



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

## **Decision Application WPC20167**

### **2021/22 TREASURY MANAGEMENT STRATEGY**

<b>Application Date:</b>	March 2021	<b>Name of Applicant:</b>	Sara Ansell, Treasurer
<b>Application Decision Reference: WPC20167</b>			
<b>1. Summary of the application</b>			
<p>The Commissioner is asked to approve the Treasury Management Strategy for 2021/22.</p>			
<b>2. Background information:</b>			
<p>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.</p> <p>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 PCC can meet his capital spending obligations. The management of longer term cash may involve arranging long or short term loans. The economic outlook is increasingly uncertain as outlined in the strategy document, largely due to the pandemic, and the instruction for daily treasury activity is that the advice of the expert external advisors Arlingclose and of this strategy must be strictly adhered to.</p> <p>The responsible officer for treasury management is the Chief Finance Officer to the Police &amp; Crime Commissioner (CFO) and the day to day responsibilities for treasury management are delegated to the force in accordance with the corporate governance framework.</p> <p>CIPFA defines treasury management as:</p>			

*“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 these 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, particularly during periods of economic uncertainty and as Warwickshire enters a period of taking out external long term borrowing to fund its capital spending plans.

The CIPFA Code requires that the responsible officer ensures that relevant personnel receive adequate training in treasury management. Regular contact occurs between the force finance team and Arlingclose in informal training and discussion sessions, and further formal training will be sought as soon as possible for key personnel to ensure that skills remain updated.

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

**YES**

**List of additional information/report**

- a) 2021/22 Treasury management strategy
- b)
- c)

**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 financial planning, in addition to providing the framework 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:** All appropriate costs are referred to throughout the document

**Capital:** All 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 2021/22, which has been prepared based on advice and guidance from Arlingclose the PCC's Treasury advisors and experts, and force finance staff who operate the daily treasury activity through the delegations. The strategy has been updated to reflect the most recent forecast outturn for 2020/21 and the anticipated level of capital expenditure and borrowing levels, and the prudential indicators contained within the treasury management strategy therefore supersede all previously documented indicators for 2021/22 onwards. The strategy has also been considered by the Joint Audit and Standards Committee at its meeting in March and any feedback has been incorporated into the final strategy approved by the PCC.

**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 2021/22 Treasury management Strategy



**PCC Signature:**

**Date of Decision:** 17<sup>th</sup> March 2021