purposes.

Revenue budget

The money allocated to the day to day running of the council.

Revenue support grant (RSG)

This is part of the main sources of finance given to local authorities from central government.

Right to Buy (RTB) Scheme

Allows eligible council tenants to purchase their property at a discount. S106 Agreements which make a development proposal acceptable in planning terms that would not otherwise be acceptable, i.e. restrictions on the use of land, sums of money to be paid to the authority. Safety net Should the council's business rates income fall below 92.5% of the baseline the Government will provide a grant to ensure that the council receives at least 92.5% of the baseline amount. If the council is in a pool for business rates purposes the shortfall is funded by the pool.

Section 151 (S151) Officer

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint an Officer to have responsibility for those arrangements. The Officer appointed under this requirement is called the Section 151 Officer.

Section 31 Compensation

Grant provided by central government. Section 31 of the Local Government Act 2003 allows ministers to grant monies to local authorities for any purpose; more information can be found at <http://www.legislation.gov.uk/ukpga/2003/26/section/31>

Seven Arches Investment Limited (SAIL)

A wholly owned company of Brentwood Borough Council.

Settlement Funding Assessment (SFA)

The government's assessment of the level of government funding required by a local authority.

Shire Districts

(Non-metropolitan districts), A type of local government district in England. As created they are subdivisions of non-metropolitan counties in a two-tier arrangement.

Social Housing

Housing that is affordable to people on low incomes.

Small business rates relief

Small business rates relief is generally available if a business only uses one property and that property's rateable value is less than £12,000.

Spending Review

A Spending Review or occasionally Comprehensive Spending Review is a governmental process in the United Kingdom carried out by HM Treasury to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources.

Ultra Vires

Beyond the legal powers or authority.

Universal Credit

A single monthly credit, combining a number of other benefits or tax credits.

Valuation Office Agency Provides the Government with the valuations and property advice it needs to support tax and benefits.

Virements

The transfer of a budget from one account to another. Welfare Reform Act 2012

For more information please visit

<http://www.legislation.gov.uk/ukpga/2012/5/contents>

Yield

The interest earned on investments.