

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE25 September 2025Report by Head of Finance (Chief Financial Officer)Amendment to Treasury Management Strategy for 2025/26**PURPOSE OF REPORT**

1. To advise the Audit and Scrutiny Committee on a proposed amendment to the Treasury Management Strategy for the financial year 2025/26.

**RECOMMENDATIONS**

2. It is recommended that Members:
  - consider the amendment to the Treasury Management Strategy Report for 2025/26 to adopt a more proportional approach whilst continuing to meet the requirements of the CIPFA Treasury Management Code; and
  - recommend to the Council that the amended Treasury Management Strategy for 2025/26 be approved.

**BACKGROUND**

3. In line with the CIPFA Treasury Management Code of Practice 2021, the Audit and Scrutiny Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
4. Each financial year, a Treasury Management Strategy Report is submitted to Audit and Scrutiny Committee for recommendation to the Council in accordance with this requirement. The [Treasury Management Strategy for 2025/26](#) was recommended to the Council for approval by the Audit and Scrutiny Committee on 20 February 2025 and then approved by the Council on 26 February 2025.
5. The CIPFA Treasury Management Code (section TMP 6) sets out that councils must have the following annual reports approved:
  - Treasury Management Strategy (including Treasury Policy Statement, Investment Strategy, Prudential Indicators and Loans Fund Repayment Policy);
  - Treasury management mid-year report; and
  - Treasury management annual (year-end) report.
6. In 2021, the Treasury Management Code Guidance for Local Authorities was updated to recommend that councils undertake quarterly monitoring of Prudential Indicators, however this is best practice guidance only, and not mandatory. This best practice is intended to be scalable and was aimed at local authorities who have complicated or higher risk treasury strategies, for example, investing in multi-asset funds, property funds, etc. It was also written at a time when many English local authorities were adopting higher-risk, commercial strategies in order to generate an income stream to offset budget constraints.
7. Whilst East Renfrewshire Council is a relatively small council and adopts an extremely low risk treasury management strategy, the current reporting approach not only meets the requirements of the CIPFA Treasury Management Code, but also includes the quarterly reporting recommended as best practice aimed at larger local authorities or

those with complicated or higher risk strategies in this area. This means that there are currently six treasury management reports submitted to the Audit and Scrutiny Committee each year, as follows:

Report	Frequency
Treasury Management Strategy	Annual - February
Interim Treasury Management Report	Four times per year: Quarter 3 – January Quarter 4 – March Quarter 1 – September Quarter 2 - November
Treasury Management Annual Report	Annual - August

8. Given the size of the Finance team, this results in an onerous reporting burden that is not proportionate to the low-risk approach taken to treasury management followed by the Council.
9. MUG, the Council's treasury management advisors, have indicated that the reporting three times per year, as per the Code, is the approach taken for the vast majority of Scottish councils. For comparison purposes, Glasgow City Council, Edinburgh City Council, Renfrewshire Council and East Ayrshire Council, all organisations larger (substantially so in some case) than East Renfrewshire Council, with substantially higher levels of net debt, each report on treasury three times per year, as per the requirements of the Code.

#### **PROPOSED AMENDMENT TO TREASURY MANAGEMENT STRATEGY FOR 2025/26**

10. In order to continue to meet the requirement of the CIPFA Treasury Management Code, but reflect the low-risk strategy to treasure management followed by East Renfrewshire Council, it is recommended that the section of the Treasury Management Strategy for 2025/26 related to reporting is amended to reporting three times per year, as follows:

Report	Frequency
Treasury Management Strategy	Annual - February
Treasury Management Mid-year Report	Annual – November / December
Treasury Management Annual Report	Annual - August

11. The relevant excerpts of the original Treasury Management Strategy 2025/26 and the proposed new wording for these sections are set out in Appendix A.
12. Whilst the proposal is to reduce the frequency of reporting to Committee to adopt a more proportional approach whilst still meeting the requirements of the Code, the frequency of the internal monitoring undertaken by the Finance team will not reduce. Segregation of duties are in place within the team in respect of placing and authorising daily treasury activities. Monitoring of the Council's cash position is conducted by the team on a daily basis, and the cash and borrowing position is reported to the Head of Finance / Chief Financial Officer for review on a weekly basis.
13. Members of the Finance team are also in contact with representatives of MUFG on a very regular basis to seek advice in relation to treasury management. In addition, the Head of Finance / Chief Financial Officer and other key Finance staff members meet with MUFG twice a year to conduct a strategic review of the Council's treasury management position.
14. Treasury management practices are also subject to internal audit on a regular basis, which provides additional assurance on the control framework in this area. The last audit, undertaken in July 2023, resulted in the equivalent of a 'substantial assurance' rating and only one low level recommendation was made.
15. The Council's treasury management arrangements will continue to be overseen and scrutinised by members of the Audit and Scrutiny Committee under the proposed reporting requirements. The members' training delivered by MUFG in September 2025 was well attended and indicates how seriously members of the Audit and Scrutiny Committee, and indeed all members, regard this duty.
16. Whilst this amended reporting approach will not impact the Council's ability to maintain a well-controlled and low risk approach to treasury management, it will create capacity in the Finance team. This capacity will be used to provide a greater level of support to Council directorates around capital strategy, planning and monitoring. This will further support the Council to ensure that capital investment decisions are financially sound, strategically aligned, and compliant with regulations.

## RECOMMENDATION

17. It is recommended that Members:
  - consider the amendment to the Treasury Management Strategy Report for 2025/26 to adopt a more proportional approach whilst continuing to meet the requirements of the CIPFA Treasury Management Code; and
  - recommend to the Council that the amended Treasury Management Strategy for 2025/26 be approved.

## EQUALITY IMPACT

18. A screening exercise has revealed that the Treasury Management Strategy has no direct relevance to the Council's equality duties.

## Report Author

Head of Finance (Chief Financial Officer):  
 Corporate Finance Manager:  
 Telephone Number:  
 E-mail:  
 Report Date:

Kirsty Stanners  
 Paul Parsons  
 0141 577 3068  
 paul.parsons@eastrenfrewshire.gov.uk  
 11 September 2025

BLANK PAGE

## APPENDIX 1

The full Treasury Management Strategy 2025/26 is available on the [Council website](#).

### Excerpt of Treasury Management Strategy 2025/26 - Section 2 Reporting Requirements (areas being amended are in italic).

#### Current wording:

- 2.1 The Council is required to receive and approve, as a minimum, six reports on treasury activity each year, which incorporate a variety of policies as well as estimated and actual figures. These reports are as follows:-

a) **Treasury Management Strategy 2025/26** (this report).

This report is the most important of the six reports and covers:

- the capital plans of the Council (including prudential indicators)
- a policy on statutory repayment of loans fund advances (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy (how the investments and borrowings are organised) including treasury indicators, and
- an Annual Investment Strategy (the parameters on how investments are to be managed).

b) ***Interim Treasury Management Reports*** – *These are primarily four progress reports and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.*

c) **Annual Treasury Report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimate within the strategy.

#### Proposed wording:

- 2.1 The Council is required to receive and approve three reports on treasury activity each year, which incorporate a variety of policies as well as estimated and actual figures. These reports are as follows:

a) **Treasury Management Strategy 2025/26** (this report).

This report is the most important of the three reports and covers:

- the capital plans of the Council (including prudential indicators)
- a policy on statutory repayment of loans fund advances (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy (how the investments and borrowings are organised) including treasury indicators, and
- an Annual Investment Strategy (the parameters on how investments are to be managed).

- b) Treasury Management Mid-year Report** – *This will provide members with a summary of treasury management activities undertaken during in the first half of the financial year, update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.*
- c) Annual Treasury Report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimate within the strategy.

**Excerpt of Treasury Management Strategy 2025/26 - Section 6 Monitoring and Reporting** (areas being amended are in *italic*).

**Current wording:**

**6 Monitoring and Reporting**

In line with the CIPFA Code, the following formal reporting arrangements will be adopted:

Requirement	Purpose	Responsible Body	Frequency
Scrutiny of Treasury Management Strategy	Detailed scrutiny prior to annual approval by Council	Audit & Scrutiny Committee	Annually
Treasury Management Strategy	Reporting on Annual Strategy	Council	Annually prior to start of new financial year
<i>Scrutiny of Interim Treasury Management Reports</i>	<i>Detailed scrutiny prior to approval by Council</i>	<i>Audit &amp; Scrutiny Committee</i>	<i>Quarterly in September/ November/January/March of the current year</i>
<i>Interim Treasury Management Reports</i>	<i>Quarterly Performance Report</i>	<i>Council</i>	<i>Quarterly after reported to the Audit &amp; Scrutiny Committee</i>
Scrutiny of Treasury Management Annual Report	Detailed scrutiny prior to approval by Council	Audit & Scrutiny Committee	Annually in August of the financial year
Treasury Management Annual Report	Annual Performance report for previous financial year	Council	Annually after reported to the Audit & Scrutiny Committee
Treasury Management Practices		Council	As appropriate
Treasury Management Policy Statement	Reviews and revisions	Council	As required

**Proposed wording:**

## **6 Monitoring and Reporting**

In line with the CIPFA Code, the following formal reporting arrangements will be adopted:

<b>Requirement</b>	<b>Purpose</b>	<b>Responsible Body</b>	<b>Frequency</b>
Scrutiny of Treasury Management Strategy	Detailed scrutiny prior to annual approval by Council	Audit & Scrutiny Committee	Annually
Treasury Management Strategy	Reporting on Annual Strategy	Council	Annually prior to start of new financial year
<i>Scrutiny of Treasury Mid-year Report</i>	<i>Detailed scrutiny prior to approval by Council</i>	<i>Audit &amp; Scrutiny Committee</i>	<i>Annually in November / December each year</i>
<i>Treasury Mid-year Report</i>	<i>Mid-year Performance Report</i>	<i>Council</i>	<i>Annually each year after reported to Audit &amp; Scrutiny Committee</i>
Scrutiny of Treasury Management Annual Report	Detailed scrutiny prior to approval by Council	Audit & Scrutiny Committee	Annually in August of the financial year
Treasury Management Annual Report	Annual Performance report for previous financial year	Council	Annually after reported to the Audit & Scrutiny Committee
Treasury Management Practices		Council	As appropriate
Treasury Management Policy Statement	Reviews and revisions	Council	As required

BLANK PAGE