

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 28TH APRIL, 2025

REFERENCE FROM CABINET: 6TH MARCH, 2025

**“C282 TREASURY MANAGEMENT AND INVESTMENT STRATEGY
2025/26 AND UPDATE FOR 2024/25 (EL/PR) (SCRUTINY – CORPORATE
PERFORMANCE AND RESOURCES) –**

The Leader presented the report, considered alongside the reference on the meeting agenda, to provide an interim report on the Council's Treasury Management operations for the period 1st April to 31st December, 2024 and to submit for consideration the proposed 2025/26 Treasury Management and Investment Strategy and Treasury Management Policy.

The report had been updated since considered by Governance and Audit Committee on 6th January, 2025 as the final budget settlement had been announced by Welsh Government which included additional grants towards the Housing Revenue Account Improvement Program as well as changes to leasing figures in relation to IFRS16.

The report also considered capital expenditure and Council borrowing which was currently in an under-borrowed position. With regards to the Investment Strategy, the primary purpose of any surplus was to protect the principal sum.

This was a matter for Executive decision and referral to Full Council.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

(1) T H A T the Treasury Management interim report for the period 1st April to 31st December, 2024 be noted.

(2) T H A T Cabinet recommend that Full Council approve the revised policy for making Minimum Revenue Provision from 2024/25 onwards.

(3) T H A T the Head of Finance/Section 151 Officer be given delegated authority to amend the prudential indicators for 2024/25 in respect of other long term liabilities to enable the timely implementation of IFRS16.

(4) T H A T Cabinet recommend that Full Council approve the proposed 2025/26 Treasury Management and Investment Strategy including the following specific resolutions (detailed in Appendix 2).

- The Authorised Limit for External Debt be set at £265.394m for 2024/25, £296.207m for 2025/26, £331.078m for 2026/27 and £381.753m for 2027/28.
- The Operational Boundary for External Debt be set at £244.170m for 2024/25, £263.914m for 2025/26, £297.677m for 2026/27 and £347.407m for 2027/28.
- The Head of Finance/Section 151 Officer be given delegated authority within the total Authorised Limit and Operational Boundary as estimated for individual years to effect movement between the separately agreed limits for borrowing and other long-term liabilities.
- An upper limit of £0m for 2024/25, £10m in 2025/26, £10m in 2026/27 and £10m in 2027/28 be set for total principal sums invested for over 364 days.
- The amount of projected borrowing that was fixed rate maturing in each period as a percentage of total projected borrowing that was fixed rate be set as shown below (and further detailed in Appendix 1).

Table 1 – Upper and lower Limits for fixed rate borrowing

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

- Any breaches of the Prudential Indicators would be reported through to the next meeting of Cabinet, with the exception of the Authorised Limit for External Debt which would require prior Full Council approval.

(5) T H A T the Prudential Indicators set out in Appendices 1 and 2 be approved.

(6) T H A T Cabinet recommend that Full Council approve the Treasury Management Policy Statement set out in Appendix 3.

(7) T H A T use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution be approved in order for the Treasury Management and Investment Strategy 2025/26 and Update for 2024/25 to be considered by Full Council on 10th March, 2025.

Reasons for decisions

(1) To present the Treasury Management Interim Report.

(2) To agree the basis of the Minimum Revenue Provision calculation for 2024/25 onwards.

(3) To enable the timely implementation of IRFS16.

(4) In order for the Treasury Management and Annual Investment Strategy as prepared be approved as required by the Local Government Act 2003.

(5) In order for the Treasury Management and Annual Investment Strategy as prepared be approved as required by the Local Government Act 2003.

(6) In order for the Treasury Management Policy Statement to be approved.

(7) To allow the Treasury Management and Investment Strategy 2025/26 and Update for 2024/25 to be referred to Full Council on 10th March, 2025 for consideration and approval.”