

Joint Audit & Standards Committee

TREASURY MANAGEMENT MID-YEAR REVIEW 2019/2020

Warwickshire Police and Crime Commissioner as at the end of September 2019

1.0 Background

- 1.1 Warwickshire Police and Crime Commissioner fully complies with the requirements of The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice (COP) on Treasury Management 2009.
- 1.2 The Treasurer has delegated the daily actions of treasury management to the Director of Finance of the Force and relevant staff still within the Alliance due to the Home Office direction for ongoing collaboration on these services until march/April 2020.

2.0 Mid-Year Review of Treasury Management Activities

- 2.1 The Mid-Year review of Treasury Management activities covers two aspects; funding capital expenditure and cash flow control and investment. This report will consider each of these elements in turn.

3.0 Financing Capital Expenditure

- 3.1 Over recent years the Police and Crime Commissioner's capital expenditure has been financed by Home Office Grant, capital receipts and contributions from cash balances. There has been no need for long term external borrowing for the period 01/04/2019 to 30/09/2019.
- 3.2 The Police and Crime Commissioner carries long-term debt in respect of borrowing to finance capital expenditure. The Police and Crime Commissioner currently hold 4 loans from the Public Works Loan Board (PWLB) as detailed below:

Warwickshire PWLB as at 30th September 2019

No of Loans	Loan Type	Shortest end date	Longest end date	Interest Rate from	Interest Rate to
1	Maturity	2024	2024	4.5	4.5
4	Annuity	2030	2035	4.5	4.95
12	E.I.P	2021	2029	1.85	7.375

4.0 Cash flow control and Investment

- 4.1 This is the control of the Police and Crime Commissioners income and expenditure balances held in bank accounts and the temporary investment of surplus funds.
- 4.2 The investment strategy for the Police and Crime Commissioner is to obtain the best available return consistent with the cash flow requirement and his Treasury Management strategy. This strategy states that the security of the cash balance being invested is of primary importance before the return on the investment.
- 4.3 This focus on the security of the investment is addressed by maintaining a list of acceptable borrowers. This list is maintained on a daily basis and is supported by alerts from Arlingclose who provide Treasury Management advice on a regular basis and respond to immediate alerts to credit rating changes.
- 4.4 The risk to the security of investments is also mitigated by using a range of money market brokers. The extent to which different brokers have been used during the 6 month period to the 30th September is as follows.

Warwickshire

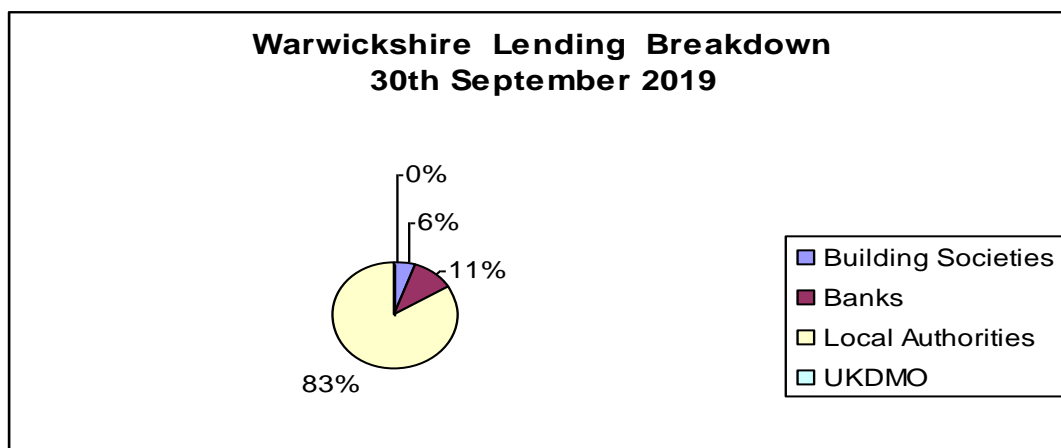
Broker	Number of Loans
Tullet Prebon	14
Sterling Brokers	5
Direct Deals (UKDMO)	18
Imperial Trading	4
Total	38

- 4.5 The Police and Crime Commissioner has also set limits for each borrower in order to contain any exposure to potential loss.

5.0 Position at 30th September 2019

- 5.1 Funds under management at 30th September 2019 by the Warwickshire Police and Crime Commissioner amounted to £18 million invested as follows:-

	£'M
Overnight	0.000
Call	2.000
Fixed 1 -3 months	16.000
Fixed 3 months plus	0.000
Total	18.000



The Funds as at 30th September 2019 are £ 18,000,000.

During the period from 1st April 2019 to 30th September 2019 these investments returned a weighted average interest rate of 0.57% and the interest received from investments was £30k.

- 5.3 Base Rate – The Bank of England base rate was last increased on 2nd August 2018. This was an increase from 0.50% to 0.75%, so rates still remain low.

6.0 Conclusion:

Further treasury management update reports will be presented to future Joint Audit and Standards Committee meetings to keep members updated on treasury management activity.