



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 28 JANUARY 2025
Subject	ANNUAL TREASURY MANAGEMENT STRATEGY AND NON-TREASURY MANAGEMENT INVESTMENT STRATEGY 2025/2026 (DRAFT)
Wards affected	N/A
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance and Transformation Email: mike.every@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: david.stanley@Cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant Email: michelle.burge@Cotswold.gov.uk
Summary/Purpose	<p>The Council is required to approve a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2025/26 before 01 April 2025.</p> <p>The attached Treasury Management Strategy Statement (TMSS) for 2025/26 (Appendix 1), Non-Treasury Investment Strategy (Appendix 2) and Minimum Revenue Provision (MRP) Statement (Appendix 3) is prepared in accordance with CIPFA's "Prudential Code" and the "Treasury Management Code of Practice" (2021 editions), and the Ministry of Housing, Community and Local Government (MHCLG) revised guidance on Local Government Investments.</p>
Annexes	N/A
Recommendation(s)	That the Committee resolves to: <ol style="list-style-type: none">1. Consider the draft Treasury Management and Non-Treasury Investment Strategy for 2025/26 and provides feedback to the Cabinet and Council for consideration as part of the



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	Council's budget setting process.
Corporate priorities	The Council's Annual Treasury and Non-Treasury Investment Strategy underpins all of the Council's priorities and is relevant to the Council principle of "Value for money – we will use the council's resources wisely but will invest in the fabric and future of the district".
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A



1. BACKGROUND

- 1.1** This draft report sets out the proposed Treasury Management Strategy and Non-Treasury Investment Strategy for the year 2025/26, including the borrowing and investment strategies and treasury management indicators for capital finance for 2025/26 and the Minimum Revenue Provision Statement.
- 1.2** Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3** The CIPFA "Prudential Code" 2021 edition, "Treasury Management Code of Practice" 2021 edition and MHCLG revised guidance February 2018 focus on "non-treasury" investments. Resulting in a requirement for a separate Non-Treasury Investment Strategy (Appendix 2) must be approved before April 2025.

2. TREASURY MANAGEMENT

- 2.1** The purpose of the Treasury Management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk approach, pursuing optimum performance while ensuring that security of the investment is considered ahead of investment return. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure.
- 2.2** The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure the Council can meet its capital spending obligations. The management of longer-term cash may involve the arrangement of long and/or short-term loans (external borrowing) or may use longer term cash flow surpluses in lieu of external borrowing (internal borrowing).



- 2.3** Accordingly, the Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: “The management of the Council’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”
- 2.4** The primary purpose of non-treasury investment management operations is to ensure that all investment decisions that are made primarily to generate a profit have a suitable level of security and liquidity. Ensuring risks and rewards are monitored regularly.
- 2.5** The secondary function of investment management is to generate potential returns and monitor performance of returns on a regular basis.
- 2.6** The purpose of the indicators is to set a framework for affordable, prudent and sustainable capital investment.
- 2.7** Appendices (1 to 3) set out the Treasury Management Strategy, Non-Treasury Management Investment Strategy and Minimum Revenue Provision Statement for 2025/26 and fulfil key legislative requirements as follows:

Appendix 1

- The Treasury Management Strategy which sets out how the Council’s treasury operation will support capital decisions taken during the period, the day-to-day treasury management and the limitations on activity through treasury prudential indicators, in accordance with CIPFA’s Code of Practice on Treasury Management and Prudential Code;
- The Annual Borrowing Strategy which sets out the Council’s objectives for borrowing together with the approved sources of long and short-term borrowing and;
- Annual Treasury Management Investment Strategy which sets out the Council’s criteria for choosing investment counterparties and limiting exposure to the risk of loss, in accordance with CIPFA’s Code of Practice on Treasury Management.



Appendix 2

- The Non-Treasury Investment Strategy sets out the Council's investment decisions taken during the period and monitors performance and security, in accordance with MHCLG Investment Guidance.

Appendix 3

- The Council's Minimum Revenue Provision (MRP) Statement, which sets out how the Council will pay for capital assets through revenue each year, as required by the Local Government Act 2003 (Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

3. ALTERNATIVE OPTIONS

3.1 None

4. FINANCIAL IMPLICATIONS

4.1 Financial implications are set out within the body of the report.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications arising from this report.

6. RISK ASSESSMENT

6.1 The process for identification and management of risks associated with the Treasury Management and Non-Treasury Investment Strategy are set out within the document.

7. EQUALITIES IMPACT

7.1 None directly arising from this report.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 None directly arising from this report.

9. BACKGROUND PAPERS

9.1 None.