

**TITLE: 2024/25 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW**

Committee: Finance and Assets Committee

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## **1.0 Issue**

- 1.1 To report on the Council's treasury operations during the 2024/25 financial year.
- 1.2 This report reviews the Treasury Management activity during the financial year 2024/25 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

## **2.0 Recommendation**

- 2.1. Members are asked to recommend to Full Council that they approve this report detailing the Council's treasury operations during 2024/25, including the prudential and treasury indicators, as set out in the Annual Treasury Management Review (Appendix 1).

## **3.0 Background / Options**

- 3.1 This Council 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 each year; this is the report 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).
- 3.2 During 2024/25 the minimum reporting requirements were that
  - (1) Full Council receive the following reports:
    - an annual treasury strategy in advance of the year (approved by Full Council on the 20<sup>th</sup> February 2024);
    - a mid-year treasury update report, (this was reviewed by Finance and Assets Committee on 28<sup>th</sup> November 2024 and approved by Full Council on the 25<sup>th</sup> February 2025);
    - an annual review following the end of the year, describing the activity compared to the strategy (this report).

(2) A further Member Committee receive

- reports at the end of quarters one and three (these were incorporated into the Finance Reports presented to Finance and Assets Committee on the 26<sup>th</sup> September 2024 and 30<sup>th</sup> January 2025).

## **4.0 Results**

- 4.1 Cash investments totalled £32.288 million as at 31<sup>st</sup> March 2025, an increase of £0.709 million on the previous year. The Council's cash investments were all for periods of less than one year.
- 4.2 The increase in cash is mainly as a consequence of the Council's overall underspend in 2024/25 which has resulted in increased levels of earmarked reserves (particularly the Surplus Savings Reserve).
- 4.3 The Council's loan to ECTC increased from £5.0 million at 31<sup>st</sup> March 2024 to £5.825 million at 31<sup>st</sup> March 2025.
- 4.4 Interest received during the financial year was £2,190,932, which was £889,597 above the budget of £1,301,335. This figure was made up of £1,931,082 from investment in money markets and short, fixed term investments and £259,850 from the loan to ECTC.
- 4.5 There are two main reasons for this over achievement in interest receipts:
- While interest rates reduced during the year, they reduced at a slower rate than the prudent estimate built into the budget, which has resulted in greater interest receipts and
  - As a result of underspends on both the revenue and capital budget, cash holdings have been higher than assumed in the budget.
- 4.6 The average rate of return on cash investments held during the year (this excludes the loan to ECTC) was 5.288%.

## **5.0 Conclusions**

- 5.1 The size of the Council's investment portfolio has historically been relatively small, meaning that investment decisions have had to be made primarily to accommodate cashflow requirements as opposed to optimising investment returns. While the value of the portfolio is now higher than in previous years, these disciplines have been retained, although opportunities for some pro-active investment decisions were taken during the year, with funds being moved to longer-term investments (three and six month) and away from overnight accounts.
- 5.2 During the financial year the Council operated within its approved treasury limits and prudential indicators.

## **6.0 Additional Implications Assessment**

- 6.1 In the table below, please put Yes or No in each box:

<b>Financial Implications Yes</b>	<b>Legal Implications No</b>	<b>Human Resources (HR) Implications No</b>
<b>Equality Impact Assessment (EIA) No</b>	<b>Carbon Impact Assessment (CIA) No</b>	<b>Data Protection Impact Assessment (DPIA) No</b>

## 6.2 **Financial Implications**

The additional income gained from interest receipts has contributed to the Council's net underspend in 2024/25, as detailed in the Yearend Finance Report also on this meeting's agenda.

## 7.0 **Appendices**

Annual Treasury Management Review 2024/25

## 8.0 **Background Documents:**

Treasury Management Strategy as approved by Full Council on the 20<sup>th</sup> February 2024.

Quarterly and half-year update reports as detailed in 3.2 above.

