

**To: Office of Police and Crime Commissioner**

**Date: 22nd March 2018**

**By: Ian Perkin – Treasurer to the Office of Police and Crime Commissioner**

**Title: Treasury Management: Mid-Year Review**

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**Purpose of Report/Issue:**

To comply with the CIPFA (Chartered Institute of Public Finance & Accountancy) Treasury Management Code of Practice, this report has been updated with mid-year figures.

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**Recommendation(s) -**

The Police and Crime Commissioner (PCC) is asked to note the contents of this report.

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## Introduction -

### 1 Treasury Management Mid-Year Report 2017/18

The following treasury management transactions were undertaken between 1<sup>st</sup> April 2017 and 30<sup>th</sup> September 2017 inclusive:

#### 1.1 Short Term Lending

In accordance with agreed policy, surplus cash was lent on a daily basis to Surrey County Council (SCC). The returns on those loans made during the half year are shown as follows:

Total Interest Received		£35K
Average Interest Earned	Q1	0.21%
Average Interest Earned	Q2	0.18%

The average rate of return for the period was 0.20%. By comparison the average London Inter-Bank BID rate (formerly Local Authority 7 day rate) for the same period was 0.112%. Interest income at the half year point has decreased from £92k in 2016/17 to £35k in 2016/17. SCC have been drawing down their cash balances which includes using the Force's fund which has impacted on our returns. SCC are currently reviewing the interest rate calculation which should be applied retrospectively.

1.2 The PCC's treasury management provider, SCC have been following a more cautious strategy as a result of the economic and regulatory environment including their latest strategy of opting to draw down cash balances and making consistent use of money market funds in order to keep cash liquid which have dampened returns due to the associated low risk.

#### 1.3 Short Term Borrowing

No short term external borrowing was undertaken during the period as all cash balances were lent overnight allowing us the flexibility to draw on our own resources to fund necessary revenue and capital expenditure.

#### 1.4 Long Term Borrowing

No long term external borrowing was undertaken during the period, and no external long term debt was outstanding as at 30<sup>th</sup> September 2017.

### 1.5 Future Borrowing Requirements

It is planned that the 2017/18 capital programme will be financed fully by capital resources therefore there are no borrowing requirements for 2017/18, however there are plans to borrow externally from 2018/19 to fund the Capital Programme.

Unapplied capital receipts totalling £11.2m were brought forward from 2016/17 and capital receipts for 2017/18 are forecast at £3.5m

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**Equalities Implications** – There are no equalities implications arising from this report.

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**Risk-** – The following risk arises from this report:

- If the PCC does not produce a mid-year performance review of treasury management activity in line with the CIPFA Treasury Management Code of Practice there is a risk of censure from the auditors and reputational damage as a consequence.

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**Human Rights** – There are no human rights implications arising from this report.

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### **Background papers –**

This document has been prepared with due regard to:-

CIPFA The Prudential Code for Capital Finance in Local Authorities – 2011 Edition

CIPFA The Prudential Code for Capital Finance in Local Authorities Guidance Notes – 2013 Edition.

CIPFA Treasury Management in the Public Services: Code of Practice Guidance Notes for Local Authorities including Police and Fire Authorities – 2011.

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### **Contact details -**

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