

PFCC Decision Report

Please ensure all sections below are completed

<p>Report reference number: 076-21</p>
<p>Classification (e.g. Not protectively marked/restricted): Not protectively marked</p>
<p>Title of report: Treasury Management Strategy 2021/22 (encompassing the Capital Strategy and Investment Strategy)</p>
<p>Area of county / stakeholders affected: Countywide</p>
<p>Report by : Matt Tokley, Corporate Accounting Manager</p> <p>Date of report: 9th February 2021 (received 10 May 2021)</p> <p>Enquiries to: Matt Tokley, Corporate Accounting Manager</p>

1. Purpose of the report

- 1.1 To approve the Treasury Management Strategy (TMS) suite of reports for 2021/22.

2. Recommendations

- 2.1 The PFCC is recommended to approve the attached documents incorporating a treasury management strategy, investment strategy and capital strategy.

3. Benefits of the proposal

- 3.1 The TMS provides a framework for the effective management of the PFCC's cash balances and related investments and borrowings. The strategy concentrates on 2021/22 but also considers treasury management for future years in the context of the major planned investment programme.

4. Background and proposal

- 4.1 For 2021/22 the PFCC has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 (the CIPFA Code) which requires the PFCC to approve a treasury management strategy before the start of each financial year. This report fulfils the PFCC's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

- 4.2 The 2020/21 Treasury Management Strategy was presented to the PFCC's Strategic Board on 17th March 2020, and was subsequently formally approved on 5th October 2020 via decision 112/2020.
- 4.3 The main aspect of treasury management is to ensure that cash flow is forecast accurately to ensure that monies are available to meet commitments as they fall due. If not immediately required any surplus monies are invested in various financial instruments in order to earn interest returns and provide liquidity, based on the options listed within the investments section of the strategy.
- 4.4 In addition to ensuring the above issues are managed effectively and the PFCC complies with its legal obligations, the other main purpose of the treasury management strategy is to assess the financing requirement of the PFCC's capital investment plans, and the level of borrowing required for that expenditure.

5. Alternative options considered and rejected

- 5.1 Alternative options which deviate from those set out in the 2021/22 Treasury Management Strategy are not deemed to represent the optimum use of the PFCC's cash resources and increase the risk that the proposed capital investment plans will be unable to proceed due to lack of an approved financing plan.

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 The Treasury Management Strategy oversees the adequate funding of all operational activity across the force, ensuring that issues in respect of lack of money do not inhibit any policing operations as and when required. The use of call accounts and money market funds as instantly callable deposits that can be drawn down at short notice means that additional monies for urgent operational activity are always available.

8. Financial implications

- 8.1 The Strategy sets out the proposed plan in respect of investments, borrowing and cashflow management for the upcoming financial period, including the counterparties and types of financial instruments which will be used. The document sets out the key factors which will affect treasury management decision making during 2021/22, relating to both internal and external issues, and how any problems will be managed and overcome.

9. Legal implications

- 9.1 Approval of the Treasury Management Strategy (and related strategies contained therein) satisfies the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP guidance, the CIPFA Treasury Management Code and CLG investment guidance.

10. Staffing implications

- 10.1 The 2021/22 strategy documents have been solely completed by the Corporate Accounting Manager, with oversight from both the Chief Accountant and the PFCC's Section 151 Officer. There have been no significant staffing implications as a result of the work undertaken.

11. Equality and Diversity implications

- 11.1 There is no significant impact of this decision sheet in respect of issues relating to equality, diversity or human rights. All proposed counterparties to be used for treasury management activity in the forthcoming financial period have been selected based upon their financial viability and risk profile, based on market-based criteria and advice from the PFCC's treasury management consultants, Arlingclose.
- 11.2 One of the key growth areas in treasury management is ethical / socially responsible investing, which seeks to provide both financial return as well as participation in positive social change. Whilst this is a potential area of interest of the PFCC for the future, it is not actively being focused on due to the current risk levels involved.

12. Risks

- 12.1 The risks, particularly financial risks, relating to treasury management processes, including credit risk, market risk and operational risk, are set out within the strategy. The underlying steer of the strategy is to produce a treasury management plan which has an optimum balance of risk and reward, with yield secondary to the key issues of security and liquidity. Any subsequent changes in both the macro and micro financial environments which the PFCC operates within will be reviewed on a regular basis during 2021/22, with advice sought from the PFCC's treasury management consultants in relation to any new risks which are deemed to be of strategic importance.

13. Governance Boards

- 13.1 Originally presented to the Chief Officer Group of the Chief Constable on 24th February 2021, and subsequently presented to the PFCC's Strategic Board on 11th March 2021. Following further updates shared with the PFCC on 9th May 2021 the revised version of the document was presented to the PFCC's Strategic Board on 10th June 2021.

14. Background papers

- 14.1 The key background papers are the CIPFA Treasury Management Code and the CIPFA Prudential Code, together with related papers presented previously to the PFCC, including the 2020/21 Treasury Management Strategy (encompassing the Investment and Capital Strategy documents), and the 2020/21 Treasury Management Half-Year Outturn Report.

Report Approval

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

Chief Executive / M.O.

Sign: 

Print: P. Brent-Isherwood

Date: 28 May 2021

Chief Finance Officer

Sign: .....

Print: Julia Berry.....

Date: 28 May 2021.....

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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.....None.....

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:

Treasurer / Chief Executive Sign Off – for Redactions only

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

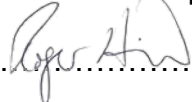
Sign:

Print:

Chief Executive/Treasurer

Decision and Final Sign Off

I agree the recommendations to this report:

Sign: 

Print: Roger Hirst

PFCC

Date signed: 2 July 2021

I do not agree the recommendations to this report because:

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Sign:

Print:

PFCC/Deputy PFCC

Date signed: