

OPEN

**OFFICE OF THE POLICE AND CRIME COMMISSIONER
FOR HUMBERSIDE
DECISION RECORD**

Decision Record Number: **3/2012**

Title: **TREASURY MANAGEMENT POLICY/ TREASURY MANAGEMENT
STRATEGY STATEMENT/ TREASURY MANAGEMENT PRACTICES**

Executive Summary:

The PCC has the responsibility for Treasury Management. Treasury management activities are governed by a range of legislation and guidance. The Treasury Management Policy Statement, Treasury Management Strategy and Practices Statements proposed meet the legislative requirements of the Local Government Act 2003, CIPFA codes and CLG guidance.

Recommendation(s):

- (i) Agree the Treasury Management Policy Statement
- (ii) Approve the Treasury Management Strategy Statement and Treasury Management Practices Statement

Police and Crime Commissioner for Humberside

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with my code of conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date 22.11.12

**POLICE AND CRIME COMMISSIONER
FOR HUMBERSIDE**

DECISION RECORD: SUPPORTING REPORT FOR DECISION

**Title: TREASURY MANAGEMENT POLICY/
 TREASURY MANAGEMENT STRATEGY STATEMENT/ TREASURY
 MANAGEMENT PRACTICES**

Date: 22 November 2012

1. Purpose:

The purpose of the report is to secure approval to the Treasury Management Policy Statement. It also seeks approval to the Treasury Management Strategy Statement and Treasury Management Practices to be effective from 22 November 2012.

2. Issue:

The PCC has responsibility for Treasury Management. To discharge this responsibility you must agree a Policy Statement on Treasury Management in order to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities. The CIPFA Code of Practice on Treasury Management must also be adhered to together with CLG guidance. As a result you are required also to approve Treasury Management Strategy and Practices Statements.

3. Recommendations:

- Agree the Treasury Management Policy Statement
- Approve the Treasury Management Strategy Statement and Treasury Management Practices Statement

4. Background:

The Prudential Code for Capital Finance in Local Authorities underpins the system of capital finance. It enables self determination of the funding for capital investment programmes. The Code provides a framework to ensure that when strategic planning, asset management and investment decisions are made, they are affordable, prudent and sustainable. It ensures that treasury management operates in accordance with good professional practice including recording decisions and promoting accountability.

The Financial Management Code of Practice confirms that you are responsible for loans, investments and for borrowing money as you hold the Police Fund. The Chief Constable is not able to borrow money.

The proposed Treasury Management Policy Statement is detailed below:-

- *Treasury management activities are defined as:*

'The management of investments and cash flows, 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 PCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.*

- *The PCC acknowledges that effective treasury management will provide support towards the achievement of his business and service objectives. There is therefore a commitment to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.*

The Treasury Management Strategy Statement includes details of prudential indicators to assess affordability of investment plans. A policy for making Minimum Revenue Provision (MRP), how capital will be charged to revenue, is also included together with parameters on how investments will be made and managed.

The Treasury Management Practices Statement will dictate how day to day treasury management activities will be undertaken and administered.

5. Options:

The Prudential Code has to be adopted within formal policy documents to enable borrowing to be undertaken in accordance with the Local Government Act 2003. You must have regard to this and CLG guidance in relation to local government investments. As a result, you are required to agree a treasury management policy. You are also required have an approved strategy, including prudential indicators and treasury management practices in place.

6. Risks/Implications:

The Treasury Management Strategy and Practices Statements provide detailed information in relation to risks associated with treasury management activity. It is acknowledged that risk cannot be entirely eliminated. However, the Statements and the procedures detailed within them are intended mitigate the risks involved and limit exposure to unforeseen and unbudgeted financial consequences.

7. Financial Comments:

You must adopt the Prudential Code to provide the basis for making funding decisions in connection with the capital programme. The proposals detail the action necessary to ensure there is a clear framework within which treasury management activity takes place. This covers both borrowing and lending.

The financial implications of treasury management have been factored into the budget for 2012/13 and Medium Term Financial Strategy 2012/13 – 2016/17. Budget monitoring reports will take account of variations from original assumptions.

8. Legal Comments:

The requirements of the Local Government Act 2003, the CIPFA Code and CLG guidance must be complied with. This is achieved by determining and approving the treasury management policy and strategy and having detailed practices and procedures in place.

9. Equality Comments:

There are no equalities implications.

10. Next steps:

If the recommendations are accepted all treasury management activity will be undertaken in line with the agreed procedures and practices.

11. Background/Supporting Papers

Police Reform and Social Responsibility Act 2011

Policing Protocol Order 2011

Financial Management Code of Practice for Police

Police and Crime Commissioner for Humberside and Humberside Police –
Treasury management Strategy Statement (Annex1)

Police and Crime Commissioner for Humberside and Humberside Police –
Treasury Management Practices Statement (Annex 2)