

TREASURY MANAGEMENT UPDATE AND TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2025/26

Item AU 25/5 referred from Audit Committee of 13 January 2025

The report of the Director of Finance and Transformation provided details of the investments undertaken and return achieved in the first eight months of the current financial year and introduced the Treasury Management and Annual Investment Strategy 2025/26 (attached at Annex 5).

A full list of investments held on 30 November 2024 was attached at Annex 1 to the report and a copy of the lending list at Annex 2. In terms of cash flow and core cash investments, £2,024,350 was earned in interest to the end of November 2024, which was £442,600 above the original budget estimate for the same period. The positive variance was primarily attributed to the bank rate remaining higher for longer than initially anticipated. An extract from Link's latest benchmarking data was provided in the form of a scatter graph at Annex 3, which showed that as at 30 September 2024 the Borough Council's return was 5.12%, above the local benchmarking group average of 4.98%.

With regard to long term investment, during the period 1 April 2024 to 30 September 2024, the £4.04m investment in property funds generated dividends of £82,980 which represented an annualised return of 4.09% compared to 3.68% in 2023/24. Following the termination of the Lothbury Property Trust, five payments had been received to-date totalling £1.276m. The remaining assets were expected to be sold by February/March 2025, when further distributions would be made as and when asset sales had concluded and dividends paid from income generating assets.

Under medium term investment, during the period April 2024 to November 2024, the £4.25m investment in multi asset funds generated dividends of £127,690, which represented an annualised return of 4.51%.

An extract from the draft income and expenditure estimates attributed to the Treasury Management function were provided at Annex 4.

The parameters to limit the Borough Council's exposure to investment risks were summarised as part of the 2025/26 Annual Investment Strategy in Annex 5. Except where indicated by bold italic text, the 2025/26 Strategy adopted the same risk parameters as currently approved.

In addition, the report made reference to non-treasury management practices and the required procedures to ensure compliance with the Treasury Management and Prudential Codes of Practice and Statutory Guidance on Local Government Investments relating to non-treasury investments.

RECOMMENDED*: That

- (1) the treasury management position as at 30 November 2024, be noted; and

- (2) the Treasury Management and Annual Investment Strategy for 2025/26 (attached at Annex 5), be adopted.

***Recommended to Cabinet**