

**AGENDA MANAGEMENT SHEET**

<b>Report Title:</b>	Treasury Management 2024/25 – Annual Report
<b>Name of Committee:</b>	Audit and Ethics Committee
<b>Date of Meeting:</b>	21 July 2025
<b>Report Director:</b>	Chief Officer - Finance and Performance
<b>Portfolio:</b>	Finance, Performance, Legal and Governance
<b>Ward Relevance:</b>	All wards
<b>Prior Consultation:</b>	None
<b>Contact Officer:</b>	Faiyaz Latif, Lead Accountant Treasury and Capital. Faiyaz.Latif@rugby.gov.uk
<b>Public or Private:</b>	Public
<b>Report Subject to Call-In:</b>	Yes
<b>Report En-Bloc:</b>	No
<b>Forward Plan:</b>	Yes
<b>Corporate Priorities:</b>	This report relates to the following priority(ies): A Healthier Rugby – To support people to live healthier, longer, and more independent lives. A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre. A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change. A Fairer Rugby – To reduce inequalities and improve housing across the Borough. <a href="#">Corporate Strategy 2025-35</a> This report does not specifically relate to any Council priorities but supports all of them <input type="checkbox"/>
<b>(C) Climate</b> <b>(E) Economy</b> <b>(HC) Health and Communities</b> <b>(O) Organisation</b>	
<b>Summary:</b>	The report sets out the Treasury Management activities for 2024/25.
<b>Financial Implications:</b>	The capital finance and treasury management indicators are set to ensure that the Council is

guided into making prudent decisions on treasury management activities

**Risk Management Implications:**

There are no risk management implications for this report.

**Environmental Implications:**

There are no environmental implications for this report.

**Legal Implications:**

There are no legal implications arising from this report.

**Equality and Diversity:**

There are no equality and diversity implications arising from this report.

**Options:**

As this report complies with the Prudential and Treasury Management Codes of Practice, which have been approved by Council, no other options have been considered.

**Recommendation:**

1) The Treasury Management report for 2024/25 be considered

It be recommended to Council

2) The actual 2024/25 prudential and treasury management indicators (Appendix A) be approved

**Reasons for Recommendation:**

To provide Members with relevant information to make informed decisions around Treasury Management Activity and, in line with best practice, comply with the Code of Practice

**Audit and Ethics Committee - 21 July 2025**

**Treasury Management 2024/25 – Annual Report  
Public Report of the Chief Financial Officer**

**RECOMMENDATION**

- 1) The Treasury Management report for 2024/25 be considered  
It be recommended to Council
- 2) The actual 2024/25 prudential and treasury management indicators  
(Appendix A) be approved

**1. EXECUTIVE SUMMARY**

Throughout the 2024/25 financial year the Council's Treasury management Strategy was carried out according to the principles outlined in it. During the year.

- Long term borrowing stayed at the same level throughout the year
- The Council's surplus cash was invested to maximise yield while adhering to the principles of security and liquidity.
- Two breaches in the Treasury Strategy did occur during 2024/25 and are detailed in Section 10 of this report.
- The Lothbury Property Fund had terminated in 2024/25 details of which are included in section 9.4

**2. Purpose**

- 2.1. This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 2.2. During 2024/25 the minimum reporting requirements were that the Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 21 February 2024)
  - a mid-year, (minimum), treasury update report (Council 21 December 2024)
  - an annual review following the end of the year describing the activity compared to the strategy, (this report)
- 2.3. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by members.
- 2.4. This Authority confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Ethics Committee before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on 06 February 2025 in order to support members' scrutiny role.

### **3. INTRODUCTION**

- 3.1. The Council is required to operate a balanced budget which broadly means that, year on year, cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus cash is invested in low-risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return as per the Council's Treasury Management Strategy which was adopted on 1 April 2024.
- 3.2. Local Authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Treasury Management Strategy incorporating the Annual Investment Strategy (TMSS) currently includes a four-year programme.
- 3.3. 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.”
- 2.4 Council approved the Treasury Management Strategy for 2024/25. The Code requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year. The code requires local authorities to comply with three key principles:

- **KEY PRINCIPLE 1** Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- **KEY PRINCIPLE 2** Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.
- **KEY PRINCIPLE 3** They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

2.5 The second main function of the treasury management service is 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 that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

2.6 Part of the Council's treasury activity is to address any borrowing need, either through borrowing from external bodies, or utilising temporary cash resources available within the Council. The wider treasury activities also include managing the Council's cash flows, its existing borrowing activities, and investment of surplus funds. These activities are structured to manage risk foremost, and then to optimise performance.

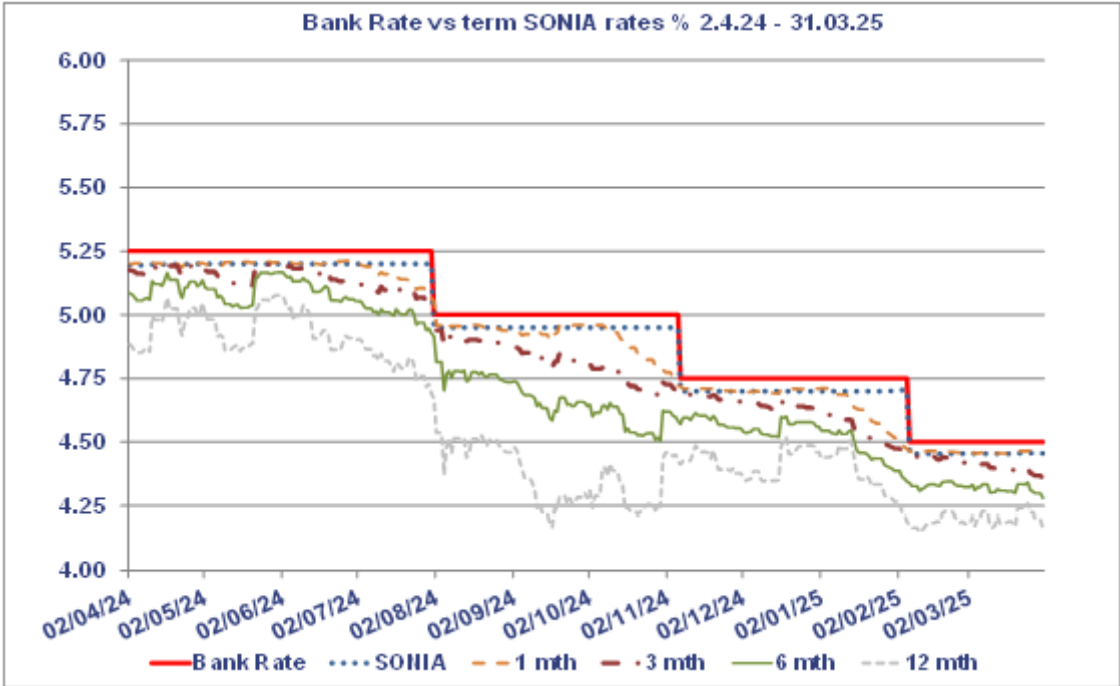
#### **4. INVESTMENT STRATEGY AND THE CONTROL OF INTEREST RATE RISK**

4.1. Investment returns remained steady throughout the first half of 2024/25 as the Bank of England held rates at 5.25% to ensure underlying inflation pressures were fully contained, before gradually reducing rates in the second half as inflation returned to target and growth softened.

4.2. The Bank Rate was held at 5.25% from August 2023 to August 2024 as the Bank of England remained cautious about underlying inflationary pressures. From August onwards, rates were lowered in gradual 0.25% steps — to 5.00% in

August, 4.75% in November, and 4.50% by February 2025 — in response to inflation returning to target levels and signs of softening economic conditions.

- 4.3. The council continued to use the same laddered investment strategy from the previous year. Although the strategy was originally adopted to benefit from rising interest rates, it was maintained in 2024/25 to lock in favourable rates while they remained high and to maintain cash for liquidity purposes despite forecasts of declining rates. The investment yield curve remained steady for the first quarter of the financial year before gradually transitioning into a downward curve.
- 4.4. That is not to say that investment choices were straight-forward. Concerns over rising inflation after the Autumn Statement in October led to reduced expectations for Bank Rate to fall. Indeed, the CPI measure of inflation is expected to reach 3.75% by the autumn of 2025, which could provide for some presentational issues for a Bank whose primary mandate is to ensure inflation is close to 2% on a two-to-three-year timeframe. At the end of March, only two further rate cuts were priced into the market for 2025 (4% at December 2025). A week later and sentiment has changed dramatically in the wake of the equity market sell-off to the extent that markets now expect three Bank Rate reductions between May and December 2025 (Bank Rate to fall to 3.75%).
- 4.5. The table below shows the movement in interest rates during the financial year 2024/25



**4 BORROWING**

- 4.1 During 2024/25, the Council maintained an under-borrowed position. While existing loans remained in place, no new long-term borrowing was undertaken to fully fund the capital financing need (CFR). Instead, internal cash resources such as reserves and balances continued to be used to reduce external borrowing requirements. This approach remained prudent, as near-term investment returns were favourable while Bank Rate stayed high before gradually declining, helping to offset the cost of deferring new borrowing.

4.2 With further gradual rate reductions expected, the Council is likely to continue to defer new long-term borrowing and instead rely on internal resources or short-term loans if required for cashflow purposes.

4.3 HIGH/LOW/AVERAGE PWLB RATES FOR 2024/25

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.77%	4.31%	4.52%	5.08%	4.88%
<b>Date</b>	26/02/2025	17/09/2024	17/09/2024	17/09/2024	17/09/2024
<b>High</b>	5.61%	5.34%	5.71%	6.18%	5.88%
<b>Date</b>	29/05/2024	13/01/2025	13/01/2025	13/01/2025	09/01/2025
<b>Average</b>	5.14%	4.86%.	5.07%.	5.56%.	5.32%
<b>Spread</b>	0.84%	1.03%	1.19%	1.10%	1.00%

4.4 PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

4.5 However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the Fed, ECB and Bank of England are all being challenged by levels of persistent inflation that are exacerbated by tight labour markets and high wage increases relative to what central banks believe to be sustainable.

## 5 CAPITAL EXPENDITURE AND FINANCING

5.1 The level of capital expenditure incurred by the Council, and its financing, forms one of the required prudential indicators.

5.2 The Council undertakes capital expenditure on long-term assets. These activities may either be:

5.3 Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or

5.4 If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

5.5 The table below shows total capital expenditure for the year and how this was financed.

	2024/25 Original Budget £000s	2024/25 Estimate at Q2 £000s	2024/25 Outturn £000s
Total capital expenditure	16,682	31,444	27,361
Resourced by:			
Capital receipts	(2,600)	(3,125)	(4,494)
Capital grants and other contributions	(3,703)	(6,942)	(5,393)
Capital reserves	(2,540)	(3,512)	(3,568)
Revenue	(4,722)	(4,670)	(210)
<b>Unfinanced capital expenditure</b>	<b>3,117</b>	<b>13,195</b>	<b>13,696</b>

## 6 THE COUNCIL’S OVERALL BORROWING NEED

6.1 The Council’s underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council’s debt position and represents 2024/25 and historic net capital expenditure which has not yet been charged to revenue. The process for charging this capital expenditure to revenue is a statutory requirement and is called the Minimum Revenue Provision (MRP)\*. The Council has the option to charge more than the statutory MRP each year through Voluntary Revenue Provision (VRP). The Council’s CFR for the year is shown below and represents a key prudential indicator. The total CFR can also be reduced by the application of additional capital resources (such as unapplied capital receipts).

Capital Financing Requirement	31 March 2025 Original Indicator £000s	31 March 2025 Actual £000s
Opening balance 1 April 2024	<b>93,821</b>	<b>93,768</b>
Plus: unfinanced capital expenditure	11,993	13,696
Less: MRP/VRP	(1,272)	(1,229)
Closing balance 31 March 2025	<b>104,542</b>	<b>106,235</b>

6.2 The table above shows that the Council's overall borrowing need has increased slightly from the 2024/25 strategy.

6.3 Current and future estimated MRP and interest costs (updated from the most recent General Fund and HRA Medium Term Financial Plans) are detailed in the table below:

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
MRP/VRP (Debt repayments)	1,230	1,299	1,260	1,248
Net Cost of Borrowing (Interest repayments)	(1,778)	(150)	(150)	(150)
Direct Revenue Financing (DRF)	210	93	93	93
<b>Total Revenue Implications</b>	<b>(338)</b>	<b>1242</b>	<b>1203</b>	<b>1191</b>

6.4 These values in future years may change as a consequence of the Chief Finance Officer choosing an alternative method of financing for some of the capital programme as set out in the 2025/26 Capital Strategy. In 2024/5 capital receipts were used slightly differently than originally planned, with some receipts directed towards spending with a shorter asset life (e.g. vehicle purchases) and items with a longer life funded through borrowing (e.g. part of the cemetery expansion).

6.5 The borrowing strategy approved as part of the 2024/25 Treasury Management Strategy highlighted the authority had moved from an over borrowed position to a position of being under borrowed after clearing the debt taken out in 2012 as part of the HRA financing agreement with the government.

	31 March 2025 £000s
Gross Long-Term Debt	83,300
Capital Financing Requirement	92,539
<b>(Under)/Over Borrowing</b>	<b>(9,239)</b>

6.6 Borrowing at low rates, combined with high investment returns throughout 2024/25, enabled the Council to benefit considerably in the medium term from cash investments made while these schemes are being completed.

6.7 Each year the Council sets out limits and boundaries as follows

**The Authorised Limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2024/25 the Council has maintained gross borrowing within its authorised limit.

**The Operational Boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached

6.8 For 2024/25 these were as follows

	2024/25 £m
Authorised Limit	190.00
Operational Limit	180.00

At no point in the year were these limits breached

## 7 TREASURY POSITION AT 31 MARCH 2025

7.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities.

7.2 The table below shows a snapshot of the Council's position as at 31 March 2025 (not for the whole of 2024/25) compared with the previous year. This situation will of course change daily as investments are adjusted to meet cash flow requirements.

	31/03/2025		31/03/2024	
	£000s	Average Rate (%)	£000s	Average Rate (%)
Borrowings:				
PWLB	69,600	1.73	69,600	1.73
Market Deals	13,700	3.67	13,700	3.67

Local Authorities	-	-	7,000	7.29
<b>Total Debt Outstanding</b>	<b>83,300</b>	<b>2.02</b>	<b>90,300</b>	<b>2.36</b>
Investments:				
In house*	72,456	5.02	79,052	4.85
<b>Total Investments Outstanding</b>	<b>72,456</b>	<b>5.02</b>	<b>79,052</b>	<b>4.85</b>

7.3 Short-term debt taken from Local Authorities was to meet cashflow needs in March 2024 and fully repaid during April 2024.

## 8 BORROWING IN YEAR

8.1 The movement in outstanding debt was £7.000m (including temporary borrowing) as shown below:

	£000s
Debt outstanding at 1 April 2024	90,300
Borrowing in year (Inc. temporary borrowing)	0
Less: Repayments in year (Inc. temporary borrowing)	7,000
<b>Debt Outstanding at 31 March 2025</b>	<b>83,300</b>

8.2 Future Maturity Analysis of Loans (illustrates future changes in debt portfolio)

	2025/26 £000s	2026/27 £000s	2027/28 £000s
PWLB/Banks	1,000	700	0

## 9 INVESTMENTS IN YEAR

9.1 The net movement in market investments during the year was a decrease of £10m as shown below:

	£000s
<b>Opening Balance at 1 April 2024</b>	<b>71,000</b>
Investments in year	120,000
Less: Repayments in year	(130,000)
<b>Closing balance at 31 March 2025</b>	<b>61,000</b>

	Weighted Average Investment  £m	Weighted Average Annual Rate of Return (Net of Fees)	Benchmark Return (Average annual SONIA Rate)	Original Estimate

		%	%	%
Internally managed	80.8	4.85	5.01	3.5

At the beginning of the year the average rate of return on investments portfolio was 2.98%. The rate of return has steadily increased during the year to 4.85% as of 31 March 2025. The portfolios average risk number decreased from 3.48 at the beginning of the year to 2.77 as at the year end.

	31 March 2024	31 March 2025
	£000s	£000s
Local Authorities and Housing Associations	34,500	54,500
Banks and Building Societies	36,500	6,500
<b>Total</b>	<b>71,000</b>	<b>61,000</b>

## 9.2 Future Maturity Analysis of Investments

Only one market investment outstanding at the 31 March 2025 will mature during the 2026/27 financial year, all others will mature in 2025/26.

## 9.3 IFRS 9 fair value of investments

Following the consultation undertaken by the Department of Levelling Up, Housing and Communities –(now MHCLG) on IFRS 9 - Financial instruments, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. The Council is required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

	Externally Managed Pooled Investment Funds £000s	
	as at 31/03/2024	as at 31/03/2025
Nominal Value	6,000	4,589
Fair Value	5,771	4,298
Unrealised In Year Fair Value Gain / (Loss)	(220)	(11)

9.4 Since 2015, as part of its diversified investment portfolio, the Council has invested in the Lothbury Property Fund, managed by Lothbury Investment Management. This open-ended fund aimed to deliver long-term returns through a combination

of income and capital growth, in line with the Council's treasury strategy. In recent years, challenging conditions in the commercial property market have reduced the value of the investment. In 2024, Lothbury Investment Management confirmed that the fund would close and that capital would be redistributed to investors from June onwards.

9.5 As at 31 March 2025, the Council had received capital repayments totalling approximately £1.411m, with further amounts due in line with the agreed payment schedule. The remaining value of the investment at 31 March 2025 was £0.195m, with an amount of £0.400m held in provision to cover any potential loss of principal. The total amount originally invested was £2m.

## **10 BREACHES OF TREASURY MANAGEMENT STRATEGY**

10.1 Under the CIPFA Code of Practice, any breaches of the Council's Treasury Management Strategy need to be reported to Members with an explanation of the causes of the breach.

10.2 There were two breaches that were reported during the 2024/25 financial year.

a) On the 15<sup>th</sup> of October 2024 there was a breach where total balance of Lloyds was £10.6m, a breach of £0.600m for a total of 1 day. This was caused by a payment arriving late in the day, and the Council not being able to deposit excess funds in another investment vehicle.

b) On the 18<sup>th</sup> of February 2025, there was a breach in the Lloyds Current Account, which went into an overdraft position overnight by £3.26m. This was due to an administrative error where a transfer was incorrectly processed, resulting in insufficient funds remaining in the current account.

## **11. NEW ACCOUNTING STANDARDS**

11.1 From 1 April 2024, having been delayed for a further year, the Council was required to adopt International Financial Reporting Standard 16, Leases, (IFRS16). This standard will require the Council, as a lessee, to recognise the value of assets it is using under a lease arrangement on its balance sheet, with a corresponding liability recognising the corresponding lease liability. This effectively means that the Council will be changing its treatment of operating leases, except for low value or short-term leases, to finance leases.

11.2 After initial recognition, the value of assets leased will need to be revalued regularly on the same basis as Property, Plant and Equipment. Lease payments will be accounted for as payments of principal and interest.

11.3 The recognition of an asset on the Council Balance Sheet will effectively increase the Capital Financing Requirement meaning that the Council will also have to consider the requirement to account for Minimum Revenue Provision (MRP).

- 11.4 The recognition of a lease liability on the balance sheet will have a direct impact on the Council's prudential indicators. Prior to the adoption of the new accounting standard, the Council will undertake an impact assessment of the change in lease accounting and advise members of the changes.
- 11.5 The Council currently recognises two finance leases. After assessment it has assessed that the remainder of its leases which relate to housing accommodation will be de-minimis due to the short-term nature of the lease agreement. The Council will assess every new lease agreement in order to make appropriate treatment decisions.

## **12. ESG INVESTMENTS**

12.1 There is a significantly greater awareness of the approach to 'ethical' investments and the Council's consideration of Environment, Social and Governance (ESG) issues when making an investment, for example.

12.2 Following are examples of ESG issues.

12.2.1 Environmental risks created by business activities have actual or potential negative impact on air, land, water, ecosystems, and human health. Company environmental activities considered ESG factors include managing resources and preventing pollution, reducing emissions and climate impact, and executing environmental reporting or disclosure. Environmental positive outcomes include avoiding or minimizing environmental liabilities, lowering costs and increasing profitability through energy and other efficiencies, and reducing regulatory, litigation and reputational risk.

12.2.2 Social risks refer to the impact that companies can have on society. They are addressed by company social activities such as promoting health and safety, encouraging labour-management relations, protecting human rights, and focusing on product integrity. Social positive outcomes include increasing productivity and morale, reducing turnover and absenteeism, and improving brand loyalty.

12.2.3 Governance risks concern the way companies are run. It addresses areas such as corporate brand independence and diversity, corporate risk management and excessive executive compensation, through company governance activities such as increasing diversity and accountability of the board, protecting shareholders and their rights, and reporting and disclosing information. Governance positive outcomes include aligning interests of shareowners and management and avoiding unpleasant financial surprises.

There is an overriding requirement for the Council to consider investments in the context of, security, liquidity, and yield as the core principles of the Treasury Management Strategy, as detailed in section B of the document. If an investment meets the core principles and delivers ESG benefits, it will be pursued.

## TREASURY MANAGEMENT INDICATORS 2024/25

**1. Security: average credit rating**

To measure the security of its portfolio, the council compares the historic risk of default of its investments against a maximum target rate.

As an example, *based on historic data*, a AAA (least risk) rated investment has 0.04% chance of default within 1 year and a 0.16% chance of default within 3 years. A BBB+ (most risk) rated investment has a 0.14% chance of default within 1 year and a 0.65% chance of default within 3 years.

	Limit	Actual	Achieved
Historic risk of default	0.25%	0.009%	Yes

**2. Maturity structure of borrowing**

This indicator is set to control the Council's exposure to refinancing risk – that all borrowing falls due for repayment at the same time. The maturity structure of fixed rate borrowing was:

	Upper Limit	Lower Limit	Actual	Achieved
Under 12 months <sup>1</sup>	75%	0%	1%	Yes
12 months and within 24 months	75%	0%	0.8%	Yes
24 months and within 5 years	75%	0%	0%	Yes
5 years and within 10 years	75%	0%	0%	Yes
10 years to 20 years	75%	0%	0.6%	Yes
20 years to 30 years	100%	0%	0.6%	Yes
30 years and over	100%	0%	84.3%	No

<sup>1</sup>Includes temporary borrowing for cash flow purposes.

The Council has breached the upper limit for borrowing for 30 years and over until maturity. The Council's structure has now been reviewed as part of the 2025/26 Treasury Management Strategy to give it more flexibility in future years.

**3. Principal sums invested for periods longer than 364 days**

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. It is used in conjunction with the liquidity indicator to ensure sufficient cash resources are available without penalty during the short to medium term. The total principal sums invested to final maturities beyond the year end were:

	31 March 24 £000s	31 March 25 £000s	31 March 26 £000s
Limit on principal invested over 365 days	35,000	35,000	35,000
Actual principal invested over 365 days	6,000	9,600	9,000
<b>Achieved</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

Currently the only investments the Council has invested for in excess of 365 days are the 2 property funds it holds with the CCLA, and a fixed-term investment with another local authority. The Council's previous investment in the Lothbury Property Fund was formally terminated on 30<sup>th</sup> May 2024.

#### 4. Approved countries for investments as of 31 March 2025

Based on lowest available rating

##### AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

##### AA+

- Canada
- Finland
- U.S.A.

##### AA

- Abu Dhabi (UAE)
- Qatar

##### AA-

- Belgium
- France
- U.K.

## 5. Approved counterparty limits

Approved counterparties (limit per counterparty)				
Credit Rating	Banks / Building Societies	Non-UK Government	Corporate	Registered Providers
AAA	£10m 5 years	£5m 10 years	£5m 10 years	£15m 10 years
AA+	£10m 5 years	£5m 7 years	£5m 7 years	£15m 10 years
AA	£10m 4 years	£5m 5 years	£5m 5 years	£15m 10 years
AA-	£10m 3 years	£5m 4 years	£5m 4 years	£15m 10 years
A+	£10m 12 months	£5m 3 years	£5m 3 years	£15m 5 years
A	£10m 12 months	£5m 2 years	£5m 2 years	£15m 5 years
A-	£10m 6 months	£5m 1 year	£5m 1 year	£15m 5 years
BBB- and assets > £25bn	Council's UK operational bank account only £10m 1 day			
No credit rating	UK unrated Building Societies £3m 6 months	Corporates £1m 1 year	Registered Providers	
			£10m 3 years	
UK Govt	Central government: £unlimited 50 years UK Local Authority: £20m 10 years			
Pooled Funds (incl. Money Market Funds) and Real Estate Investment Trusts		£5m per Fund or Trust Overall limit on aggregate amounts invested across Funds or Trusts of £30m		

**Name of Meeting:** Council Committee  
**Date of Meeting:** 21 July 2025  
**Subject Matter:** Treasury Management Annual Report 2024/25  
**Originating Department:** Finance and Performance

**DO ANY BACKGROUND PAPERS APPLY**  YES  NO

**LIST OF BACKGROUND PAPERS**

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A