

Treasury Management Prudential Indicators for the Metropolitan Police Authority

Treasury Management Indicators – Comparison of 2005-06 estimate to actual position for the 12 months to 31 March 2006

- **Gross Outstanding Borrowing.**

Limits in interest rate exposure calculated with reference to net outstanding borrowing sums			
	2005/06 Estimate	2005/06 Actual	
Upper limit on fixed interest rate exposures	100%	100%	
Upper limit on variable interest rate exposures	15%	0%	

- **Gross Outstanding Investment.**

Limits in interest rate exposure calculated with reference to outstanding investment sums			
	2005/06 Estimate	2005/06 Actual	
Upper limit on fixed interest rate exposures	95%	87.7%	
Upper limit on variable interest rate exposures	40%	49.0%	

- **Maturity Structure of Borrowing – Upper and Lower Limits**

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate			
	Upper Limit	Actual Upper Limit	
Under 12 months	20%	17.4%	
12 months and within 24 months	20%	15.7%	
24 months and within 5 years	45%	28.4%	
5 years and within 10 years	35%	0.0%	
10 years and above	35%	38.4%	

- **Principal sums invested for periods longer than 364 days.**

A limit of £30 million can be invested for longer than 364 days (revised to £40 million by the full Authority 30 March 2006)

- **The MPA has adopted the CIPFA Code of Practice for Treasury Management in Public Services.**

External Debt Indicators

- **Authorised Limit for External Debt**

Authorised Limit for External Debt				
			2005/06 Estimate £000	2005/06 Actual £000
Borrowing			133,484	70,838
Other long term liabilities				-
Total			133,484	70,838

This is the maximum amount that the authority allows itself to borrow in each year. They are based on the estimate of the most likely, prudent but not worst-case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure and estimates of cashflow requirements. The increases to the authorised limit reflected the increase to the capital programme (including Marlowe House) for both supported and unsupported borrowing.

- **Operational Boundary for External Debt.**

Operational Boundary for External Debt				
			2005/06 Estimate £000	2005/06 Actual £000
Borrowing			115,987	70,838
Other long term liabilities				-
Total			115,987	70,838

The Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the Authorised Limit to allow for example for unusual cash movements and equates to the maximum of external debt projected by this estimate. The increases to the operational boundary reflected the increase to the capital programme (including Marlowe House) for both supported and unsupported borrowing.

- **Actual External Debt**

Actual External Debt 31/3/2006
2005/06 Actual £000
70,838