



**Philip Seccombe  
Police and Crime  
Commissioner  
for Warwickshire**

## **Decision Application WPC20125**

### **TREASURY MANAGEMENT STRATEGY FOR 2020 - 2021**

<b>Application Date:</b>	March 2020	<b>Name of Applicant:</b>	Sara Ansell, Treasurer
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**Application Decision Reference: WPC20125**

#### **1. Summary of the application**

The Commissioner is asked to approve the Treasury Management Strategy for 2020/21.

#### **2. Background information:**

The Treasury Management Strategy is reviewed and approved each year by the Commissioner. Warwickshire must operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Police and Crime Commissioner's low risk appetite, providing adequate liquidity initially before considering investment return. Given the current pandemic, and the uncertainty in the market, the advice of the external Treasury management advisors (Arlingclose) is critical and the security of investment is paramount.

The second main function of the treasury management service is the funding of the Commissioner's capital plans. These capital plans provide a guide to borrowing need, and longer term cash flow planning to ensure that the WOPCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans. The current advice from Arlingclose during the pandemic is to limit all investments with UK and non-UK banks to less than 35 days. Strict adherence to their advice has been instructed for the daily treasury activity.

The responsible officer for treasury management is the Chief Finance Officer to the Police & Crime Commissioner (CFO) and the day to day responsibilities for treasury management are delegated to the force in accordance with the corporate governance framework.

CIPFA defines treasury management as:

*“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

The Commissioner receives as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are also shared with the Joint Audit and Standards Committee for scrutiny and consideration.

**Treasury management strategy** (this report), which includes the prudential limits and prudential indicators.

The report covers:

- the prudential indicators and borrowing strategy in accordance with the capital programme as included within the budget report, and the capital strategy.
- The minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- The treasury limits and overall strategy (how the investments and borrowings are to be organised)
- The investment strategy (the parameters for managing investments)
- Information regarding the economic and local context and debt rescheduling.

**A mid-year treasury management report** – This will update the Commissioner with the position regarding capital spending and financing, including investment and borrowing implications, and the amendment of any prudential indicators as necessary. It also monitors whether the treasury activity is meeting the strategy and whether any policies require revision.

**A year end treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The Commissioner scrutinises and approves the reports as appropriate and relies on the feedback from the Joint Audit and Standards Committee in this endeavour.

Warwickshire OPCC uses Arlingclose as its expert external treasury management advisors, although the OPCC recognises that responsibility for treasury management decisions remain with the organisation at all times and will ensure that undue reliance is not placed upon our external advisors. However, it also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

The CIPFA Code requires that the responsible officer ensures that relevant personnel receive adequate training in treasury management. Given the recent changes in personnel following the transition of services from the Alliance, further training is being sought in the next few months for key personnel.

**3. Whether additional information/report is attached to support this decision application**

**YES**

**List of additional information/report**

- a) Treasury Management Strategy 2020/21
- b)

**4. Expected benefits (non financial)**

The existence of the Treasury Management strategy ensures compliance with the CIPFA code on Treasury Management and is critical for good governance and for managing public money effectively.

**5. Impact of not approving the application**

Warwickshire PCC will not comply with guidance and best practise and will not be able to demonstrate good governance on treasury activities.

**6. Costs:**

**Revenue:** Any appropriate costs are referred to throughout the document

**Capital:** Any appropriate costs are referred to throughout the document.

**7. Savings:**

There are no direct savings arising from this report.

**8. Equality and Diversity Implications:**

All relevant equality and diversity policies relate to all areas of treasury activity.

**9. Treasurer's comments**

All the financial issues are contained within this decision notice and the attached Treasury management strategy for 2020/21, which has been considered by the Joint Audit and Standards Committee.

**10. Legal/Monitoring Officer comments**

By approving this decision the Warwickshire PCC will ensure compliance with guidance and best practise and he will also be able to demonstrate good governance on treasury activities.

**Decision of the Police and Crime Commissioner**

To approve the 2020/21 Treasury Management Strategy

**PCC Signature:**

A handwritten signature in black ink, appearing to read "Paul Jackson". The signature is written in a cursive style with a large initial 'P' and 'J'.

**Date of Decision:** 31 March 2020