

REPORT OF Finance Manager & Section 151 Officer
To: Full Council
Subject: Annual Report on Treasury Management 2024-25
Date: 22nd September 2025

PURPOSE OF REPORT:

To report on the treasury management activity in the year and actual prudential indicators for 2024/25.

1. INTRODUCTION

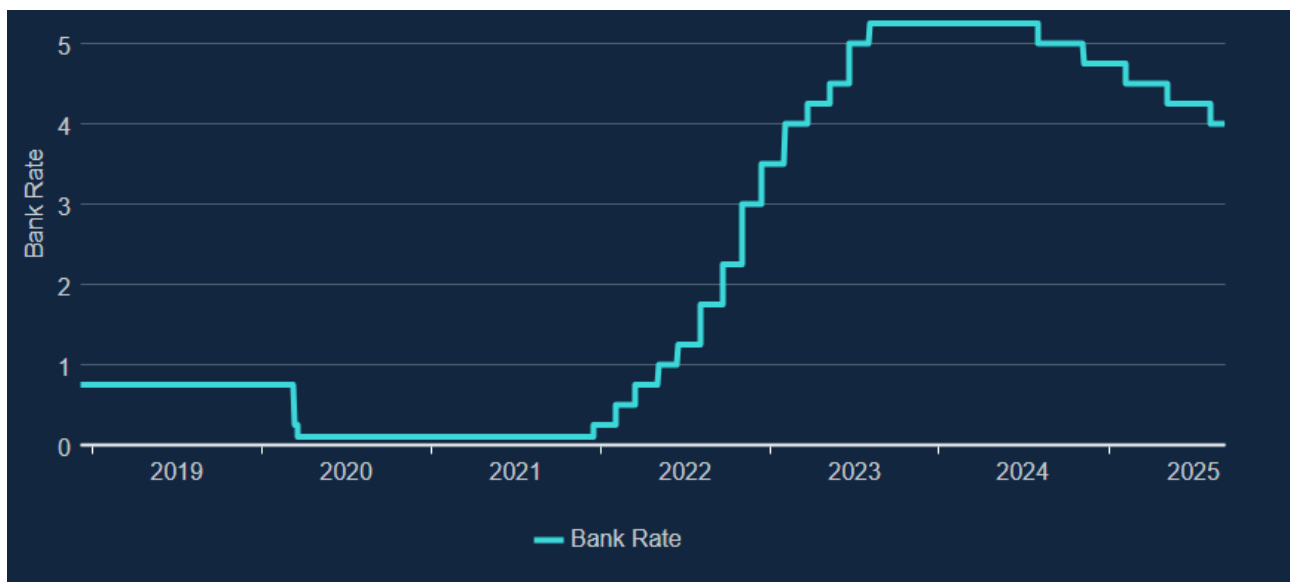
The Council has adopted the CIPFA Code of Practice in Treasury Management in the Public Sector, which requires that a report should be presented on Treasury Management activity for the previous financial year. This report also includes the actual Prudential Indicators for the year.

2. REPORT

Background

The Council operates its treasury management service in compliance with the code and other statutory requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that borrowing activity is undertaken on a prudent, affordable, and sustainable basis.

Bank of England and Inflation



The Bank of England cut the base rate to 0.1% in March 2020 in response to the Covid pandemic. With inflationary pressures increasing, the Bank of England began increasing the base rate in December 2021.

The Bank of England Base rate:

- 23/24 started at 4.25% rising to 5.25% by August 2023, where it remained until the year end.
- During the year 2024/25 rates reduced by 0.75% to 4.5% by year end.

In 2023/24 £1,387K of total interest was earned, in 2024/25 the interest earned was £1,283k a reduction of £104k (7.5%)

Rates have since been cut twice in 2025/25 down to 4%. These cuts are expected to continue as the bank of England sets an inflation target of 2%.

Performance for the year 2024/25

The average rate of return achieved by the Council on its short-term investments was 5.35% which compared with 5.37% in 2023/24.

The return from short term investments in 2024/25 was £838k, which compared with a return of £1,009k in 2023/24.

As at the 31st March 2025 the Council had short term investments of £20m lodged with financial institutions, the comparable figure for the 31st March 2023 being £15m.

During 2024/25 repayments of £153K were made on long term Public Loans Board debt, the balance outstanding at the close of 2024/25 was £191k. In addition to the outstanding loans to PWLB, under the newly adopted accounting standard IFRS1, Torridge has recognised £512k relating to lease obligations for Right of Use Assets, significantly these are Private Sector Leases for properties to provide temporary accommodation and the Quay Car Park.

The Prudential indicators for the year are attached at Appendix 1.

3. Implications

Legal Implications

There are no specific legal implications.

Financial Implications

All treasury management activity carries a level of risk, but adherence to the approved strategy minimises this. However, minimising risk needs to be balanced with the income generated and the expenditure incurred through treasury management activities.

The Council's treasury strategy can be best summarised in order of priority as

- Security of investment
- Liquidity
- Return on investment.

The Council employs Link Asset Services as its external Treasury advisors.

Human Resource Implications

There are no specific HR implications.

Equality / Diversity

There are no specific equality or diversity issues.

Risk Management

The risk that borrowers may default is minimised by adherence to the Treasury Management Strategy, the credit rating of counter parties being checked prior to making the investments, all financial institutions with which the Council contracts are UK registered and have a Fitch F1 rating.

Compliance with Policies and Strategies

The report fits in within the Council's Treasury Management framework.

Lead Member View

Date of Consultation 10th September 2025 - Councillor Bushby

Torridge District Council has fulfilled its obligations in accordance with Treasury Management Code of Practice. The Prudential Indicators show the impact on the Council's financial position and provide re-assurance that risks are being managed and activity has been undertaken within agreed limits.

4. CONCLUSIONS

Returns on the Council's investments have significantly increased, these are expected to reduce going forward as the Bank of England continues its rate cutting programme.

5. RECOMMENDATIONS

To comply with the requirements of the CIPFA Code of Practice in Treasury Management in the public sector; Members are asked:

- To note the Treasury Management Report for 2024/25
- To note the actual Prudential Indicators for 2024/25

SUPPORTING INFORMATION

Consultations: Date of Consultation – 10th September 2025
Officers Consulted –
Chief Executive
Finance Manager and S151 Officer
Head of Legal and Governance (& Monitoring Officer)

Contact Officer: Gwydion Batten – Principal Accountant & Deputy S151 Officer

Background Papers: Prudential Indicator calculations