



Wednesday, 23 July 2025

Report of Councillor Ashley Baxter
Leader of the Council,
Cabinet Member for Finance, HR and
Economic Development

Treasury Management Report Quarter 1 2025/26

Report Author

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Purpose of Report

Regulations issued under the Local Government Act 2003 require the Council to produce regular reports on treasury and debt management operations. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code).

Recommendations

The Committee is requested to note the contents of the Quarter 1 review of treasury management activity for 2025/26

Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 The financial implications are included within the report.

Completed by: Richard Wyles Deputy Chief Executive and Section 151 Officer.

Legal and Governance

- 1.2 This report provides details of the Council's performance in respect of treasury management against policy set out as part of the budget and policy framework. Members should note the performance and scrutinise any elements to assist the role of the Governance and Audit Committee in its review of the Treasury Management Strategy.

Completed by: James Welbourn, Democratic Services Manager

Risk and Mitigation

- 1.3 Risk has been considered as part of this report. The treasury strategy has been compiled in conjunction with the treasury advisors and is monitored by the committee on a regular basis.

Completed by: Tracey Elliott, Governance & Risk Officer

2. Background to the Report

- 2.1 Treasury Management is the term used to cover the Council's borrowing and investment strategies. The Council has formally adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. In line with the Code, the council has adopted a Treasury Management Policy Statement that requires regular reports on treasury and debt management operations.
- 2.2 Under part 1 of the Local Government Act 2003, the Council is required to follow the Prudential Code for capital finance including the setting of prudential Indicators. Relevant treasury management indicators were incorporated into the Treasury Management Strategy 2025/26 approved by Council on 27 February 2025.

- 2.3 In accordance with these requirements, this report provides a review of treasury management activity for the quarterly period ended 30 June 2025 and reviews current developments. The following elements are covered by the report:
- A review of debt management operations
 - A review of investment operations
 - An update on the treasury management Prudential Code Indicators
- 2.4 The CIPFA Treasury Management panel promotes the view that Councils should monitor performance on a quarterly basis. Furthermore, a report by the Audit Commission entitled 'Risk and Return' identified the need for local authorities to report regularly to members in addition to the annual review.

3. Key Considerations

Debt Management Operations - Borrowing

- 3.1 No additional borrowing was required during the first quarter of 2025/26. All current Council borrowing is with the Public Works Loan Board (PWLB) and the average rate of interest paid on the debt portfolio was **2.50%**. Appendix A shows loans outstanding as at 30 June 2025. Regular reviews are undertaken to consider redemption costs of natural maturity against new borrowing to settle the outstanding debt early.
- 3.2 Short-term borrowing is defined as borrowing due to be repaid within 365 days. As at 30 June 2025, the Council had short-term borrowing of **£3.221m**. This will be repaid in instalments of **£1.611m** on 29 September 2025 and 30 March 2026. The average annual rate of interest on these loan repayments is **3.03%**.

Investment Operations

- 3.3 The average size of the investment portfolio for the 3-month period of Q1 was **£66.479m** compared to an average portfolio size of **£80.901m** during the same period in 2024/25.
- 3.4 The reduction in the portfolio is largely due to holding capital grant funds at Q1 in 2024/25 which was used to fund the capital programme during the 2024/25 financial year. In addition to this general capital expenditure over the past 12 months has been funded from reserves as opposed to expensive external borrowing.

Investment Activity in the period ended 30 June 2025

- 3.5 The Council operates a diverse portfolio and methods to invest its reserves which include direct deposits, certificates of deposit, notice accounts and money market funds. As at 30 June 2025 the Council held short term investments of £55.483m (specified investments) and £3m (non-specified investments).
- 3.6 The Treasury Management Strategy stipulates that the Council should not ordinarily hold more than 35% of investments as non-specified; this policy was adhered to during Q1 of 2025/26. A schedule of investments at 30 June 2025 is set out at Appendix A.
- 3.7 Short Term Fixed Deposits – In the period ended 30 June 2025, £7.0m of short-term fixed deposits were placed; £9.0m of investments matured within this same period.
- 3.8 Long Term Fixed Deposits – In the period ended 30 June 2025, no long-term fixed deposits were placed, and no long-term fixed deposits matured.

Treasury Management Prudential Code Indicators

- 3.9 Prudential Code indicators specific to treasury management are designed to ensure that treasury management is carried out in accordance with professional practice. Indicators for 2025/26, 2026/27 and 2027/28 were approved by Council on 27 February 2025 as part of the Treasury Management Strategy 2025/26.
- 3.10 The 2025/26 indicators and actual figures for the 3 months to 30 June 2025 are set out at Appendix A. All investment activity has been maintained within the indicator limits.

4. Other Options Considered

- 4.1 No other options were considered.

5. Reasons for the Recommendations

- 5.1 The Committee should be kept updated on the Council's financial position.

6. Background Papers

- 6.1 Treasury Management Strategy 2025/26

[Appendix F Treasury Management Strategy 2025-26.pdf](#)

7. Appendices

7.1 Appendix A – Treasury Management Prudential Indicators.