Glossary

Arlingclose: The Council's independent Treasury Management Adviser providing advice on investments, borrowing, economic forecasts and treasury strategy.

Authorised Limit: Maximum amount of external debt the Council is legally permitted to have outstanding.

Bank Rate: Official interest rate set by the Bank of England.

Bail-in: Process whereby investors or large depositors may bear losses if a bank fails.

Capital Financing Requirement (CFR): The Council's underlying need to borrow for capital purposes.

Call Account: An instant access bank account used for short term cash management.

CIPFA: Chartered Institute of Public Finance and Accountancy.

Consumer Price Index (CPI): UK measure of inflation.

Core CPI: Inflation measure excluding volatile items such as food and energy.

Counterparty: Institution with which the Council places investments or undertakes financial transactions.

Credit Default Swap (CDS): Market indicator used to assess perceived default risk.

Credit Rating: Assessment of financial strength and ability to repay obligations.

Credit Risk: Risk of counterparty failure to repay principal or interest.

Debt Management Account Deposit Facility (DMADF): Government-operated investment facility for local authorities.

Debt Rescheduling: Replacing existing debt to improve cost or risk profile.

Diversification: Spreading investments to reduce risk.

Duration: Measure of sensitivity to interest rate changes.

Equity Fund: Fund primarily invested in company shares.

External Borrowing: Loans obtained from external lenders.

Gilt: Bond issued by the UK Government.

Gilt Yield: Return available on UK Government bonds.

Internal Borrowing: Use of the Council's own cash balances instead of external loans.

Interest Rate Risk: Risk arising from changes in interest rates.

Liability Benchmark: Indicator assessing long-term borrowing or investment position.

Liquidity: Ability to access cash quickly.

Long-Term Investment: Investment intended to be held for more than one year.

Market Volatility: Extent to which market prices fluctuate.

Maturity: Date on which an investment or loan ends.

Money Market Fund (MMF): Low-risk pooled investment fund providing daily liquidity.

Monetary Policy Committee (MPC): Committee responsible for setting Bank Rate.

Minimum Revenue Provision (MRP): Annual charge made to repay capital financing debt.

Net Investments: Total investments less outstanding borrowing.

Operational Boundary: Expected maximum debt level used for monitoring.

Portfolio: The Council's entire collection of investments.

Pooled Fund: Collective investment vehicle investing across multiple assets.

Prudential Code: CIPFA framework ensuring borrowing and investment decisions are prudent.

Prudential Indicators: Measures used to assess affordability, sustainability and prudence.

Public Works Loan Board (PWLB): Government lending facility for local authorities.

Real Estate Investment Trust (REIT): Property investment company distributing most income to investors.

Refinancing Risk: Risk of being unable to replace maturing debt on acceptable terms.

Revenue Return: Income earned from treasury investments.

Risk Management: Process of identifying, assessing and controlling financial risks.

Security: Protection of invested capital from loss.

Strategic Pooled Funds: Long-term investments held for income and growth.

Treasury Management: Management of cash, investments, borrowing and financial risks.

Treasury Management Code: CIPFA Code of Practice for treasury management in local authorities.

Treasury Management Indicators: Performance and risk measures reported during the year.

Treasury Strategy: Annual strategy setting borrowing, investment and risk policies.

Unrealised Capital Gain/Loss: Change in investment value not yet realised through sale.

Usable Reserves: Resources available to support future spending.

Weighted Average Maturity (WAM): Average time until investments mature.

Working Capital: Resources needed to meet day-to-day operating costs.

Yield: Annual income generated by an investment expressed as a percentage.

Yield Curve: Graph showing interest rates across different maturities.