

## WYPCC –Decision

**From:** Sophie Abbott, Assistant CFO.

**Date:** 22 March 2013.

<b>Timing:</b>	Pressing. Resource decision required. Current SLA with WMDC terminates 31.3.13.
<b>Purpose:</b>	Decision on the provision of Treasury Management services.
<b>Cleared by:</b>	Judith Heeley

### **SUBJECT : TREASURY MANAGEMENT SERVICES**

#### **Summary:**

1. Under Financial Regulation 4035 the Chief Finance Officer is responsible for securing treasury management including loans and investments. Wakefield MDC has provided the Treasury Management service to the West Yorkshire Police Authority, and latterly the Police and Crime Commissioner, since 1986, originally through the “lead authority” arrangement and thereafter via a service level agreement (SLA).
2. Areas of coverage within the agreement include:
  - Treasury Management Reporting
  - The review of Treasury Management Practices
  - Provision of professional advice on the financing of the Commissioner’s Capital Financing Requirement
  - Professional advice on debt re-structuring
  - Management of the Commissioner’s cash flow, including the arrangements and repayment of temporary borrowing and investments
  - Administration of loan repayments
  - Completion and Despatch of Returns
  - Attendance at meetings
3. The cost of the service provided in 2012/13 was £34,080 and the current SLA expires 31 March 2013. Wakefield MDC has advised that the cost of the service will rise to £34,560 for the financial year 2013/14.
4. Although the figure quoted is below the tender threshold, there is a need to obtain three quotes for service provision. Regional Procurement provided a number of financial framework agreements however Treasury Management transactions were not covered in them. Information from Sector (Treasury Advisers) confirmed that treasury management within the public sector is usually undertaken either in house, or by the Local Authority, and that few private companies provide the day to day transactional services required. Two providers were approached for approximate costs for them to provide the service. One estimated £60,000 pa, and the other did not provide a figure.

5. As an alternative, the Commissioner could consider taking the service in-house. Given that the Treasury Management function is a high risk area, appropriate separation of duty is imperative. Coupled with the need for daily banking, this option is not feasible at present as it is likely to require additional staff coverage. This is something which could be reviewed as part of the overall planning for the stage two transfer of staff over the coming year.
6. The service provided by Wakefield has been professional and reliable, and relationships are good. Treasury management within the public sector is a specialised field and the Commissioner has the benefit of staff with experience and expertise, as well as access to independent advice from consultants (Sector) at nominal cost.
7. The latest full year treasury management benchmarking information available relates to the 2011/12 out turn. Comparisons with other Police Authorities at that time are as follows:

	<b>West Yorkshire 2011/12 Actual %</b>	<b>South Yorkshire 2011/12 actual %</b>	<b>Cleveland 2011/12 Actual %</b>	<b>West Midlands 2011/12 Actual %</b>
Average Investment interest rate	1.14	0.88	0.75	1.28
Average rate – Long term borrowing	3.64	4.58	3.90	4.84

The comparisons above show that the rates obtained by WMDC are favourable when compared with other Police Treasury management services.

**Recommendation:**

It is recommended that the Commissioner extends the Service Level Agreement with Wakefield MDC until 31 March 2014.

**Affordability:**

The 2013/14 budget includes £34,560 for the provision of Treasury Management Services.

**APPENDICES:** None.