



Cumbria Commissioner Fire and Rescue Authority



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

Exec Board Fire 04/09/2024 and Joint Audit Committee 25/09/2024



Cash flow Balances

Quarter 1 average daily balance - £8.082m

Investment balance @ 30/06/24 £10.480m

Investment Strategy

Category	Category Limit (£m)	Investments at 30 Jun (£m)	Compliance with Limit
1 - Banks Unsecured	5	0.400	Yes
2 - Banks Secured	5	0.000	Yes
3 - Government (inc LA)	no limit	8.350	Yes
4 - Registered Providers	2	0.000	Yes
5 - Pooled Funds	5	1.730	Yes
Total		10.480	

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



Borrowing Strategy

The capital programme in 2024/25 include an expectation of borrowing requirement, however this will be dependent upon the expenditure incurred



Investment Interest Forecast

Base Budget - £278k

Current Estimate - £580k

Performance Indicators

Quarter 1	Number of Days	Average Balance £000	Largest Balance £000
Days In Credit	66	68	552
Days Overdrawn	0	0	0

Average interest rate earned – 3.63%

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

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 June 2024

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)						
NatWest (Liquidity Select Acc)	A+		30/06/2024	O/N	1.45%	400,000
						400,000
Category 2 - Banks Secured (Includes Banks & Building Societies)						
None						0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)						
Debt management Office	Gov	31-May-24	19-Jul-24	19	5.2050%	250,000
Debt management Office	Gov	07-Jun-24	31-Jul-24	31	5.1900%	1,000,000
Debt management Office	Gov	12-Jun-24	31-Jul-24	31	5.1800%	1,100,000
Debt management Office	Gov	21-Jun-24	20-Sep-24	82	5.1400%	6,000,000
						8,350,000
Category 4 - Registered Providers (Includes Providers of Social Housing)						
None						0
						0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)						
INVESCO AIM	AAA	Various	On Demand	O/N	5.220%	680,000
FIDELITY INTERNATIONAL	AAA	Various		O/N	5.180%	1,050,000
						1,730,000
Total						10,480,000.00

At the end of June funds invested were £10.480m. The breakdown is: 17% held in money markets funds, 80% in DMO deposits and 4% in call accounts.

During June the treasury department commenced using Money Markey funds, to expand the available options for investments & attract higher interest rates.

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.