

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	12 th November 2025
Subject:	Treasury Management Quarter 1 Report 2025/26
Chief Officer:	Ian O'Donnell – Executive Director of Corporate Resources (S151 Officer)
Contact Officer:	Xing Rong – Interim Senior Finance Manager (Treasury and Capital)
Ward(s):	All
Exempt:	NO
Appendices:	Appendix 1 - Quarter 1 Treasury Management Report 2025/26

1. Summary and Recommendations

- 1.1 This report provides an update on the Council's treasury activities for the period 1 April to 30 June 2025. It supports the Committee in fulfilling its oversight responsibilities in line with the CIPFA Treasury Management Code of Practice and assure itself that the Council is taking prudent decisions relating to its treasury management activities, and should it have any concerns, to make recommendations to Cabinet or Full Council to address these concerns.

Recommendation:

The Audit and Corporate Governance Committee is asked to:

1. Review and comment on the Treasury Management Quarter 1 Report 2024-25 as set out in Appendix 1

Reasons

The Committee has delegated responsibility to review the annual treasury management activity. This will allow the Committee to assure itself that the Council is taking prudent decisions and if it has any concerns, to make recommendations to Cabinet or Full Council to address these concerns.

Commissioner Review

This report is outside the scope for pre-publication commissioner review; please check the [Commissioners' instruction 5 to CLT to sign off papers](#) for further details.

2. Report

- 2.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury

Management in the Public Services, the CIPFA Prudential Code for Capital Finance in Local Authorities. It provides details of Slough Borough Council's (SBC) investment and borrowing activities for the period from 1 April 2024 to 30 June 2024 (the Reporting Period). It demonstrates SBC's compliance to the approved Treasury Management Strategy, policy, its overall recovery vision and highlights any relevant issues.

- 2.2 The Council's Treasury Management Strategy 2025/26 (TMSS) was approved by Full Council at its meeting of 6th March 2025. All treasury activities have been conducted within the parameters of the TMSS. External advice regarding the Treasury Management Strategy was sought from Arlingclose, the Council's treasury management advisors.
- 2.3 The opening 2025/26 Capital Financing Requirement (CFR) has now been amended to reflect finalisation of backlog accounts to 2023/24, plus the request for an additional £14.75m Exceptional Financial Support in the form of capitalisation direction, as reflected in the 2023/24 draft Statement of Accounts.
- 2.4 During the period external borrowing decreased from £458.48 to £454.57 million at an average rate of 3.57%, with no new borrowing undertaken for capital purposes. Investment balances ranged from £10.04 million to £47.26 million, with a closing balance of £23.55 million and a return of 4.33%. Investment income was marginally below budget by £0.01 million, while external interest paid was £4.15 million below budget.
- 2.5 During Q1 2025/26, the Council generated £5.822 million in capital receipts from asset disposals, £2.425 million from the General Fund (including 4 disposals to the HRA) and £3.397 million from the HRA.
- 2.6 The Council remains within its authorised borrowing limits and continues to manage its exposure to refinancing and interest rate risks. The liability benchmark indicates the Council is expected to remain a long-term borrower, guiding strategic financial planning.

Compliance

- 2.7 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 1.

3. Implications of the Recommendation

3.1. Financial Implications

- 3.1.1 This report details the Council's Treasury Management and Investment activity for the first quarter of the 2025-26 Financial year 1st April – 30th June. The Council is on a journey to get back onto a financially sustainable footing, a key element of which is by reducing debt, and by disposing of assets. This report sets out performance on these key issues during the period.

3.1.2 This report is for noting and for consideration going forward as part of effective governance of the Treasury Management of the Council. Treasury activities are aligned with the approved Treasury Management Strategy and support the Council's financial recovery through prudent debt management and asset disposals.

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. This Committee has responsibility for monitoring and scrutinising the TMS and review performance against the assumptions within it.

3.3. Risk Management

3.3.1 Key risks include:

- Asset sales do not generate expected receipts or are delayed, with impact on cash receipts and financing the capitalisation directions. The position is reviewed and reported on regularly and financial assumptions amended accordingly
- Interest rates rise, increasing the cost of borrowing. This is mitigated by regular cash flow monitoring and advice from the Council's treasury advisors
- Budget overspends, where cash payments exceed cash receipts, risk failing to reduce external debt in line with financial assumptions, increasing debt management costs and requiring the delivery of further savings mitigations

3.3.2 Best practice and learning from other local government failures has identified that a failure to properly review and monitor treasury management activity can expose the Council to significant financial risk. It is critical that the Council adheres to best practice governance and assurance protocols as set out by CIPFA and MHCLG.

4. Background Papers

None