Agenda item B3

From: Su Martin, Financial Advisor, KEIFCA

To: Kent and Essex Inshore Fisheries and Conservation Authority – 18 June 2025

Subject: **TREASURY MANAGEMENT STRATEGY 2025/26**

Classification: **Unrestricted**

Summary:
This paper details the 2024/25 interest return for the Authority and the Treasury Management Strategy for the 2025/26 financial year. It follows the Kent County Council Treasury Management Strategy where appropriate.

Recommendation:
Members are asked to **NOTE** the strategy as it is explained at paragraph 2 and 3 with KEIFCA monies remaining on deposit with Kent County Council unless better opportunities are found and **APPROVE** it for the year.

1. Introduction

1.1 Treasury risk management at Kent County Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.2 The Kent and Essex Inshore Fisheries and Conservation Authority has no borrowing, nor will it have in the foreseeable future, and only has positive cash balances.

1.3 At 31st March 2025 the Authority had an average closing balance of £2,890,885.01 invested via Kent County Council, in the equivalent of seven-day money at a rate tied to SONIA (Sterling Overnight Interest Average). As the funds are liquid i.e. available on demand without any notice, the 7 day rate was considered most appropriate

The standard interest for held funds is the average 7 day market rate. the average rates were above 5% for the early part of the year, reducing from August to end the year at 4.5492% The interest received by KEIFCA on the investment in 2024/25 was £143,139.26.

2. Current Objectives & Strategy

2.1 The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) risks when investing.

2.2 The Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and to mitigate the negative impact of inflation on the value of the Council's long-term resources.

3. Current Position

3.1 Kent County Council works within the advice of Link Group, their Treasury advisors, in terms of economic forecasts and treasury investments and borrowing. Link is forecasting gradual interest rate reductions by the Bank of England over the coming months in order to keep inflation at a mandated target level of 2%. This is a central estimate and not a prediction, but it is worth bearing in mind that the level of return in 2024/25 may not continue in future years.

Appendix M in Budget Book 2025/26 gives further detail about the current position and Treasury Management Strategy – please follow this link. **https://www.kent.gov.uk/__data/assets/pdf_file/0008/203687/Budget-Book-2025-26.pdf**

Recommendation:
Members are asked to **NOTE** the strategy as it is explained in paragraphs 2 and 3 with KEIFCA monies remaining on deposit with Kent County Council unless better opportunities are found and **APPROVE** it for the year.

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