

Overview and Scrutiny Panel (P&G) – 1st July 2026

Cabinet – 16th July 2026

Council – 16th December 2026

Report by: Head of Finance

Lead Cllr: Cllr J E Harvey
Executive Councillor for Finance
and Resources



Wards	Open / Exempt	Key Decision?
ALL wards	Open	No

Treasury Management Outturn Report 2025/26

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 2025/26 Treasury Management Strategy was approved by the Council on the 26th February 2025 and this report sets out the treasury performance for period between 1st April 2025 and 31st March 2026.

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 2025/26 influencing the Council's decision-making were.

- During 2025/26 inflation rates fell from 3.5% in April 2025 to 3.4% at the end of 2025/26.
- The Bank of England Bank Rate was at 4.5% at the start of the financial year and had fallen to 3.75% by March 2026. Although this fall was less

than forecasts had initially predicted prior to 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 3.75% (2024/25 4.45%).
- **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 £2.5m for the Council in 2025/26 after taking account of direct costs.

Recommendations

The Cabinet is recommended to

1. Comment on the treasury management performance for 2025/26 and to recommend the report to Council for consideration.

Key Corporate Plan Priorities

1

Delivering good quality, high value for money services with good control and compliance with statutory obligations.

Place Strategy Priorities

1

Inclusive economy

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1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update councillors on the Council's treasury management activity during 2025/26, including investment and borrowing activity and treasury performance.

2. BACKGROUND & CONTEXT

- 2.1 It is best practice and prescribed treasury management practice, that Members are kept up to date with treasury management activity.
- 2.2 The Council approved the 2025/26 Treasury Management Strategy at its meeting on 26th February 2025.
- 2.3 All treasury management activity undertaken during 2025/26 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. COMMENTS OF OVERVIEW & SCRUTINY

The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

4. IMPLICATIONS OF THE DECISION

4.1 Council Key Priorities and Performance

Delivering good quality, high value for money services with good control and compliance with statutory obligations.

Refer to sections **8.0** and **9.0** of the outturn report, for details of the stewardship and returns of the council's investments and borrowing.

4.2 Financial Implications

The attached outturn report summarises the financial position in relation to;

- Capital expenditure and funding (Section 4.0)
- Investments, and investment returns (Section 6.0)
- Borrowing and borrowing costs (Section 8.0)
- Commercial Investment Strategy indicators (Section 13.0)

In addition the performance indicators add context to expenditure and income during 2025/2026 by comparison with past and future years;

- Proportion of Financing Costs to Net Revenue Stream (Section 5.0)
- Proportionality of Investments (Section 9.0)
- Net Income from Commercial and Service Investments (Section 13.0)

4.3 Policy Implications

N/A

4.4 Legal & Constitutional Implications

The 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 for 2025/26. 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).

4.5 Community Impact

N/A

4.6 Environment & Climate Change Implications

The council's investments take account of the UN Principles for Responsible Banking (in particular Principle 1) and the UN Principles for Responsible Investments.

4.7 Equality & Diversity Implications

The council's investments take account of the UN Principles for Responsible Banking and the UN Principles for Responsible Investments (through ESG {Environmental, Social, Governance} principles).

4.8 Implications on Resources

As this report is for information and retrospective there are no implications for resources in future years, where any changes to financial resources occur these will be updated in the quarterly monitoring reports and future budgets and MTFS.

There are no direct implications on other resources, such as staffing or property.

4.9 Health & Wellbeing Implications

N/A

4.10 Local Government Reorganisation (LGR) Implications

This report is retrospective and therefore has limited impact on LGR implications.

5. RISK MANAGEMENT

Risk management considerations are set out in the annual Treasury Management Strategy, this is followed throughout the year when considering investment counterparties.

For specific risk measures please refer to section 10.0 of the attached report.

6. BACKGROUND PAPERS– LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Document List	Custodian	File Location
Cash management spreadsheets	Finance Team	Finance shared drive
Quarterly monitoring reports	Finance Team	Finance shared drive
Treasury Management Strategy	Finance Team	Finance shared drive
Treasury and Performance indicators calculation spreadsheet	Finance Team	Finance shared drive
Fixed Asset Register spreadsheet	Finance Team	Finance shared drive
Capital Financing Requirement Note	Finance Team	Finance shared drive