



<b>Title of Report:</b>	<b>Treasury Management Review 2025 - 2026</b>
<b>Committee Report Submitted To:</b>	<b>Finance Committee</b>
<b>Date of Meeting:</b>	<b>16 April 2026</b>
<b>For Decision or For Information</b>	<b>For information</b>
<b>To be discussed In Committee YES/NO</b>	<b>No</b>

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

<b>Estimated Timescale for Completion</b>	
Date to be Completed	

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

<b>Legal Considerations</b>	
Input of Legal Services Required	<b>YES/NO</b>
Legal Opinion Obtained	<b>YES/NO</b>

<b>Screening Requirements</b>	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 review of what has taken place in terms of Treasury Management within the Council during the 2025/26 financial year following on from the mid-year review of 2025/26 presented to Council in October 2025.

## 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:

	Q1 – Jun 2025	Q2 – Sep 2025	Q3 – Dec 2025	Q4 – Mar 2026
Government loans	£37.93m	£35.99m	£35.99m	£34.29m
LOBO Loans	£0.0m	£0.0m	£0.0m	£0.0m
Other Commercial loans	£6.0m	£6.0m	£6.0m	£6.0m
Total Loans	£43.93m	£41.99m	£41.99m	£40.29m

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 falling officers have assessed whether or not a change of strategy would be prudent to potentially draw down some of the longer terms loans, the advice

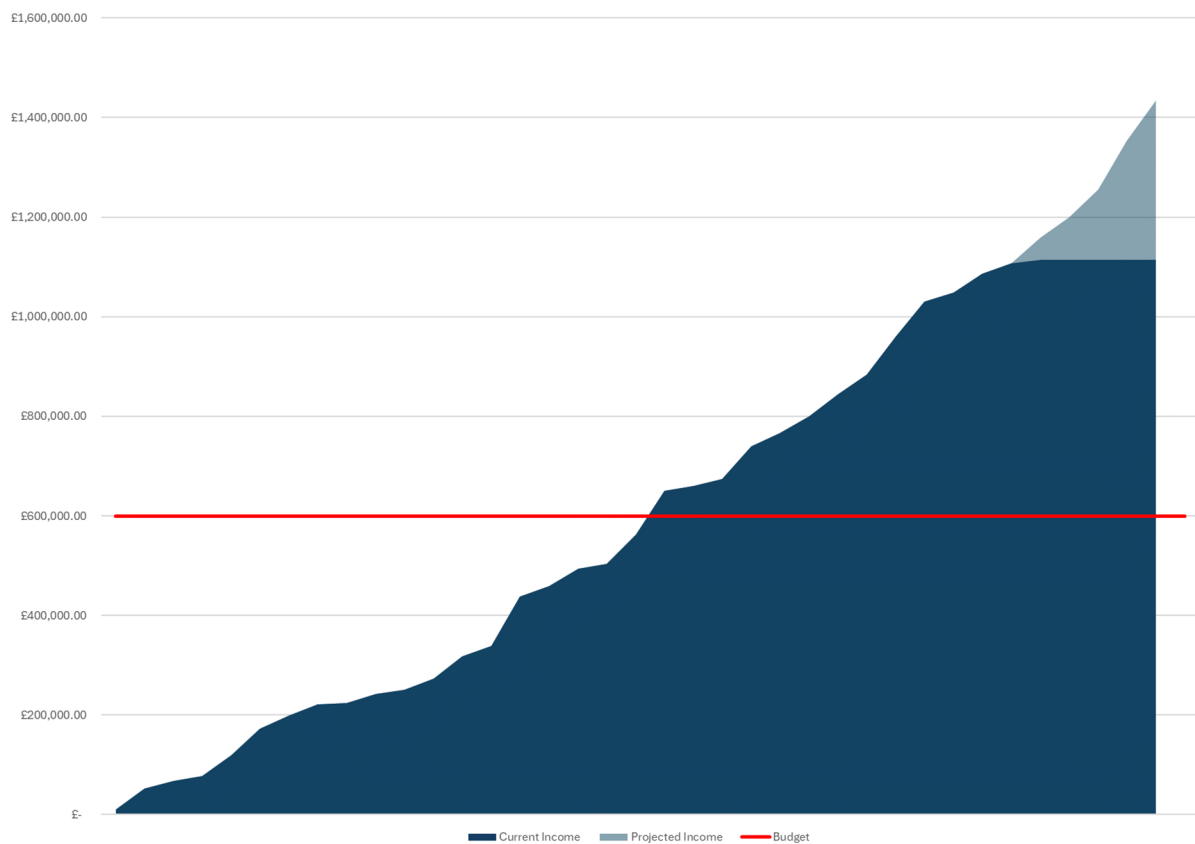
is currently still to utilize cash reserves and only borrow if necessary for the short term to avoid locking in potentially higher interest over the life of a longer-term loan. Council should note the reduction of Lender Option Borrower Option (LOBO) loans to £nil, these facilities have attracted adverse publicity in recent years and Council took an opportunity to redeem this facility in June 2025 thereby removing its exposure to this risk.

## 1.5 Investments

Council carried significant cash reserves into 2025/26 and despite the recent cuts to interest rates there are still some decent returns to be gained with investment or lending. The table below details the cash held by Council at the end of each of the last 4 quarters up to the end of March 2026

	Q1 – June 2025	Q2 – Sept 2025	Q3 – Dec 2025	Q4 – Mar 2026
Cash Reserve	£2.6m	£0.8m	£2.4m	£0.6m

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	Principal	Start Date	Maturity Date	Rate	Yield
North Norfolk District Council	£ 2,000,000.00	14/03/2025	14/04/2025	6.35%	£ 10,786.30
Wirral Borough Council	£ 3,000,000.00	21/01/2025	22/04/2025	5.50%	£ 41,136.99
Wirral Borough Council	£ 3,000,000.00	21/03/2025	22/04/2025	6.00%	£ 15,780.82
Wrexham County Borough Council	£ 2,000,000.00	26/03/2025	25/04/2025	6.20%	£ 10,191.78
Canterbury City Council	£ 3,000,000.00	04/02/2025	05/05/2025	5.60%	£ 41,424.66
Bradford Metropolitan District Council	£ 5,000,000.00	03/03/2025	06/05/2025	6.00%	£ 52,602.74
Blackpool Borough Council	£ 2,000,000.00	20/02/2025	20/05/2025	5.70%	£ 27,797.26
Wirral Borough Council	£ 6,000,000.00	22/04/2025	22/05/2025	4.40%	£ 21,698.63
Blackpool Borough Council	£ 2,000,000.00	20/05/2025	29/05/2025	5.70%	£ 2,810.96
Central Bedfordshire Council	£ 5,000,000.00	08/05/2025	09/06/2025	4.25%	£ 18,630.14
Central Bedfordshire Council	£ 2,000,000.00	21/05/2025	23/06/2025	4.25%	£ 7,684.93
Wirral Borough Council	£ 6,000,000.00	22/05/2025	23/06/2025	4.20%	£ 22,093.15
North East Lincolnshire Council	£ 4,000,000.00	04/04/2025	04/07/2025	4.50%	£ 44,876.71
Wirral Borough Council	£ 6,000,000.00	23/06/2025	23/07/2025	4.30%	£ 21,205.48
Rabobank	£ 2,000,000.00	02/08/2024	01/08/2025	5.00%	£ 99,726.03
Wirral Borough Council	£ 6,000,000.00	23/07/2025	22/08/2025	4.15%	£ 20,465.75
Bank of Ireland	£ 3,000,018.00	01/04/2025	19/09/2025	2.45%	£ 34,459.75
Wirral Borough Council	£ 3,000,000.00	22/08/2025	22/09/2025	4.00%	£ 10,191.78
Central Bedfordshire Council	£ 5,000,000.00	23/06/2025	01/10/2025	4.30%	£ 58,904.11
Bradford Metropolitan District Council	£ 5,000,000.00	06/05/2025	06/10/2025	4.20%	£ 88,027.40
Wirral Borough Council	£ 3,000,000.00	22/09/2025	22/10/2025	4.10%	£ 10,109.59
London Borough of Waltham Forest	£ 4,000,000.00	24/09/2025	24/10/2025	4.10%	£ 13,479.45
Canterbury City Council	£ 3,000,000.00	05/05/2025	05/11/2025	4.30%	£ 65,030.14
Nat West 4 month CD	£ 2,000,000.00	17/07/2025	17/11/2025	4.08%	£ 27,498.08
Bedford Metropolitan District Council	£ 2,000,000.00	22/12/2025	07/01/2026	4.16%	£ 3,647.12
Wirral Borough Council	£ 5,000,000.00	20/11/2025	20/01/2026	4.10%	£ 34,260.27
Perth & Kinross	£ 5,000,000.00	12/11/2025	21/01/2026	4.07%	£ 39,027.40
Central Bedfordshire Council	£ 5,000,000.00	01/10/2025	30/01/2026	4.30%	£ 71,273.97
Bradford Metropolitan District Council	£ 5,000,000.00	06/10/2025	30/01/2026	4.40%	£ 69,917.81
Bradford Metropolitan District Council	£ 5,000,000.00	30/01/2026	13/02/2026	4.05%	£ 7,767.12
Wirral Borough Council	£ 5,000,000.00	20/01/2026	06/03/2026	4.05%	£ 24,965.75
Bank of Ireland	£ 1,340,000.00	20/09/2025	20/03/2026	1.99%	£ 13,226.33
Wirral Borough Council	£ 5,000,000.00	06/03/2026	06/05/2026	5.45%	£ 45,541.10
Bournemouth, Christchurch & Poole Council	£ 5,000,000.00	03/02/2026	07/04/2026	4.60%	£ 39,698.63
Bradford Metropolitan District Council	£ 5,000,000.00	19/01/2026	20/04/2026	4.50%	£ 56,095.89
Bradford Metropolitan District Council	£ 5,000,000.00	13/02/2026	14/07/2026	4.72%	£ 97,632.88
Rabobank	£ 2,000,000.00	01/08/2025	31/07/2026	4.07%	£ 81,176.99
Bank Of Scotland Summary	£ 6,097,885.40	13/11/2025	31/03/2026	3.59%	£ 82,862.25
<b>Totals</b>				<b>2025/26 Total</b>	<b>£ 1,113,560.65</b>
	<b>£ 22,000,000.00</b>			<b>2026/27 and beyond</b>	<b>£ 320,145.49</b>
				<b>Grand Total</b>	<b>£ 1,433,706.14</b>

## 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 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 £866,079. Included with those listed above Council already has a number of investments maturing during 2026/27 yielding a combined total of £320,145.49.

## 1.7 Prudential Indicators

This year's report includes a new section regarding Prudential Indicators following a recent 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 2025/26 £'000	Actual 2025/26 £'000
Gross Capital Expenditure	7,000	11,995

## 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 2025/26 £'000	Actual 2025/26 £'000
Capital Financing Requirement	61,000	58,029

## 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 2025/26 £'000	Actual 2026/27 £'000
Financing Costs	8,382	8,351
Net Revenue Stream	66,221	66,587
Percentage	12.7	12.5

## 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 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'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 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'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.