



The Police, Fire and Crime Commissioner for Cumbria

Treasury Management Activities 2024/25 for the period 01 April 2024 to 30 June 2024



Police Executive Board 01/08/2024 and Joint Audit Committee 25/09/2024



Cash flow Balances

Quarter 1 average daily balance -
£13.858m

Investment balance @ 30/06/24
£10.981m

ESG – Sustainable deposit £2,000,000

Investment Strategy

Category	Category Limit (£m)	Investments at 30 Jun (£m)	Compliance with Limit
1 - Banks Unsecured	20	3.878	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government (inc LA)	10	0.000	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	7.104	Yes
Total		10.981	

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



Borrowing Strategy

As a result of inflationary pressures on the budget, the decision was taken to reduce revenue contributions to capital by £3m p.a. and to replace this with borrowing as a means of balancing the revenue budget. It is anticipated in 2024/25 borrowing will become necessary, however there has been no requirement during Qtr1.



Investment Interest Forecast

Base Budget - £0.400m

Revised Budget - £1.076m

Current Estimate - £1.193m

Performance Indicators

	Number of Days	Average Balance £	Largest Balance £
Quarter 1			
Days In Credit	63	74,984	353,001
Days Overdrawn	0	0	0

Average interest rate earned – 5.17%

Average bank base rate – 5.25%

(Current bank base rate – 5.25%)

Treasury and Prudential Indicators

During the period 01 April 2024 and 30 June 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 June 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

UK GDP increased by 0.6% in 2024 Q1 this is more than expected during the first half of the year. The main factor is market sector growth being somewhat stronger than expected.

Twelve-month CPI inflation fell to 2.0% in May from 3.2% in March and remained at 2.0% in June. Indicators of short-term inflation expectations have also continued to moderate, particularly for households. CPI inflation is expected to rise slightly in the second half of this year, as declines in energy prices last year fall out of the annual comparison.

On 20th June the MPC maintained the Bank Rate at 5.25% for the seventh time. The vote was 7-2, with two members in favour of a decrease to 5%. The MPC has judged that monetary policy needs to be restrictive for an extended period of time, until the risk of inflation becoming embedded above the 2% target dissipates.

Borrowing position for the quarter ended 30 June 2024

At 30th June 2024 there were no loans outstanding.

Investments in place on 30 June 2024

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)						
Lloyds Bank	A+	30/06/2024	On Demand	O/N	4.45%	1,867,656
Link Treasury - Std Chartered	A+	07/06/2024	27/08/2024	57	5.15%	2,000,000
NatWest (Liquidity Select Acc)	A+	30/06/2024	On Demand	O/N	1.35%	10,000
						3,877,656
Category 2 - Banks Secured (Includes Banks & Building Societies)						
None						
						0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)						
None						
						0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)						
Invesco	AAA	Various	On demand	O/N	5.220%	1,994,500
BlackRock	AAA	Various	On demand	O/N	5.090%	1,800,000
Fidelity	AAA	Various	On demand	O/N	5.180%	1,674,500
Goldman Sachs	AAA	Various	On demand	O/N	5.110%	494,750
Aberdeen Standard	AAA	Various	On demand	O/N	5.230%	1,140,000
						7,103,750
Total						10,981,406

At the end of June funds invested were £10.981m. The breakdown is: 65% held in money markets funds, 17% in bank deposits and 18% in call accounts. June observes cash available for investment at its lowest, due to the timing of the Home Office Police Pension Grant. This grant is paid largely in advance and drawn down as police pensions are paid throughout the year. As the funds held decline liquidity is monitored to ensure funds are available when needed.

During June the treasury department commenced using Link Treasury Services (LTS), a branch of our current treasury advisors, to expand the available options for investments.

LTS invest term Cash, which is held within the LTS Pooled Trust Account, the funds are clearly and separately identified by LTS records. This has enabled the first sustainable deposit to be placed with Std Chartered Bank, whereby there is an underlying commitment to support activities that provide sustainable & environmentally friendly services & products.

Treasury and Prudential Indicators 2024/25 at 30 June 2024

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG
The Authorised Limit <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>	TEST - Is current external borrowing within the approved limit	YES		Ratio of Financing Costs to Net Revenue Stream <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>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	
The Operational Boundary <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>	TEST - Is current external borrowing within the approved limit	YES		Net Borrowing and the Capital Financing Requirement <i>This indicator is to ensure that net borrowing will only be for capital purposes. The 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>	TEST - Is net debt less than the capital financing requirement	YES	
Actual External Debt <i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing.</i>	TEST - Is the external debt within the Authorised limit and operational boundary	YES		Capital Expenditure and Capital financing <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>	TEST - Is the current capital outturn within planned limits	YES	
Gross and Net Debt <i>The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.</i>	TEST - Is the PFCC planning to borrow in advance of need	NO		Capital Financing Requirement <i>The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	TEST - Is the capital financing requirement within planned limits	YES	
Maturity Structure of Borrowing <i>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PFCC have large amounts of fixed rate debt requiring repayment at any one time	NO					
Upper Limit for total principal sums invested for over 365 Days <i>The purpose of this indicator is to ensure that the Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i>	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.