

## Agenda Item

**REPORT OF S151 Officer**

**To: Full Council**

**Subject: Mid-Year Review of Treasury Management**

**Date: 8th December 2025**

**Reference:**

### **PURPOSE OF REPORT:**

To report on the treasury management activity in the year to date.

## **1. INTRODUCTION**

The Council has adopted the CIPFA Code of Treasury Management, which requires that a mid-year review should be presented on treasury management activity.

## **2. REPORT**

This Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this code and the other statutory requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that borrowing activities are undertaken on a prudent, affordable and sustainable basis.

This report sets out:

- The performance for the year 2025/26 so far
- Implications
- Conclusion
- Recommendation

### **The Council's Strategy and Performance so far**

The Treasury Strategy and Investment Strategy were agreed by Full Council at its meeting on 24<sup>th</sup> February 2025 (***attached as Appendix 1***).

Investments would be short-term but periods would be spread to take best advantage of interest rates.

On the 22<sup>nd</sup> September 2025, members of Full Council approved £3.35m of additional future borrowing for the additional capital works on the Hatchmoor Project. The borrowing has not yet been actioned as the project is still in its initial phase.

The Council currently has Public Works Loan Board debt of £191k outstanding which will be paid off on 31<sup>st</sup> March 2027.

Currently the Council has short term investments of £33m lodged with financial institutions, the comparable figure for the same time last year being £15m.

Interest rates have increased significantly during the Bank of England's base rate hiking cycle, which began in December 2021 when rates were 0.10%:



Year	@ Start	@ End
2021/22	0.10%	0.75%
2022/23	0.75%	4.00%
2023/24	4.00%	5.25%
2024/25	5.25%	4.5%
2025/26	4.5%	*3.75%

\*Forecast

These increases have had a significant impact on the returns on the council's investments and are now coming down. The rates have been cut 5 times since August 24 and are currently being held at 4%.

The average rate of return earned by the Council on its short term investments is forecast to be 4.62% which compares with 5.35% in 2024/25.

The forecasted return from short term investments for 2025/26 is £725k, which compares with a return of £831k in 2024/25.

In addition, the council also received interest on its bank account, this is forecasted for 2025/26 to be £575K, which compares to £438K in 2024/25.

The Council sets parameters pertaining to the Counterparties with which it invests its funds. These criteria include the minimum acceptable credit quality of the counter parties; i.e. their creditworthiness.

The counterparty list also enables diversification and thus helps to avoid the concentration of risk.

The creditworthiness methodology used to assess the Counterparty list takes account of the rating published by the Fitch rating agency and utilisation of Capita's Treasury Management Services.

Counterparty List is attached in Appendix 2 for information.

### 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 MUFG Corporate Markets Treasury Limited as its external Treasury advisors.

#### Human Resources Implications

There are no specific human resources implications.



### Sustainability Implications

There are no specific sustainability implications.

### Equality/Diversity

There are no specific equality/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 within the Council's Treasury Management framework.

### Ward Member and Lead Member Views

Lead Member Councillor Bushby has been consulted in the writing of this report and commented:-

"We have seen an easing of interest rates over the past year however continue to be in a relatively high interest rate environment. With this in mind, the treasury management mid year review confirms that the investment strategy set out at the start of the financial year is delivering a reasonable rate of return, whilst having regard for the security of investments. Going forward the uncertainties in the wider economy will continue to impact on interest rates."

Date of Consultation – 26 November 2025

## **4. CONCLUSIONS**

Returns on the Council's investments have been favourable in recent years, as the Bank of England raised interest rates to fight inflation. These rates have since been cut which will likely see a slight decline on return on our short term investments.

The economic situation remains uncertain but is monitored so that appropriate treasury management action can be taken as required.

## **5. RECOMMENDATION**

Members are asked to note the Mid-Year Treasury Management Review.

### **SUPPORTING INFORMATION**

Consultations:                      Date of Consultation – 26 November 2025  
Officers Consulted –  
Chief Executive  
Head of Legal and Governance (& Monitoring Officer)  
Finance Manager and Section 151 Officer

Contact Officers:                      Peter Hudson - Section 151 Officer

Background Papers:                      Treasury Management papers held in the Accountancy Section at Riverbank House.

