

STRATEGIC GOVERNANCE BOARD
27 JANUARY 2015
JOINT REPORT OF CHIEF CONSTABLE AND
THE TREASURER TO THE POLICE AND CRIME COMMISSIONER

8C: PRUDENTIAL INDICATORS, MINIMUM REVENUE PROVISION,
TREASURY MANAGEMENT AND INVESTMENT STRATEGY

1. PURPOSE OF THE REPORT

- 1.1 To consider and approve the Capital Prudential Indicators for 2015/16 to 2017/18 (incorporating the Minimum Revenue Provision Policy), the Treasury Management Strategy Statement 2015/18 and the Investment Strategy 2015/18.

2. INFORMATION AND ANALYSIS

- 2.1 As part of the budget setting process, it is a statutory requirement that the Police and Crime Commissioner (the Commissioner) determines the Prudential Indicators and Treasury Management Policies and Procedures.
- 2.2 The Commissioner fulfils four key legislative requirements when setting prudential indicators and setting out the expected treasury operations:
- 2.3 The reporting of the **prudential indicators** considers the affordability and impact of capital expenditure decisions. They set out the organisation's capital framework and capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities) shown at **Annex A**. The treasury management prudential indicators are included as treasury indicators in the CIPFA Treasury Management Code of Practice.
- 2.4 The **Minimum Revenue Provision (MRP) Policy**, which sets out how the organisation will pay for capital assets through revenue each year (as required by Regulation under the Local Authorities [Capital Finance and Accounting][England] Amendment Regulations 2008) shown at **Annex A**.
- 2.5 The **Treasury Management Strategy Statement** sets out how the organisation intends to finance its capital programme. It shows how the

treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the organisation could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code shown at **Annex B**.

- 2.6 The **Investment Strategy** which sets out how the organisation will manage its investments and limit its exposure to risk. It sets out the criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department for Communities and Local Government (CLG) Investment Guidance, and shown at **Annex B**.

3. **RECOMMENDATIONS**

- 3.1 That the Prudential Indicators and Limits for 2015/16 to 2017/18 contained within **Annex A** of the report are approved.
- 3.2 That the Minimum Revenue Provision (MRP) Statement contained within **Annex A** which sets out the Commissioner's policy on MRP be approved.
- 3.3 That the Treasury Management Strategy 2015/16 to 2017/18, and the treasury Prudential Indicators contained within **Annex B** be approved.
- 3.4 That the Authorised Limit Prudential Indicator be approved.
- 3.5 That the Investment Strategy 2015/16 contained in the treasury management strategy (Annex B), the counterparties in Appendix B2 and detailed criteria included in Appendix B3 be approved.
- 3.6 That the adoption of the CIPFA Treasury Management Code of Practice be reaffirmed.

4. IMPLICATIONS

	LOW	MEDIUM	HIGH
Crime & Disorder	X		
Environmental	X		
Equality & Diversity	X		
Financial		X	
Health & Safety	X		
Human Rights	X		
Legal		X	
Personnel	X		
Risk		X	
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ANNEX DETAILS

A The Capital Prudential Indicators 2015/16-2017/18

B Treasury Management Strategy 2015/16-2017/18

APPENDIX DETAILS

B1 Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management

B2 Approved Counterparties (based on credit ratings as at January 2015)

B3 Detailed Criteria and Credit Ratings