

Title of Report:	Treasury Management Mid-Year Review 2026 - 2027
Committee Report Submitted To:	Finance Committee
Date of Meeting:	8 October 2026
For Decision or For Information	For information
To be discussed In Committee YES/NO	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Cohesive Leadership
Outcome	Council has agreed policies and procedures and decision making is consistent with them.
Lead Officer	Chief Finance Officer

Estimated Timescale for Completion	
Date to be Completed	

Budgetary Considerations	
Cost of Proposal	
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	
Staffing Costs	

Legal Considerations	
Input of Legal Services Required	YES/NO
Legal Opinion Obtained	YES/NO

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

1.1 Background

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority 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 financial risk are therefore central to the Authority's prudent financial management.

1.2 Detail

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities (DfC) issued *Guidance on Local Authority Investments* in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Finance Act (Northern Ireland) 2011* to have regard to both the CIPFA Code and the DfC Guidance.

1.3 Review

The purpose of this report is to provide a mid-year review of what has taken place in terms of Treasury Management within the Council thus far during the 2026/27 financial year following on from the annual review of 2025/26 presented to Council in April 2026.

1.4 Borrowing

Council borrowing is used to fund various capital projects as approved by Council and as a result of this activity Council has an extensive portfolio of current loans. The table below shows a breakdown of these loans at the end of each of the last 4 quarters:

	Q3 – Dec 2025	Q4 – Mar 2026	Q1 – Jun 2026	Q2 – Sep 2026
Government loans	£35.99m	£34.29m	£34.29m	£32.61m
LOBO Loans	£0.0m	£0.0m	£0.0m	£0.0m
Other Commercial loans	£6.0m	£6.0m	£6.0m	£6.0m
Total Loans	£41.99m	£40.29m	£40.29m	£38.61m

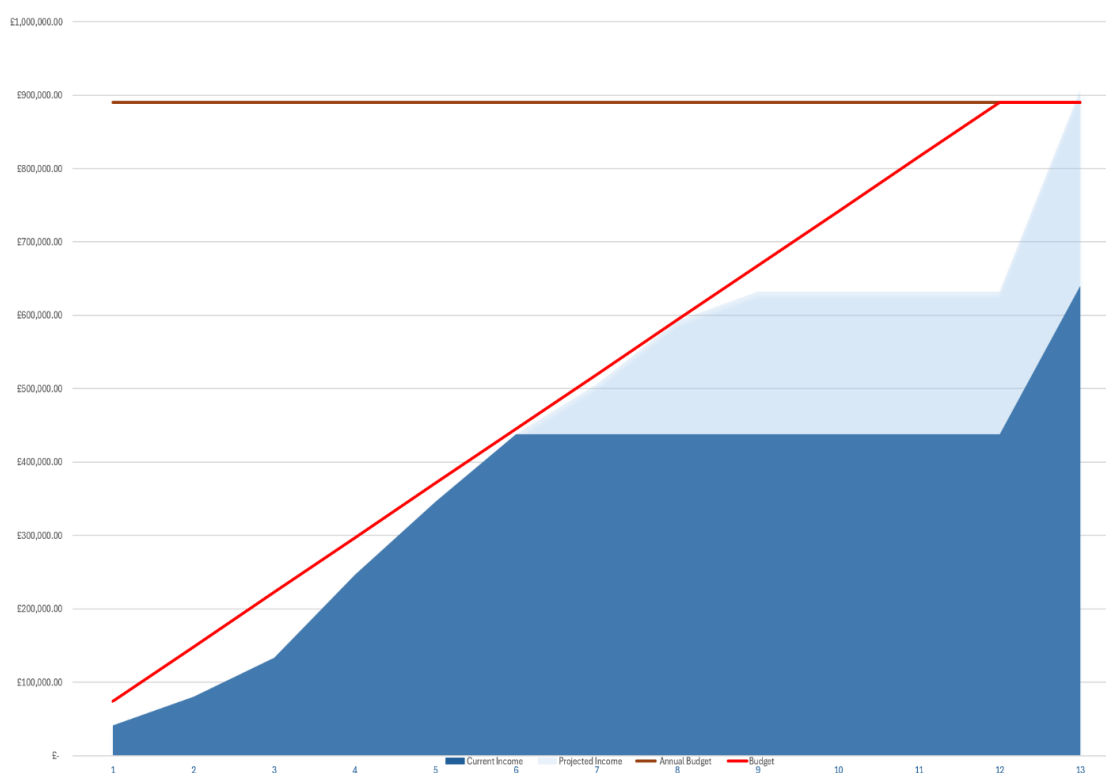
Council continues to hold significant cash reserves therefore no new loans were borrowed during the year to date, Council instead utilising those reserves in the short term to finance capital expenditure thus avoiding incurring interest on loans. With interest rates now potentially increasing officers are assessing whether or not a change of strategy would be prudent, the advice is currently still to utilize cash reserves and only borrow if necessary for the short term to avoid locking in potentially higher interest over the life of a longer-term loan.

1.5 Investments

Council carried significant cash reserves into 2026/27 and despite the cuts to interest rates there are still some decent returns to be gained with investment or lending, indeed recent events have led to some increased margins becoming available in the short term at least. The table below details the cash held by Council at the end of each of the last 4 quarters up to the end of September 2026

	Q3 – Dec 2025	Q4 – Mar 2026	Q1 – Jun 2026	Q2 – Sep 2026
Cash Reserve	£2.4m	£0.6m	£0.5m	£0.3m

The chart and table below details actual investments made by Council maturing during the current year and the returns associated with those investments, the figures above do not include these investments where the maturity date straddles a quarter end.



Counter party	Broker	Principal	Start Date	Maturity Date	Maturity Period	Rate	Yield	Monthly Budget	Prior Year Income	Current Income	Accrued Income	Future Income
Bournemouth, Christchurch & Poole Council	ICAP	£ 5,000,000.00	03/02/2026	07/04/2026	1	4.60%	£ 39,698.63	£ 74,173.25	£ 35,917.81	£ 3,780.82	£ -	£ -
Bradford Metropolitan District Council	K&S	£ 5,000,000.00	19/01/2026	20/04/2026	1	4.50%	£ 56,095.89	£ 74,173.25	£ 44,383.56	£ 11,712.33	£ -	£ -
Bedford Borough Council	ICAP	£ 2,000,000.00	27/04/2026	30/04/2026	1	4.10%	£ 673.97	£ 74,173.25	£ -	£ 673.97	£ -	£ -
Wirral Borough Council	ICAP	£ 5,000,000.00	06/03/2026	06/05/2026	2	5.45%	£ 45,541.10	£ 148,346.50	£ 19,410.96	£ 26,130.14	£ -	£ -
Bournemouth, Christchurch & Poole Council	ICAP	£ 5,000,000.00	07/04/2026	08/06/2026	3	4.10%	£ 34,821.92	£ 222,519.75	£ -	£ 34,821.92	£ -	£ -
Bradford Metropolitan District Council	ICAP	£ 5,000,000.00	13/02/2026	14/07/2026	4	4.72%	£ 97,632.88	£ 296,693.00	£ 30,389.04	£ 67,243.84	£ -	£ -
Rabobank	K&S	£ 2,000,000.00	01/08/2025	31/07/2026	4	4.07%	£ 81,176.99	£ 296,693.00	£ 54,192.33	£ 26,984.66	£ -	£ -
Bank of Scotland FTD		£ 3,000,000.00	09/07/2026	10/08/2026	5	4.05%	£ 10,652.05	£ 370,866.25	£ -	£ 10,652.05	£ -	£ -
Surrey County Council	K&S	£ 5,000,000.00	21/04/2026	21/08/2026	5	4.20%	£ 70,191.78	£ 370,866.25	£ -	£ 70,191.78	£ -	£ -
Cheshire East Council	K&S	£ 3,000,000.00	12/05/2026	14/09/2026	6	4.20%	£ 43,150.68	£ 445,039.50	£ -	£ 43,150.68	£ -	£ -
Bank of Ireland		Various	01/04/2026	21/09/2026	6	1.05%	£ 1,942.33	£ 445,039.50	£ -	£ 1,942.33	£ -	£ -
Central Bedfordshire Council	ICAP	£ 5,000,000.00	23/07/2026	23/09/2026	6	4.05%	£ 34,397.26	£ 445,039.50	£ -	£ 34,397.26	£ -	£ -
Lewes-Eastbourne	ICAP	£ 3,000,000.00	10/04/2026	12/10/2026	7	4.40%	£ 66,904.11	£ 519,212.75	£ -	£ -	£ -	£ 66,904.11
Dundee Council	ICAP	£ 5,000,000.00	11/09/2026	10/11/2026	8	4.13%	£ 33,945.21	£ 593,386.00	£ -	£ -	£ -	£ 33,945.21
Bournemouth, Christchurch & Poole Council	K&S	£ 5,000,000.00	26/08/2026	26/11/2026	8	4.15%	£ 52,301.37	£ 593,386.00	£ -	£ -	£ -	£ 52,301.37
Central Bedfordshire Council	ICAP	£ 3,500,000.00	23/09/2026	23/12/2026	9	4.60%	£ 40,139.73	£ 667,559.25	£ -	£ -	£ -	£ 40,139.73
				31/01/2027	10		£ -	£ 741,732.50	£ -	£ -	£ -	£ -
				28/02/2027	11		£ -	£ 815,905.75	£ -	£ -	£ -	£ -
				31/03/2027	12		£ -	£ 890,079.00	£ -	£ -	£ -	£ -
Lancashire County Council	ICAP	£ 3,000,000.00	15/05/2026	14/05/2027	13	4.60%	£ 137,621.92	£ 890,079.00	£ -	£ -	£ 120,986.30	£ 16,635.62
North Devon Council	ICAP	£ 3,000,000.00	28/08/2026	27/08/2027	13	4.58%	£ 137,023.56	£ 890,079.00	£ -	£ -	£ 80,934.25	£ 56,089.31
Totals		£ 22,500,000.00				2026/27 Total	£ 834,304.47					
						2027/28 and beyond	£ 72,724.93					
						Grand Total	£ 907,029.40		£ 185,022.94	£ 439,093.50	£ 201,920.55	£ 266,015.35

Bank of Scotland Deposit Summary		
Period	Interest	
1	25,954.65	
2	13,102.77	
3	17,624.47	
4	18,620.89	
5	18,312.69	
6	13,341.01	
7	-	
8	-	
9	-	
10	-	
11	-	
12	-	
Total	£ 106,956.48	

1.6 Treasury Management Strategy

In line with Council's Treasury Management Strategy and despite the recent cut to interest rates Council will seek to continue making investments like those detailed in 1.5 above during the remainder of the 2026/27 financial year where there are now sufficient returns to justify the action and whilst those returns are still likely to be modest they will still none the less provide an income stream to Council and assist to offset a little of the financial pressures currently being faced. The 2026/27 budget has included an estimated income from investments amounting to £890,079. Included with those listed above Council already has a number of investments maturing during 2027/28 with a yield of £72,724.93 being carried forward into that year. We currently have investments which will yield a total of £834,304.47 in the current year therefore it is anticipated that the budget for the year will be exceeded.

1.7 Prudential Indicators

The report includes a section regarding Prudential Indicators following an Internal Audit recommendation to review these along with other Treasury Management Information.

1.7.1 Background

The Local Government Finance Act (Northern Ireland) 2011 requires the Council to adopt the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objective of which is to ensure that, within a clear framework, the capital investment plans of the Council are affordable, prudent and sustainable.

1.8 Indicators

1.8.1 Capital Expenditure Indicators

This indicator outlines estimated annual Capital Expenditure which will be incurred by the Council, to ensure that capital investment plans are sustainable. The Council's estimated annual gross capital expenditure against actual expenditure is included in table 1 below.

Table 1
Estimated Annual Capital Expenditure

	Estimate 2026/27 £'000	Actual 2026/27 (P5) £'000
Gross Capital Expenditure	9,000	6,336

1.8.2 Capital Financing Requirement

The Capital Financing Requirement reflects the Council's underlying need to borrow for a capital purpose. It shows the estimated capital expenditure that has not been resourced from capital or revenue sources. This requirement will eventually be met by revenue resources through the Minimum Revenue Provision (MRP) mechanism. The Capital Financing Requirement for the Council is shown in table 2 below.

Table 2
Capital Financing Requirement

	Estimate 2026/27 £'000	Actual 2026/27(P5) £'000
Capital Financing Requirement	63,598	57,050

1.8.3 Ratio of Financing Cost to Net Revenue Stream

An important aspect of the Prudential Code is the assessment of affordability of the capital investment plans. One mechanism for doing this is by ascertaining the proportion of the revenue budget which is spent on capital financing, net of receipts from investment income. This does not include direct revenue financing amounts for capital schemes. Table 3 below summarises the ratio of financing costs to the estimated net revenue stream for the Council.

Table 3
Financing Costs to Net Revenue Stream

	Estimate 2026/27 £'000	Actual 2026/27 (P5) £'000
Financing Costs	8,418	3,331
Net Revenue Stream	68,208	28,735
Percentage	12.3	11.6

1.8.4 Authorised Borrowing Limit

The Act requires the Council to set an affordable borrowing limit, which relates to gross debt. This limit is referred to within the Prudential Code as the Authorised limit and must not be breached. It is therefore set at a level which while prevents excess borrowing and provides headroom for the operational management of the treasury function. The authorised borrowing limit, or estimated debt, for 2025/26 to 2028/29 is set out in table 4 below.

Table 4
Council Authorised Borrowing Limit

	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000
Authorised Borrowing Limit	80,000	80,000	80,000	80,000

Council has remained comfortably within the authorised limit.

1.8.4 Operational Boundary

Unlike the Authorised Borrowing Limit, the Operational Boundary is not a limit and instead provides an indication of the most likely, but not the worst case, estimate of gross external debt.

Table 5
Operational Boundary for Borrowing

	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000
Operational Borrowing Limit	74,000	74,000	74,000	74,000

Council has remained within its operational boundary.

1.8.5 Treasury Management Procedures

This organisation has adopted and has implemented the key principles of the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes. This, together with the other arrangements detailed in the operational manual, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements. As part of this report I am required to inform members of any amendment to those procedures since the last report, there are no such amendments at this time.