Appendix 1 - Treasury Management Strategy Statement (TMSS) 2026/27

February 2026

Contents

1. Introduction

Background

1.1 The Council is required to set a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity before considering investment return.

1.2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

1.3 The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either for day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: *"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

Reporting Requirements

1.6 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a number of treasury management related strategies and policies for approval by Council.

Treasury Management

1.7 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals, including:

a. A forward looking report (this report) covering:

- the Council's capital plans, (including prudential indicators);
- a Minimum Revenue Provision (MRP) Policy, (how residual capital expenditure is charged to revenue over time);

- the Treasury Management Strategy (TMSS), (how investments and borrowing are to be organized), including treasury indicators; and
- an Annual Investment Strategy, (the parameters within which investments are to be managed).

b. A mid-year treasury management report, delegated to Audit & Governance Committee, this is primarily a progress report and updates Members on the Investment and capital position.

c. An annual treasury outturn report, delegated to Audit & Governance Committee, this is a backward-looking review and compares actual prudential and treasury indicators and operations to the estimates within the Strategy.

1.8 In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required by the Prudential Code. However, these additional reports do not have to be reported to Council but are required to be adequately scrutinised. As Council have delegated scrutiny of the mid-year and outturn reports to the Audit and Govenance Committee, these additional reports are also reported to Audit and Governance Committee.

Capital Strategy

1.9 The CIPFA Code also requires the Council to prepare a Capital Strategy Report which includes the following:

- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- An overview of how the associated risk is managed;
- The implications for future financial sustainability.

1.10 The Capital Strategy is reported separately from the Treasury Management Strategy; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercial investments usually driven by expenditure on an asset.

Non-Treasury Investments

1.11 Where the Council has borrowed to fund any non-treasury investment, there should be an explanation of why borrowing was required.

1.12 If any non-treasury investment is found to have sustained a loss during the preparation of the final accounts or audit process, the implications will be reported through the procedure set out in the Capital Strategy.

1.13 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.14 The Council has no plans to undertake new investment in property primarily for yield in the period 2026/27-2028/29. However, the Council's expenditure plans include a capital scheme for the Maintenance & Enhancement of Council Properties. It is anticipated that this capital expenditure will include works to the exisiting portfolio of commercial properties. The Capital Programme also includes a scheme in respect of the regeneration of Minster Quarter. These types of expenditure remain allowable under the revised PWLB borrowing terms announced in November 2020.

2. Treasury Management Strategy for 2026/27

2.1 The Strategy for 2026/27 covers two main areas:

a. Capital Issues

- the capital expenditure plans and the associated prudential indicators;
- the Minimum Revenue Provision (MRP) Policy.

b. Treasury Management Issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers.

2.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry of Housing, Communities, and Local Government (MHCLG) (formerly known as Department for Levelling Up, Housing and Communities (DLUHC)) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

2.3 The CIPFA Treasury Management Code requires that the responsible officer (Section 151 Officer) ensures that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny.

2.4 Furthermore, pages 47 and 48 of the Code state that they expect "all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making. The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs."

2.5 Further "Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date."

2.6 This Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. The Council therefore seeks to appoint individuals who are both capable and experienced and provides training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skill. The Section 151 Officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each post holder.

2.7 The Section 151 Officer will ensure that Members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

2.8 The Section 151 Officer will have regular communication with officers and Members, encouraging them to highlight training needs on an ongoing basis.

2.9 During 2025/26 a Member training session was delivered by the Council's Treasury Management advisors, Mitsubishi UFJ Group (MUFG) Corporate Markets. Appropriate training will continue to be made available to members with sessions being offered as appropriate.

2.10 The training needs of treasury management officers are periodically reviewed and a record of training received by officers central to the Treasury function is maintained by the Capital and Treasury Lead.

Treasury Management Consultants

2.11 The Council uses MUFG as its external treasury management advisors.

2.12 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. All decisions will be made with due regard to all available information, including, but not solely, that provided by our treasury advisers.

2.13 The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value is assessed are properly agreed and documented, and subject to regular review.

3. The Capital Prudential Indicators 2026/27 – 2028/29

3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators below.

Capital Expenditure

3.2 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle as set out in Table 1 below.

Table 1. Capital Expenditure (2025/26 – 2028/29)

	Estimate	2025/26-2028/29 Estimate			
	2025/26 £m	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**	**Total £m**
Community & Adult Social Care Services	9.875	2.122	2.486	5.388	9.996
Children's Services	1.698	1.338	-	-	1.338
Economic Growth & Neighbourhood Services	47.682	28.078	22.596	11.739	62.413
Economic Growth & Neighbourhood Services – Education Schemes	11.002	17.678	4.730	7.812	30.220
Resources	2.992	3.389	2.413	2.038	7.840
Corporate	3.505	3.600	1.600	1.600	6.800
Non-HRA	**76.754**	**56.205**	**33.825**	**28.577**	**118.607**
HRA	**64.483**	**67.310**	**74.736**	**62.584**	**204.630**
Total	**141.237**	**123.515**	**108.561**	**91.161**	**323.237**

3.3 Table 2 below summarises how the above capital expenditure plans are expected to be financed by capital or revenue resources. Any shortfall results in a borrowing need (Net Borrowing Requirement).

Table 2. Financing of Capital Expenditure (2025/26 – 2028/29)

General Fund & HRA	Estimate 2025/26 £m	2025/26-2028/29 Estimate 2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Capital Expenditure	**141.237**	**123.515**	**108.561**	**91.161**	**323.237**
Capital receipts	(7.285)	(11.150)	(4.767)	(2.900)	(18.817)
Capital grants & other contributions	(64.265)	(44.541)	(32.294)	(24.698)	(101.533)
Capital reserves (HRA)	(11.999)	(26.354)	(11.894)	(10.500)	(48.748)
Revenue contributions	(0.120)	(0.169)	0.000	0.000	(0.169)
Net Borrowing Requirement	**57.568**	**41.301**	**59.606**	**53.063**	**153.970**

Capital Financing Requirement

3.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the Council's underlying need to borrow, or Net Borrowing Requirement.

3.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

3.6 The CFR includes other long-term liabilities (e.g. PFI schemes and finance leases). Whilst these increase the CFR and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes.

3.7 The CFR projections are set out in Table 3 below:

Table 3. CFR Projections

Capital Financing Requirement	Estimate 2025/256 £m	2026/27-2028/29 Estimate 2026/27 £m	2027/28 £m	2028/29 £m	Total £m
CFR – General Fund	399.053	397.775	406.169	404.772	
CFR – HRA	261.066	278.526	316.498	355.793	
Total CFR	**660.119**	**676.301**	**722.667**	**760.565**	
Movement in CFR	32.401	16.182	46.366	37.898	100.446
Movement in CFR represented by:					
Net financing need for year	58.154	41.301	59.606	53.063	153.970
Less MRP/VRP and other financing movements	(25.753)	(25.119)	(13.240)	(15.165)	(53.524)
Movement in CFR	**32.401**	**16.182**	**46.366**	**37.898**	**100.446**

*Voluntary Revenue Provision

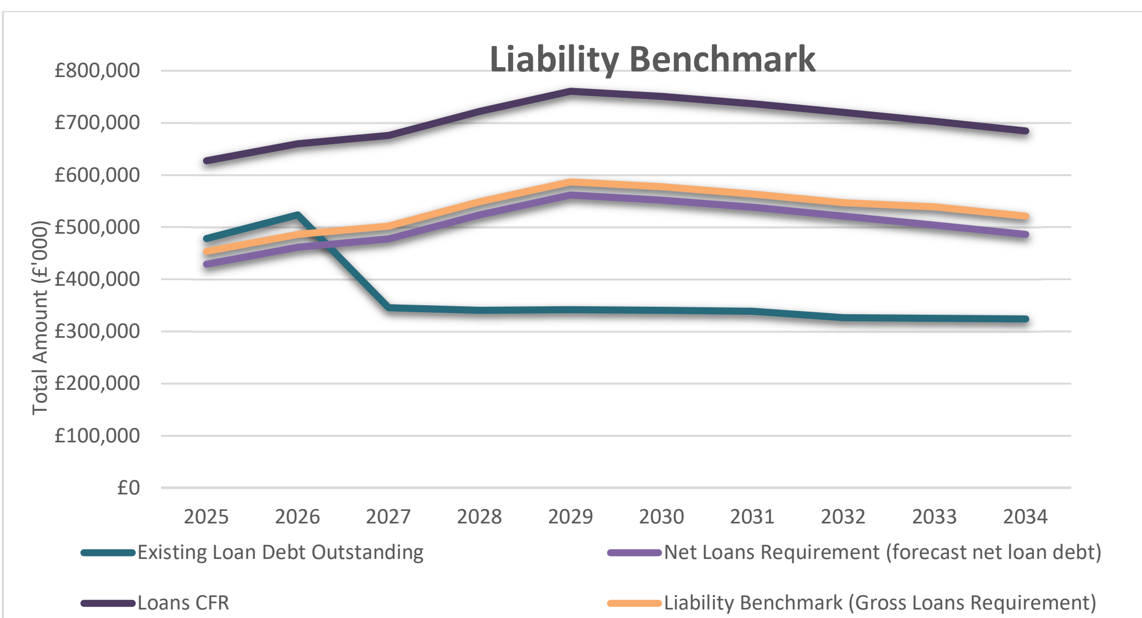
Liability Benchmark

3.8 A third prudential indicator is the Liability Benchmark, which provides a comparison of the existing loan portfolio against the committed borrowing needs. In future periods where external loans are less than the Liability Benchmark this indicates a borrowing requirement and where external loans exceed the Liability Benchmark this indiates excess cash requiring investment. The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

3.9 There are four components to the Liability Benchmark: -

1. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Gross loans requirement:** this equals net loans requirement plus short-term liquidity allowance.

3.10 The Liability Benchmark graph below shows that at the end of 2024/25 the Council was in a surplus positon where actual loans exceeded the benchmark. A similar position is forecast at the end of 2025/26. This is the result of short-term cashflows where grants and other funding had been paid to the Council in advance of expenditure being incurred. The forecast for 2027/28 shows the benchmark overtaking the actual loans postion. This represents a future borrowing requirement for the Council, which is as expected due to the Council's actual level of borrowing being significantly lower than the Council's projected Capital Financing Requirement, which is projected to increase as outlined above.



4. Minimum Revenue Provision (MRP) Policy Statement

4.1 The Council is required to annually set aside revenue funds for the prudential repayment of outstanding capital borrowing in accordance with provisions set out in CIPFA's Prudential Code and MHCLG Statutory Guidance on Minimum Revenue Provision. The setting aside of revenue funds for the future repayment of outstanding borrowing is referred to as a Minimum Revenue Provision (MRP) charge. The Council is also allowed to make additional voluntary payments if it chooses.

4.2 As part of the regulatory framework, Council is required to approve its Minimum Revenue Provision (MRP) Policy annually.

4.3 The MRP Policy, in accordance with proper practice, considers outstanding capital borrowing to be the Council's Capital Financing Requirement (CFR) rather than external loans taken out to finance capital expenditure. Accordingly, any reference in this Policy to the repayment of capital borrowing relates to the setting aside of resources to reflect movements within the Council's CFR rather than to the physical repayment of external debt.

4.4 In April 2024, the MHCLG published a new Statutory Instrument with amended Statutory Guidance on MRP, which applies to accounting periods from 2025/26 onwards. The main intent of the changes were to make explicit that capital receipts may not be used in place of the revenue charge and that excluding debt associated with certain types of assets is not allowed. The changes to the Regulations included an exemption for non-commerical capital loans to third parties,unless an expected credit loss (ECL) or impairment is recognised in the current or any previous financial year. Regulation 27(4) allows a local authority to exclude qualifying capital loans from the requirement to make MRP.

4.5 The Council has revised its MRP policy to ensure compliance with the regulations and guidance, with the main changes relating to MRP policy with respect to loans to third parties.

General

4.6 Provision for the repayment of outstanding capital borrowing will be made in accordance with guidance and regulations to reflect the estimated life over which the capital assets acquired are anticipated to provide useful economic benefit. A schedule setting out expected lives of standard categories of assets is provided below. However, this may be adjusted on an individual asset by asset basis depending on the specific circumstances. The Council's statutory Section 151 officer will, as necessary determine individual asset lives for MRP purposes (in accordance with the overriding requirement to allow for the prudent provision for repayment of debt).

Table 4. Standard Expected Asset Lives

Asset Type	Expected Life (Years)
Major New Builds	40-50
Freehold Land	50
Major Extensions	20-40
Major Refurbishments	20
Major Transport Infrastructure / Regeneration	30
Other Transport Schemes	20
Other Small Capital Schemes	10
Large Vehicles (Refuse Freighters/Buses etc.)	7-10

Other Vehicles	5
Software Licenses	Length of License
Share Capital	20
Capital Grants / Loans to Others	Expected Life of Asset Held by Third Party

4.7 Of the four standardised methods set out as examples in the statutory regulations for the calculation of MRP, the Council has adopted the “Asset Life Method - Annuity” as the one which best allows for the prudent repayment of capital borrowing over the life of individual capital assets. MRP is the principal element for the repayment of borrowing. The annuity is the repayment profile determined by the useful life of the asset and an appropriate interest rate.

4.8 Assets acquired before 31st March 2011, and with a notional outstanding capital borrowing balance, will continue to have an annual MRP charge levied at 2% of the identified capital debt balance as at 31st March 2011.

4.9 Assets under construction including regeneration sites undergoing development, which have yet to fully deliver their expected benefits will not be subject to MRP charges to the Revenue Account until such time as they become operational for a full accounting year. Accordingly, on becoming operational, the charge for MRP will not commence until the following financial year.

4.10 Any prior error or change in assumption as to expected future asset life may be adjusted for in the current (or future) financial year, subject to any constraints on such adjustment as set out in the Prudential Code or Statutory Regulations.

4.11 Whilst the above sets out the Council’s general MRP principles and Policy, a number of specific instances and circumstances require separate treatment with regard to MRP in order to ensure the charge to revenue is both prudent for the repayment of debt and accurately reflects the economic benefits being realised. These are set out below:

Specific MRP Cases

4.12 Capital expenditure financed by finance lease or other service concessions (including Private Finance Initiative schemes) include within their annual payments both an interest and principal repayment element. The principal element included within these payments will be used to represent the MRP charge in accordance with the contractual agreement rather than separately calculating an MRP charge under the usual annuity method.

4.13 Capital loans to wholly-owned subsidiaries which are classed as non-commercial and have not been subject to a recognised credit loss, will not be subject to MRP charges in circumstances where the net worth of the subsidiary is (or is reasonably expected to be in the short to medium term) in excess of the loan and as such a disposal of those assets would provide sufficient funds to fully repay the outstanding capital borrowing of the Council.

4.14 If the Council grants any commercial loans, MRP will be charged in the year after the loan is granted and each year thereafter until the loan matures.

4.15 For Council loans granted prior to 7 May 2024, where those loans have been subject to an actual or expected credit loss in the current or any previous financial year then a prudent MRP charge will be made in each financial year.

4.16 For Council loans granted on or after 7 May 2024 where those loans are subject to an expected or actual credit loss, then the MRP charge will be at least the amount of the recognised credit loss for the financial year, after adjusting for any previous MRP or capital receipts applied to the loan.

4.17 Charges for the provision to repay capital debt relating to share capital for group holdings will be subject to a prudent MRP charge.

4.18 Where the Council has outstanding borrowing relating to historic individual and specific investment in property assets, a prudent MRP charge will be made in each financial year.

4.19 Surplus assets will be subject to an MRP charge even when there is a likely expectation of generating a capital receipt in the short to medium term.

4.20 The Housing Revenue Account (HRA) is not subject to the same statutory annual requirement to make an MRP charge as the General Fund. It is however required to make provision for the repayment of capital debt over the longer term (broadly over the thirty year life of the HRA Business Plan). The HRA Business Plan provides for significant investment in modernising its existing holdings as well as new housing stock, the application of a more flexible and long term strategy for debt repayment eases pressure on HRA balances and enables greater provision of decent homes whilst still allowing the overall level of debt to be repaid over the long term. The Council's Section 151 Officer will continue to ensure that the HRA Business Plan provides for the prudent repayment of debt over the longer term.

4.21 Subject to affordability and the sustainability of the budget and Medium Term Financial Strategy, the Council's Section 151 Officer will continue to explore opportunities for the earlier reduction of outstanding debt for both the General Fund and HRA, and where appropriate and subject to available resources, reserve the power to make supplementary MRP contributions over and above the minimum required, where longer term financial benefits may be derived.

Capital Receipts

4.22 Capital receipts may ordinarily be applied to fund capital expenditure or be set aside for the repayment of debt. An exemption currently applies until 31st March 2030 (an extension from 31st March 2025 was announced as part of the Local Government Finance Policy Statement on 28th November 2024) which allows capital receipts to be used to fund revenue expenditure which generates future and ongoing savings and service transformation – referred to as the Flexible Use of Capital Receipts.

4.23 The Council's Section 151 Officer will apply General Fund capital receipts so as to optimise the benefit to the Revenue Account whilst being mindful of the long term need to prudently repay capital debt.

4.24 To the above end, all capital receipts (unless statutorily or contractually ring-fenced to specific purposes) will be applied to their most beneficial purpose. Where capital receipts are applied to repay debt, such repayments will be applied against the remaining borrowing identified on an asset by asset basis and the MRP liability adjusted accordingly.

MRP Overpayments

4.25 Under the MRP guidance, any charges made in excess of the statutory MRP are known as voluntary revenue provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this Policy must disclose the cumulative overpayment made each year. Up until 31st

March 2025 nil overpayments were made, and there is no expectation that any VRP contributions will be made in the period 2025/26-2028/29.

5. Borrowing Strategy 2026/27

5.1 The capital expenditure plans set out in section 3 of this report summarise the Council's proposed service capital expenditure activity. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The Strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the Annual Investment Strategy.

Current Treasury Management Portfolio Position

5.2 The overall treasury management portfolio as at 31st March 2025 and the position as at 31st December 2025 are shown below for both borrowing and investments.

Table 5. Treasury Portfolio (Net Debt)

General Fund & HRA	31st March 2025		31st December 2025	
Debt Portfolio	**Principal**	**Average Rate**	**Principal**	**Average Rate**
		%		%
	(£m)		(£m)	
Fixed Rate Loans				
PWLB	350.500	3.281	449.500	3.326
Local Authorities	117.500	4.979	70.000	4.016
Market	10.000	4.090	10.000	4.090
Variable Rate Loans				
PWLB	0.000	0.000	0.000	0.000
Total Debt	**478.000**	**3.874**	**529.500**	**3.395**
Total Investments	**49.073**	**3.140**	**81.876**	**4.089**
Net Debt	**428.927**		**447.624**	

5.3 The Council's investment portfolio summary as at 31st March 2025 together with the position as at 31st December 2025 is summarised below:

Table 6. Investment Portfolio Summary

	31st March 2025 (£m)	31st March 2025 (%)	31st December 2025 (£m)	31st December 2025 (%)
Treasury Investments				
Banks	0.423	0.861	0.326	0.398
Fixed Term Deposits (LA's)	0.000	0.000	45.000	54.961
Money Market Funds (MMF)	33.650	68.572	21.550	26.320
Total Managed In-house	**34.073**	**69.433**	**66.876**	**81.680**
Total Managed Externally - Property Funds	15.000	30.567	15.000	18.320
Total Treasury Investments	**49.073**	100.000	**81.876**	100.000

5.4 The Council's forward projections for borrowing are summarised in Table 7 below which shows actual external debt compared to the underlying need to borrow (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 7. Borrowing Estimates

External Debt	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**
Debt at 1st April	478.000	518.500	558.298	616.984
Net Change in Debt	45.500	39.798	58.686	53.666
Debt at 31st March	518.500	558.298	616.984	670.650
PFI Liabilities at 1st April	20.479	19.204	17.655	16.032
Net Change in PFI Liabilities	(1.275)	(1.549)	(1.623)	(2.287)
PFI Liabilities at 31st March	19.204	17.655	16.032	13.745
Total Gross Debt at 31st March	537.704	575.953	633.016	684.395
Capital Financing Requirement	660.119	676.301	722.667	760.565
(Under)/Over Funding of CFR	(122.415)	(100.348)	(89.651)	(76.170)
(Under)/Over Borrowing (exc PFI)	(141.619)	(118.003)	(105.683)	(89.915)

5.5 Within the above figures the level of debt relating to historic (pre 1st April 2020) commercial property investment activity / non-financial investment is:

Table 8. Analysis of Non-Financial Investment Borrowing

	2025/26 Forecast £m	**2026/27 Estimate £m**	**2027/28 Estimate £m**	**2028/29 Estimate £m**
External Debt for Non-Financial Investments				
Actual Debt at 31 March	67.693	67.693	67.693	67.693
Percentage of Total External Debt	**12.93%**	**12.02%**	**10.88%**	**10.02%**

5.6 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of its CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and the subsequent two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

5.7 The Council has complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Treasury Indicators: Limits to Borrowing Activity

5.8 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Table 9. Operational Boundary

	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Capital Financing Requirement	660.119	676.301	722.667	760.565
Headroom	20.000	20.000	20.000	20.000
Total	**680.119**	**696.301**	**742.667**	**780.565**

5.9 **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

5.10 The Authorised Borrowing limits are set out below:

Table 10. Authorised Limit

	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Operational Boundary	680.119	696.301	742.667	780.565
Headroom	40.000	40.000	40.000	40.000
Total	**720.119**	**736.301**	**782.667**	**820.565**

Prospects for Interest Rates

5.11 The Council has appointed MUFG as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. MUFG provided the following forecasts on 22nd December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Table 11. Interest Rate Projections (%)

MUFG Corporate Markets Interest Rate View 22.12.25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

5.12 The forecast reflects a view that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. MUFG forecast the next reduction in Bank Rate to be made in the first quarter of 2026/27 with one further cut at the end of the 2026 calendar year. They do not foresee the rate dropping below 3.25%.

Borrowing Strategy

5.13 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are forecast to remain high. Overall, better value can be obtained at the shorter end of the curve (less than 5 year PWLB maturity and less than 10 year PWLB EIP) and the short dated fixed LA to LA market.

5.14 The most cost effective borrowing currently is internal borrowing which involves running down cash balances and foregoing interest earned (at historically low rates), in lieu of taking out new borrowing at a higher rate. The Council will look to utilise temporary and short term borrowing, if a borrowing need arises, as this is a cheaper option than long term borrowing at present. However, in view of the overall forecast for long term borrowing rates to remain at high levels over the next few years, consideration will also be given to weighing the short term advantage of internal, temporary and short term borrowing against potential longer term costs if the opportunity is missed for taking loans at rates which will be higher in future years.

5.15 Against this background and the risks within the economic forecast, the Treasury Team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. If during the period there was a significant risk of a sharp rise in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. If it was felt that there was a significant risk of a sharp fall in borrowing rates, then borrowing may be postponed.

5.16 Any decisions will be reported subsequently to the Audit & Governance Committee.

Policy on Borrowing in Advance of Need

5.17 The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

5.18 Risks associated with any borrowing in advance will be subject to prior appraisal and subsequent quarterly reporting.

Debt Rescheduling

5.19 Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

5.20 Any rescheduling will be reported to Members in a treasury report at the earliest meeting following its action.

5.21 As at 31.12.25 the Authority held £5.000m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. On 23.01.26 the lender, Dexia, took the option to propose a new increased rate of 6.26%. The Council has taken the option to repay the LOBO loan as it is financially beneficial to do so.

Approved Sources of Long and Short-term Borrowing

5.22 The list of approved lenders and types of funding that can be secured with each entity is set out below:

	Fixed	**Variable**
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Overdraft		●
Finance leases	●	●

6. Annual Investment Strategy 2026/27

Investment Policy – Management of Risk

6.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Council's Capital Strategy.

6.2 The Council's Investment Policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

6.3 The Council's investment priorities are security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate the Council will consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider fund options.

6.4 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by:

i. The application of minimum acceptable **credit criteria** to generate a list of creditworthy counterparties. This also enables diversification and the avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

ii. Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

iii. Reviewing other information sources including the financial press, share price etc. pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

iv. The Council defining the **types of investment instruments** that the Treasury Management Team are authorised to use as follows:

Specified investments - those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** - those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity. For example, an

18-month deposit would still be non-specified even if it has only 11 months left until maturity.

v. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £30m of the total investment portfolio.

vi. **Lending limits**, (amounts and maturity) for each counterparty will be set through applying the matrix in Table 12.

vii. Setting a £30m limit for the amount of investments which are invested for **longer than 365 days**.

viii. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.

ix. Engaging **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of the Council in the context of the expected level of cash balances and need for liquidity throughout the year.

x. All investments will be denominated in **sterling**.

xi. As a result of the change in accounting standards for 2022/23 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31st March 2023. A further extension to the over-ride to 31st March 2025 has been announced by the Government. This has since been extended further to 31st March 2029. The only pooled investment on the Council's portfolio is the £15.000m invested with the CCLA Property Fund.

xii. Based on the latest valuation (as at 31st December 2025), the investment is worth £14.183m, which represents an indicative loss of £0.817m that would need to be recognised in 2029/30 should the statutory override end. For context, as set out in Annex 4, the current interest rate earned on this investment is 4.80% which would equate to £0.722m annually. In total, this investment has earned the Council £7.629m of gross interest (£6.687m net of management fees) over the period from 1st April 2015 to 30th September 2025. This investment is reviewed regularly by Officers and the current view is that this investment should be retained.

6.5 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year

6.6 The above criteria are unchanged from last year. There are no proposed changes for 2026/27.

Creditworthiness Policy

6.7 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security; and

- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6.8 The Council's Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either Specified or Non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

6.9 Credit rating information is supplied by the Council's treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. Notification of a negative rating Watch applying to a counterparty with the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

6.10 The criteria for providing a pool of high quality investment counterparties, (both Specified and Non-specified Investments) is set out in Table 12 below, as are the time and monetary limits for institutions on the Council's counterparty list:

Table 12. Investment Criteria

	Credit Rating	Counterparty Limit	Time Limit
Banks and organisations and securities whose lowest long-term credit rating published by Fitch, Moody's or Standard & Poor is:	AAA	£20m (each)	5 Years
	AA+		3 Years
	AA		
	AA-		2 Year
	A+		
	A		1 Year
	A-		
The Council's current account, Lloyds Bank Plc should circumstances arise when it does not meet above criteria	N/A	£1m (total)	Next Day
UK Building Societies without credit rating	N/A	£10m (each)	1 Year

UK Government (irrespective of credit rating)	N/A	Unlimited	50 Years
UK Local Authorities (irrespective of credit rating)	N/A	£20m (each)	50 Years
UK Registered Providers of Social Housing whose published long-term credit rating is A- or higher	A-	£5m (each)	2 Years
UK Registered Providers of Social Housing whose published long-term credit rating is lower than A- or without a long-term credit rating	N/A	£2m (each)	1 Year
	Fund rating	**Cash Limit**	**Time**
Money Market Funds	AAA	£20m (each)	liquid
Pooled Funds (including pooled property funds)	AAA	£30m (total)	liquid

Other Limits

6.11 Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified investment limit.** The Council has determined that it will limit its maximum total exposure to non-specified investments to £30.000m.

b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a sovereign credit rating of *AA*- or above from Fitch or equivalent. In addition, the Council will apply the Freedom House Global Freedom rating system to inform decision making and will only invest in organisations from countries with a 'free' rating. The list of countries that qualify using these criteria as at the date of this report are set out in Annexe 5 to this appendix. This list will be added to, or deducted from, by officers should ratings change in accordance with this Policy.

c) **Other limits.** In addition:

- no more than £20.000m will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

6.12 As an additional layer of security, a concentration of investments in too few counterparties or countries will be avoided with officers ensuring that the portfolio is diversified across counterparties/countries.

Investment Strategy

6.13 **In-house fund** Investments will be made with reference to the core balance and cash flow requirements and the interest rate outlook. Greater returns are usually obtainable by investing for longer periods.

6.14 Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

6.15 The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's Corporate Plan and values. This would include institutions with material links to:

- human rights abuse (e.g. child labour, political oppression)
- environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels)
- socially harmful activities (e.g. tobacco, gambling)

Investment Return Expectations

6.16 The current forecast shown in Table 11, forecasts Bank Rate to fall to a low of 3.25%. Bank Rate projections to March 2029 are set out in Table 11 above.

Investment Treasury Indicator and Limit

6.17 The Investment Treasury Indicator and Limit refer to the total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

6.18 Table 13 below sets out the limits on investments that can be longer than 365 days.

Table 13. Upper limit for principal sums invested on fixed terms for longer than 365 days

	2026/27 £m	**2027/28 £m**	**2028/29 £m**
Principal sums invested for longer than 365 days	30.000	30.000	30.000
Current investments as at 31st December 2025 in excess of one year maturing in each year	Nil*	Nil*	Nil*

*As of 31st December 2025, the Council has £15.000m invested in pooled property funds which have no fixed maturity, as set out in Table 6.

6.19 For its cash flow generated balances, the Council will seek to utilise its notice accounts, money market funds and short-dated deposits in order to benefit from the compounding of interest.

Policy on Apportioning Interest to the HRA

6.20 Reform of the Housing Revenue Account Subsidy system was completed at the end of 2011/12, the Council was required to pay MHCLG £147.800m. Prior to 2012/13 The Council would recharge interest expenditure and income attributable to the HRA in accordance with determinations issued by MHCLG. The Council subsequently adopted a policy that it would continue to manage its debt as a single pool using a similar regime to that applied prior to self-financing and which would not result in a material change to the average interest rate paid by the Council.

6.21 During 2016/17 and 2017/18 the methodology was adjusted to recognise that in essence the £147.800m of loans the Council borrowed at the time of self-financing were primarily taken for HRA debt, and therefore the operation of the single pool should not lead to the average interest rate charged to the HRA being less than the average rate on the remaining part of those loans.

6.22 In 2025/26 the Council has borrowed £100.000m from the PWLB utilisng the HRA certainty rate (PWLB rate minus 0.60bps). These new loans are directly attributable to HRA borrowing the recharge methodology has been amended accordingly.

6.23 From 2025/26 it is recognised that the operation of a single pool should not lead to the average interest rate charged to the HRA being less than the average rate on the remaining part of all loans directly attributable to the HRA, both the self financing and the PWLB loans taken ustising the HRA certainty rate.

6.24 The HRA also has a notional cash balance which may be positive or negative. This balance is measured each month and interest transferred between the General Fund and HRA at the net average rate earned by the Council on its portfolio of treasury investments (excluding the CCLA Property Fund) and short-term borrowing.

End of Year Investment Report

6.25 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

External Fund Managers

6.26 The Council does not currently employ external fund managers for any part of its investment portfolio, other than the pooled property fund, and does not plan to do so. If in future, officers determine that an external fund manager will add value to the Council's treasury management function, a report will be brought to the Audit and Governance Committee to first seek approval of a change in policy and subsequently the appointment of a preferred fund manager.

7. Annexes

Annex 1 – Prudential and Treasury Indicators
Annex 2 – Treasury Management Scheme of Delegation
Annex 3 – Debt Portfolio as of 31st December 2025
Annex 4 – Investment Portfolio as of 31st December 2025
Annex 5 – List of Approved Countries for Investment

Annex 1 - The Capital Prudential and Treasury Indicators 2026/27 – 2028/29

1. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure

	Forecast 2025/26 £m	2026/27-2028/29 Estimate 2026/27 £m	2027/28 £m	2028/29 £m	Total £m
General Fund	76.754	56.205	33.825	28.577	118.607
HRA	64.483	67.310	74.736	62.584	204.630
Total	**141.237**	**123.515**	**108.561**	**91.161**	**323.237**

Affordability Prudential Indicators

2. Section 5 in the main body of the Strategy cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

3. This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2025/26 Estimate (%)	20206/27 Estimate (%)	2027/28 Estimate (%)	2028/29 Estimate (%)
General Fund	9.71	8.62	8.87	9.01
HRA	13.92	15.48	15.79	17.33
Total	**10.74**	**10.19**	**10.39**	**10.87**

Maturity Structure of Borrowing

4. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing and are required for upper and lower limits. Council is asked to approve the limits in the following table.

Maturity structure of fixed interest rate borrowing 2026/27	**Lower**	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	20%
2 years to 5 years	0%	20%
5 years to 10 years	0%	30%
10 years to 20 years	0%	40%
20 years to 30 years	0%	50%
30 years to 40 years	0%	60%
40 years to 50 years	0%	60%

Maturity structure of variable interest rate borrowing 2026/27		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

Annex 2 - Treasury Management Scheme of Delegation

i) Council

- receiving and reviewing reports on treasury management policies, practices, and activities;
- approval of/amendments to the Council's adopted clauses, Treasury Management Policy Statement and Treasury Management Practices;
- approval of annual Strategy;
- budget consideration and approval.

ii) Audit & Governance Committee

- Receive and recommend to Council amendments to the Council's adopted clauses, Treasury Management Policy Statement and Treasury Management Practices;
- receiving and reviewing regular monitoring reports;

iii) Section 151 Officer

- reviewing the Treasury Management Policy and Procedures and making recommendations to the responsible body.

Annex 3 – Debt Portfolio as at 31st December 2025

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Temporary Borrowing - Fixed	14/07/25	14/05/26	West Midlands Combined Authority	Maturity	4.0000%	30,000,000.00
Loan	Temporary Borrowing - Fixed	16/07/25	27/04/26	West Yorkshire Combined Authority	Maturity	4.1000%	15,000,000.00
Loan	Temporary Borrowing - Fixed	31/07/25	30/04/26	Liverpool City Region Combined Authority	Maturity	4.0500%	10,000,000.00
Loan	Temporary Borrowing - Fixed	07/08/25	30/04/26	Derry City & Strabane District Council	Maturity	4.0000%	2,000,000.00
Loan	Temporary Borrowing - Fixed	14/08/25	14/05/26	Vale of White Horse District Council	Maturity	4.0600%	5,000,000.00
Loan	Temporary Borrowing - Fixed	29/10/25	29/04/26	Tendring District Council	Maturity	4.0000%	3,000,000.00
Loan	Temporary Borrowing - Fixed	09/09/25	09/03/26	Blackburn with Darwen Borough Council	Maturity	3.9000%	5,000,000.00
Temporary Borrowing - Fixed Total						**4.0257%**	**70,000,000.00**
Loan	Fixed	17/04/25	17/04/26	PWLB	Maturity	4.2700%	50,000,000.00
Loan	Fixed	28/10/25	28/10/26	PWLB	Maturity	4.0600%	50,000,000.00
Loan	Fixed	26/03/18	25/03/68	PWLB	Maturity	2.2800%	15,000,000.00
Loan	Fixed	27/09/18	27/09/43	PWLB	Maturity	2.8200%	15,000,000.00
Loan	Fixed	27/09/18	27/09/49	PWLB	Maturity	2.7900%	15,000,000.00
Loan	Fixed	11/03/19	11/03/66	PWLB	Maturity	2.3800%	15,000,000.00
Loan	Fixed	13/03/19	13/03/37	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	13/03/19	13/03/57	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	01/04/19	01/04/64	PWLB	Maturity	2.2000%	10,000,000.00
Loan	Fixed	01/10/19	02/10/62	PWLB	Maturity	1.6400%	5,000,000.00
Loan	Fixed	01/10/19	01/10/63	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	07/10/66	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	08/10/68	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	11/03/20	25/09/69	PWLB	Maturity	2.0700%	15,000,000.00
Loan	Fixed	13/05/05	25/09/51	PWLB	Maturity	4.1500%	2,000,000.00
Loan	Fixed	11/01/06	25/09/55	PWLB	Maturity	3.9000%	5,000,000.00
Loan	Fixed	23/01/06	25/09/55	PWLB	Maturity	3.7000%	5,000,000.00
Loan	Fixed	23/05/06	25/09/47	PWLB	Maturity	4.2000%	2,000,000.00
Loan	Fixed	19/07/06	25/03/52	PWLB	Maturity	4.2500%	20,000,000.00
Loan	Fixed	20/09/06	25/09/51	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	28/09/06	25/09/52	PWLB	Maturity	4.0500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/53	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/54	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	05/08/08	25/03/58	PWLB	Maturity	4.4800%	2,000,000.00
Loan	Fixed	15/08/08	25/09/57	PWLB	Maturity	4.3900%	6,000,000.00
Loan	Fixed	02/12/08	25/09/58	PWLB	Maturity	4.1200%	10,000,000.00
Loan	Fixed	20/08/09	25/03/59	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	31/08/10	25/03/60	PWLB	Maturity	3.9200%	10,000,000.00

Loan	Fixed	14/07/11	25/03/26	PWLB	EIP	3.5900%	250,000.00
Loan	Fixed	15/09/11	25/03/31	PWLB	EIP	3.3500%	2,750,000.00
Loan	Fixed	28/03/12	25/03/51	PWLB	Maturity	3.5300%	12,000,000.00
Loan	Fixed	28/03/12	25/09/26	PWLB	Maturity	2.9700%	12,000,000.00
Loan	Fixed	28/03/12	25/03/50	PWLB	Maturity	3.5300%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/03/61	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/32	PWLB	Maturity	3.3000%	12,000,000.00
Loan	Fixed	28/03/12	25/09/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/09/51	PWLB	Maturity	3.5200%	3,000,000.00
Loan	Fixed	28/03/12	25/03/62	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	EIP	2.9900%	15,500,000.00
Loan	Fixed	06/12/05	06/12/55	Barclays Bank plc	Maturity	3.9900%	5,000,000.00
Fixed Total						**3.4543%**	**454,500,000.00**
Loan	LOBO	30/01/08	31/01/78	Dexia	Maturity	4.1900%	5,000,000.00
LOBO Total						**4.1900%**	**5,000,000.00**
Loan Total						**3.5368%**	**529,500,000.00**

* The option to repay the LOBO was taken following a proposed rate increase. The principal and accrued interest were repaid on 30.01.26

Annex 4 - Investment Portfolio as at 31st December 2025

Class	Type	Deal Ref	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Treasury Investments							
Deposit	Fixed	LA Fixed Short Term Loan	30/10/25	19/02/26	Surrey County Council	4.350%	10,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	31/10/25	27/02/26	Suffolk County Council	4.400%	5,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	30/10/25	19/03/26	South Lanarkshire Council	4.300%	5,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	12/11/25	19/02/26	Telford and Wrekin Borough Councill	4.300%	10,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	06/11/25	19/01/26	Cornwall Council	4.300%	10,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	06/11/25	26/01/26	Cornwall Council	4.300%	5,000,000.00
Deposit	MMF	Aberdeen	N/A	N/A	Aberdeen SLI Sterling Liquidity/Cl 2	4.185%	5,050,000.00
Deposit	MMF	Federated	N/A	N/A	Federated Prime Rate Sterling Liquidity 4	4.201%	16,500,000.00
Deposit	Fixed	CCPF	31/03/15	N/A	CCLA Local Authorities Property Fund	4.800%	15,000,000.00
Deposit	Current A/c	Lloyds	N/A	N/A	Lloyds Bank Plc	1.400%	325,832.31
Treasury Invesment Total							**81,875,832.31**
Non-Treasury Investments							
Deposit	Fixed	18004BFC	25/03/21	24/03/26	Brighter Futures for Children Ltd	1.810%	5,000,000.00
Deposit	Fixed	17002HFR to 170012HFR t	16/04/19	24/03/29	Homes for Reading Ltd	6.350%	11,274,999.00
Deposit	Fixed	19008	30/04/19	30/04/29	RTL	5.000%	2,264,095.78
Deposit	Fixed	19009	15/08/19	30/07/29	RTL	5.000%	500,000.00
Deposit	Fixed	18001	08/04/18	01/07/23	RTL	5.000%	490,297.04
Deposit	Fixed	18002	03/06/18	01/07/23	RTL	5.000%	206,749.85
Deposit	Fixed	18003	29/07/18	01/07/23	RTL	5.000%	164,084.05
Deposit	Fixed	18004	20/01/20	01/01/24	RTL	5.000%	150,785.28
Deposit	Fixed	20001	21/08/20	01/10/24	RTL	5.000%	700,000.00
Non-Treasury Investments Total							**20,751,011.00**
Total Investments							**102,626,843.31**

* Values above do not include lease agreements with Reading Transport Ltd.

Annex 5 – List of Approved Countries for Investment

1. The below list of approved countries for investment is based on the lowest available rating from all ratings agencies (as at 15th January 2026).

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland

AA+

- Canada
- Finland
- United States of America

AA

- France

AA-

- Belgium
- United Kingdom