

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Treasury Management Outturn Report 2024/25
Meeting/Date:	Cabinet – 17th June 2025
Executive Portfolio:	Executive Councillor for Finance & Resources - Councillor B A Mickelburgh
Report by:	Chief Finance Officer
Ward(s) affected:	All Wards

Executive Summary:

Best practice and prescribed treasury management guidance requires Members to be kept up to date in respect of treasury management activity for the first half of the year, including investment and borrowing activity and treasury performance.

The Council's 2024/25 Treasury Management Strategy was approved by the Council on the 21st February 2024 and this report sets out the treasury performance for period between 1st April 2024 and 31st March 2025.

The main purpose of Treasury Management is to.

- Ensure the Council has sufficient cash to meet its day to day obligations.
- Invest surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.
- Borrow when necessary to fund capital expenditure, including borrowing in anticipation of need when rates are low.

The key market Treasury Management issues during 2024/25 influencing the Council's decision-making were.

- During 2024/25 inflation rates fell from 2.3% in April 2024, with a low of 1.7% in September 2024, but then increased again to 2.8% (February 2025)
- The Bank of England Bank Rate was at 5.25% at the start of the financial year and had fallen to 4.5% by March 2025. Although this fall was less than forecasts had initially predicted during 2024/25.

- Market interest rates fell during the year, although not as quickly as previously forecast, even though inflation had eased. The Council's average investment rate was 4.45% (2023/24 5.15%).
- **The Council's responses to the key issues were.**
- When the Council has surplus funds, these were primarily invested on a short-term basis, in the Debt Management Office, money market funds and bank deposits.
- Where possible to take a higher return without sacrificing liquidity which may be required for cashflow purposes.
- No new borrowing was undertaken.
- Where necessary information is provided by the Council's treasury adviser – MUFG Corporate Markets, so that counterparty creditworthiness can be monitored.

The Council's Commercial Investment Strategy (CIS)

The Commercial Investment Strategy commenced in 2015/16. Indicators relating to the investments are shown in **Section 13, and also Appendix 5.**

These investments generated a net income of £3.1m for the Council in 2024/25 after taking account of direct costs.

Recommendation(s):

The Cabinet is recommended to

- Comment on the treasury management performance for 2023/24 and to recommend the report to Council for consideration.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update councillors on the Council's treasury management activity during 2024/25, including investment and borrowing activity and treasury performance.

2. BACKGROUND

- 2.1 It is regarded as best practice and prescribed treasury management practice, that Members are kept up to date with treasury management activity.
- 2.2 The Council approved the 2024/25 Treasury Management Strategy at its meeting on 21st February 2024.
- 2.3 All treasury management activity undertaken during 2024/25 complied with the CIPFA Code of Practice and relevant legislative provisions.
- 2.4 The investment strategy is to invest any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest. The Council's borrowing strategy permits borrowing for cash flow purposes and funding current and future capital expenditure over whatever periods are in the Council's best interests.

3. ANALYSIS

Economic Review

3.1 The Council's primary objectives for the management of its investment are to give priority to the security and liquidity (how quickly cash can be accessed) of its funds before seeking the best rate of return. For more details see **Section 7.0**.

Performance of Council Funds

- 3.2 The treasury management transactions undertaken during 2024/25 and the details of the investments and loans held as at 31st March 2025 are shown in detail in **Sections 6.0 and 9.0**.

Risk Management

- 3.3 An economic review of the year has been provided by our Treasury Management advisors, Link Group and is attached with an analysis of the local context implications in **Section 11.0**.

Non-Treasury Investments

- 3.5 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial

return. The full details of these investments can be found on **Section 13**.

4. COMPLIANCE

- 4.1 Compliance with specific investment and debt limits are indicated in **Sections 5,6,9,10 and Appendix 1**.

5. TREASURY MANAGEMENT INDICATORS

- 5.1 The Council measures and manages its exposure to treasury management risks using indicators which are details in the **Appendix 1**.

6. COMMENTS OF OVERVIEW & SCRUTINY

- 6.1 *Comments to be added after Overview and Scrutiny (Performance and Growth) meeting on 10th June 2025.*

Treasury Management Outturn Report 2024/25 (appended)

1.0 Purpose

2.0 Executive Summary

3.0 Introduction and Background

4.0 The Council's Capital Expenditure and Financing

5.0 The Council's overall Borrowing Need

6.0 The Treasury Position as at 31st March 2025

7.0 The Treasury Strategy for 2024/25

8.0 The Borrowing Outturn

9.0 The Investment Outturn

10.0 Performance Measurement

11.0 The Economy and Interest Rates

12.0 Other Treasury Management Issues

13.0 Commercial Investment Strategy

Appendix 1 Prudential and Treasury Indicators

Appendix 2 Graphs - Economy

Appendix 3 Investment Portfolio


Appendix 4 Approved Countries for Investment

Appendix 5 Commercial Investment Property Listing


Appendix 6 Glossary

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