

AUDIT & GOVERNANCE COMMITTEE

16 JULY 2025

TREASURY MANAGEMENT ANNUAL PERFORMANCE REPORT 2024-25

Report by Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Audit & Governance Committee is **RECOMMENDED** to:

- a) note the report and
- b) **RECOMMEND** Council to note the council's treasury management activity and outcomes in 2024/25.

Executive Summary

1. Treasury management is defined as: "The management of the organisation's borrowing, investments and cash flows, including 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. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that committee to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks. This is the fourth and final update for the 2024/25 financial year and sets out the position at 31 March 2025.
3. Throughout this report, the performance for the 2024/25 financial year is measured against the budget agreed by Council in February 2024.
4. As at 31 March 2025, the council's outstanding debt totalled £272m and the average rate of interest paid on long-term debt during the year was 4.41%. The council launched its "green bond" in December 2024 with an aim to raise an initial £0.5m. No other external borrowing was raised during the year, whilst £3m of maturing Public Works Loan Board (PWLB), and £10m of LOBO¹ loans were repaid. The council's debt financing position for 2024/25 is shown in Annex 1. Annex 2 shows the long term debt that matured in 2024/25.
5. The [Treasury Management Strategy for 2024/25](#) agreed in February 2024 assumed an average base rate of 4.75%.

¹ LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

6. The average daily balance of temporary surplus cash invested in-house was expected to be £463m in 2024/25, with an average in-house return on new and existing deposits of 4.25%.
7. The council achieved an average in-house return of 4.86% on average cash balances of £460.916m, producing gross interest receivable of £22.398m. In relation to external funds, the return for the year was £4.763m, bringing total investment income to £27.161m. This compares to budgeted investment income of £19.242m, giving a net overachievement of £7.919m.
8. At 31 March 2025, the council's investment portfolio totalled £484.920m. This comprised £335.000m of fixed term deposits, £52.000m at short term notice in money market funds and £97.919m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2025.

Treasury Management Activity

Debt Financing & Maturing Debt

9. The strategy for long term borrowing agreed in February 2024 included the option to fund new or replacement borrowing up to the value of £232m through internal borrowing. The aim was to reduce the council's exposure to credit risk and reduce the long-term cost of carry (difference between borrowing costs and investment returns).
10. The council is able to borrow from the Public Works Loan Board (PWLB) or through the money markets. The strategy for 2024/25 assumed no new external borrowing during the year, with any increase in the capital financing requirement met through internal borrowing, as external borrowing rates were forecast to remain elevated for the year. The exception to this was new debt of £0.500m raised the community municipal investment known as the Oxfordshire Green Bond.
11. As at 31 March 2025, the authority had 42 PWLB loans totalling £241.383m, 5 LOBO loans totalling £25.000m and two money market loans totalling £5.500m. The average rate of interest paid on PWLB debt was 4.52% and the average cost of LOBO debt in 2024/25 was 3.91%. The cost of debt on the money market loans was 4.00%. The combined weighted average for interest paid on long-term debt was 4.39%. The council's debt portfolio as at 31 March 2025 is shown in Annex 1.
12. The council repaid £3m of maturing PWLB loans and £10m of LOBO loans during the year. The weighted average interest rate payable on the matured loans was 4.250%. The outturn for interest payable in 2024/25 was £12.23m. The details are set out in Annex 2.

Investment Strategy

13. The council holds deposits and invested funds representing income received in advance of expenditure plus balances and reserves. The guidance on Local Government Investments in England gives priority to security and liquidity and the council's aim is to achieve a yield commensurate with these principles. The council continued to adopt a cautious approach to lending to financial institutions and continuously monitored credit quality information relating to counterparties.
14. During the first three quarters of the financial year term fixed deposits have been placed with other Local Authorities as per the approved lending list, whilst Money Market Funds have been utilised for short-term liquidity. Inter local authority lending remains an attractive market to deposit funds with from a security view point. The Government's Debt Management Deposit Facility (DMADF) has not been a competitive counterparty to deposit with, however we maintain access to this facility for times of financial uncertainty.
15. The Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 included the use of external fund managers and pooled funds to diversify the investment portfolio through the use of different investment instruments, investment in different markets, and exposure to a range of counterparties. It is expected that these funds should outperform the council's in-house investment performance over a rolling three-year period. The strategy permitted up to 50% of the total portfolio to be invested with external fund managers and pooled funds (excluding Money Market Funds). The performance of the pooled funds will continue to be monitored by the Treasury Management Strategy Team (TMST) throughout the year against respective benchmarks and the in-house portfolio.
16. At the start of the year the UK Bank Rate was 5.25% which was in line with the forecast. Reductions of 25bps in August, November and February reduced the rate to 4.50%, where it remained until the end of the financial year.

The Council's Lending List

17. In-house cash balances are deposited with institutions that meet the council's approved credit rating criteria. The approved lending list, which sets out those institutions, is updated to reflect changes in bank and building society credit ratings. Changes are reported to Cabinet as part of the Business Management & Monitoring Report. The approved lending list may also be further restricted by officers, in response to changing conditions and perceived risk. There were no changes to the lending list during the third quarter of 2024/25.

Investment Performance

18. Temporary surplus cash balances include: developer contributions; council reserves and balances; and various other funds to which the council pays interest at each financial year end. The budgeted annual return on these in-

house balances for 2024/25 was 4.25% and assumed an average annual in-house cash balance of £361.622m.

19. The actual average daily balance of temporary surplus cash invested in-house was £460.916m for 2024/25 and the average in-house return was 4.86%, producing gross interest receivable of £22.398m. Gross distributions from pooled funds totalling £4.763m were also realised in the year, bringing total investment income to £27.161m. This compares to budgeted investment income of £19.242m, giving a net overachievement of £7.918m. This reflects a combination of higher than forecast average cash balances, and higher than forecast interest rates.
20. Cash balances for the year were lower than they otherwise would be as a result of negative Dedicated Schools Grant (DSG) balances relating to High Needs. The negative DSG balance by the end of 2024/25 was £92.5m. This created an estimated opportunity cost of £3.8m in unearned interest during 2024/25. The cumulative opportunity cost as a result of negative DSG balances since 2019/20 is now £10.42m.
21. The council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During 2024/25 the average balance held on instant access was £80.340m, at an average rate of 4.48%.
22. At 31 March 2025 the total value of pooled fund investments was £97.919m. Whilst this is a marginal increase compared to the value of £97.804 at 31 March 2024, it is a reduction of £2.344m compared to the recent high of £100.263m in February 2025. This reduction is due to global financial instability caused by the economic impact of changes to US import tariffs.
23. At 31 March 2025, the council's investment portfolio totalled £484.920m. This comprised £335.000m of fixed term deposits, £52.000m at short term notice in money market funds and £97.920m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2025.
24. The council's Treasury Management Strategy Team regularly monitors the risk profile of the council's investment portfolio. An analysis of the credit and maturity position of the portfolio at 31 March 2025 is included at Annex 4.

Prudential Indicators for Treasury Management

25. During the financial year, the council operated within the treasury limits and Prudential Indicators set out in the council's Treasury Management Strategy for 2024/25. The outturn for the Prudential Indicators is shown in Annex 3.

Financial Implications

26. This report is mostly concerned with finance and the implications are set out in the main body of the report.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance, kathy.wilcox@oxfordshire.gov.uk

Legal Implications

27. The budget is a non-executive function, however the Cabinet has a duty under the Local Government Act 2000 to monitor the budget and make any recommendations to Council as they think fit.
28. The statutory framework for the prudential financial system is set out in the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. These Regulations provide that the Council must have regard to CIPFA codes in managing its budget.
29. The report is in accordance with both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council has a wide power to borrow under section 1 of the 2003 Act up to the affordable limit determined by the Council having regard the CIPFA Code of Practice. The Council also has powers to invest under section 12 of the 2003 Act, subject to restrictions contained in the Local Authorities (Funds)(England) Regulations 1992.

Comments checked by:

Kim Sawyer, Interim Head of Legal & Governance,
kim.sawyer@oxfordshire.gov.uk

Staff Implications

30. This report does not create any staffing implications.

Equality & Inclusion Implications

31. There are no equality or inclusion implications arising from the report.

Sustainability Implications

32. This report is not expected to have any negative impact with regards to the Council's zero carbon emissions commitment by 2030.

33. In December 2024, the council launched its first “green bond” to raise £0.5m funding to support the councils tree planting and decarbonisation projects.

Risk Management

34. The purpose of treasury management is the management of the council's borrowing, investments and cash flows, including 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". The Prudential Code.
35. Prudential indicators and credit criteria are agreed by Council each year as part of the Treasury Management Strategy.
36. The credit quality of institutions, changes in the interest rate forecast, cash flow, and prudential indicators are monitored throughout the year and reported monthly to the TMST and quarterly to the council's Audit & Governance Committee, Cabinet and Council.

LORNA BAXTER

Executive Director of Resources & Section 151 Officer

Annex: Annex 1 – Oxfordshire County Council Debt Profile as at 31 March 2025

Annex 2 – Long Term Debt Matured During 2024/25

Annex 3 – Oxfordshire County Council Investment Portfolio at 31 March 2025

Annex 4 – Prudential Indicator as at 31 March 2025

Background papers: Treasury Management Strategy for 2024/25

Contact Officer: Tim Chapple, Treasury Manager, 07917 262935,
tim.chapple@oxfordshire.gov.uk

June 2025

Annex 1

OXFORDSHIRE COUNTY COUNCIL DEBT PROFILE 31 MARCH 2025

LOAN No	£m	RATE %	Start Date	End Date	LOAN No	£m	RATE %	Start Date	End/Call Date
483659	2.000	4.250	25/11/1999	30/04/2025	492386	2.000	4.350	03/11/2006	01/04/2027
487777	4.000	4.650	16/05/2003	01/05/2028	492535	10.000	4.200	29/11/2006	30/06/2037
488562	7.650	4.700	19/03/2004	16/03/2030	492561	6.000	4.250	07/12/2006	30/06/2032
488563	1.733	4.700	19/03/2004	16/03/2030	492598	8.000	4.500	18/12/2006	30/04/2027
488989	6.000	4.850	16/08/2004	13/07/2030	492599	6.000	4.500	18/12/2006	31/05/2027
489168	6.000	4.700	22/10/2004	01/03/2030	492789	6.000	4.500	24/01/2007	31/01/2032
489287	6.000	4.600	22/11/2004	01/04/2032	492990	6.000	4.450	06/03/2007	31/03/2032
489429	6.000	4.550	02/12/2004	01/06/2032	492807	4.000	4.250	25/01/2007	30/06/2053
489856	5.000	4.600	06/05/2005	01/05/2033	493378	4.000	4.900	11/06/2007	30/06/2032
490105	5.000	4.450	23/05/2005	01/12/2033	493638	6.000	4.550	02/08/2007	30/09/2052
491669	4.000	4.450	23/05/2006	14/06/2026	493803	4.000	4.650	23/08/2007	20/09/2032
491948	5.000	4.650	16/08/2006	31/12/2026	493822	6.000	4.450	23/08/2007	30/09/2053
491957	4.000	4.500	18/08/2006	31/12/2031	494069	6.000	4.500	21/11/2007	30/09/2052
491958	4.000	4.500	18/08/2006	30/09/2031	494171	6.000	4.480	27/12/2007	31/03/2052
491959	2.000	4.600	21/08/2006	30/04/2027	494200	6.000	4.420	04/01/2008	31/03/2057
491960	10.000	4.600	21/08/2006	30/09/2026	494703	6.000	4.460	04/08/2008	13/07/2058
492021	5.000	4.350	25/08/2006	22/11/2031	494747	10.000	4.390	15/08/2008	26/03/2058
492063	5.000	4.450	31/08/2006	31/03/2028	497549	5.000	4.190	08/07/2010	14/06/2054
492064	5.000	4.450	31/08/2006	30/04/2027	LOBO 07	5.000	4.500	27/04/2005	27/10/2023
492088	4.000	4.350	04/09/2006	02/03/2032	MML 01	5.000	3.950	31/05/2005	29/05/2065
492117	4.000	4.450	07/09/2006	02/03/2037	LOBO 09	5.000	3.680	23/11/2005	24/11/2025
492371	13.000	4.500	31/10/2006	31/12/2026	LOBO 11	5.000	3.840	31/07/2006	31/07/2026
492375	10.000	4.200	01/11/2006	31/12/2036	LOBO 12	5.000	3.825	02/10/2006	04/10/2027
492376	10.000	4.200	01/11/2006	31/03/2037	LOBO 15	5.000	3.720	21/09/2006	13/10/2027
					MML 02 Abundance 1	0.500	4.400	02/12/2024	31/03/2030
					TOTAL	271.883			

Long-term debt that Matured in 2024/25

Date	Amount £m	Rate %	Repayment Type	Loan Type
22/11/2024	3.000	4.250	Maturity	PWLB
31/07/2024	5.000	3.800	Maturity	LOBO
02/10/2024	5.000	4.100	Maturity	LOBO
Total	13.000			

Repayment Types

Maturity – Full amount of principal is repaid at the final maturity date

EIP – Equal Instalments of Principal are repaid every 6 months until the final maturity date

Annex 3

OXFORDSHIRE COUNTY COUNCIL INVESTMENT PORTFOLIO 31/03/2025

Fixed term deposits held at 31/03/2025

Counterparty	Principal Deposited	Maturity Date
High Peak Borough Council	£3,000,000.00	09/04/2025
London Borough of Newham Council	£5,000,000.00	11/04/2025
Police and Crime Commissioner for Lancashire	£5,000,000.00	14/04/2025
South Ayrshire Council	£5,000,000.00	17/04/2025
Plymouth City Council	£5,000,000.00	22/04/2025
Rushmoor Borough Council	£5,000,000.00	25/04/2025
Rushmoor Borough Council	£5,000,000.00	29/04/2025
West Dunbartonshire Council	£5,000,000.00	30/04/2025
Rushmoor Borough Council	£5,000,000.00	06/05/2025
North Lanarkshire Council	£5,000,000.00	12/05/2025
Plymouth City Council	£5,000,000.00	13/05/2025
London Borough of Waltham Forest Council	£5,000,000.00	23/05/2025
London Borough of Waltham Forest Council	£5,000,000.00	23/05/2025
Darlington Borough Council	£5,000,000.00	29/05/2025
Blackpool Council	£5,000,000.00	30/05/2025
London Borough of Waltham Forest Council	£5,000,000.00	30/05/2025
Police and Crime Commissioner for Lancashire	£5,000,000.00	02/06/2025
Isle of Wight Council	£5,000,000.00	09/06/2025
Monmouthshire County Council	£5,000,000.00	10/06/2025
Cornwall Council	£5,000,000.00	30/06/2025
Blackpool Council	£5,000,000.00	30/06/2025
Oldham Council	£5,000,000.00	29/07/2025
Plymouth City Council	£5,000,000.00	07/08/2025
West Dunbartonshire Council	£5,000,000.00	12/08/2025
North Lanarkshire Council	£5,000,000.00	12/08/2025
Gloucester City Council	£7,000,000.00	13/08/2025
Kirklees Council	£5,000,000.00	15/08/2025
Cambridgeshire County Council	£5,000,000.00	20/08/2025
South Tyneside Council	£5,000,000.00	20/08/2025
London Borough of Haringey Council	£5,000,000.00	22/08/2025
Derbyshire County Council	£5,000,000.00	26/08/2025
The Highland Council	£5,000,000.00	26/08/2025
The Highland Council	£7,000,000.00	27/08/2025
London Borough of Haringey Council	£5,000,000.00	29/08/2025
The Highland Council	£5,000,000.00	01/09/2025
Babergh District Council	£5,000,000.00	02/09/2025
Wrexham County Borough Council	£5,000,000.00	04/09/2025
Ashford Borough Council	£5,000,000.00	08/09/2025
Police and Crime Commissioner for Lancashire	£5,000,000.00	29/09/2025

Counterparty	Principal Deposited	Maturity Date
Surrey Heath Borough Council	£5,000,000.00	01/10/2025
Surrey Heath Borough Council	£5,000,000.00	02/10/2025
Surrey Heath Borough Council	£5,000,000.00	08/10/2025
West Dunbartonshire Council	£5,000,000.00	14/10/2025
Aberdeen City Council	£5,000,000.00	28/10/2025
Fife Council	£5,000,000.00	30/10/2025
Wakefield Council	£5,000,000.00	30/10/2025
Kingston Upon Hull City Council	£5,000,000.00	04/11/2025
Aberdeen City Council	£5,000,000.00	06/11/2025
North East Lincolnshire Council	£5,000,000.00	21/11/2025
Worthing Borough Council	£5,000,000.00	21/11/2025
Bradford Metropolitan District Council	£5,000,000.00	21/11/2025
Conwy County Borough Council	£5,000,000.00	21/11/2025
Moray Council	£5,000,000.00	24/11/2025
Fife Council	£5,000,000.00	02/12/2025
The Highland Council	£3,000,000.00	10/12/2025
High Peak Borough Council	£2,500,000.00	18/12/2025
Staffordshire Moorlands District Council	£2,500,000.00	18/12/2025
Aberdeen City Council	£5,000,000.00	06/01/2026
Police and Crime Commissioner for Merseyside	£5,000,000.00	07/01/2026
Wrexham County Borough Council	£5,000,000.00	14/01/2026
Aberdeen City Council	£5,000,000.00	29/01/2026
Short Term Deposit Total	£300,000,000.00	
Counterparty	Principal Deposited	Maturity Date
Great Yarmouth Borough Council	£5,000,000.00	22/04/2026
Derbyshire County Council	£5,000,000.00	25/08/2026
Kirklees Council	£5,000,000.00	22/01/2027
Kirklees Council	£5,000,000.00	17/03/2027
Worcestershire County Council	£5,000,000.00	17/12/2027
Worcestershire County Council	£5,000,000.00	23/12/2027
Falkirk Council	£5,000,000.00	31/01/2028
Long Term Deposit Total	£35,000,000.00	
Total Deposits	£335,000,000.00	

Money Market Funds

Counterparty	Balance at 31/03/25 (£)	Notice period
Aberdeen Liquidity Fund	25,000,000.00	Same day
Goldman Sachs Sterling Liquid Fund	0.00	Same day
Deutsche Sterling Liquid Fund	0.00	Same day
Federated Sterling Liquidity Funds	1,900,000.00	Same day

Legal & General Sterling Liquidity Fund	25,083,046.30	Same day
CCLA Public Sector Deposit Fund	10,000.00	Same day
JP Morgan Sterling Liquidity Fund	0.00	Same day
Morgan Stanley Sterling Liquid Fund	5,000.00	Same day
Total	51,998,046.30	

Notice / Call Accounts

Counterparty period	Balance at 31/03/25 (£)	Notice
Santander Call Account	0.00	Same day
Barclays Current	0.00	Same day
Handlesbanken	2,389.13	Same day
Total	2,389.13	

Strategic Bond Funds

Fund period	Balance at 31/03/25 (£)	Notice
Threadneedle strategic bond fund (income)	12,443,200.51	4 days
Threadneedle Global Equity Income Fund	16,646,877.74	4 days
Kames Diversified Income	9,295,682.92	4 days
Ninety One Diversified Income	8,919,605.18	4 days
M&G Strategic Corporate Bond Fund	11,009,350.50	4 days
Schroder Income Maximiser	11,611,955.46	4 days
CCLA Better World Cautious Fund	4,659,914.83	4 days
Total	74,586,587.14	

Property Funds

Fund period	Balance at 31/03/25 (£)	Notice
CCLA Local Authorities Property Fund	23,332,563.96	6 Monthly
Total	23,332,563.96	

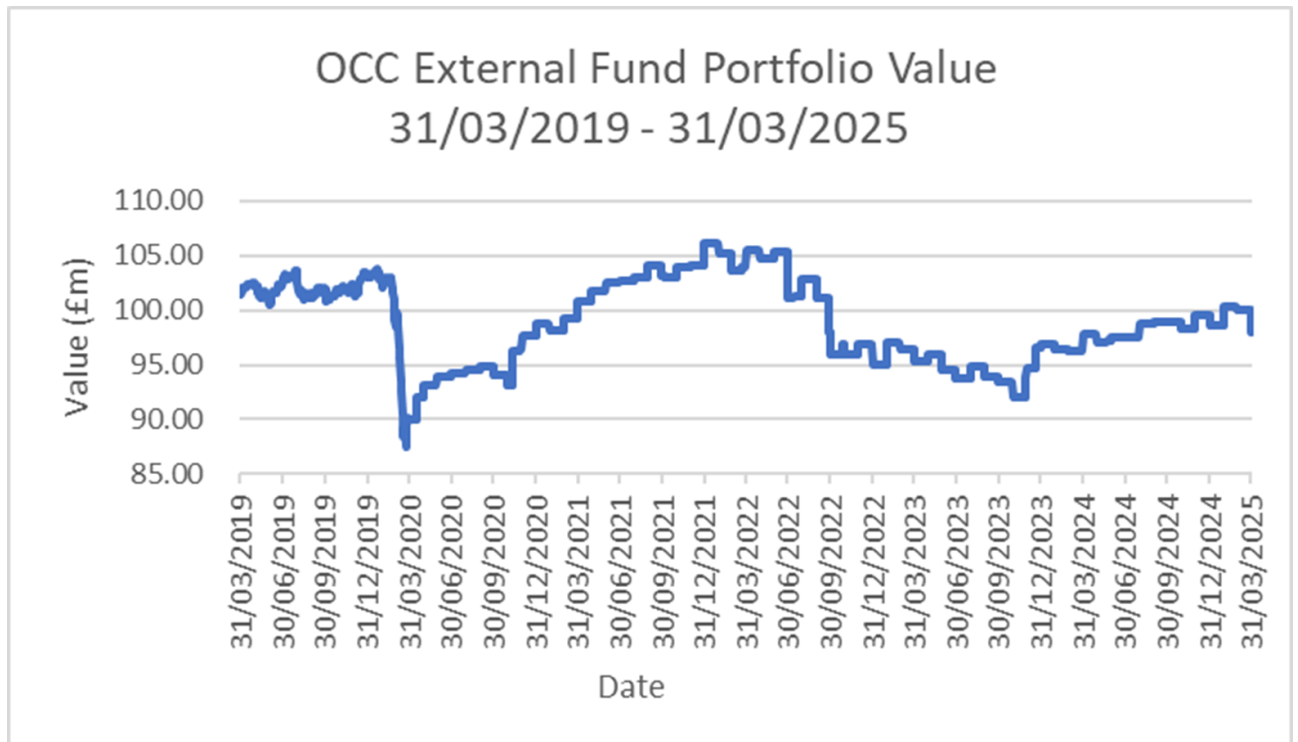
Total Strategic Pooled Funds

£97,919,151.10

Investment Portfolio Summary

Short and Long Term Deposits	£335,000,000.00
Money Market Funds & Notice/Call Accounts	£52,000,435.40
Strategic Bond Funds & Property Funds	£97,919,151.10
TOTAL	£484,919,586.53

Strategic Pooled Fund Portfolio Value Over Time



Prudential Indicators Outturn 31 March 2025**Authorised and Operational Limit for External Debt**

Authorised Limit for External Debt	£555,000,000
Operational Limit for External Debt	£570,000,000
Actual External Debt at 31 March 2025	£271,382,618

Fixed Interest Rate Exposure

Fixed Interest Net Borrowing limit	£350,000,000
Actual at 31 March 2025	-£75,617,382

Variable Interest Rate Exposure

Variable Interest Net Borrowing limit	0
Actual at 31 March 2025	-£124,083,586

Sums Invested over 364 days

Total sums invested for more than 364 days maximum limit	£215,000,000
Actual sums invested for more than 364 days at 31 March 2025	£35,000,000

Maturity Structure of Borrowing at 31/03/25**Limit % Actual %**

From 01/04/23		
Under 12 months	0 - 20	4.42
12 – 24 months	0 - 25	11.79
24 months – 5 years	0 - 35	17.46
5 years – 10 years	5 - 40	26.16
10 years +	25 - 95	40.16

The Prudential Indicators for maturity structure are set with reference to the start of the financial year. The actual % shown above relates to the maturity period remaining at 01/04/24 on loans still outstanding at 31/03/25.