

REPORT OF THE AUDIT COMMITTEE No. 1, 2025/26

FULL COUNCIL 24 November 2025

Chair: Councillor Erdal Dogan Deputy Chair: Councillor Cathy Brennan

1. INTRODUCTION

The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management reports on a semi-annual and annual basis.

The Council's Treasury Management Strategy for 2025/26 was approved at a full Council meeting on 3rd March 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. TREASURY MANAGEMENT Q1 REPORT 2025/26

We considered the Treasury Management Q1 Report 2025/26 and discussed the following:

- Paragraph 4.13 on page 78 of the agenda papers seemed to state that the saving of £227k was per annum rather than over three years, but this would be double-checked.
- The Council had agreed the capital programme at Full Council in March 2025. Both the Q1 report and the Q2 report that would be submitted to Council.
- When the budget figures were set within the Treasury Management Strategy Statement, this would be based on the capital pricing that the Council felt it would deliver in-year. Both quarter 1 and quarter 2 would show that the Council was probably too ambitious, would not fully achieve the targets and would be subject to 'slippage'. Any schemes were likely to take slightly longer. This was why there was an underspend on the borrowing costs shown in the report. The Council was addressing some of this. As part of the Council's budget process this year, the Council was reviewing all of the capital programme to make sure that it set a capital programme each year that the Council felt was better deliverable and affordable. Hopefully the Council would end up with a capital programme where there was no high levels of slippage referred to in the report.
- In a query relating to why the Council was taking on additional borrowing of £70 million if previous money borrowed had not yet been spent, the meeting heard that the Council was spending but not spending at a previously assumed anticipated rate. The Council still had expenditures to fund and had borrowed less than it had originally budgeted for.

- The Council was still forecast to spend, on the general fund alone, £150 million. When the Council set the programme back in March 2025, it was felt that the spend would be a lot higher. The Council still forecast a spend of £150 million. The Council was also spending on the HRA as well, so there would always be some borrowing, just not at the level that anticipated. The Council wanted to get to a position where it was setting a budget based on the level of borrowing that it was expecting to do, rather than set too high a budget.

3. RECOMMENDATIONS

Full Council is recommended:

1. To note the treasury management activity undertaken during the financial year to 30th June 2025 and the performance achieved which is attached as Appendix 1 to the Audit committee report.
2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.