

Cabinet Meeting Resolution

Executive
Forward Plan
Reference

E3555

Treasury Management Strategy Statement 2025-26

Date of Meeting	13-Feb-25											
The Issue	<p>The Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) requires the Authority to approve a treasury management strategy before the start of each financial year.</p> <p>This report fulfils the Council’s legal obligation under the Local Government Act to have regard to the CIPFA Code.</p>											
The decision	<p>(1) To recommend the actions proposed within the Treasury Management Strategy Statement (Appendix 1 of the report) to Council.</p> <p>(2) To note the Treasury Management Indicators detailed in Appendix 1 of the report.</p>											
Rationale for decision	<p>The Local Government Act 2003 requires the Council to ‘have regard to’ the Prudential Code and to set Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.</p> <p>The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare a Treasury Management Strategy; this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.</p> <p>The suggested strategy for 2025/26 is based on the Treasury Officers’ views on interest rates, supplemented with leading market forecasts provided by the Council’s treasury advisor, Arlingclose.</p>											
Other options considered	<p>The Executive Director - Resources, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are the table below.</p> <table><tr><th>Alternative</th><th>Impact on income and expenditure</th><th>Impact on risk management</th></tr><tr><td>Invest in a narrower range of counterparties and/or for shorter times.</td><td>Interest income will be lower.</td><td>Lower chance of losses from credit defaults, but any such losses may be greater.</td></tr><tr><td>Invest in a wider range of counterparties and/or for longer times.</td><td>Interest income will be higher.</td><td>Increased risk of losses from credit defaults, but any such losses may be smaller.</td></tr></table>			Alternative	Impact on income and expenditure	Impact on risk management	Invest in a narrower range of counterparties and/or for shorter times.	Interest income will be lower.	Lower chance of losses from credit defaults, but any such losses may be greater.	Invest in a wider range of counterparties and/or for longer times.	Interest income will be higher.	Increased risk of losses from credit defaults, but any such losses may be smaller.
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	Borrow additional sums at long-term fixed interest rates.	Debt interest costs will rise; this is unlikely to be offset by higher investment income.	Higher investment balance leading to higher impact in the event of a default however long-term interest costs may be more certain.
	Borrow short-term or variable loans instead of long-term fixed rates.	Debt interest costs will initially be lower.	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain.
	Reduce level of borrowing.	Saving on debt interest is likely to exceed lost investment income.	Reduced investment balance leading to lower impact in the event of a default however long-term interest costs may be less certain.

The Decision is subject to Call-In within 5 working days of publication of the decision