

**Title:** Treasury Management Policy for 2025/26

**Meeting:** Audit Committee

**Date:** 27 January 2025

**Classification:** Part 1

**Key Decision:** No

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**Executive Councillor:** Councillor Collins - Cabinet Member for Finance, Assets and Investments

## **1. Executive Summary**

1.1 To submit the treasury management policy for 2025/26 to Audit Committee for scrutiny before approval by Council as part of the annual budget process.

## **2. Recommendation**

**2.1 That Audit Committee scrutinises and offers comments to the budget Cabinet on 12 February on the treasury management policy which comprises the following three documents:**

- Treasury Management Policy Statement for 2025/26.
- Treasury Management Strategy for 2025/26.
- Annual Treasury Management Investment Strategy for 2025/26.

## **3. Background**

3.1 The treasury management policy is agreed in advance of the year to which it relates. The policy is then monitored regularly and is updated, as appropriate, to reflect changing circumstances and guidance.

- 3.2 At its meeting of 13 January 2010, the Audit Committee agreed a report on the implementation of the revised CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code of Practice. One of the recommendations of the code was that the treasury management policy should be scrutinised in detail by a specialist committee, before being accepted by the authority.
- 3.3 At its meeting of 25 February 2010 Council amended the terms of reference of the Audit Committee to include scrutiny of the treasury management policy. From April 2010 onwards, the Audit Committee has been responsible for ensuring its effective scrutiny.
- 3.4 In compliance with the CIPFA Treasury Management Code of Practice the Council's treasury management policy comprises:
- the Treasury Management Policy Statement.
  - the Treasury Management Strategy.
  - the Annual Treasury Management Investment Strategy.
- 3.5 The purpose of the Treasury Management Policy Statement is to set out the scope of the Treasury Management function, the policy on borrowing, debt restructure, investments, delegation and management of risk. The proposed Treasury Management Policy Statement for 2025/26 is attached as **Appendix 1**.
- 3.6 The purpose of the Treasury Management Strategy is to set out how the budgeted financing costs can be achieved. It covers the prospects for interest rates and the strategy on borrowing and debt restructuring. The proposed Treasury Management Strategy for 2025/26 is attached as **Appendix 2**.
- 3.7 The purpose of the Annual Treasury Management Investment Strategy is to set out the investment objectives and the policies on the use of external fund managers, on the investment of in-house managed funds and on the use of approved counterparties. The proposed Annual Treasury Management Investment Strategy for 2025/26 is attached as **Appendix 3**.
- 3.8 Appendices 1, 2 and 3 together form the treasury management policy and are used on a daily basis for the effective running of the treasury management function.
- 3.9 In response to the on-going economic, regulatory and financial market conditions, and in consultation with our treasury management advisers, the treasury management policy has been updated for the 2025/26 financial year. The changes from the 2024/25 policy are shown in **Appendix 4**.
- 3.10 The policy and strategy documents are written in order to provide officers and advisers with clear boundaries within which to work but as a result they are written using technical language. Treasury management training has been offered to all councillors to aid understanding of the issues (most recently on 21 November 2024) and further training will be available in the future.

#### **4. Reasons for Decisions**

- 4.1 The CIPFA Code of Practice on Treasury Management requires the treasury management policy to be agreed in advance of the year to which it relates.

#### **5. Other Options**

- 5.1 There are many options available for the operation of the Treasury Management function, with varying degrees of risk associated with them. The Treasury Management Policy aims to effectively control risk to within a prudent level, whilst providing optimum performance consistent with that level of risk.

#### **6. Financial Implications**

- 6.1 The financial implications of the proposed capital investment programme will be considered in the forthcoming budget reports to Cabinet. Other financial implications are dealt with throughout this report.

#### **7. Legal Implications**

- 7.1 Compliance with the relevant regulations and codes of practice has been considered throughout this report.

#### **8. Carbon Impact**

- 8.1 Subject to the Treasury Management Investment Objectives being satisfactorily met, consideration will be given to environmental factors for the funds and financial institutions being invested in.

#### **9. Equalities**

- 9.1 None arising from this report.

#### **10. Consultation**

- 10.1 The key treasury management decisions are taken in consultation with our treasury management advisers.
- 10.2 A working party was held on 27 November 2024 to discuss Environmental, Social and Governance (ESG) considerations as part of the development of the 2025/26 Treasury Management Strategy. The areas covered were the current requirements of the CIPFA Treasury Management Code of Practice, what it says about ESG, and some of the key considerations, issues and risks when applying ESG to the operations of the Treasury Management function.
- 10.3 It was agreed that this is still a developing area and a consistent and developed approach to ESG for Local Authority Treasury Management is currently difficult. The working party was satisfied that the 2024/25 Treasury Management

Investment Strategy included the opportunity to take ESG considerations into account where appropriate. It was agreed to continue this approach for 2025/26 and until a realistic, consistent and cost-effective approach can be developed.

## 11. Background Papers

11.1 None

## 12. Appendices

12.1 Appendix 1 – Treasury Management Policy Statement 2025/26

12.2 Appendix 2 – Treasury Management Strategy 2025/26

12.3 Appendix 3 – Annual Treasury Management Investment Strategy 2025/26

12.4 Appendix 4 – Changes from the revised 2024/25 Treasury Management Policy

## Report Authorisation

This report has been approved for publication by:

<b>This report has been approved for publication by:</b>		
	<b>Name:</b>	<b>Date:</b>
S151 Officer	Joe Chesterton	16/01/2025
Monitoring Officer	Susan Zeiss	17/01/2025
Executive Director(s)	Joe Chesterton	16/01/2025
Relevant Cabinet Member(s)	Councillor Collins	15/01/2025