

# Cumbria Commissioner Fire and Rescue Authority

## Treasury Management Activities 2024/25 for the period 01 July 2024 to 30 September 2024

Joint Audit Committee 04/02/2025



### Cash flow Balances

Quarter 2 average daily balance -  
£19.767

Investment balance @ 30/09/24  
£22.480m

### Investment Strategy

Category	Category Limit (£m)	Investments at 30 Sept (£m)	Compliance with Limit
1 - Banks Unsecured	10	5.040	Yes
2 - Banks Secured	5	0.000	Yes
3 - Government (inc LA)	no limit	8.620	Yes
4 - Registered Providers	2	0.000	Yes
5 - Pooled Funds	10	8.820	Yes
<b>Total</b>		<b>22.480</b>	

There have been no breaches in the approved limits to report during the reporting period.



### Borrowing Strategy

The capital programme in 2024/25 does not include an expectation of borrowing requirement



### Investment Interest Forecast

Base Budget - £278k

Revised Budget - £278k

Current Estimate - £680k

### Performance Indicators

Quarter 2	Number of Days	Average Balance (£)	Largest Balance (£)
Days In Credit	65	50,837	426,024
Days Overdrawn	0	0	0

Average interest rate earned – 5.07%

Average bank base rate – 5.25%

(Current bank base rate – 5.00%)

### Treasury and Prudential Indicators

During the period 01 July 2024 to 30 September 2024, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 3.

## Economic Outlook and Treasury position for the quarter ended 30 September 2024

Base Rate Estimates	2024/25 %	2025/26 %	2026/27 %
Quarter 1	5.25	4.00	3.00
Quarter 2	5.00	3.50	3.00
Quarter 3	4.50	3.25	3.00
Quarter 4	4.00	3.00	3.00

Quarter 2 (July to September) of 2024 saw GDP growth stagnating in July, with a small increase of 0.2% in August, data is pointing towards a mild slowdown in growth for the second half of the year. After hitting its target in June, CPI inflation increased to 2.2% in July and August with a subsequent fall to 1.7% in September, bringing CPI below the 2% mark for the first time since April 2021. September's data will likely see a rebound in CPI inflation (mainly driven by the rise in Ofgem's utility price cap on 1st October) which will take it back above the 2.0% target in the coming months. CPI inflation is further expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025. The Bank of England initiated its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady at its September meeting, this signals a preference for a more gradual approach to rate cuts. The central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025.

## Borrowing position for the quarter ended 30 September 2024

The CCFRA has a single loan with the Public Works Loan Bord. This loan was originally arranged in October 2018 by Cumbria County Council but was transferred to the CCFRA in April 2023 following the Local Government reorganisation. The loan value is £7.5m and is on a 10-year interest only arrangement @ 2.6%. The interest is due twice a year, in April and October.

## Investments in place on 30 September 2024

On 25 July 2024 £14m was received for the Fire Pensions AME grant, this is significantly higher than previous years due to additional pension remedy compensation. It was necessary for the Chief Finance Officer to increase the counterparty limits in the TMSS to enable increased capacity of investment with suitably credit rated investment institutions. The TMSS was updated and re-published with these revised limits. During this period the treasury department commenced using Money Markey funds and investment facilities with Link Treasury Services. This expanded the available options for investments and has attracted higher interest rates. All these factors have led to an increase in the expected Investment Interest Forecast for 2024-25 to £680k. At the end of September funds invested were £22.48m. The breakdown is: 39% held in money markets funds, 38% in DMO deposits, 22% in bank deposits and 1% in call accounts.

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Counterparty Total (£)
<b>Category 1 - Banks Unsecured (Includes Banks &amp; Building Societies)</b>						
NatWest (Liquidity Select Acc)	A+		30/09/2024	O/N	1.45%	40,000
LINK TREASURY - Std Chartered	A+	25-Jul-24	25-Oct-24	25	5.09%	1,000,000
LINK TREASURY - SMBC BANK	A+	25-Jul-24	25-Nov-24	56	5.12%	1,000,000
LINK TREASURY - Goldman Sachs	A+	25-Jul-24	03-Jan-25	95	5.01%	1,000,000
LINK TREASURY - Lloyds Bank Corp	A+	25-Jul-24	27-Jan-25	119	5.12%	1,000,000
LINK TREASURY - NAT BANK KUWAIT	A+	25-Jul-24	27-Feb-25	150	5.13%	1,000,000
						<b>5,040,000</b>
<b>Category 2 - Banks Secured (Includes Banks &amp; Building Societies)</b>						
None						
						<b>0</b>
<b>Category 3 - Government (Includes HM Treasury and Other Local Authorities)</b>						
Debt management Office	Gov	25-Jul-24	31-Oct-24	31	5.2050%	1,760,000
Debt management Office	Gov	25-Jul-24	24-Dec-24	85	5.1900%	1,260,000
Debt management Office	Gov	20-Sep-24	28-Feb-25	151	5.1800%	5,600,000
						<b>8,620,000</b>
<b>Category 4 - Registered Providers (Includes Providers of Social Housing)</b>						
None						
						<b>0</b>
<b>Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)</b>						
INVESCO AIM	AAA	Various	On Demand	O/N	5.030%	1,970,000
FIDELITY INTERNATIONAL	AAA	Various	On Demand	O/N	5.010%	2,000,000
BLACKROCK	AAA	Various	On Demand	O/N	4.920%	1,160,000
GOLDMAN SACHS ASSET MANAGEME	AAA	Various	On Demand	O/N	4.950%	1,840,000
ABERDEEN STANDARD	AAA	Various	On Demand	O/N	5.010%	1,850,000
						<b>8,820,000</b>
<b>Total</b>						<b>22,480,000</b>

## Treasury and Prudential Indicators 2024/25 at 30 September 2024

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG	
5	<p><b>The Authorised Limit</b></p> <p><i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</i></p>	TEST - Is current external borrowing within the approved limit	YES	●	<p><b>Ratio of Financing Costs to Net Revenue Stream</b></p> <p><i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.</i></p>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	●
	<p><b>The Operational Boundary</b></p> <p><i>The operational boundary represents and estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</i></p>	TEST - Is current external borrowing within the approved limit	YES	●	<p><b>Net Borrowing and the Capital Financing Requirement</b></p> <p><i>This indicator is to ensure that net borrowing will only be for capital purposes. The Police, Fire Crime Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</i></p>	TEST - Is net debt less than the capital financing requirement	YES	●
	<p><b>Actual External Debt</b></p> <p><i>The Police, Fire Crime Commissioner will seek advice from the advisors before undertaking any new borrowing. New external borrowing will be required to finance the capital expenditure programme.</i></p>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	●	<p><b>Capital Expenditure and Capital financing</b></p> <p><i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2024/25.</i></p>	TEST - Is the current capital outturn within planned limits	YES	●
	<p><b>Gross and Net Debt</b></p> <p><i>The purpose of this indicator is to highlight a situation where the Police, Fire Crime Commissioner is planning to borrow in advance of need.</i></p>	TEST - Is the Chief Fire Officer planning to borrow in advance of need	NO	●	<p><b>Capital Financing Requirement</b></p> <p><i>The CFR is a measure of the extent to which the Police, Fire Crime Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i></p>	TEST - Is the capital financing requirement within planned limits	YES	●
1	<p><b>Maturity Structure of Borrowing</b></p> <p><i>The indicator is designed to exercise control over the Police, Fire Crime Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i></p>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	●	This area is intentionally obscured for confidentiality.			
2	<p><b>Upper Limit for total principal sums invested for over 365 Days</b></p> <p><i>The purpose of this indicator is to ensure that the Police, Fire Crime Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i></p>	TEST - Is the value of long term investments within the approved limit	YES	●				

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This quarterly report ensures the Police, Fire and Crime Commissioner is implementing best practice in accordance with the Code.