Abbreviations used in this report

ALMO an Arm's Length Management Organisation is a not-for-profit company that provides housing services on behalf of a local authority. Usually an ALMO is set up by the authority to manage and improve all or part of its housing stock.

CAS Capita Asset Services, Treasury solutions – the council's treasury management advisers.

CE Capital Economics – is the economics consultancy that provides Capita Asset Services, Treasury solutions, with independent economic forecasts, briefings and research.

CFR Capital Financing Requirement – the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

CIPFA Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CLG The Department for Communities and Local Government – the Government department that directs local authorities in England.

CPI Consumer Price Inflation – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a predetermined basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the basket of goods and averaging them.

ECB European Central Bank – the central bank for the Eurozone.
EU European Union.
EZ Eurozone – those countries in the EU which use the euro as their currency.

Fed The Federal Reserve, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

FOMC The Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP Gross Domestic Product – a measure of the growth and total size of the economy.

G7 The group of seven countries that form an informal bloc of industrialised democracies – the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom – that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts Gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a yield and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); yields therefore change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.

HRA Housing Revenue Account.

IMF International Monetary Fund – the lender of last resort for national governments which get into financial difficulties.

LIBID The London Interbank Bid Rate is a 'bid' rate; i.e., the rate at which a bank is willing to borrow from other banks. It is the 'other end' of the LIBOR (an offered, hence 'ask' rate, the rate at which a bank will lend).

MPC The Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

MRP Minimum Revenue Provision – a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

PFI Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.

PWLB Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE Quantitative Easing is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, like government bonds. This process increases the supply of liquidity to the economy, and aims to stimulate economic growth through increased private sector spending, and return inflation up to target. This policy is employed when lowering interest rates has failed to stimulate economic growth and inflation to acceptable levels.
Once QE has achieved its objectives, it will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation, and economic growth and increases in inflation are threatening to gather too much momentum if action is not taken to 'cool' the economy.

RPI The Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – CPI. The main difference between RPI and CPI is in the way that housing costs are treated. RPI is often higher than CPI.

TMSS The annual treasury management strategy statement report that all local authorities are required to submit for approval by the full council before the start of each financial year.

VRP A voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

APPENDIX A

1.1