

APPENDIX I

Glossary

Basis Point	<i>One Basis Point = 0.01%</i>
Brexit	<i>Abbreviation for the term “British exit” - referring to Britain withdrawing from the European Union (EU)</i>
CBI	<i>Confederation of British Industry</i>
CD	<i>Certificate of Deposit – a tradable type of investment</i>
CDS	<i>Credit Default Swap – the cost of insuring a financial asset / liability</i>
Certainty Rate	<i>Conditionally reduced rate on PWLB loans available to Local Authorities</i>
CFR	<i>Capital Financing Requirement - the authority’s underlying need to borrow</i>
CIPFA	<i>Chartered Institute of Public Finance and Accountancy</i>
CLG	<i>Department for Communities and Local Government</i>
Corporate Bonds	<i>Debt issued by companies</i>
Counterparty	<i>The other side of a financial transaction e.g. Greenwich’s investment counterparties are those organisations that it lends to</i>
CPI	<i>Consumer Prices Index – measure of inflation</i>
Delayed Borrowing	<i>Occurs when actual borrowing is less than the underlying need to borrow (CFR)</i>
Downside Risk	<i>There is a risk that the forecast interest rate may be lower than predicted or may fall earlier than predicted (a lower interest rate benefits the debt portfolio but is adverse for the investment portfolio).</i>
ECB	<i>European Central Bank is European equivalent of Bank of England when setting interest rates</i>
Fed	<i>Federal Reserve is US equivalent of Bank of England when setting interest rates</i>
Fiscal Cliff	<i>Simultaneous ending of tax breaks and cutting of public expenditure</i>
Fitch	<i>Company that provides credit ratings</i>

Forward Guidance	<i>Clarity on the stance of the Central Bank, setting out framework for interest rate / quantitative easing changes</i>
FRN	<i>Floating Rate Note – debt issued by companies with a floating interest rate</i>
GDP	<i>Gross Domestic Product – a measure of the economy</i>
Gilt	<i>Government debt</i>
G7	<i>A group consisting of seven major advanced economies.</i>
HRA	<i>Housing Revenue Account</i>
IMF	<i>International Monetary Fund</i>
Internal Borrowing	<i>see “Delayed Borrowing”</i>
Less Liquid	<i>Not actively traded in a market / realised less easily than bank deposits</i>
LIBOR	<i>London Inter Bank Offered Rate – rate set by large banks as the rate that they will lend to each other (set daily)</i>
LOBO	<i>Lenders Option / Borrowers Option loans are a form of long-term borrowing where loans run at a fixed rate for a fixed period of time, after which the lender has the option to alter the interest rate. The borrower may either accept the change or repay the loan in full (without penalty)</i>
MHCLG	<i>Ministry of Housing, Communities and Local Government</i>
MMF	<i>Money Market Fund – commercially run pooled investment</i>
MPC	<i>Monetary Policy Committee – Bank of England body that sets the Bank Rate</i>
MRP	<i>Minimum Revenue Provision - The minimum amount which must be charged to an authority’s revenue account each year and set aside as provision for credit arrangements</i>
Multilateral Development Bank	<i>e.g. International Bank of Reconstruction & Development</i>
Non – Specified	<i>Investment that is not “Specified”</i>
OEIC	<i>Open Ended Investment Company</i>
PWLB	<i>Public Works Loans Board (advances loans to local authorities)</i>

QE	<i>Quantitative Easing - process whereby new money is used to purchase assets from institutions, thereby freeing the institution to boost money supply to the economy</i>
Section 151 Officer	<i>With reference to the Local Government Act 1972, this is the Director of Finance</i>
Sovereign	<i>Government</i>
Specified	<i>Sterling denominated investment with a maturity up to one year, meeting the requirements for a highly rated investment</i>
TMP	<i>Treasury Management Practices – how the organisation puts in place formal and comprehensive objectives, policies, practices, strategies and reporting arrangements for the effective management and control of their treasury management activities</i>
Under Borrowing	<i>see “Delayed Borrowing”</i>
Upside Risk	<i>This is the risk that the forecast interest rate may be higher than predicted or may increase earlier than predicted (a higher interest rate benefits the investment portfolio but is adverse for the debt portfolio).</i>
Yield Curve	<i>A graphical plot of return versus time</i>