

Term/Abbreviation	Definition/Description
Annuity Method	A fixed sum of money paid each year
Asset	An item of value to the City Council, in monetary terms, from which economic benefits are expected to flow. Current assets are expected to be consumed within the current financial year, for example cash or stock, whereas non-current assets provide a benefit to the City Council for longer than the current financial year, for example a building.
Asset Strategy	The long-term strategy for moving towards the optimal asset portfolio, which includes strategies for: purchasing and constructing new assets / investing in and replacing existing assets / transferring assets to other organisations / disposing of assets that are surplus to requirements
Auditors	External auditors; EY (formerly known as Ernst & Young). Main contacts are: David White and Jack Dunkley. For contact details please ask TFP.
Authorised Limit	
Balance Sheet	Summary of the value of financial assets, liabilities and reserves held by the City Council, as at a single point in time (in our case 31st March).
Borrowing in Advance of Need	Borrowing in excess of the underlying need to borrow
Capital	Term used in relation to assets held for the long term (greater than 1 year).
Capital Aspirations	Potential capital schemes that have yet to be included in the Capital Programme and have resources earmarked to them
Capital Expenditure	Expenditure used for capital purposes. Includes the acquisition, construction, replacement or enhancement of for example; land, buildings, plant & machinery, and vehicles.
Capital Financing	Funds used to pay for capital expenditure. Includes; borrowing, direct revenue financing, capital receipts, capital grants, and reserves.
Capital Financing Requirement (CFR)	A measure of the Council's underlying need to borrow.
Capital Grants	A sum of money given by a government to an organisation to either acquire or enhance assets. Some of which are ring-fenced for particular activities or are dependent on meeting certain conditions
Capital Receipts	A non-recurring incoming cash flow originating from one of the following: the disposal of a fixed asset; cash from the sale of shares in a business, or cash from the issuance of a debt instrument
Capital Programme	A set of capital projects that an organisation plans to undertake within a specified timescale, typically 3 to 5 years
Capital Strategy	The Capital Strategy is a high level plan that sets out the Council's approach to capital expenditure over the short, medium to long term.
CIES	Comprehensive Income & Expenditure Statement - This is the revenue account for the City Council which shows the accounting cost in the year of providing services along with how this is financed. Equivalent to a profit & loss account in the private sector.
CIPFA	The Chartered Institute of Public Finance and Accountancy - is the leading accountancy body for the public services providing education and training in accountancy and financial management
Code	The Code of Practice on Local Authority Accounting in the UK. This has been prepared based on International Financial Reporting Standards, International Public Sector Accounting Standards and UK Accounting Standards, adapted for use in local government. Under the Local Government Act 2003 the Code constitutes proper accounting practice which we are required to follow.
Commercial Properties	Properties from which businesses are conducted. The Council may acquire these properties as investments to generate income.
Core Cash	The minimum amount of cash that the Council expects to have in the medium term after allowing for daily fluctuations in cash balances due to the timing of receipts and payments.
Corporate Asset Management Plan	Identifies current and future needs and priorities of services and seeks

	to provide a series of actions to ensure the Council has the right assets, in the right condition and in the right location
Cost of Carry	
Corporate Asset Management Plan	Seeks to align the asset portfolio with the needs of the council. The assets required to deliver the Council's objectives should be expressed in a medium /long term plan
Creditors	Amounts owed by the City Council to other bodies for goods and services received in the current financial year but which were not paid in the current financial year.
Debtors	Amounts owed to the City Council from other bodies for goods and services provided in the current financial year but which were not paid for in the current financial year.
Earmarked Revenue Reserves	Set aside for a certain stated purpose
External Operating Costs	The cost of services acquired externally to operate the investment property portfolio.
Financial Year	1 st April to the 31 st March
Financial Appraisal	Assess the viability of capital expenditure based on the direct effects of the Council's cash flow.
FY Report	Financial Year Report - previously run to provide net requirement portfolio and SERCOP entries.
General Reserves	General reserves can be applied to fund either revenue or capital expenditure and are held for two main purposes. Firstly, they act as a general contingency against unanticipated expenditure and the potential to fall into deficit. Secondly, as a means of "smoothing out" any shortfalls between the overall amounts of funding that the City Council receives against the costs of delivering stable service levels.
Governance and Audit and Standards Committee	Council committee to oversee, maintain and strengthen high standards of conduct in public office
GL	General Ledger - module of the EBS Oracle system for recording accounting entries relating to the City Council's assets, liabilities, reserves, revenue and expenses.
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standard - Accounting standards prepared by the International Accounting Standards Board which apply to the City Council, albeit via the Code.
Income Generation Strategy	The Income Generation Strategy is designed to both increase income to the Council as well as increase funding from Council Tax, Business Rates and Government Grants.
Interest Cover	The number of times net income from the investment property portfolio exceeds the interest payable on the borrowing used to acquire those properties.
Invest to Save	Investing money in the early years of a scheme to save money in future years
Internal Borrowing	Using the Council's cash backed reserves, such as general balances and earmarked reserves, to finance capital expenditure in the short to medium term; effectively borrowing from those reserves until externally borrowing is undertaken to finance that capital expenditure
Loan to Value Ratio	The number of times the market value of an investment property exceeds the outstanding loan debt that financed the acquisition of the property
Long term borrowing	Borrowing for a term in excess of a year
Liquidity	Funds available to meet the Council's commitments
Liquidity Allowance	An allowance to provide for fluctuations in the Council's cash balances caused by the timing of receipts and payments. A liquidity allowance is deducted from the Council's cash balances to derive the Council's core cash that can be used to either fund capital expenditure in the short term to medium term or to invest in the medium term.

Loans Capital Financing Requirement (CFR)	The Council's underlying need to borrow as measured by its CFR excluding debt financed through finance leases and private finance initiative (PFI) schemes, and debt administered by Hampshire County Council following the transfer of services under local government reorganisation. The loans CFR is thus the underlying need to borrow that the Council must finance itself by undertaking long term borrowing, either now or at some time in the future.
Materiality	Accounting concept relating to the threshold after which financial information becomes relevant to decision making needs of users, such that the omission or misstatement of the information could influence users' decisions.
Medium Term Strategy (MTS)	Sets out the revenue spending plans that deliver the longer term vision and shorter term priorities of the Council
Mid Term Report	Treasury Management report containing core quarterly information and policy changes shared with Cabinet & Council
Minimum Revenue Provision (MRP)	Cash set aside for the repayment of long term debt
Net Loans Requirement	The net loans requirement is the Council's underlying need to borrow as measured by its loans capital financing requirement (CFR) less its core cash.
Neutral Treasury Management	This is measured by the net loans requirement and is a target amount of external borrowing prior to taking account of other factors such as interest rate expectations.
Operational Boundary	The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit, but acts as a warning mechanism to prevent the authorised limit (above) being breached.
Options Appraisal	Reviews options and analysis of their relative costs and benefits. It should help develop a value for money solution that meets the objectives of the projects.
Out Term Report	Year End Treasury Management report containing core quarterly and capital financing information, shared with Cabinet & Council
Over Borrowing	When the Council has borrowed in advance of incurring capital expenditure to be financed by borrowing
Payable	IFRS term for creditor.
Provision	Amounts potentially owing to a third party due to a known past event but where the existence of the obligation is dependent on the occurrence of uncertain future events and a reliable estimate can be made of the value of the potential obligation. Recognised in the balance sheet as a future liability.
Prudential Code	The Prudential Code for Capital Finance in Local Authorities. This is statutory guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which governs borrowing by local authorities
Prudential Indicators	These are limits set by the Council which set the boundaries within which the Council will undertake its capital financing activities.
Public Works Loan Board (PWLB)	This is an executive agency of the Government that lends to local authorities at below market interest rates.
Quarterly Reporting	Treasury Management report containing core quarterly information shared with Governance & Audit
Receipts in Advance	Amounts from customers that have been received in advance of the financial year to which the amount relates to. Recognised in the balance sheet as a future liability.
Receivable	IFRS term for debtor.
Revenue	Income received in the course of normal City Council activities.
SERCOP	Service Reporting Code of Practice.
Surplus Cash	Cash that has been received but not yet spent.
Treasury Management Strategy	Sets out the boundaries within which the treasury management activities will operate. Treasury management is the management of the Council's cashflow and either borrowing when more cash is required or investing when the Council has surplus cash
TFP	Technical & Financial Planning.
Under Borrowing	When the Council has borrowed less than its underlying need to borrow as measured by its capital financing requirement CFR. When the Council does

	this, it is financing capital expenditure in the short to medium term from its cash backed balances. This is known as internal borrowing.
Underlying need to borrow	The Council's underlying need to borrow is its capital expenditure that has not been charged to revenue balances, or provided for by applying capital grants and contributions or capital receipts. As such the Council's underlying need to borrow increases when capital expenditure is financed by borrowing and decreases when cash or capital receipts are set aside to repay debt. The Council's underlying need to borrow is measured by its capital financing requirement (CFR)
WGA	Whole of Government Accounts - A single set of accounts consolidating the financial activities of the UK public sector (approximately 3800 organisations).