

PFCC Decision Report

Please ensure all sections below are completed

Report reference number: PFCC/004/20
Classification (e.g. Not protectively marked/restricted): Not protectively marked
Title of report: Half Year Treasury Management Review 2019/20
Area of county / stakeholders affected: Countywide
Report by : Matt Tokley Date of report: 13 th January 2020 Enquiries to: matthew.tokley@essex.police.uk

1. Purpose of the report

- 1.1 To present the half-year treasury management review for 2019/20. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) definition of treasury management is:

'The management of the organisation's 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'.

- 1.2 To present an update regarding investments and borrowings with both UK and, where appropriate, non-UK financial institutions.

2. Recommendations

- 2.1 The PFCC is recommended to:-

- (i) Note the half-year treasury management review for 2019/20 (attached).
- (ii) Approve the recommendations set out in respect of amendments for the use of money market funds in paragraphs 6.4/6.5.
- (ii) Maintain the treasury investment limits shown in appendix B to the attached document.

3. Benefits of the proposal

- 3.1 The recommendations in respect of the wider use of money market opportunities will provide the PFCC with additional capacity within its liquid investment options, ensuring tighter management of cashflows. In addition to the liquidity benefits the current yields available in the money market sector will mean access to above-average interest rates compared to the majority of the fixed rate providers which the PFCC would otherwise have to lend to.

4. Background and proposal

- 4.1 The PFCC has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the PFCC to approve semi-annual and annual treasury management reports.
- 4.2 The PFCC's Treasury Management Strategy for 2019/20 was approved at the 14th March 2019 Strategic Board by the PFCC. The PFCC invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the PFCC's treasury management strategy.
- 4.3 The 2017 Prudential Code includes a requirement for the PFCC to provide a Capital Strategy, a summary document approved by the PFCC covering capital expenditure and financing, treasury management and non-treasury investments. This document, complying with CIPFA's requirement, was also approved at the 14th March 2019 Strategic Board.

5. Alternative options considered and rejected

- 5.1 The alternative option to the recommendations proposed is to keep the existing lending strategy as per the 2019/20 Treasury Management Strategy. It is not felt that this choice would lead to the optimum use of the PFCC's cash resources.

6. Police and Crime Plan

- 6.1 The paper concerns the management of the PFCC's cash and investments, which represent the key resources underwriting all of the priorities and workstreams identified within the Police and Crime Plan.

7. Police operational implications

- 7.1 As per paragraph 6.1.

8. Financial implications

- 8.1 The proposed changes will not materially impact on the 2019/20 revenue budget, as the changes are more to assist cashflow management and security of resources. A small increase in investment income of circa £5-10k may arise in

the remainder of the year due to the additional yield available in the new money market funds being set up. If the additional money market funds are not set up there may be a risk that some minor short-term cashflow shortages occur. The financial impact of any charges or interest payable arising from this would be negligible.

9. Legal implications

9.1 No legal implications.

10. Staffing implications

10.1 No staffing implications.

11. Equality and Diversity implications

11.1 There is no impact of this decision report on equality, diversity or human rights.

12. Risks

12.1 See paragraph 8.1.

13. Governance Boards

13.1 Presented and agreed at the 31st October 2019 Performance and Resources Board.

14. Background papers

14.1 Non-applicable (the supporting papers are included within the appendices of this report).

Report Approval

The report will be signed off by the OPFCC Chief Executive and Treasurer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign: [Signature]

Print: P. [Name]

Date: 21 JANUARY 2020

Chief Finance Officer / Treasurer

Sign: [Signature]

Print: ABBEY GOUGH

Date: 21/01/2020

Publication

Is the report for publication?

YES

NO

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable)

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.....N/A.....

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

Redaction

If the report is for publication, is redaction required:

1. Of Decision Sheet? YES
NO

2. Of Appendix? YES
NO

If 'YES', please provide details of required redaction:


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.....N/A.....

Date redaction carried out:

<u>Treasurer / Chief Executive Sign Off – for Redactions only</u>	
If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.	
Sign:
Print:
Chief Executive/Treasurer	

Decision and Final Sign Off

I agree the recommendations to this report:

Sign: 
Print: 23/1/20

PFCC/Deputy PFCC

Date signed:

I do not agree the recommendations to this report because:

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Sign:
Print:

PFCC/Deputy PFCC

Date signed:

