

TREASURY MANAGEMENT PERFORMANCE UPDATE AND ANNUAL REPORT FOR 2024/25

Item AU 25/30 referred from Audit Committee of 21 July 2025

The report of the Director of Finance and Transformation provided an update on investments undertaken during April to May of the current financial year and set out the Treasury Management outturn position for 2024/25.

A full list of investments held on 30 May 2025 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, £422,170 was earned in interest to the end of May 2025, which had exceeded expectation when compared to the original estimate for the same period. The positive variance was primarily driven by the slower-than-anticipated reduction in the Bank Rate, which had resulted in sustained higher interest yields on deposits. An extract from MUFG's (Mitsubishi UFJ Financial Group, formerly Link Asset Services) latest benchmarking data was provided in the form of a scatter graph at Annex 3, which showed that as at 31 March 2025 the Borough Council's return was 4.67%, in line with the local benchmarking group average of 4.56%.

With regard to long term investment, during the period 1 April 2025 to 31 May 2025, the £3m investment in property funds were estimated to have generated dividends of £28,730 which represented an annualised return of 4.61%, compared to 3.92% in 2024/25. Between April and May 2025, all property fund investments recorded capital depreciation. Despite this, property funds had continued to distribute dividends, with an estimated £30,045 to be received for the first two months of the financial year.

Following the termination of the Lothbury Property Trust, five payments had been received to-date totalling £1,276,520 of the initial investment. Taking into account the dividends received in the sum of £380,755 since the fund's inception up to May 2025, the breakeven point would be achieved with the recovery of £342,725 from the sale of outstanding assets, which were expected to be concluded by the end of August 2025.

In addition, being a small-value investment stakeholder in the Hermes Property Trust, the Council would have the shares realised and paid out upon successful completion of the merger of the Trust.

Furthermore, reference was made to the recent acquisition of CCLA Investment Management Limited by Jupiter Investment Management Group Limited, subject to regulatory approval, and the potential benefit to arise from the acquisition was acknowledged.

Under medium term investment, during the period April to May 2025, the £4.25m investment in multi asset funds generated dividends of £36,460, which represented an annualised return of 5.13%.

Finally, Member's attention was drawn to the Treasury Management Annual Report for 2024/25 as set out at Annex 4, which provided a summary of the investment performance. The combined performance of the Council's investments exceeded the revised estimate by £375,604, and £846,854 when compared to the 2024/25 original estimates, mainly due to the Bank initiating its easing cycle and reducing the rates at a slower pace than anticipated in 2024/25.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Rhodes and the Audit Committee

RECOMMENDED*: That the following be commended to Council:

- (1) the action taken by officers in respect of Treasury Management activity for April to May 2025, be endorsed;
- (2) the 2024/25 outturn position, be noted; and
- (3) the current position in respect of Lothbury and Hermes Property Investment Funds, be noted.

***Recommended to Council**