From:	Brian Collins, Deputy Leader John Betts, Interim Corporate Director Finance
To:	County Council – 18 September 2025
Subject:	Treasury Management Year End Report
Classification:	Unrestricted

Summary: This report provides an overview of Treasury Management activity in 2024-25.

Recommendation: Council is asked to note the report.

1. Background

1.1 This report covers Treasury Management activity in 2024-25.

1.2 The Council's Financial Regulations require reporting to the County Council on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan, a mid-year review and an annual report after its close. This is considered best practice by the Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code). The Council's Treasury Management Strategy for 2024-25 was approved by the County Council on 19 February 2024. This report updates on actual activity against that plan at year end.

1.3 The Council has nominated the Governance & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. That committee considered and endorsed this report on 3 July 2025, for consideration by County Council.

1.4 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in accordance with the Council's priorities of security, liquidity and finally yield (in that order).

1.5 The treasury management strategy also ensures the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.6 Accordingly, treasury management is defined as: "*The management of the local authority's borrowing, 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. Summary

2.1 Details are attached at Appendix 1, 2 and 3 of this report.

- *Appendix 1* contains the full report that was considered by Governance & Audit committee. A very short summary of that report is included in the following paragraphs.
- *Appendix 2* contains a breakdown of the investments held (both internally and externally managed).
- *Appendix 3* provides a helpful glossary of terms for those new to treasury and investment

2.2 During 2024/25, the Council complied with its legislative and regulatory requirements in respect of Treasury Management. Throughout the year, financial markets continued to experience volatility. The Bank of England's interest rates decreased steadily compared to the previous year, starting at 5.25% and gradually reducing to 4.5% by the end of the year. In line with the Council's Treasury Management strategy, security and liquidity were prioritised over yield/return to ensure the stability and protection of investments; nevertheless, the Authority was able to take advantage of the higher interest rate environment to generate additional interest yield.

2.3 Financial market sentiment was reasonably positive over most of the year, but economic, financial, and geopolitical issues meant the trend of market volatility remained. Interest rates on the Council's treasury balances remained relatively high and stable while marginally falling in response to the August, November and February Bank of England rate reductions. All interest amounts falling due during the year on these Public Works Loan Board loans were paid on time.

2.4 At 31 March 2025 the Council had borrowings of £732.56m and investments of £475.01m arising from its revenue and capital income and expenditure. The Council followed its strategy to maintain external borrowing below their underlying levels, known as internal borrowing, in order to reduce risk and keep interest costs low. No net new borrowing was undertaken in the year and £39.33m of existing loans were allowed to mature / repay without replacement.

2.5 During the year, the Council's investment balance ranged between £393.00m and £622.82m due to timing differences between income and expenditure. The Council also loaned £9.29m to the no use empty loans programme. At 31 March 2025, the Council had loans outstanding totalling £21.97m to the programme now achieving a return of 3.63% which is available to fund general services.

2.6 Outturn net debt costs are £1.88m lower than budget. Savings were made against budgeted borrowing interest costs as we did not undertake any new borrowing in

2024-25 and we made an early redemption of £10m Phoenix Life loan delivering a discount to book costs and a saving on interest costs.

3. Recommendation

Council asked to note this report.

Appendices

Appendix 1 – Full Year Treasury Management Outturn 2024-25
Appendix 2 – Investments as at 31 March 2025
Appendix 3 – Glossary of Terms

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