



To: Business Co-ordination Board

From: Chief Finance Officer

Date: 16 March 2021

TREASURY MANAGEMENT STRATEGY 2021/22

1. Purpose

1.1. This report updates the Business Co-ordination Board (the “Board”) on the Treasury Management Strategy Statement (TMSS) for 2021/22.

2. Recommendation

- 2.1 The Board is invited to note the report.
- 2.2 The Acting Police and Crime Commissioner (the “Acting Commissioner”) is requested to approve:
- a) The Authorised Limit for borrowing as set out in Section 3.2 of the TMSS;
 - b) The Investment Treasury Indicator and Limit as per Section 4.4 of the TMSS; and
 - c) The TMSS 2021/22 in overall terms.

3. Background

- 3.1 The Office of the Police and Crime Commissioner is required to have a Treasury Management Strategy in place, which is reviewed annually. Chartered Institute of Public Finance and Accountancy (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.”*
- 3.2 The 2021/20 Treasury Management Strategy is at Appendix 1 to this report.

4. Review of Treasury Management Strategy 2021/22

- 4.1 The Treasury Management Strategy sets out how the Acting Commissioner and Cambridgeshire Constabulary (the “Constabulary”) will manage its financial investment and borrowing over the next four years. The strategy has to be set in context against the Capital Programme and Asset Management Strategy.

- 4.2 The Treasury Management Strategy will need to be flexible enough to respond to changes in operational demand which will drive the use of assets and the ever changing economic outlook. The Constabulary has a longer term strategy to seek the best return on assets to ensure that it can keep investing in infrastructure. As a result it may choose to use cash reserves to finance capital projects rather than to borrow at higher rates than the return on investments.
- 4.3 The Asset Management Strategy will be driven by the Constabulary and seek to determine how and what assets are required over the medium term. The Strategy will identify those assets that are surplus and will be the subject of disposal or used in an alternative way thus to enhance the return on the given asset. Each one of these assets will be subject to an individual assessment that will identify the most economically advantageous means of disposal. The disposal method could require investment by the Acting Commissioner to maximise the return and for this reason any Treasury Management Strategy will need to be kept under review.
- 4.4 Alongside the Asset Management Strategy is the Capital Strategy containing the Capital Programme that requires funding. The funding may come from a number of sources, including borrowing, revenue funding, asset disposal proceeds or reserves. The Capital Programme forecasts when schemes will be implemented and as such when funds will need to be available. The Treasury Management Strategy is set in tandem to the Capital Programme to ensure the appropriate funding is available when required.
- 4.5 The way an individual capital scheme is financed will be specific to the particular circumstances at the time. For example, it may be best to internally borrow from cash reserves/investment at a time when borrowing rates are high. However, if borrowing interest rates fall then it may be more prudent to borrow to fund a specific scheme. It may also be dependent on other circumstances, for instance, if sale proceeds are expected imminently then cash reserves maybe used to bridge the funding in the short-term.

5. Recommendation

- 5.1 The Board is invited to note the report.
- 5.2 The Acting Commissioner is requested to approve:
- The Authorised Limit for borrowing as set out in Section 3.2 of the TMSS;
 - The Investment Treasury Indicator and Limit as per Section 4.4 of the TMSS; and
 - The TMSS 2021/22 in overall terms.

BIBLIOGRAPHY

Source Documents	Treasury Management Strategy Statement 2021/22
Contact Officers	Matthew Warren, Chief Finance Officer, Office of Police and Crime Commissioner