

# LEICESTERSHIRE POLICE AUTHORITY

PAPER MARKED

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Meeting            FINANCE AND GENERAL PURPOSES COMMITTEE  
Date                TUESDAY 08 SEPTEMBER 2009 – 10.00 A.M.  
Report of          TREASURER  
Subject            TREASURY MANAGEMENT PERFORMANCE 2008/09

## **Purpose of Report**

1. To inform members of the borrowing, capital financing, lending and cash management activities during 2008/09.

## **Background**

2. The 'Code of Treasury Management' published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and recommended by the Home Office, has been adopted by the Police Authority. This states that the Police Authority must receive two reports annually on Treasury Management. The first report covering policy and strategy for 2009/10, was approved by the Finance and General Purposes Committee on 24 March 2009. This is the second report which deals with 2008/09 performance.
3. Comments on specific activities are as follows:-

- i) Capital Financing/Long Term Borrowing

No new loans were taken from the Public Works Loans Board (PWLB) during the year. The capital financing requirement needed to fund for the 2008/09 Capital Programme has been met through internal borrowing.

External debt at 31 March 2009 with PWLB was £12.7m with an average interest rate of 5.34%.

The debt remaining with the County Council at 31 March 2009 was £4.4m – the interest rate charged for 2008/09 was 5.40%.

- ii) Lending of Surplus Funds

Funds that are temporarily surplus are invested. The average rate achieved during the year on overnight money was 3.33% and on longer term deposits was 4.38%. It is very difficult to measure this performance against published data.

The original budget for investment income in 2008/09 was £1.02m compared with actual income generated of £1.479m. This was mainly due to a better cash flow than was anticipated and higher interest rates in the earlier part of the year. No use was made of external advisers during the year.

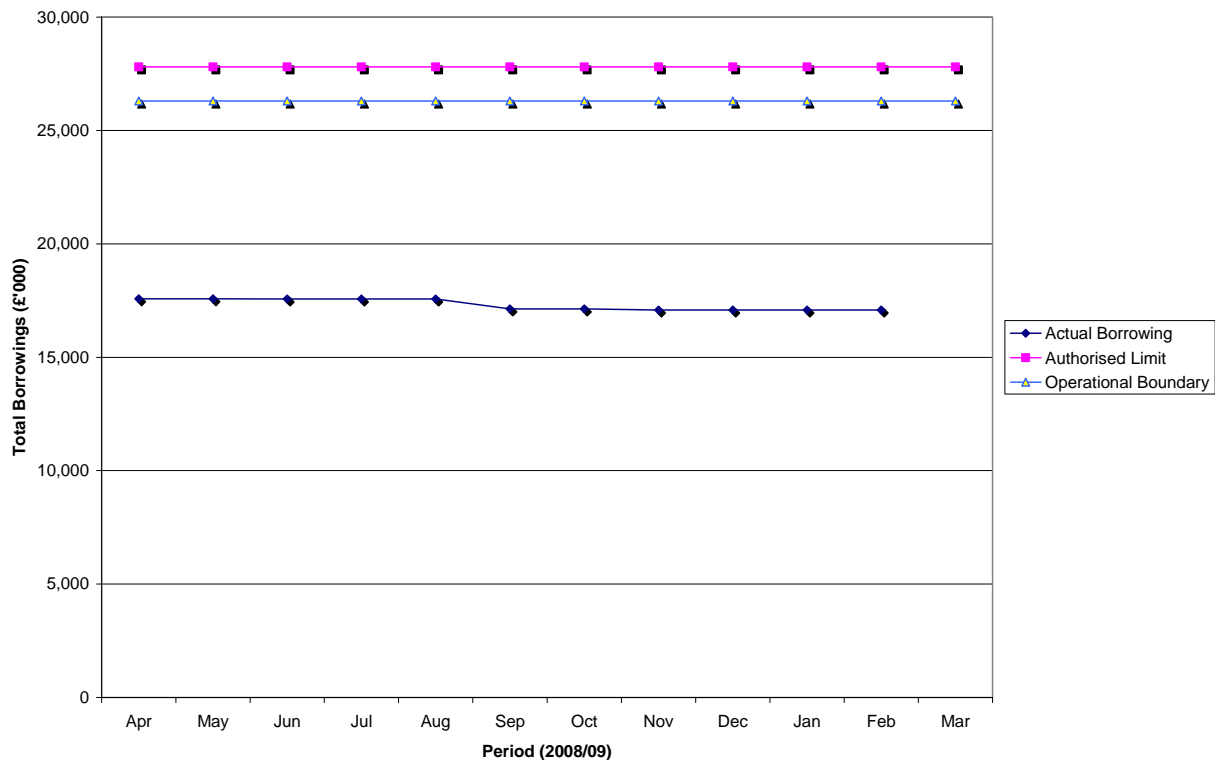
The budgeted income for 2009/10 is £0.45m and, the latest position will be included in the next monitoring report for 2009/10.

As a result of the crisis in the banking sector the investment strategy was reviewed and amended by the Police Authority and the Finance and General Purposes Committee on two separate occasions during the year.

**External Debt – Authorised Limits**

- The Authority’s debt is monitored against the ‘authorised limit’ and ‘operational boundary’ on a monthly basis. The authorised limit for 2008/09 is £27.8m and is the statutory limit determined under section 3(1) of the Local Government Act 2003. This has not been exceeded. The operational boundary is £26.3m which is the maximum level of projected external debt.

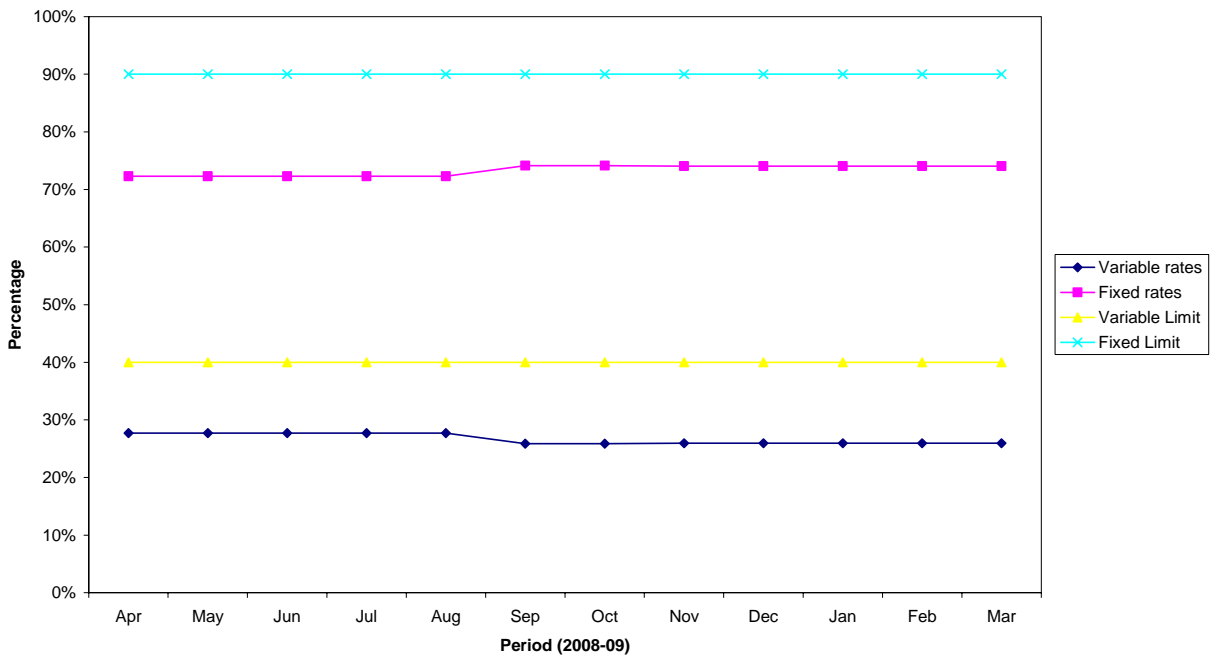
**Prudential Indicators - Borrowing (Authorised -vs- Actual) - 2008/2009**



**Limit on borrowing at Variable and Fixed Interest Rates**

- The Code requires the Authority to set limits on the amount of borrowing taken at variable and fixed interest rates. This is monitored monthly and the results summarised below:

**Limits for Interest Rate Exposures**



**Maturity Structure of Debt**

6. The Prudential Code recommends that the Authority sets upper and lower limits for the maturity structure of its fixed rate borrowing.

	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual</b>
Under 12 months	20%	0%	1%
12 months and within 24 months	20%	0%	1%
24 months and within 5 years	20%	0%	0%
5 years and within 10 years	50%	0%	0%
10 years and above	100%	25%	98%

**Investment of Principal Sums**

7. In line with the Treasury Management policy no sums have been invested for more than 364 days.

**Recommendations**

8. The Police Authority is recommended to note the contents of the report.

**Implications**

Financial: As described in the report. Legal: none. Diversity: none. Risk Management: As described in the report.

**Background Papers**

Treasury Management File

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