



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

Notice of Decision

Decision Title: Annual Review of Financial Strategies 2022/23

Decision Reference Number: WPCC3-0046

Lead Officer: Sara Ansell

If force business, date approved by Chief Officer: n/a

Date: 29/03/2022

Status: Non confidential

Decision summary:

The Warwickshire Office of the Police and Crime Commissioner (OPCC) is required to produce a separate Reserves, Capital and Treasury Management strategy to be approved by the PCC. They are separate documents but are presented here as part of a single decision notice as they represent a package of financial strategies for 2022/23 and have several interdependencies between them all. They should all also be read in conjunction with the annual budget report which is published on the OPCC website. The strategies have been reviewed as part of the annual governance process and have also been considered by the independent Joint Audit and Standards Committee at their meeting in March 2022. They are now presented for formal approval by the PCC.

I confirm that my register of interests declaration is up to date and that none of my interests preclude me from making this decision.

Signature: Philip Seccombe

Date: 20.04.22

Supporting information

1. Background information

The issues relating to each of the strategies are outlined in more detail below:

Reserves strategy 2022-23

Each year the Police and Crime Commissioner (PCC) reviews his reserve strategy in line with the budget.

In January 2018, guidance was issued to Police and Crime Commissioners (PCCs) by the Minister for Policing & the Fire Service that set out the Government's expectations around the information to be published by Police & Crime Commissioners on their financial reserves strategies.

The guidance stipulated that "each PCC should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve held for each year. The reserves strategy should cover revenue and capital reserves and provide information for the period of the medium term financial plan. Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the PCC's medium term financial plan.

The strategy should be set out in a way that is clear and understandable for members of the public and should include several key pieces of information as outlined in the attached document. The document contains information from the recently approved budget report and Medium term financial plan, but it also includes more comprehensive details on the types of reserves and to comply fully with the government requirements and CIPFA guidance

Capital Strategy 2022-23:

This is the third annual review of the capital strategy that has been undertaken. Its purpose is to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability, and affordability.

The Capital Strategy is a key document for the Police and Crime Commissioner (PCC) and Warwickshire Police and forms part of the revenue and capital planning process. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It also includes an overview of the governance processes for approval and monitoring of capital expenditure.

The capital strategy links in with the treasury management strategy in terms of funding strategies particularly borrowing for the capital programme. It is therefore suggested that the two documents are read in tandem.

Treasury management strategy 2022-23:

The Treasury Management Strategy is a more long standing document. 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.

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 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 polices, estimates and actuals. These reports are also shared with the Joint Audit and Standards Committee for scrutiny and consideration.

Treasury management strategy (attached), 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 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. Such training will be sought during the course of the year.

2. List of additional information attached as appendices

The capital strategy

The Reserves strategy

The Treasury Management strategy

3. Expected benefits

The PCC will comply with all current guidance and legal requirements regarding these elements of its financial affairs, and they help to ensure good financial governance within the organisation and across the force and set the strategic direction for the future.

4. Impact of not approving the application

There will be a failure to comply with relevant legislation and guidance

5. Costs (including any identified savings)

Any cost information or financial implications are covered in each of the relevant documents

6. Equality implications

All relevant policies apply

7. Legal comments

All legal requirements and guidance will be adhered to in reviewing and publishing these documents

8. Publication

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Unless the information provided is covered by an exemption and stated to be either confidential or partly confidential, the information contained in the form will be published on the OPCC website.

Comments from the Treasurer

The production of these financial strategies is an essential and important part of the overall financial strategy and governance arrangements. They underpin one of the primary responsibilities of the PCC, in conjunction with the Treasurer to maintain a sound financial position. The production of these documents which are reviewed and updated annually. Reflect the current challenges and circumstances and ensures that best practise and current guidance is adhered to.

Comments from the Chief Executive and Monitoring Officer

These strategies demonstrate the strong governance and financial management arrangements that are in place to safeguard the use of public funds. They have been reviewed by the Joint Audit and Standards Committee to enable the PCC to benefit from their subject matter expertise.