From:	Brian Collins, Deputy Leader Brendan Arnold, Corporate Director Finance
To:	County Council – 17 September 2026
Subject:	Treasury Management Year End Report
Classification:	Unrestricted

Summary: This report provides an overview of Treasury Management activity in 2025-26.

Recommendation: Council is asked to note the report.

1. Background

1.1 This report covers Treasury Management activity in 2025-26.

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 2025-26 was approved by the County Council on 13 February 2025. 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 29 July 2026, 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 borrowings as well as investments held (both internally and externally managed).
- *Appendix 3* provides a helpful glossary of terms for those new to treasury and investment

3. During the year the Council maintained its prudent approach to treasury management and met all its prudential indicators of liquidity, security and interest rate risk

4. The Council continues to manage its interest costs by borrowing from internal resources (chart 3.1) as well as earning interest on cash balances.

5. External borrowings at the end of the year were £610.3m, reducing by £122.2m during the year. The reduction included early repayment of loans totaling £90m and the rest being loans repaid on maturity. No new borrowings were made during the year.

6. The investments position at the end of the year was £315.9m, a decrease of £159.9m. This reflects reduction in cash balances mainly due to a combination of repayment of loans as well as lower working capital balances at the year end.

7. The Council's investments, which are maintained for cash flow purposes, are invested in a mix of short- and medium-term instruments. The Council has reviewed its investments and has made plans to transition the holdings into a more liquid portfolio as well as reducing portfolio risk. This involves replacing holdings in the Pooled Funds portfolio and Covered Bonds with more liquid instruments.

8. During the year, the Council made a saving of £2.9m against the interest cost budget mainly due to savings through early repayment of debt as well as improved earnings on investments which benefited from the Bank of England cutting interest rates slower than expected.

3. Recommendation

Council is asked to note this report.

Appendices

Appendix 1 – Full Year Treasury Management Outturn 2025-26
Appendix 2 – Investments as at 31 March 2026
Appendix 3 – Glossary of Terms

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