Treasury Management Policy Statement and Strategy

Required for:	Joint Audit Committee April 2022
Security Classification:	**Official**
Handling information if required:	n/a
Suitable for publication:	*Yes*
Title:	Treasury Management Policy Statement and Strategy 2022/23
Version:	n/a
Purpose:	To report the updated Treasury Management Policy Statement and Strategy to the Joint Audit Committee
ACPO / Strategic Lead:	PCC
National Decision Model compliance:	*Yes*
Date created:	29 March 2022
Date to be reviewed:	

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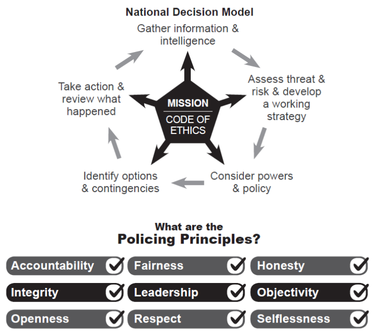

1. Purpose of Report

This report presents the updated Treasury Management Strategy Statement 2022/23 which replaces the previous strategy.

1. Terms of Reference

The Joint Audit Committee (JAC) provides independent assurance to the Police and Crime Commissioner (PCC) and Chief Constable and helps to ensure efficient, effective and adequate assurance arrangements are in place for good governance and financial standards.

As set out in the Joint Audit Committee's terms of reference, the JAC will provide advice and recommendations to the PCC in relation to the following area of Financial Reporting:

> *13. Ensure that an effective system of scrutiny is in place in respect of Treasury Management, strategy, policies and practices.*

2. Summary

The Police and Crime Commissioner (PCC) approves an annual Treasury Management Strategy in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Code.

The attached strategy is updated to reflect working practices for the PCC and any changes in legislation. There have been no significant changes since the previous strategy was approved.

An update on IFRS16 has been added at section 4.7, SONIA minus 0.1082% has now replaced the 7 Day LIBID which was phased out at the end of 2021, the annual MRP statement and Prudential Indicators are included as appendices.

In accordance with the CIPFA Code and MHCLG Guidance, a revised Treasury Management Strategy Statement can be approved by the PCC and implemented at any time during the financial year.

3. Covid-19 Pandemic

Although impacts of Covid-19 are widespread, reducing investment returns whilst increasing pressures on costs, reserves and cash flow monitoring, it does not fundamentally change the treasury management function included within this strategy. We have not therefore revised the Treasury Management Strategy but will include further details of any impact on returns within the next Treasury Management Report.

4. Recommendations

The Joint Audit Committee are invited to review and comment on the 2022/23 Treasury Management Strategy Statement prior to approval by the Police and Crime Commissioner.

The Police and Crime Commissioner for Surrey

Treasury Management Strategy Statement 2022/23

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1. Introduction

1.1 The Police and Crime Commissioner for Surrey is required to set a balanced budget each year to match planned spending against available funding. A key part of the treasury management function is to ensure that cash flow supporting the budget is adequately planned, with cash being available to meet commitments when it is needed. Surplus monies are invested at low risk, with due consideration to security of capital, liquidity and rate of return.

1.2 The second main function of treasury management is the funding of the PCC's capital plans. These capital plans provide a guide to the borrowing need, monitoring longer term cash flow to ensure that the PCC can meet capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet PCC risk or cost objectives.

1.3 The contribution the treasury management function makes to the group is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance

1.4 The PCC has a prudent investment strategy order of security, liquidity and yield. The PCC will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the PCC's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs.

1.5 The strategy for investment of surplus funds and borrowing activities for the PCC identifies the risks and opportunities encompassed in those activities and, provides guidance for day to day decision making in these areas. In practice, these functions are carried out by SCC and therefore this document mirrors their strategy.

1.6 The PCC's Chief Financial Officer is the financial adviser to the PCC as required under the Police Reform and Social Responsibility Act 2011 and has statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2015.

For Treasury Management this includes:

- ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
- advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
- securing the treasury management function, including loans and investments;
- advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance

2 Treasury Management – Statutory & Regulatory Requirements

This strategy document has been prepared with due regard to the following legislation and regulatory guidance:

2.1. The 2021 edition of the CIPFA Treasury Management Code "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the TM Code) represents a revision of the 2017 Treasury Management Code and introduces strengthened requirements for skills and training, and for investments that are not specifically for treasury management purposes.

2.2. The legal status of the TM Code in England and Wales is derived from regulations issued under the Local Government Act 2003. This requires local authorities (including policing bodies) "to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify." The Local Authorities Capital Finance and Accounting Regulations 2003, paragraph 24 explicitly requires English authorities (including policing bodies) to "have regard" to the TM Code.

2.3. The 2021 TM Code and the 2021 Prudential Code are closely linked and regard to the Prudential Code is required when setting limits to the level of affordable borrowing under section 3(5) of the 2003 Act.

2.4. Treasury Management is defined in the Prudential Code as: *"The management of the organisation'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."*

2.5. The Local Government Finance Act 1992 sets a 'balanced budget requirement' whereby the budget for the financial year is calculated and council tax charges are set to meet the expenditure after taking into account other sources of income.

2.6. The Local Government Act 2003 requires local authorities (including policing bodies) to create and keep under review the limits of how much money they can afford to borrow. The processes that must be followed in setting these limits are described in the Prudential Code.

2.7. The 2003 England and wales Regulations place a duty to charge a 'minimum revenue provision' (MRP) to the revenue account, which is deemed to be prudent.

2.8. The Statutory Guidance on Local Authority Investments in England (issued by the Department for Levelling Up, Housing and Communities (DLUHC) formerly MHCLG, 2018) makes it clear that borrowing should never be done for the explicit purpose of making an investment return and that borrowing in advance of need purely in order to profit from the investment of the extra sums borrowed is against the principles of the statutory framework and the Prudential Code.

2.9. The 2021 Prudential Code reminds local authorities that the prime policy objective of treasury management activities is the security of funds, and they should avoid exposing public funds to unnecessary or unquantified risk. Authorities should prioritise security and liquidity over yield. Authorities can borrow and invest for the purpose of 'any function of the authority under enactment' and 'for the prudent management of their financial affairs'. The prudential code sets out legitimate examples of prudent borrowing to include; financing capital expenditure to deliver authority functions, temporary cash flow management, securing affordability by removing exposure to future interest rate rises, refinancing current borrowing, other treasury management activity that seeks to prudently manage treasury risks without borrowing primarily to invest for financial return.

2.10. The Statutory Guidance on Local Government Investments (issued by the Department for Levelling Up, Housing and Communities (DLUHC) formerly MHCLG, 2018) stresses the prudent investment strategy order of security, liquidity and yield.

- First and foremost, ensure the security of principal sums invested, i.e. ensure we get back the full investment.
- Then ensure the liquidity needed i.e. funds are available when needed by considering the length of an investment.
- Only when the above two conditions are satisfied should the yield or return on investment be considered.

2.11. The Treasury Management Code recommends that the PCC should, as a minimum, report:

- An annual **Treasury Management Strategy Statement** (TMSS) before the start of the year
- An annual **Capital Strategy**
- An **Annual Report** on Treasury Management Activities, Performance and Non-Compliance
- A **Mid-Year Report** on Treasury Management Activities, Performance and Non-Compliance
- Treasury Management **Prudential Indicators** including borrowing limits

2.12. Adherence to the above legislation aims to ensure the PCC for Surrey have comprehensive policies and practices in place for the effective management and control of their treasury management activities, including the effective management and control of risk.

3 Treasury Management Reporting

3.1 Capital Strategy

The CIPFA Prudential and Treasury Management Codes (2021 editions) require all local authorities to prepare a capital strategy report, which will provide the following:

- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how the associated risk is managed.
- The implications for future sustainability.

The aim of the capital strategy is to ensure that the PCC fully understands the overall long term-term policy objectives and resulting capital strategy requirements, governance and procedures and risk appetite. This document is separate to the Treasury Management Strategy and is included as **Appendix B**.

The PCC has not engaged in any commercial investments and has no non-treasury investments.

3.2 Treasury Management reporting

The PCC is currently required to receive and approve, as a minimum, three reports each year, which incorporate a variety of policies, estimates and actuals.

- An annual **Treasury Management Strategy Statement** (TMSS) at the start of the year
- An annual **Capital Strategy**
- An **Annual Report** to review Treasury Management Activities, Performance and Non-Compliance over the last year
- A **Mid-Year Report** to report progress on Treasury Management Activities, Performance and Non-Compliance

Together these reports cover:

- treasury Management **Prudential Indicators** including borrowing limits
- the treasury management strategy which shows how the investments and borrowings are to be organised, including treasury indicators;
- an investment strategy stating the parameters on how investments are to be managed;
- the capital plans, borrowing limits and other indicators;
- the minimum revenue provision (MRP) policy showing how residual capital expenditure is charged to revenue over time;
- an annual report looking at actuals over the previous year and providing details of a selection of actual prudential and treasury indicators and performance of treasury operations compared to estimates for the year;
- a mid-year report to indicate progress and update on performance of the Treasury Management function

Scrutiny

The above reports are scrutinised by the Joint Audit Committee.

4 Treasury Management Policy Statement

The PCC for Surrey defines its treasury management activities as:

- The management of borrowing, investments and cash flows, banking, money market and capital market transactions,
- The effective control of the risks associated with those activities.
- The pursuit of optimum performance consistent with those risks.

4.1 Risk appetite

The appetite for risk is low. A premium is placed on the security of capital in terms of investment and on the maintenance of financial stability in terms of the costs of borrowing.

4.2 **Risk management**

The successful identification, monitoring and control of risk is considered 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 and any financial instruments entered into to manage these risks.

4.3 **Value for money**

The PCC for Surrey acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

Although returns on investment remain low, this is offset by the competitive cost of the treasury management service provided by Surrey County Council (SCC).

4.4 **Borrowing**

The PCC holds a loan with PWLB in support of the Building the Future project along with funding the proposed capital programme.

The PCC has various options for financing borrowing, this is likely to be achieved through a mixed of internal and Public Work Lending Board (PWLB) borrowing. The main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

4.5 **Policy on borrowing in advance of need**

The PCC will not borrow more than or in advance of needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the PCC can ensure the security of such funds.

4.6 **Debt rescheduling**

As short term borrowing rates may be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in light of the current treasury position and the size of cost of debt repayment (premiums incurred).

Reasons for rescheduling would include:

- Generation of cash savings and/or discounted cash flow savings
- To fulfil the treasury strategy
- To enhance the balance of the portfolio maturity profile and/or the balance of volatility

All rescheduling will be reported to the PCC at the earliest meeting following its action.

Rescheduling of current borrowing in our debt portfolio is unlikely to occur based on current rates and conditions.

4.7 IFRS 16 - Leasing

In December 2020, CIPFA announced the deferral of the implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) until the 2022/23 financial year.

In December 2021, The Department of Levelling-up Housing and Communities (DLUHC) asked CIPFA/LASAAC Local Authority Accounting Code Board to deliberate how time-limited changes to the code may help ease delays to the publication of audited financial statements as only 9% of local authorities in England met the 30 September 2021 audit publication deadline. In response to this request, CIPFA/LASAAC issued an exceptional consultation, which included deferral of the implementation of IFRS 16 Leases.

Following closure of the consultation, CIPFA/LASAAC outlined a preliminary decision to pursue the deferral of IFRS 16 for a fixed period of two years subject to review and approval by HM Treasury's Financial Reporting Advisory Board (FRAB) until the 2024/25 fiscal year.

The major change is that under IFRS 16 there will no longer be any distinction between operating and finance leases in the financial statements of lessees.

Currently, local authorities account for an item as an operating lease if most of the risks and rewards have not transferred to them. In this case, they simply record a rental expense on a straight-line basis over the lease term, with no long-term asset or liability recorded. This accounting treatment will cease to exist, except in the case of low-value items, or for short-term leases (under 12 months).

This means that local authorities will be required to include a right-of-use asset and an equivalent liability, at the present value of lease payments.

For many local authorities, this will mean that a significant amount of assets and liabilities that were previously not recorded and shown only in the lease commitments disclosure note will now be included in the statement of financial position.

The standard has no impact on the actual cash flows of the Surrey PCC. However the standard requires the capitalisation, and subsequent depreciation of costs that are currently expenses as paid which impacts disclosures of cash flows within the cash flow statement. The amounts currently expensed as operating cash outflows which will instead be capitalised are presented are financing cash outflows.

The implementation of the IFRS 16 lease accounting standard will increase the level of assets and liabilities, therefore increases will be required for the capital finance requirement, the operational boundary, the authorised limit, the ratio of financing costs to net revenue stream and MRP calculation.

The re-measurement of lease liabilities for changes in inflation and the expected term will count as capital expenditure in the near future. The capital programme budget will therefore need to be adjusted for the estimated cost of this expenditure upon implementation of IFRS 16.

The currently operating lease assets that may need to be brought onto the Balance Sheet, are currently being identified and calculated.

5 Current Arrangements

5.1 The PCC has a Service Level Agreement (SLA) with SCC to perform the treasury management function on behalf of the PCC therefore the treasury management strategy mirrors their strategy (see section 6).

5.2 Since 1 January 2019, Orbis took over the Treasury Management function. Orbis provide a shared services partnership with Brighton and Hove City Council, East Sussex County Council and Surrey County Council, perform the day to day treasury management operations within the SLA agreement whereby cash balances are monitored on the PCC's behalf and they aggregate any PCC surpluses with their own for investment in the money market and pay interest to the PCC based on the higher of their weighted average quarterly investment rate, SONIA minus 0.1082% or Bank of England Base Rate.

5.3 The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment.

- At its meeting ending on 15 December 2021, the MPC voted by a majority of 8-1 to increase the Bank Rate by 0.15 percentage points to 0.25%.
- At its meeting ending on 2 February 2022, the MPC voted by a majority of 5-4 to increase the Bank Rate by 0.25 percentage points to 0.5%.
- At its meeting ending on 16 March 2022, the MPC voted by a majority of 8-1 to increase the Bank Rate by 0.25 percentage points to 0.75%.

5.4 Earlier in the pandemic, Covid-19 increased the risk that the Bank of England would set its Bank Rate at or below zero. Applying negative interest rates would reduce the value of investments as they cannot pay negative income. This now looks less likely.

5.5 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and SCC's treasury management advisor, Arlingclose, believes that although interest rates will rise, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

5.6 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

5.7 SCC's appetite for risk in terms of its treasury management activities is low/medium. A premium is placed on the security of capital in terms of investment. The ongoing impact on the UK from Covid-19, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23, specifically in terms of the impact they have on interest rates.

5.8 SCC use specific credit ratings to determine which institutions can be used for investments.

- Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's, other relevant factors including external advice are also taken into account.

5.9 Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

The following points from the SCC Strategy are relevant to the PCC:

5.10 The CIPFA TM Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the aim is to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

5.11 The Council has appointed Arlingclose Limited as Treasury Management Advisers and receives specific advice on investments, debt and capital finance matters.

5.12 Member and Officer training needs are assessed regularly as part of the staff appraisal process. Additional training will be provided as and when there is a change in roles and responsibilities. The Council also benefits from the Orbis partnership Centre of Expertise, which provides a robust Treasury team providing day to day treasury.

5.13 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

6 Surrey County Council Investment Strategy 2022/23

6.1 The Council tends to be cash rich in the short-term as revenue income (e.g. Council Tax, Business Rates and Government Grants) is typically received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. Surplus cash is invested until required, while a shortage of cash will be met by borrowing to avoid excessive credit balances or overdrafts in the bank current account.

6.2 The Council's cash balances are expected to remain low during 2022/23. The majority of surplus cash balances continue to be invested in money market funds and short-term unsecured bank deposits. Money Market Funds offer same-day liquidity, very low or no volatility and also ensure diversification to reduce the security risk of holding the majority of cash deposits with a limited number of UK banks.

6.2 While the Council's investment balances remain low (less than £100m), Money Market Funds and short-term bank deposits will be utilised, with a cash limit per counterparty/fund of £25m. The Council has a cash limit of £25m per counterparty/fund and a maximum of £20m to be invested with any one secured bank organisation, a maximum of £10m to be invested with any one unsecured bank organisation and a limit of £25m for any one pooled fund. Unlimited amounts could potentially be invested with the UK Government.

The full SCC Treasury management Strategy Statement can be viewed at:

https://mycouncil.surreycc.gov.uk/documents/b26760/Supplement%20-Treasury%20Management%20Strategy%20Monday%2024-Jan-2022%2014.00%20Audit%20and%20Governance%20Committee.pdf?T=9

7 Treasury Management Scheme of Delegation

7.1 Police and Crime Commissioner for Surrey.

- Reviewing reports on treasury management policies, practices and activities;
- Approval of annual treasury management strategy statement (TMSS);
- Approval of MRP statement;
- Approval of the annual treasury report;
- Approval of the mid-year treasury management report;
- Approve of any mid-year amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Approval of the annual budgets; and
- Responsible for the legal contracting body who owns all the assets and liabilities, with the responsibility for the financial administration of their office and the Force, including all borrowing limits.

7.2 Chief Finance Officer

- Securing the treasury management function, including loans and investments
- Approval of division of responsibilities
- Reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment

7.3 Joint Audit Committee responsibility for scrutiny

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body
- Ensure that an effective system of scrutiny is in place in respect of Treasury Management policy, strategy, policies and practices.

8 The treasury management role of the section 151 officer (Chief Finance Officer)

8.1 The s151 (responsible) officer represented by the Chief Finance Officer to the PCC for Surrey responsibilities are:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Reviewing management information reports;
- Reviewing performance of the treasury management function;
- Ensuring adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.

The above list of specific responsibilities of the S151 officer in the 2021 Treasury Management Code has not changed. However, implicit in the most recent changes in both the Treasury Management and Prudential codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management) as follows:

- Ensuring the preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
- Ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- Ensure that the PCC has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- Providing a list to the PCC and JAC stakeholders of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- Ensuring that members are adequately informed and understand the risk exposures taken on by the PCC;

- Ensuring that the PCC has adequate expertise, either in house or externally provided, to carry out the above;
- Creation of Treasury Management Practices including risk management and criteria for any material non-treasury investment portfolios.

9 Regulatory Changes

9.1 There are no significant changes to regulations on local authority treasury management to note for 2022/23.

9.2 The PCC for Surrey surplus funds are pooled overnight with Surrey County Council and as the PCC is able to access those funds immediately upon request, they are treated as Cash and Cash Equivalents. There is minimal risk attached to these funds therefore no impairment assessment is carried out.

Background papers:

CIPFA: The Prudential Code – 2021 Edition

CIPFA Treasury Management Code – 2021 Edition

Local Government Act 2003

Surrey County Council: Treasury Management Strategy

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Appendix A

Police and Crime Commissioner for Surrey

Treasury Management Practices (TMP)

2022 to 2026

Introduction

The objectives set out in the policy statement can be achieved through the adoption of CIPFA's 12 treasury management practices (TMPs), which deal in some detail with the following issues:

- TMP1 Risk management
- TMP2 Performance management
- TMP3 Decision making and analysis
- TMP4 Approved instruments, methods and techniques
- TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6 Reporting requirements and management information arrangements
- TMP7 Budgeting, accounting and audit arrangements
- TMP8 Cash and cash flow management
- TMP9 Money laundering
- TMP10 Training and qualification
- TMP11 Use of external service providers
- TMP12 Corporate governance

1.1 Risk Management (TMP1)

1.1.1 Liquidity

Purpose: To avoid the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the PCC's police and crime plan will be compromised.

Current arrangements

Approved minimum cash balances	£0
Approved minimum short-term investments	£0

Bank overdraft arrangements:

Net overdraft, in case of need	£20k
Government Procurement Cards, issue of cards	£500k
BACS (payment of salaries) (1 day credit arrangement)	£10m

Currently, day-to-day cash balances are monitored on our behalf under a service level agreement with Surrey County Council (SCC). They aggregate any PCC surpluses with their own for investment in the money market and pay interest to the PCC based on the highest rate from the following options:

- SCC weighted average quarterly investment rate
- SONIA minus 0.1082%
- Bank of England Base Rate

1.1.2 Interest rate

Purpose: To avoid the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the PCC's finances, against which it has failed to protect itself adequately.

Current arrangements: The Prudential Code requires the PCC to fix each year the proportions of interest on borrowing and investment which may be subject to either fixed or variable rates. Since the investment activity is undertaken by Surrey County Council, it is important to ensure that any limits set by the PCC do not conflict with the County Council's prevailing limits. In order to achieve this both fixed and variable rate exposure the upper and lower limits for the PCC have been set at 0% and 100% respectively.

Surrey County Council employs a treasury consultant (Arlingclose) to advise on treasury strategy, provide economic data and interest rate forecasts.

1.1.3 Exchange rate

Purpose: To avoid the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the PCC's finances, against which it has failed to protect itself adequately.

Current arrangements: The PCC's investments with Surrey County Council are not at any exchange rate risk as monies are not invested in foreign currencies.

1.1.4 Inflation

Purpose: To avoid the risk that prevailing levels of inflation cause an unexpected or unbudgeted burden on the PCC's finances, against which it has failed to protect itself adequately.

Current arrangements: Inflation has been included in the 2022/23 budget at the following rates:

	Employees	Non-pay
2022/23	3%	2% on contractual commitments

1.1.5 Credit and counterparty

Purpose: To avoid the risk of failure by a third party to meet its contractual obligations under an investment, borrowing, capital, project or partnership financing arrangement, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the PCC's capital or revenue resources.

Current arrangements: The PCC's only direct counterparty in relation to treasury management is Surrey County Council. All investments made by Surrey County Council are made in accordance with their investment policies and prevailing legislation and regulations.

1.1.6 Legal and regulatory

Purpose: To avoid the risk that the PCC, or a third party, fails to act in accordance with its legal powers or regulatory requirements, and to ensure that the PCC suffers no losses accordingly.

Current arrangements: It is a requirement of the service level agreement with Surrey County Council that they obtain satisfactory documented evidence that any counterparties are acting within their powers and that they have met the requirements of the Data Protection Act, the Money Laundering Regulations, and any other relevant legislation.

1.1.7 Fraud, error and corruption, and contingency management

Purpose: To minimise the risk that the PCC fails to identify the circumstances in which he might be exposed to losses through fraud, corruption and other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. This includes the area of risk commonly referred to as operational risk.

Current arrangements: Surrey County Council has adopted the CIPFA treasury management practices and will accordingly look to minimise risk in this area. Whilst much reliance is placed upon Surrey County Council, the PCC monitors the cash balances and interest payments on a regular basis as part of the budget monitoring function, this in turn minimises risk in this area.

1.1.8 Market value of investments

Purpose: To avoid the risk that, through adverse market fluctuations in the value of principal sums that the PCC invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

Current arrangements: Interest on investments with Surrey County Council is based on the higher of weighted average interest on investments, SONIA minus 0.1082% and the Bank of England Base Rate. SCC has embraced the spirit of the CIPFA Code for Treasury Management to invest funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The objective is to strike a balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. SCC currently uses only those instruments for investment that have minimal impact on the market value of principal sums. The SCC's treasury strategy would also permit the use of:

- Banks (Unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds.
- Banks (Secured): Covered Bonds, reverse purchase agreements and other collateralised arrangements
- Government: Loans bonds and bills issued or guaranteed by national governments, regional or Local Authorities
- Pooled Funds: Shares or units in diversified investment vehicles such as Bond, equity and property funds

Their proposed use would be subject to due diligence and approval of the County's S151 Officer.

1.2 Performance management (TMP2)

1.2.1 The following methods, policies and benchmarks will be applied for evaluating the impact of treasury management decisions:

- Value for money
  The PCC is committed to the principle of achieving best value in treasury management. Although returns on investment are low, this is offset by the competitive cost of the treasury management service provided by Surrey County Council (SCC). It is considered that SCC continue to provide value for money.

- Banking Services
  The PCC currently uses the services of the HSBC.

1.3 Decision-making and analysis (TMP3)

1.3.1 Day-to-day investment decisions are taken on behalf of the PCC by Surrey County Council.

1.3.2 A quarterly record is provided by Surrey County showing the daily balances that have been invested and the average internal rate of return applied.

1.4 Approved instruments, methods and techniques (TMP4)

The PCC has adopted the approved instruments, methods and techniques recommended by Surrey County Council, as follows:

1.4.1. Investment

The following instruments are available to use for investment:

- Treasury Bills
- Deposits with banks, building societies and local organisations (and certain other bodies)
- Certificates of Deposits with banks or building societies
- Sterling Money Market Funds
- Government Debt Management Agency Deposit Facility
- Corporate Bonds
- Covered Bonds

Surrey County Council will lend to the following organisations on a short-term basis although their current strategy is to minimise cash balances to reduce interest costs; no lending is done to any organisation on a long-term basis:

- Banks and Building societies meeting the lending criteria
- Local Authorities as set out in the Local Government Act 2003
- Enhanced Cash/Corporate Bonds pooled funds

1.4.2 Approved Methods of Raising Finance

The following list specifies the borrowing instruments which may be utilised in seeking to achieve the Treasury Management objectives.

Short-term: All instruments repayable within one year.

Long-term: Loans from Public Works Loan Board (PWLB), Bonds and Mortgages.

Overdraft: The PCC may borrow by overdraft, i.e. short-term, from authorised banks or the Bank of England.

Leasing: Operating leases fall outside of the capital controls, therefore this form of finance should be considered where possible for the purchase of equipment and vehicles (the PCC's current policy is to purchase vehicles outright under the Joint Transport Service led by Sussex Police).

1.5 Organisation, clarity and segregation of responsibilities, and dealing arrangements (TMP5)

1.5.1 The overall responsibility for treasury management lies with the PCC, who has plenary powers in relation to all borrowing and investment matters.

1.5.2 The Treasurer (PCC's Chief Finance Officer) takes overall responsibility for implementing the treasury management policy.

1.5.3 The Treasurer is responsible, under Section 151 of the Local Government Act 1972, for ensuring that the treasury management operation complies with the needs of the PCC and that its financial affairs are properly administered.

1.5.4 Day to day responsibility for treasury management rests with the Treasurer.

1.5.5 The day-to-day administration of treasury management is carried out by staff of Surrey County Council under the terms of a service level agreement. The approved activities of the Treasury Management Providers are as follows:

- Cash flow management (daily balances and longer term forecasting)
- Investing surplus funds in approved investments
- Interest rate exposure management
- Dealing with brokers and other external finance specialists

Surrey County Council currently use the following brokers:

- RP Martin/BGC
- Tullet Prebon
- Tradition

1.6 Reporting requirements and management information arrangements (TMP6)

1.6.1 The Treasurer will:

- prepare an annual Treasury Management Policy Statement and Strategy for the PCC to approve.

- recommend borrowing limits and other Prudential Indicators to be considered by the PCC as part of the budget setting process.

- report every six months (at the end of year and mid-year) to the PCC on the activities and performance of the Treasury Management function.

1.7 Budgeting, accounting and audit arrangements (TMP7)

1.7.1 Annual revenue budgets will include estimates of expected earnings on investment based on cash flow predictions for the forthcoming year and an examination of economic conditions and forecasts considered jointly with the PCC's treasury management provider at an annual review meeting.

1.7.2 Annual revenue budgets also include the expected cost of the provision of treasury management services and any direct overheads. This estimate is for an annual fee for the work carried out by Surrey County Council, under the terms of a service level agreement. The payment to Surrey County Council is based on 17% of the gross salary costs of their appointed Senior Finance Officer for treasury, 8.5% of the annual gross salary of a SCC Strategic Finance Manager plus 20% on top of those costs to cover the costs of administrative expenses. The total cost for 2021/22 was £20,779.

1.8 Cash and cash flow management (TMP8)

1.8.1 Under the terms of the current arrangement with Surrey County Council, daily cash flow monitoring is carried out by the treasury management provider supported by information supplied by the Office of the Police and Crime Commissioner relating to:

- Precept and grant income flows
- Cheque and BACS payment runs
- Payroll payment runs
- Other known receipts and payments in excess of £100,000 per transaction

1.8.2 In reviewing the effectiveness of treasury management services, the Office of the Police and Crime Commissioner maintains a historic record of actual cash flow, daily balances, returns on investment from Surrey County Council and a variety of benchmark interest rates including*:*

- SONIA minus 0.1082% rates
- SCC weighted average quarterly investment rate
- Base Rate

1.9 Money laundering (TMP9)

1.9.1 Surrey County Council is required to comply with the Money Laundering Regulations as are all UK professionals when they engage in financial and investment activities.

1.10 Training and qualifications (TMP10)

1.10.1 The PCC is aware of the growing complexity of treasury management in general, and its application to the public sector in particular. Modern treasury management demands appropriate skills, including*:*

- A knowledge of money and capital market operations
- An awareness of available sources of funds and investment opportunities
- An ability to assess and control risk, and
- An appreciation of the implications of legal and regulatory requirements

1.10.2 The PCC has a personal development system that should identify staff requiring training and support in treasury management functions. This is balanced with the service provided by SCC.

1.11 Use of external service providers (TMP11)

1.11.1 Treasury management functions are provided by Surrey County Council under a service level agreement.

1.12 Corporate governance (TMP12)

1.12.1 This document should be read in conjunction with the scheme of Governance documents which includes financial regulations and a scheme of delegation.

1.12.2 It is considered that this document taken as a whole with the service level agreement with Surrey County Council for the provision of treasury management activities, demonstrates a robust, rigorous and disciplined set of processes that are designed to balance prudence and sound risk management with the pursuit of the optimum return on investment.

1.12.3 Reporting arrangements have been designed to demonstrate openness and clarity whilst maintaining an appropriate split of duties and responsibilities.

1.12.4 In respect of the organisation's dealings with counterparties, external service providers and other interested parties, clear procedures have been developed to enable the PCC, as far as is practicable, to monitor their adherence to the legal or regulatory regimes under which they operate.

Appendix B

Police and Crime Commissioner for Surrey
Minimum Revenue Provision (MRP) Policy Statement 2022/23

The PCC is required to pay off an element of the accumulated General Fund capital spend each year (the capital financing requirement – CFR) through a revenue charge (the MRP).

Minimum Revenue Provision (MRP) is therefore an annual charge made to the revenue account which reflects the minimum amount set aside to pay off capital expenditure.

The PCC is required to make a prudent MRP provision in addition to any interest payable on outstanding loans in line with Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 [SI3146, as amended].

In addition, the PCC is also able to make additional voluntary payments, known as Voluntary Revenue Provision (VRP). The PCC for Surrey has to date only made one such payment of £289k which was during 2019/20.

In guidance issued under section 21(1A) of the Local Government Act 2003, the Secretary of State recommends that a local authority prepares a statement of its policy on making MRP in respect of each financial year and submits it to the PCC for approval.

This statutory guidance (first released in 2008/09 and revised in February 2018) also gave the flexibility of using one of four options, to calculate a prudent level of MRP.

The four MRP options available are:

- Option 1: Regulatory Method (also known as the Existing practice method)
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

Options 1 and 2 were intended only for Government-supported borrowing and these options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

Options 3 and 4 were meant to be used for all self-financed borrowing. The Asset Life Method Option 3 provides for debt repayment over the life of the asset that has been funded from the borrowing.

The annual MRP statement indicates how the PCC intends to discharge their duty to make a prudent amount of MRP in the forthcoming financial year. A prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The PCC approves the following MRP methods:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy is:

- **Regulatory Method – Option 1 MRP** is calculated in accordance with the former 2003 regulations. This option provides for an approximate 4% reduction in the borrowing need or capital financing requirement (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy is:

- **Asset Life Method – Option 3 MRP** is based on the estimated life of the assets, in accordance with the regulations (this option much be applied for any expenditure capitalised under a Capitalisation Direction). This option provides for a reduction in the borrowing need over the approximate life of the asset. Repayments included in finance leases are applied as MRP.

MRP Statement to 2025/26

A. TOTAL MRP 2020/21 – 2025/26

Total MRP payments for the period to 2025/26, with the outturn position for 2020/21 and incorporating borrowing incurred prior to 1 April 2008 (option 1 method), along with actual and planned borrowing post 2008 (option 3 method), are summarised below.

MRP Summary Table	2020/21 Outturn £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's
MRP using Option 1	177	170	164	168	162	155	149
MRP using Option 3 (Actual)	893	983	908	908	908	908	818
MRP using Option 3 (Estimated)	0	268	360	557	2,092	2,244	10,000
Total Minimum Revenue Provision	**1,070**	**1,421**	**1,432**	**1,633**	**3,162**	**3,307**	**10,967**

B. MRP Relating to Borrowing to Finance Capital Expenditure Incurred Before 1 April 2008

As at 31 March 2021, the PCC had £4.5m of internal borrowing outstanding relating to capital borrowing undertaken before 1 April 2008, prior to introduction of the 2004/05 Prudential Code. Option 1 is used to calculate MRP in relation to this debt, in accordance with the former 2003 regulations.

MRP payments relating to this debt are summarised in the table below.

MRP Option 1 Table	2020/21 Outturn £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's
Start of Year Balance for Capital borrowing incurred before 1/4/08	**4,723**	**4,546**	**4,375**	**4,212**	**4,043**	**3,882**	**3,726**
MRP in year	(177)	(170)	(164)	(168)	(162)	(155)	(149)
End of Year Balance for Capital borrowing incurred before 1/4/08	**4,546**	**4,375**	**4,212**	**4,043**	**3,882**	**3,726**	**3,577**

C. MRP - Self-Financed Borrowing incurred After 1 April 2008 and Planned External Borrowing

As at 31 March 2021, the PCC had £22.2m of internal and external borrowing outstanding relating to capital borrowing incurred after 1 April 2008. MRP relating to this debt is calculated using Option 3 (charging MRP over the life of the asset on a straight line basis). The table below reflects further planned borrowing, including Estate Strategy requirements.

The MRP payments relating to this debt are:-

MRP Option 3 Table	2020/21 Outturn £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's
Internal borrowing > 1/4/08	7,070	7,437	6,975	6,588	6,201	5,813	5,426
External borrowing actual >1/4/08	15,085	14,564	14,043	13,521	13,000	12,479	11,958
External borrowing estimate >1/4/08	0	0	7,759	9,700	14,044	50,353	59,609
Start of Year Balance for Capital borrowing incurred after 1/4/08	**22,155**	**22,001**	**28,777**	**29,809**	**33,245**	**68,645**	**76,993**
Additional Borrowing in year	739	8,027	2,300	4,900	38,400	11,500	1,400
MRP in year	(893)	(1,251)	(1,268)	(1,465)	(3,000)	(3,152)	(10,818)
End of Year Balance for Capital borrowing incurred after 1/4/08	**22,001**	**28,777**	**29,809**	**33,245**	**68,645**	**76,993**	**67,575**

Appendix C

Police and Crime Commissioner for Surrey
Prudential Indicators 2022/23

1. Prudential Indicators – Affordability

1.1. The measure of affordability is determined by a judgement about acceptable Council Tax levels

1.2. **Affordability Indicator 1 is the ratio of financing costs to net revenue stream**:

No.	Indicator	Definition	ACTUAL	ESTIMATES					
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1	**Ratio of financing costs to net revenue stream**	Financing costs / net revenue stream * 100%	0.53%	0.67%	0.67%	0.76%	1.53%	1.58%	4.03%

1.3. These numbers are small because the provision to pay internal borrowing (MRP) and interest payable on borrowing, less any interest receivable represents a small proportion of the net revenue stream. Increasing ratios indicate interest costs on additional borrowing to fund the planned capital programme.

1.4. **Affordability Indicator 2 is the incremental impact of capital investment decisions on the council tax precept:**

No.	Indicator	Definition	ACTUAL		ESTIMATES				
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
2	**Estimate of the incremental impact of capital investment decisions on the council tax precept**	(i) Forecast total budget required for the PCC based on the existing capital programme *less* (ii) Forecast total budget required for the PCC with the changes to the capital programme included in the calculation. (iii) The difference between (i) and (ii) is then used to calculate the addition or reduction to Council Tax that would result	-£0.57	£0.95	£0.08	£0.56	£4.50	£0.50	£14.49

1.5. This ratio assesses the incremental impact of borrowing on council tax, which illustrates the effect of the planned borrowing for the Estate Strategy in 2022/23 which then reduces as borrowing is repaid with little change on MRP and interest costs.

1.6. These figures are positive when the cost of borrowing increases to fund the capital programme.

Prudential Indicators – Prudence

1.7. The PCC must ensure that net external borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional capital financing requirement (CFR) for the current and next 2 financial years and ensures that net borrowing is for capital purposes only.

No.	Indicator	ACTUAL	ESTIMATES						
		2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	
1	**Borrowing and the capital financing requirement**	✓	✓	✓	✓	✓	✓	✓	
	Investments	(12,680)	(11,301)	(10,448)	(6,320)	(24,106)	(21,073)	(15,879)	a
	External borrowing	0	8,027	2,300	4,900	38,400	11,500	1,400	b
	External borrowing required/investment(-)	**(12,680)**	**(3,274)**	**(8,148)**	**(1,420)**	**14,294**	**(9,573)**	**(14,479)**	a+b
	CFR	**26,547**	**33,152**	**34,021**	**37,288**	**72,527**	**80,719**	**71,153**	
	External borrowing > CFR?	NO	NO	NO	NO	NO	NO	**NO**	
	Management action required	None	None	None	None	None	None	**None**	

1.8. There is a requirement for further borrowing to support the capital programme going forwards.

1.9. The PCC undertook external borrowing towards the end of 2018/19 in order to purchase land for the new HQ site in Leatherhead. There is further external borrowing planned to fund the proposed capital programme. This is currently under review along with the wider Estates Strategy and may change the Prudential Indicators going forward.

2. Prudential Indicators – Capital Expenditure

2.1. There are two prudential indicators associated with capital expenditure.

2.2. In order to calculate these indicators, it has been assumed that external borrowing will be used. Such estimates do not commit the PCC to a particular method of financing.

2.3. **Capital Expenditure Indicator 1 is the total capital expenditure incurred**:

No.	Indicator	Actual		Estimated Future Year Targets				
		2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
1	**Total Capital Expenditure**	13,325	19,844	7,400	29,900	44,100	16,600	16,400

2.4. **Capital Expenditure Indicator 2 is the capital financing requirement (CFR)**:

No.	Indicator	Actual		Estimated Future Year Targets				
		2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
2	**Capital Financing Requirement (CFR)**	26,547	33,152	34,021	37,288	72,527	80,719	71,153

2.5. This is calculated using the total annual figures for non-current assets and investments, the unusable revaluation reserve and the unusable capital adjustment account reserve.

2.6. The capital financing requirement (CFR) reduces by the Minimum Revenue Provision (MRP) contribution and repayment of principal on borrowing and increases due to planned borrowing.

3. Prudential Indicators – External Debt

3.1. Both the authorised limit and the operational boundary for external debt are consistent with the PCC's capital expenditure and financing plans, and the treasury management policy.

3.2. The operational boundary provides sufficient latitude to fund the current capital programme externally in the event that any anticipated capital receipts or capital grants that have not yet been confirmed or committed are not received.

3.3. The authorised limit has been set to provide for a figure 10% in excess of the Operational Boundary for borrowing to meet any potential cash flow fluctuations.

3.4. The actual external debt is the PWLB loan taken out during 2018/19 for the Building the Future Estates Strategy.

No.	Indicator	ACTUAL		ESTIMATES				
		2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
1	**Authorised Limit**	32,122	40,115	41,165	45,188	87,758	97,670	86,095
2	**Operational Boundary**	29,202	36,468	37,423	41,017	79,780	88,791	78,268
3	**Actual External Debt**	14,563	14,042	13,521	13,000	12,479	11,958	11,437

4. Prudential Indicators – Treasury Management

4.1. The first Treasury Management indicator is to show that the Treasury Management function is being carried out in accordance with good professional practice.

No.	Indicator	ACTUAL	ESTIMATES					
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1	**Treasury Management –** compliance with CIPFA Code of Practice for Treasury Management in the Public Services	YES	YES	YES	YES	YES	YES	YES

4.2. The PCC should ensure that security and liquidity are always given priority over yield when investing funds.

4.3. The following tables illustrate Treasury Management prudential indicators for:

- Interest Rate Exposures
- Maturity Structure of Borrowing
- Total Principal Sums Invested for Periods Longer than 364 Days

No.	Indicator	ACTUAL	ESTIMATES					
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
2a	**Upper Limit On Variable Interest Rate Exposure**	0% - 100%	0% - 100%	0% - 100%	0% - 100%	0% - 100%	0% - 100%	0% - 100%
2b	**Upper Limit On Fixed Interest Rate Exposure**	0% - 100%	0% - 100%	0% - 100%	0% - 100%	0% - 100%	0% - 100%	0% - 100%
	Projected interest payable on borrowing (£000s)	£508	£474	£506	£591	£1,381	£1,497	£1,375
	Projected interest receivable on investments (£000s)	-£43	-£24	-£10	-£10	-£10	-£10	-£10

4.4. The table above illustrates the cost of borrowing as the PCC plans for further borrowing from 2022/23 to 2025/26. The proposed indicators allow for the maximum flexibility of type and period of exposure. This will be reviewed in consultation with the PCC's treasury management provider if and when borrowing becomes necessary.

4.5. The following table illustrates the length of time that the current actual fixed rate borrowing is maturing:

No.	Indicator	ACTUAL	ESTIMATES					
3	**Treasury Management Debt Maturity**	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	26-30 years	100%	100%	100%	0%	0%	0%	0%
	20-25 years	0%	0%	0%	100%	100%	100%	100%
	15-20 years	0%	0%	0%	0%	0%	0%	0%
	10-15 years	0%	0%	0%	0%	0%	0%	0%
	5-10 years	0%	0%	0%	0%	0%	0%	0%
	1-5 years	0%	0%	0%	0%	0%	0%	0%

4.6. The Treasury Management Strategy allows for longer term investment, however at this time all current and planned investments are limited to a maximum of 364 days.

No.	Indicator	ACTUAL	ESTIMATES					
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
4	**Principal Sums Invested For Periods Longer Than 364 days (£000's)**	£0	£0	£0	£0	£0	£0	£0