



Philip Seccombe
Police and Crime
Commissioner
for Warwickshire

Decision Application WPC20128

Amendment to the 2019/20 Treasury Management Strategy

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|---|---------------|---------------------------|----------|
| Application Date: | 24 March 2020 | Name of Applicant: | S.Ansell |
| Application Decision Reference: WPC20128 | | | |
| 1. Summary of the application | | | |
| <p>In the light of the Coronavirus pandemic, the need for increased liquidity of funds and the security of our available investments is paramount to ensure that we can have the available funds to meet our liabilities as they fall due, and to plan ahead in the event of key finance and treasury staff not being available. The 2019-20 Treasury Management Strategy provides the framework for such decisions and the limits that should be adhered to in terms of cash balances, investments and borrowing.</p> | | | |
| 2. Background information: | | | |
| <p>The 2019-20 Treasury Management strategy was approved in March 2019 to take effect from 1st April 2019. It is a comprehensive document, scrutinised and reviewed by the Joint Audit and Standards Committee and prepared in conjunction with the latest Treasury Management advice from our external advisors – Arlingclose, but also from the expertise of the in-house team.</p> | | | |
| <p>The Coronavirus pandemic which has emerged over the last few weeks, and which has escalated more rapidly in recent days has led to the release of further advice from our external advisors on investments to protect their security. In summary, investments with any bank – UK or internationally based should be limited to no more than 35 days and there should be adequate diversity of investments amongst counterparties.</p> | | | |
| <p>A number of Warwickshire investments are due to be returned in March 2020. The reinvestment of these will be subject to the normal daily treasury management activity in line with the most recent advice from Arlingclose and the existing treasury management strategy. However, it seems prudent to provide for an increase to £10m in the value of cash holdings that can be held in the Lloyds account on a short term and temporary basis, to provide increased cash liquidity, to provide financial cover in the event of the absence of key members of Treasury management and finance staff, and to ensure that limits are not breached if it</p> | | | |

becomes difficult to place appropriate short term investments under the current conditions, which has been experienced by some public bodies.

The security of PCC investments is paramount and the treasury management advice received from our external expert advisors - Arlingclose is being adhered to strictly.

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

YES

List of additional information/report

- a) Amended 2019/20 Treasury Management Strategy to incorporate the £10m cash holding limit
- b) The most recent advice from Arlingclose regarding investments – ***Exempt from publication***

4. Expected benefits (non financial)

In the event of key staff absence, possible in the current pandemic, increased liquid cash and the maintenance of cash flow will help to ensure that Warwickshire is able to meet its liabilities as they fall due and pay staff and suppliers in a timely manner.

5. Impact of not approving the application

If key treasury management/finance staff are unavailable due to self-isolation or illness for any period of time, this may mean that some treasury management functions are curtailed. This could lead to issues with cash flow.

6. Costs

Revenue:

The holding of increased cash balances on a short term and temporary basis, may mean that there is a slight reduction in investment income, but interest rates are currently at their lowest for some time, so this is likely to be minimal as investment returns will generally be very low given the recent reductions in the base rate.

Capital:

n/a

7. Savings:

There are no direct savings arising from this report

8. Equality and Diversity Implications:

N/a

9. Treasurer's comments

All the financial issues are addressed within this decision notice. The Arlingclose advice has been shared with Treasury management staff, along with an instruction to adhere to it strictly and to ensure that security of investments is the main focus. The increase in cash holding on a temporary and short term basis will ensure that treasury management limits are not breached under the current pandemic and cash flow and liquidity can be enhanced.

10. Legal/Monitoring Officer comments

The proposed changes to the Treasury Management Strategy reflect the advice of Arlingclose regarding investment and available liquidity, in the light of the current COVID 19 pandemic.

Decision of the Police and Crime Commissioner

To agree the change in the Treasury Management strategy for 2019/20 as detailed, and to note the latest Arlingclose advice, which is to be adopted by staff undertaking treasury decisions.



PCC Signature:

Date of Decision: 31 March 2020