Slough Borough Council

Report To:	Council
Date:	25 September 2025
Subject:	Recommendation of Audit and Corporate Governance Committee: Treasury Management Outturn Report 2024-25
Chief Officer:	Ian O'Donnell, Interim Executive Director Corporate Resources (S151 Officer)
Contact Officer:	Chris Holme, Interim Finance Director (Corporate & Commercial)
Ward(s):	All
Exempt:	NO
Appendices:	Appendix 1 – Treasury Management Outturn Report

1. Summary and Recommendations

1.1 This report sets out the Treasury Management Outturn position for Slough Borough Council's for the year 2024/25. The Audit and Corporate Governance Committee considered the report at its meeting held on 23rd July and agreed that it be referred to full Council.

Recommendation:

Council is recommended to note details of the Treasury Management Outturn Report for 2024/25 as set out in Appendix 1.

Reasons

The Audit Committee has delegated responsibility to review the annual treasury management activity, prior to referral to Full Council. The Audit and Corporate Governance Committee considered the report at is meeting held on 23rd July 2025 and recommended that the report be referred to full Council.

Commissioner Review

The scrutiny of treasury management outturn involves reviewing the Council's financial activities related to borrowing, investments, and cash flow management during the financial year. In reviewing this report the Committee's considerations should include compliance with regulations, accountability for the Council's treasury management function and delegations within. The evaluation of the Council's performance against prudential indicators, variances between actual performance and the approved treasury management strategy (TMS), risks and or areas for improvement to bring to full Councils attention.

The forecasted general fund external debt level continues to create a revenue challenge for the Council with both the interest costs and Minimum Revenue Provision charged to revenue budgets. The strategy to reduce external borrowing (albeit to a slower trajectory) remains. The net borrowing position has increased to £444.9m (£435.7m TMS) much of which will be attributed to the general fund. Non-treasury investments decreased from £59.7m (2022/23) to £57.8m following repayment of the Slough Children's First loan. As of 31 March 2025 26.84%, of borrowing will mature within 24 months. A revised debt repayment strategy will need to be established in 2025/26 to ensure the Council's financial stability and prudence and will be fundamental in delivering the Council's future priorities in an affordable framework.

The Commissioners are content with this report being considered.

2. Report

2.1 This Outturn Report documents the Treasury activities of the Council during the financial year 1st April 2024 to 31st March 2025, its borrowings, investments and cash balances. It demonstrates SBC's compliance to the approved Treasury Management Strategy, policies and its overall recovery.

Options considered

2.2 The Council could choose not to report the Treasury Management Outturn to this Committee, instead reporting it to Full Council as part of the annual governance process. However, this is not recommended, as learning from previous investment decision-making and from other local government failures has emphasised the importance of member oversight to assess the performance of any investment programme and the associated risks.

Background

2.3 The Council's Revised Treasury Management Strategy 2024/25 (TMS) was approved by Full Council on 23rd January 2025, having been presented to the Audit Committee on the 10th December 2024. It was revised to reflect the review of asset disposal assumptions as set out in the Asset Management Strategy report approved by Cabinet at its meeting of 18th November 2024.

2.4 External advice regarding the Treasury Management Strategy and activity during the year has been sought from Arlingclose, the Council's treasury management advisors.

2.5 On 31st March 2025 the Council's total external borrowing was £458.48m, and its net borrowing (after taking account of investments) was £444.90m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

2.6 The Council pursued its strategy of keeping borrowing and investments below their underlying levels by utilising its internal cash balances to fund capital projects rather than taking out external loans. This approach is sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

Table 1: Balance Sheet Summary

	31.3.25 Actual *£m*
General Fund CFR	504.13
Housing Revenue Account CFR	166.67
Total CFR	670.79
Less: *Other debt liabilities	-29.48
Borrowing CFR	641.31
External borrowing	458.48
Internal/Under borrowing	182.83

* Finance leases, PFI liabilities and transferred debt that form part of the Council's total debt. The CFR calculations are subject to audit.

2.7 The treasury management position on 31st March 2025 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary (*)

	31.3.24 Balance *£m*	**Movement *£m***	**31.3.25 Balance *£m***	**31.3.25 Rate *%***
External Long-term Borrowing External Short-term Borrowing	459.43	-0.95	458.48	3.589%
Total borrowing	**459.43**	**-0.95**	**458.48**	**3.589%**
MMF Long-term Investments	-21.30	7.73	-13.57	4.564%
Total investments	**-21.30**	**7.73**	**-13.57**	**4.564%**
Net borrowing	**438.13**	**6.77**	**444.90**	

*Subject to audit

2.8 On 31st March 2025 the Council held £458.48m of external loans. The target for the year end set in the 2024/25 Revised Treasury Management Strategy of £445.70m. During 2024/25 debt actually reduced by £0.95m from previous year. while actual debt at the 31st March 2025 was above forecast due to delayed asset disposal sales and more payments were paid than anticipated at the end of the year, the Council is following a debt reduction strategy to bring borrowing down to a sustainable and affordable level. There were no changes to the levels of Bank debt, no new borrowing for capital purposes was undertaken during the year. £74.00m of maturing PWLB loans were refinanced, while £74.95m PWLB loans were repaid for the year. Loans outstanding on 31st March 2025 are summarised in Table 3 below.

Table 3: External Borrowing Position

	31.3.24 Balance £m	Net Movement £m	31.3.25 Balance £m	31.3.25 Weighted Average Rate %	31.3.25 Weighted Average Maturity (years)
Public Works Loan Board	446.43	-0.95	445.48	3.573%	8.56
Banks (LOBO) (Lender's Option Borrower's Option)	9.00	-	9.00	3.883%	41.07
Bank Fixed Term	4.00	-	4.00	4.760%	29.30
	459.43	**-0.95**	**458.48**	**3.589%**	

2.9 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.24 Balance £m	Net Movement	31.3.25 Balance £m	31.3.25 Return %
Government: DMADF	-	-	-	
Money Market Funds	-21.30	7.73	-13.57	4.564%
Banks (Overnight)	-0.80	-0.47	-1.28	1.75%
Total Investments	**-22.10**	**7.25**	**-14.85**	

2.10 The Council has also invested in non-treasury investments for service purposes. These investments are shown in table 5 below.

Table 5: Non-Treasury Investments

Balance at 31/3/2024 £m	Interest receivable 2023/24 £m	Debtor	Balance at 31/3/2025 £m	Interest Receivable 2024/25 £m	Rate %
51.70	1.55	James Elliman Homes	51.70	1.55	3.000%
0.74	0.14	SUR LLP*	0.90		5.000%
2.19	0.36	GRE 5 Ltd *	5.17	0.23	6.000%
5.00	0.07	Slough Children First Ltd*		0.08	1.410%
59.63	**2.12**		**57.76**	**1.86**	**3.15%**

*Subject to Audit
*Cabinet approved the extension of the GRE 5 loan facility agreement up to £15m (from £10m) at its meeting of April 2023. The increase in loan required was pending finalisation of the grant to be finalised and received from Homes England and to enable the required works to be completed.
*The £5m of Slough Children's First loan was repaid on 31st March 2025 together with payment of £0.08m of interest.

Compliance

2.11 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to fluctuations in cash flow, and this is not counted as a compliance failure, but sustained breaches should trigger further investigation and action. The operational boundary is distinct from the "authorised limit" which represents the maximum permissible borrowing. Total debt was not above the operational boundary for any days since 1st April 2024. However, on 9 separate occasions during the first quarter of 2024/25 the Council fell below its voluntary liquidity threshold of £10m. In each case, the cash balance was replenished within 24 hours. It was not breached during the rest of the financial year. This demonstrates improvements in practices for cash flow management during the year.

2.12 The affordability ratios are crucial for assessing the Council's financial health and were maintained within TMS prudential indicators assumptions.

Table 6: Prudential Indicators: Capital Expenditure and External Debt

Prudential Indicators	2024/25 TMS *£m*	2024/25 Actual *£m*
Capital Expenditure		
General Fund	48.42	37.57
Council Housing: HRA	19.64	18.24
Capital Financing Requirement (CFR)	672.73	641.31
Authorised Limit for External Debt	499.43	458.48
Operational Debt Boundary	477.15	458.48

Table 7: Prudential Indicators: Proportion of financing costs to net revenue stream

	2024/25 forecast *£m*	2024/25 Actual £m
General Fund Financing Costs	**25.4**	**24.7**
General Fund Net Income	**148.6**	**149.6**
Ratio of Financing Costs to Net Revenue Stream	**17.1%**	**16.5%**

HRA Financing Costs	**3.9**	**4.1**
HRA Net Income	**24.7**	**44.7**
Ratio of Financing Costs to Net Revenue Stream	**16.0%**	**9.1%**

Net Interest from Service Investments		**1.9**
Net Income from Service Investments		**57.8**
Ratio of Net Income from Service Investments to Net Revenue Stream		**3.2%**
	2024/25 TMS **£m**	**2024/25 Actual** **£m**
General Fund Financing Costs	**25.4**	**24.7**
Ratio of Financing Costs to Net Revenue Stream	17.10%	16.52%

HRA Financing Costs	**3.9**	**4.1**
Ratio of Financing Costs to Net Revenue Stream	16.00%*	9.09%

Net Income from Service Investments		**1.9**
Ratio of Net Income from Service Investments to Net Revenue Stream		1.24%

* The difference is due to the HRA Net Revenue Stream assumption in the strategy being understated. This was corrected for the 2025/26 TMS

2.13 The Chief Finance Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Information on compliance with specific investment limits is shown in Appendix A.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 This report details the Council's Treasury Management and investment activity as at 31st March 2025. The Council is on a journey to get back onto a financially sustainable footing, principally by reducing debt, and by disposing of assets.

3.1.2 The Councils accounts will be audited and the figures contained within this report will be confirmed as true and accurate. The report is for noting and for consideration going forward as part of effective governance of the Treasury Management of the Council.

3.2 Legal implications

3.2.1 The Local Government Act 2003 provides the Council with the power to borrow and invest money for any purpose relevant to its functions and for the prudent management of its financial affairs. The Council is under a duty to determine and to keep under review how much money it can afford to borrow. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, provide that, in complying with this duty, the Council must have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities and CIPFA's Treasury Management Code of Practice.

3.2.2 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to provide sufficient liquidity to meet corporate objectives.

3.2.3 Full Council is required to approve a Treasury Management Strategy and investment decisions must be made in accordance with that. Any decision to depart from this Strategy must be agreed by Full Council.

3.3 Risk management implications

3.3.1 Best practice and learning from other local government failures has identified that a failure to properly review and monitor investment activity can expose the Council to significant financial risk. It is critical that delegated authority is set at an appropriate level, performance is assessed against the principles set out in the TMS, performance is regularly monitored at senior officer level and by elected members, consideration is given to including aspects of the investment strategy in the internal audit programme and that the Council does not rely on investment activity to avoid making service decisions to meet reduced budgets.

3.3.2 Key risks:

That asset sales either do not generate the expected receipts or are delayed. The mitigation is using external consultants to ensure best consideration is achieved through a managed asset disposal plan; and

Interest rates rise thus increasing future borrowing costs.

3.4 Environmental implications

3.4.1 There are no specific implications.

3.5 Equality implications

3.5.1 There are no specific implications.

3.6 Procurement implications

3.6.1 There are no specific implications.

3.7 Workforce implications

3.7.1 There are no specific implications.

3.8 Property implications

3.8.1 In order to reduce the overall level of borrowing and finance the capitalisation direction, the Council will have to generate capital receipts. The Council is currently managing the asset disposal plan to generate these receipts.

4. Background Papers

None