

Annual Treasury Report 2025/26

Cabinet Member:	Councillor Roger Evans, Finance	
Lead Director:	Duncan Whitfield, Section 151 Officer	
Service Area:	Corporate Finance	
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Electoral Divisions Affected	All	
Key Decision?	Key	
Cabinet Forward Plan	Yes – 25 th March 2026	
Report considered by	Cabinet 8 th July 2026	

1. Purpose of Report

- 1.1. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.2. During 2025/26 the Council achieved all required targets for managing its financing arrangements, including day to day cashflow, short term investments and longer-term borrowings. Investment income of £2.409m was secured.

2. Recommendations

Members are asked to: -

- 2.1. Approve the actual 2025/26 prudential and treasury indicators in this report.
- 2.2. Note the annual treasury management report for 2025/26.
- 2.3. Note the inclusion of EFS borrowing in the 2025/26 position

3. Background

- 3.1. 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).
- 3.2. During 2025/26 the minimum reporting requirements were that the full Council should receive the following reports:
 - an annual treasury strategy in advance of the year
 - a mid-year treasury update report
 - an annual review following the end of the year describing the activity compared to the strategy, (this report)

In addition, Cabinet has received quarterly treasury management update reports during the year.

- 3.3 The Council's treasury management debt and investment position is organised by the finance team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. Assurance on liquidity is taken from detailed cashflow planning which is amended day by day and reviewed to identify issues and address them. Cash flow plans extend out 24 months. Day to day cash flow plans inform short term investment and borrowing planning, as well as supporting the planning for longer term investments and borrowings.

4. Summary of Main Proposals

- 4.1. During 2025/26, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparison to the target set in the Treasury Strategy, are detailed in Appendix C.
- 4.2. The returns on investment were marginally short of the benchmark (-0.14%), achieving a return of 4.19%. As cash balances held are low due to a reduced level of balances held, the Council needs to ensure cash balances are highly liquid, resulting in lower interest rates on short term deals. Whilst returns on investment are important, as we strive to achieve the best investment we can, the Council's priority is always to ensure security of funds and ensure we hold sufficient liquid balances. This will often mean that we cannot secure the higher rate investments as these are offered to longer term deals.
- 4.3. The Council does receive benchmarking analysis of its investments in relation to its comparative group and throughout 2025/26, its performance on investment were considered in line with the other organisations.
- 4.4. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.
- 4.5. The Council's Borrowing Strategy and Outturn position for 2025/26 can be found in Appendix A.
- 4.6. The Council's Investment Strategy and Outturn position for 2025/26 can be found in Appendix B.

5. Alternative Options

- 5.1. Not applicable

6. Key risks and Opportunities

- 6.1. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

7. Council Priorities

- 7.1. The requirement to manage the Council's cashflow position, treasury investments and borrowing efficiently and effectively is a key requirement in helping to deliver a financially sustainable council. By ensuring that any surplus monies are invested, this will generate essential additional income for the Council. Also by carefully managing the timescale and need to borrow funds, this can keep associated borrowing costs to a minimum for the Council.

8. Financial Implications

- 8.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing because of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 8.2. The 2025/26 performance is marginally below the benchmark for the reasons outlined in paragraph 2.2 of this report and has delivered income of £2.409 million which has been reflected in the Financial Outturn report for 2025/26.

9. Legal and HR implications

- 9.1. 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 the year. This report provides this detail to fully meet this requirement.

10. Electoral Division Implications

- 10.1. Not applicable

1. Health, Social (including “Child Friendly Shropshire”) and Economic Implications

- 1.1. Not applicable

2. Equality and Diversity Implications

- 2.1. Not applicable

3. Climate Change, Biodiversity and Environmental Implications

- 3.1. Not applicable

4. Background Papers

1. Treasury Strategy 2025/26 – Council, 27 February 2025
2. Treasury Management Update Quarter 1 2025/26 – Cabinet, 10 September 2025
3. Treasury Management Update Quarter 2 2025/26 – Cabinet, 3 December 2025
4. Treasury Strategy 2025/26 Mid-Year Review – Cabinet, 3 December 2025
5. Treasury Management Update Quarter 3 2025/26 – Cabinet, 11 February 2026
6. Treasury Management Update Quarter 4 2025/26 – Cabinet, 10 June 2026

5. Appendices

Appendix A – Borrowing Strategy and Outturn 2025/26

Appendix B – Investment Strategy and Outturn 2025/26

Appendix C – Prudential Indicators 2025/26