

Author: Alan Osborne
Head of Financial Services

REPORT

Tel: 01722 434393
Email: aosborne@salisbury.gov.uk
Cllr Mrs Warrander : Cabinet Member for Resources

STATUTORY DETERMINATIONS IN RESPECT OF CAPITAL FINANCE 2003/04 AND TREASURY MANAGEMENT PERFORMANCE 2003/04.

INTRODUCTION

Under the Local Government and Housing Act 1989 The Council is required to make certain determinations in respect of capital expenditure within six months of the end of the relevant financial year. These are contained in section 1 of this report.

The Code of Practice for Treasury Management requires that a report on the performance of the treasury function for the relevant financial year is submitted in the same timescale.

Capital determinations for 2003/04

- 1.1 Under S42(2)(g), a determination by the authority is required if expenditure for capital purposes which is to be reimbursed, or met out of money provided, by any other person is to be capitalised.

Amount of capitalised expenditure met from grant £610,600

- 1.2 Under S.56(1), a determination of the authority is required if a credit approval is to be used:-
- a. as authorisation to capitalise expenditure, or
 - b. as authorisation to enter into vary a credit arrangement.

As authorisation to capitalise expenditure – NIL

- 1.3 Under s.56(2), a determination of the authority is required if a credit approval is in whole or in part to be transferred to another authority.

Amount NIL

- 1.4 Under s.60(2), a determination of the authority is required if usable capital receipts are to be applied:-
- a. to meet expenditure incurred for capital purposes, or
 - b. as (voluntary) provision for credit liabilities

and where voluntary provision for credit liabilities is made to provide credit cover for the entering into or varying of a credit arrangement a determination to this effect is required under ss.50 (3) (b) or 51 (4).

Amount to meet expenditure for capital purposes £5,350,392

- 1.5 Under s.63 (1), each authority must determine what amount (being not less than the required minimum revenue provision for the year) is to be set aside from revenue account as provision for credit liabilities and where such provision is made to provide credit cover for the entering into or varying of a credit arrangement, a determination to this effect is required under ss.50(3) (c) or 51(4).

Amount set aside from revenue which is not less than the statutory revenue provision for Credit Liabilities £60,770

2. TREASURY MANAGEMENT ACTIVITY AND PERFORMANCE - 2003/04

The following activity and performance information is reported for 2003/04.

2.1 Borrowing Activities in 2003/04

- (i) Long Term - Nil
- (ii) Short Term - Nil
- (iii) At year end there was £NIL Borrowing

2.2 Investments in 2003/04

A total turnover of £43 million (£33 million managed internally) was invested during the year in line with the Council's strategy. The average length of the investment was 87 days for internally managed funds. At year end £18.0 million (£5 million managed internally) was invested in line with the Treasury Management Policy.

2.3 Brokers

The two firms of brokers named in the Council's policy document were utilised during the year. The Council's main broker was Prebon Yamane (UK) Ltd. and Martin Brokers (UK) Plc. were utilised to check on the service being provided by the main broker.

2.4 External Fund Managers

Invesco Asset Management Ltd was appointed to manage part of the investment portfolio in August 1999. At the year end a total of £13.062m was held on behalf of the Council.

2.5 Performance data and other statistics

All figures in this section are for the combined internally and externally managed funds (unless otherwise stated).

	£
(i) Total Interest Paid – Long Term Loans	
Public Works Loans Board	nil
Bank Interest	nil
(ii) Total Interest Paid – Short Term Loans	3,121
(iii) Total Interest Earned	710,441
(iv) Average rate of interest paid on borrowing during the year was	N/A
(v) Average rate of interest on investments during the year was	
-Internally managed	3.63%
-Externally managed	3.39%
Of the internally managed funds, the highest rate during the year was 4.11% and the lowest was 3.34%.	
(vi) The Performance benchmark for invested funds is the average 7 day LIBID Rate	3.59%
(vii) Excess performance over benchmark	
-Internally managed	0.04%
-Externally managed	-0.20%

2.6 Capital Expenditure/Financing

An analysis of the Council's Capital Expenditure on a cash basis in the year is as follows:-

	£'000
Community & Housing Portfolio– HRA	4,645
Community & Housing Portfolio 845	
Environment & Transport Portfolio	402
Resources Portfolio	2,815
Planning & Economic Development Portfolio	0
Partnership	5
City Area Committee	14
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	8,726
The Capital was financed by:	<hr/>
Borrowing	nil
Capital Receipts	5,350
Grants	611
Revenue Contributions (HRA)	2,751
Other Contributions (City)	14
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	8,726
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3. EXTERNAL DEBT POLICY

3.1 Overall Borrowing Limit

This was set at £5 million by Minute 409 of the Cabinet (15 January 2003) and was not exceeded. The highest figure reached was £NIL.

3.2 Short Term Borrowing Limit

This was set at £5 million and was not exceeded. The highest figure reached was £NIL

3.3 Variable Interest Rate Loans

A limit of £5 million was set for all borrowing with no variable interest rate loans to be taken up. No borrowing was undertaken in the year.

3.4 No change to the powers to the Head of Financial Services is necessary.

4. RECOMMENDATIONS

It is recommended that Cabinet

- (i) Approves the Statutory Determinations in respect of 2003/04 as set out in 1.1 – 1.5 of the report. (Subject to Full Council Decision)
- (ii) Notes the Treasury Management report as set out in 2.1 – 3.4

5. IMPLICATIONS

Financial	: - As set out in the report
Legal	: This report is required under the Local Government Housing) Act 1989.
Human Rights	: None
Personnel	: None
Environmental	: None
Community Safety	: None
Council's Core Values	: Statutory Requirement
Wards Affected	: District Wide