

Half Yearly Monitoring report on Treasury Management activities 2025/26
 (Reference from Cabinet)

| | |
|--|--|
| Meeting: | Council |
| Date: | 21 January 2026 |
| Cabinet Member (if applicable) | Councillor Graham Turner |
| Key Decision Eligible for Call In | No No |
| <p>Purpose of Report The Council has adopted the CIPFA Code of Practice on Treasury Management. It is a requirement of the Code that regular reports be submitted to Members detailing treasury management operational activity. This report is the mid-year for 2025/26 covering the period 1 April to 30 September 2025.</p> | |
| <p>Recommendations To note the treasury management performance during the first half of 2025/26 as set out in this report.</p> <p>(This report has been presented to Corporate Governance and Audit Committee on 28 November 2025 and Cabinet on 13 January 2026).</p> | |
| <p>Reasons for Recommendations It is a requirement of the Code that regular reports be submitted to Members detailing treasury management operational activity.</p> | |
| <p>Resource Implications: There are no additional resource implications required as part of this report.</p> | |
| <p>Date signed off by <u>Executive Director</u> & name</p> <p>Is it also signed off by the Service Director for Finance?</p> <p>Is it also signed off by the Service Director for Legal Governance and Commissioning?</p> | <p>N/A</p> <p>Kevin Mulvaney – 12/11/2025</p> <p>Sam Lawton –12/11/2025</p> |

Electoral wards affected: N/A

Ward Councillors consulted: N/A

Public or private: Public

Have you considered GDPR: Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

1. Summary

- 1.1 The report gives assurance that the Council's treasury management function is being managed prudently and pro-actively and that the Council complied with its treasury management prudential indicators in the year (Appendix 4).
- 1.2 External investments, including the £10.0 million Local Authority Property Fund (LAPF), averaged £98.8 million during the period at an average rate of 4.21%. Investments ranged from a peak of £139.2m million in July 2025 to a low of £58.0 million in April 2025.
- 1.3 The large range in investment balances are as a result of receiving significant cash sums at the start of the month, for example DSG (Dedicated Schools Grant) monies and Council Tax/NNDR, which result in peaks of cash for a short period of time.
- 1.4 The Council's net borrowing increased by £10.2 million in the 6 month period, from £715.4 million at 31 March 2025 to £725.6 million at 30 September 2025.
- 1.5 All treasury management activities undertaken during the period complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Appendix 1.
- 1.6 The treasury management revenue budget for 2025/26 is £36.1 million. This is covered in more detail at paragraph 2.5.1 later in this report.
- 1.7 This report includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal quarterly revenue reports along with the treasury management indicators.

2 Information required to take a decision:

2.1 Introduction

- 2.1.1 The treasury management strategy for 2025/26 was approved by Council on 5 March 2025. The over-riding policy continues to be one of ensuring the security of the Council's balances. The Council aims to invest externally balances of around £30.0 million, largely for the purpose of managing day-to-day cash flow requirements
- 2.1.2 The investment strategy is designed to minimise risk, with investments being made primarily in instant access accounts or short-term deposits, with Money Market Funds, the Debt Management Office (DMO), Local Authorities and major British owned banks and building societies. Diversification amongst counterparties is key.

2.2 The Economy and Interest Rates

- 2.2.1 UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in September, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.5% over the same period while services inflation remained flat at 4.7%.
- 2.2.2 The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.2% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3 (July to Sept).
- 2.2.3 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts.
- 2.2.4 The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
- 2.2.5 Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.
- 2.2.6 The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target (2%) by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.
- 2.2.7 After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.
- 2.2.8 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

Table 2: Treasury Management Summary

| | 31.03.25 Balance £m | Movement £m | 30.09.25 Balance £m | 30.09.25 Weighted Average Rate % |
|-----------------------------|---------------------------|----------------|---------------------------|---|
| <i>Long-term borrowing:</i> | | | | |
| PWLB | 623.3 | -6.4 | 616.9 | 4.27 |
| LOBOs | 30.8 | 0.0 | 30.8 | 4.39 |
| Loan Stock | 7.0 | 0.0 | 7.0 | 11.60 |
| Other LT Loans | 40.0 | 0.0 | 40.0 | 3.89 |
| Other MT Loans | 31.4 | 17.0 | 48.4 | 4.46 |
| <i>Short-term borrowing</i> | 41.5 | 5.1 | 46.6 | 4.55 |
| Total borrowing | 774.0 | 15.7 | 789.7 | 4.35 |
| Long-term investments | 10.0 | 0.0 | 10.0 | N/A |
| Short-term investments | 18.0 | 8.8 | 26.8 | N/A |
| Cash and cash equivalents | 30.6 | -3.3 | 27.3 | N/A |
| Total investments | 58.6 | 5.5 | 64.1 | N/A |
| Net borrowing | 715.4 | 10.2 | 725.6 | |

2.4 Investment Activity

- 2.4.1 The Council invested an average balance of £98.8 million externally (excluding the LAPF) during the period (£51.6 million in the first six months of 2024/25), generating £1,910k in investment income over the period (£1,330k in 2024/25). The LAPF investment of £10.0 million generated £193k of dividend income during the period (£227k in the first six months of 2024/25).
- 2.4.2 LOBO repayments of £30.0 million were considered likely in the first six months of the year which were never called, and a large receipt of £24.0 million from WYCA received in advance of expenditure in April, has resulted in higher-than-normal cash balances compared to the 2025/26 strategy.
- 2.4.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum 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 on incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 2.4.4 Balances were mainly invested in instant access accounts such as Money Market Funds, short term deposits, Debt Management Office (DMO), Local Authority fixed term deposits and the LAPF. Appendix 1 shows where investments were held at the start of April, the end of June and September by counterparty, by sector and by country.
- 2.4.5 As demonstrated by the liability benchmark in this report at Appendix 4, the Council expects to be a long-term borrower and treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.

- 2.4.6 Bank Rate fell from 4.50% to 4.25% in May 2025 then again to 4.00% in August 2025, with short term rates largely being around these levels. The rates on Debt Management Account Deposit Facility (DMADF) ranged between 3.95% and 4.45% and Money Market Rates between 3.98% and 4.54%.
- 2.4.7 The Council's average investment rate for the period was 4.21%. This is down on the average in the same period in 2024/25 of 5.06%, in line with the falling base rate. Returns on liquid cash balances were 4.25%
- 2.4.8 The Council continues to hold £10 million of strategic investment in the Local Authorities Pooled Investment Fund (LAPF). The fund returned a net yield of 3.86% after deducting charges. The actual gross dividend yield quoted from the fund on Net Asset Value was 4.59% at the end of September for the last 12 months, and the fund size was £1,044.6 million (5.21% and £1,032.3 million respectively for the 12 months to September 2024).
- 2.4.9 Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a 3 to 5-year minimum period total returns will exceed cash interest rates.
- 2.4.10 The chart at Appendix 3, provided by Arlingclose, compares the Council's performance against other Local Authorities at the end of September. In order to gain better rates of return, the majority of Local Authorities with a higher rate of return have further external investments creating a more diverse portfolio.

2.5 Revenue Budget Monitoring

- 2.5.1 The treasury management budget is £36.1 million. Forecasted outturn is currently under budget by £1.8 million and this position is reflected in the Council's Q2 financial report to Cabinet later this month. This reflects higher levels of investment balances resulting in increased investment income versus expectation and new borrowing taken at an average rate below what was budgeted (4.69%).

2.6 Borrowing Update

- 2.6.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decisions that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to buy investment assets primarily for yield unless these loans are for refinancing purposes
- 2.6.2 The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.
- 2.6.3 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing is also allowed for financing capital expenditure primarily related to the delivery of a Local Authority's function. The Council's borrowing is undertaken for these purposes only.

- 2.6.4 After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.
- 2.6.5 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%.
- 2.6.6 The PWLB HRA rate which is 0.4% below the certainty rate is available up to March 2026. This discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans, though this hasn't been utilised in this period as the HRA continues to use balance sheet resources to fund expenditure.

2.7 Borrowing Activity

- 2.7.1 As outlined in the Treasury Strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short term interest rates are higher than long term interest rates.
- 2.7.2 In terms of borrowing, long-term loans (including LOBO's - see paragraph 2.7.6) at the end of September totalled £743.1 million (£732.6 million 31 March 2025) and short-term loans £46.6 million (£41.5 million 31 March 2025).
- 2.7.3 Fixed rate loans account for 96.00% of total long-term debt giving the Council stability in its interest costs. The maturity profile for long-term loans is shown in Appendix 2 and shows that no more than 10.56% of debt is due to be repaid in any one year. This is good practice as it reduces the Council's exposure to a substantial borrowing requirement in future years when interest rates might be at a relatively high level.
- 2.7.4 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark (see Appendix 4), which also considers usable reserves and working capital. The mid-year forecasted liability benchmark, based on updated capital plans, highlights that there is an expectation of additional borrowing of £66.2 million for the year.
- 2.7.4 During the period £10.0 million of PWLB EIP loans were taken along with £57.5 million of medium term loans from other Local Authorities. These loans provide some longer-term certainty and stability to the debt portfolio. A mixture of short, medium-term and further PWLB will be taken during the remainder of the year to fund the additional borrowing required. The rate assumption in the treasury budget for 2025/26 is 4.69%.

Medium and Long-term loans taken during the period 01/04/25 to 30/09/25

| | Loan Period | Amount £m | Rate % | Date to be repaid |
|--|--------------------|------------------|---------------|--------------------------|
| PWLB (EIP) 816261 | 5 years | 10 | 4.59% | 11/4/2030* |
| Test Valley Borough Council | 5 years | 2.5 | 4.90% | 01/05/2030 |
| West of England Combined Authority | 1 year | 10 | 4.88% | 30/04/2026 |
| Wealden District Council | 1 year | 5 | 4.80% | 14/05/2026 |
| South Yorkshire Mayoral Combined Authority | 3 years | 10 | 4.59% | 03/04/2028 |
| Devon & Somerset Fire & Rescue Service | 2 years | 5 | 4.30% | 04/05/2027 |
| PCC for West Yorkshire | 1 year | 10 | 4.25% | 14/07/2026 |
| West Midlands Combined Authority | 2 years | 5 | 4.10% | 30/07/2027 |
| West Midlands Combined Authority | 1 year | 5 | 4.10% | 10/08/2026 |
| Leicester City Council | 2 years | 5 | 4.10% | 15/09/2027 |
| Total | | 67.5 | | |

*EIP final repayment date

- 2.7.5 Appendix 5 sets out in year repayments on long-term borrowing and further repayments for the next 6 months.
- 2.7.6 The Council has £30.0 million 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 Council has the option to either accept the new rate and terms or to repay the loan at no additional cost.
- 2.7.7 As market rates remain high, there is an increased probability of call options on the LOBOs being exercised by lenders. No LOBO loans were called during the 6 month period to September 2025, however there remains a possibility they could within the next 12 months and as such have been classified as short-term borrowing in the debt maturity table in Appendix 2.
- 2.7.8 If the option is exercised and an increased rate proposed, the Council plans to repay the loan at no additional cost as accepting the revised terms would mean the Council would still have refinancing risk in later years. If required, the Council will repay the LOBO's by borrowing from other local authorities or the PWLB.

2.8 Risk and Compliance issues

- 2.8.1 The Council reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, including the prudential indicators. Details can be found in Appendix 4. Indicators relating to affordability and prudence are highlighted in this appendix.
- 2.8.2 In line with the investment strategy, the Council has not placed any direct investments with companies as defined by the Carbon Underground 200.
- 2.8.3 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of the Council's consultants (Arlingclose), has proactively managed the debt and investments over the year.

3 Implications for the Council

3.1 Council Plan

N/A

3.2 Financial Implications

Any changes in assumed borrowing and investment requirements, balances and interest rates have been reflected in revenue budget monitoring reports during the year and the 2026/27 budget will be set to reflect the investment as per the capital plan and using the latest advice on forecast interest rates.

3.3 Legal Implications

N/A

3.4 Climate Change & Air Quality

N/A

3.5 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

N/A

4 Consultation

This report has been prepared by the Service Director - Finance, in consultation with the Executive Leadership Team.

5 Engagement

N/A

6 Options

6.1 Options Considered

N/A

6.2 Reasons for Recommended Option

N/A

7 Next steps and timelines

Comments and feedback from CGAC will be incorporated into this report which will be subsequently presented to Cabinet and Council in January.

8 Contact Officer

| | | |
|----------------|---------------------|--------------|
| James Anderson | Head of Accountancy | 01484 221000 |
| Rachel Firth | Finance Manager | 01484 221000 |

9 Background Papers and History of Decisions

CIPFA's Prudential Code for Capital Finance in Local Authorities.

CIPFA's Code of Practice on Treasury Management in the Public Services.

CIPFA's Treasury Management in the Public Services – Guidance notes

The treasury management strategy report for 2025/26 - Council 5 March 2025

Council Budget Strategy Update Report 2026/27 – Council 17 September 2025

Annual Report on Treasury Management 2024/25 - Annual Financial Outturn Report 2024/25; Council 16 July 2025.

10 **Appendices**

Appendix 1: Investments 25/26

Appendix 2: Debt Maturity

Appendix 3: Average Return on Total Investments

Appendix 4: Treasury Management Prudential Indicators

Appendix 5: Long-term loans

Appendix 6: Treasury Management Practices (TMP)

Appendix 7: PWLB Borrowing Rates Table

Appendix 8: Glossary of Treasury Terms

11 **Service Director responsible**

Kevin Mulvaney 01484 221000

Appendix 1

Kirklees Council Investments 2025/26

| Counterparty | Approved Strategy Limit £m | Approved Strategy Credit Rating | Credit Rating Sept 2025* | 1 April 2025 (opening) | | | 30-Jun-24 | | | 30-Sep-25 | | | |
|---------------------------------------|----------------------------|---------------------------------|--------------------------|------------------------|---------------|--------------------|---------------|---------------|--------------------|---------------|---------------|--------------------|---------------|
| | | | | £m | Interest Rate | Type of Investment | £m | Interest Rate | Type of Investment | £m | Interest Rate | Type of Investment | |
| <u>Specified Investments</u> | | | | | | | | | | | | | |
| LAPF | Property Fund | 10.0 | - | - | 10.0 | - | *** | 10.0 | - | *** | 10.0 | - | *** |
| DMO | Central Government | Unlimited | - | F1+/AA- | 18.0 | - | Fixed Deposit | 0.9 | 4.21% | Fixed Deposit | 26.8 | - | Fixed Deposit |
| PCC for Lancashire | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 10.0 | 4.30% | Fixed Deposit | - | - | Fixed Deposit |
| Royal Borough of Windsor & Maidenhead | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 5.0 | 4.25% | Fixed Deposit | - | - | Fixed Deposit |
| Uttlesford District Council | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 3.0 | 4.35% | Fixed Deposit | - | - | Fixed Deposit |
| West Northamptonshire Council | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 6.0 | 4.30% | Fixed Deposit | - | - | Fixed Deposit |
| Central Bedfordshire Council | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 5.0 | 4.30% | Fixed Deposit | - | - | Fixed Deposit |
| Wirral Borough Council | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 10.0 | 4.30% | Fixed Deposit | - | - | Fixed Deposit |
| Luton Borough Council | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 5.0 | 4.30% | Fixed Deposit | - | - | Fixed Deposit |
| Reading Borough Council | Local Authority | 10.0 | - | F1+/AA- | - | - | Fixed Deposit | 5.0 | 4.30% | Fixed Deposit | - | - | Fixed Deposit |
| Barclays Deposit Account | Bank | 10.0 | - | F1/A+ | 0.8 | 3.90% | Fixed Deposit | 0.0 | 4.30% | Fixed Deposit | 0.0 | 3.40% | Fixed Deposit |
| Aberdeen Standard | MMF** | 10.0 | AAA-A | AAA | 10.0 | 4.50% | MMF | 10.0 | 4.30% | MMF | 9.9 | 4.08% | MMF |
| Aviva | MMF** | 10.0 | Aaa-A2 | Aaa* | 10.0 | 4.54% | MMF | 10.0 | 4.32% | MMF | 9.9 | 4.09% | MMF |
| Deutsche | MMF** | 10.0 | AAA-A | AAA | 10.0 | 4.50% | MMF | 9.9 | 4.30% | MMF | 7.5 | 4.09% | MMF |
| Goldman Sachs | MMF** | 10.0 | AAA-A | AAA | 0.0 | 4.41% | MMF | 6.2 | 4.23% | MMF | 0.0 | 4.02% | MMF |
| | | | | 58.7 | | | 96.0 | | | 64.1 | | | |
| <u>Sector analysis</u> | | | | | | | | | | | | | |
| Property Fund | | 10.0 | | | 10.0 | 17% | | 10.0 | 10% | | 10.0 | 16% | |
| Local Authorities | | 10.0 | | | 0.0 | 0% | | 49.0 | 51% | | 0.0 | 0% | |
| Bank | | 10.0 | | | 0.8 | 1% | | 0.0 | 0% | | 0.0 | 0% | |
| MMF** | | 50.0 | | | 30.0 | 51% | | 36.1 | 38% | | 27.3 | 43% | |
| Central Government | | Unlimited | | | 18.0 | 31% | | 0.9 | 1% | | 26.8 | 42% | |
| | | | | 58.7 | 100% | | 96.0 | 100% | | 64.1 | 100% | | |
| <u>Country analysis</u> | | | | | | | | | | | | | |
| UK | | | | | 28.7 | 49% | | 59.9 | 62% | | 36.8 | 57% | |
| MMF** | | | | | 30.0 | 51% | | 36.1 | 38% | | 27.3 | 43% | |
| | | | | 58.7 | 100% | | 96.0 | 100% | | 64.1 | 100% | | |

*Fitch short/long term ratings, except Aviva MMF (Moody rating). See next page for key. The use of Fitch ratings is illustrative – the Council assesses counterparty suitability using all 3 credit rating agencies, where applicable, and other information on credit quality.

**MMF – Money Market Fund. These funds are domiciled in Ireland for tax reasons, but the funds are made up of numerous diverse investments with highly rated banks and other institutions. The credit risk is therefore spread over numerous countries, including the UK. The exception to this is the Aviva Government Liquidity Fund which invests directly in UK government securities and in short-term deposits secured on those securities.

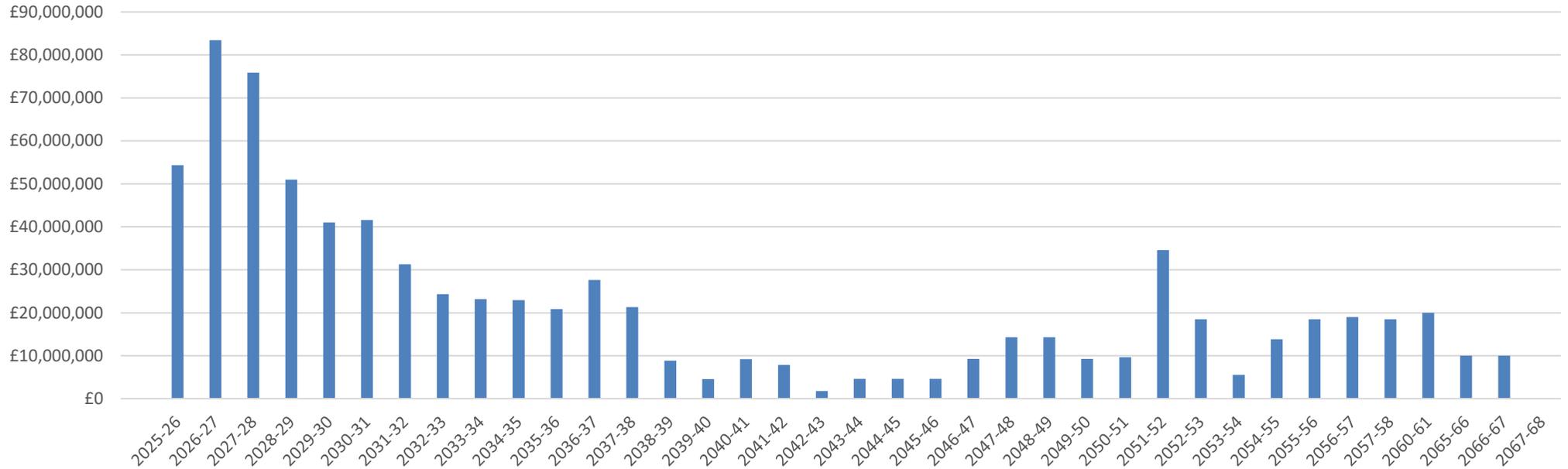
***Specialised property fund available for Local Authority investors.

Key – Fitch’s credit ratings:

Appendix 1 Continued

| | | Long | Short | | |
|-------------------|------------------|------------------|--------------|------|---|
| Investment Grade | Extremely Strong | AAA | F1+ | | |
| | | Very Strong | | AA+ | |
| | | | | AA | |
| | Strong | AA- | | | |
| | | A+ | | F1 | |
| | | A | | | |
| | Adequate | A- | | F2 | |
| | | BBB+ | | | |
| | | BBB | | | |
| Speculative Grade | Speculative | BBB- | F3 | | |
| | | Very Speculative | | BB+ | |
| | | | | BB | |
| | BB- | | | | |
| | Vulnerable | B+ | | B | |
| | | B | | | |
| | | B- | | | |
| | Defaulting | Defaulting | | CCC+ | C |
| | | | | CCC | |
| CCC- | | | | | |
| CC | | | | | |
| C | | | | | |
| | | D | D | | |

Debt Maturity - By Year

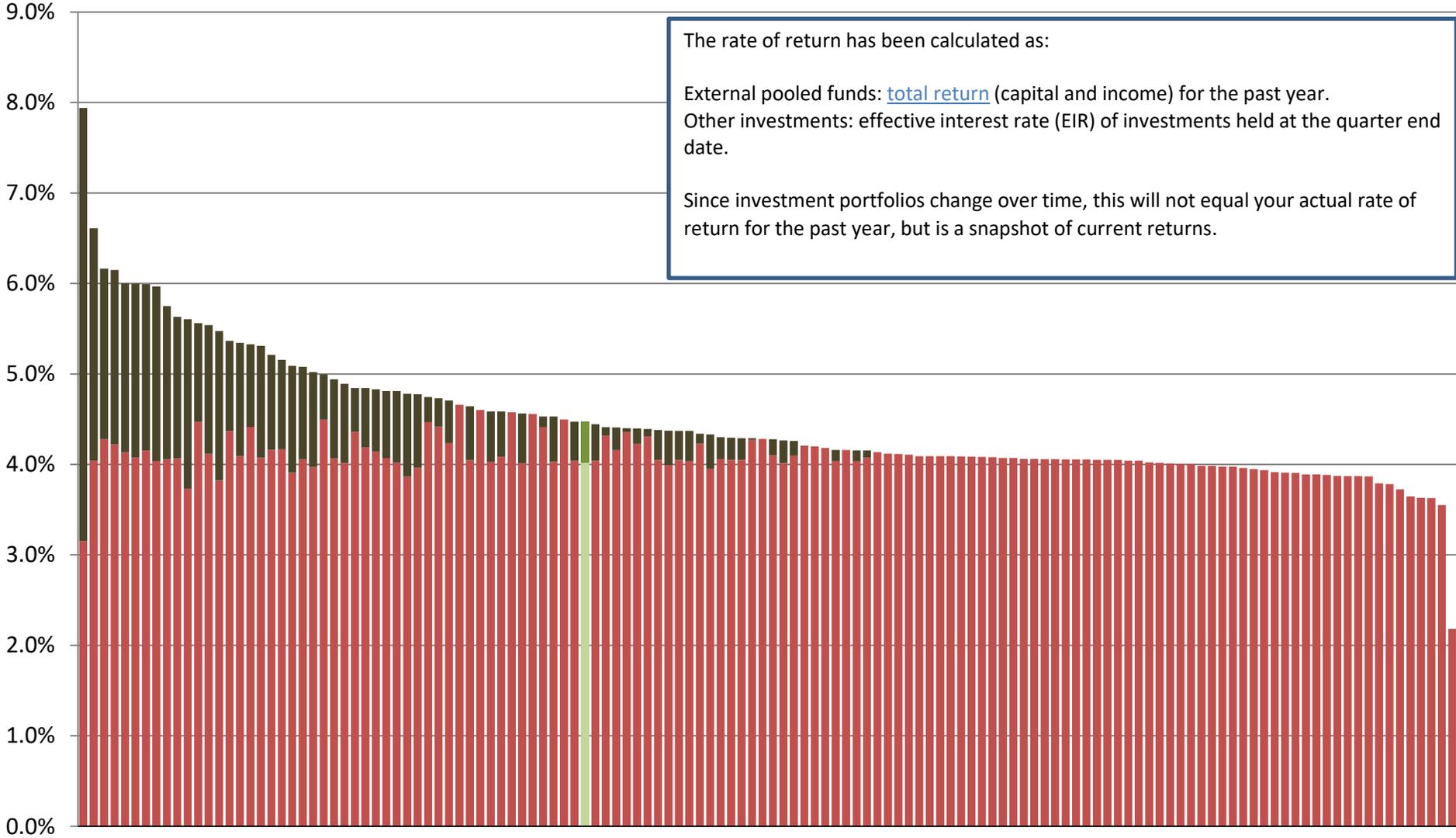


Total Return on Total Investment Portfolio (Internal & External Funds)

The rate of return has been calculated as:

External pooled funds: [total return](#) (capital and income) for the past year.
Other investments: effective interest rate (EIR) of investments held at the quarter end date.

Since investment portfolios change over time, this will not equal your actual rate of return for the past year, but is a snapshot of current returns.



■ Average rate on internal investments ■ Over-performance of external funds ■ Kirklees - 30/09/25

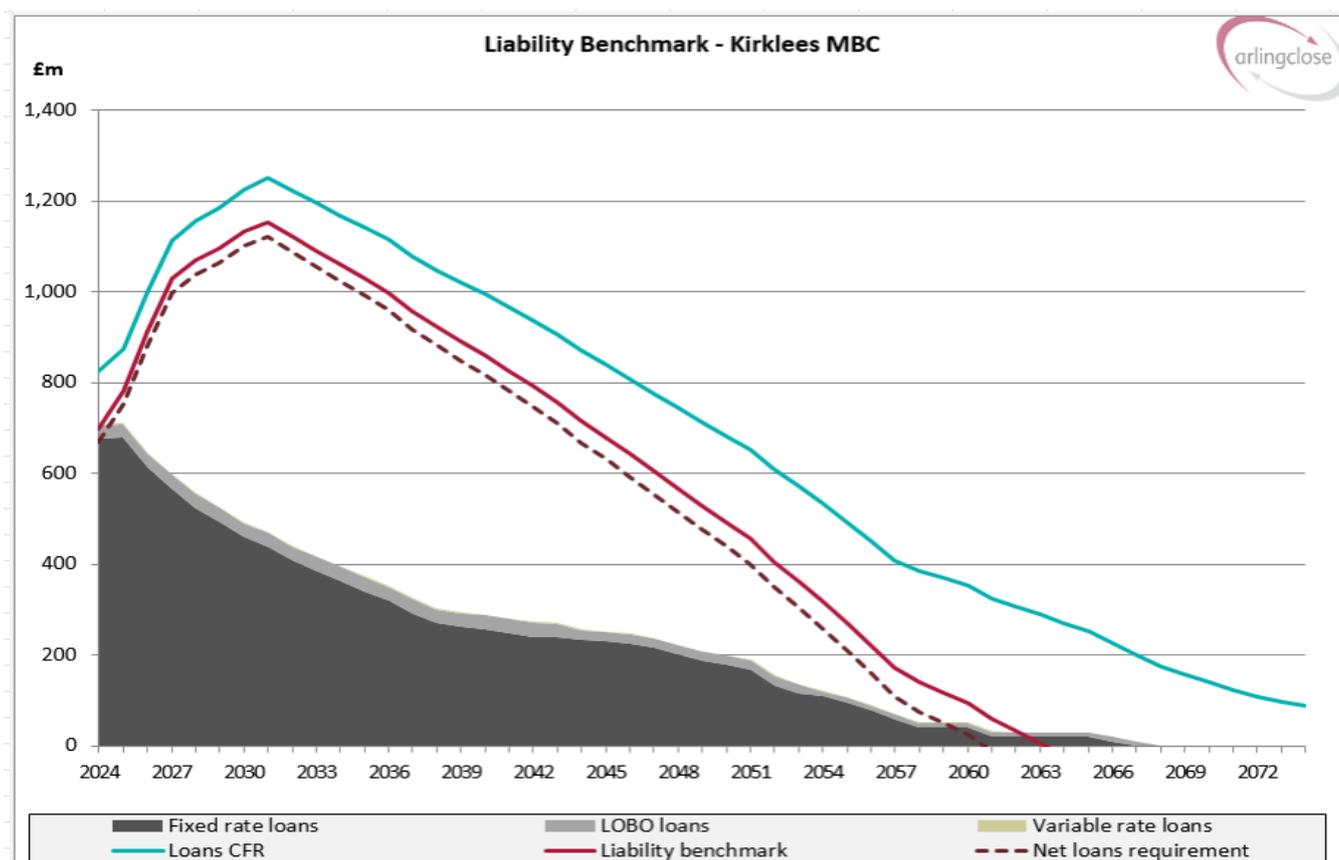
Treasury Management Prudential Indicators

Liability Benchmark

This new indicator compares the Council’s actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £30.0 million required to manage day-to-day cash flow.

| | 31.03.25 actual £m | 31.03.26 forecast £m | 31.03.27 forecast £m | 31.03.28 forecast £m |
|-------------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| Loans CFR | 849.7 | 930.1 | 1076.3 | 1166.5 |
| Less: Balance sheet resources | 134.3 | 122.0 | 123.0 | 123.0 |
| Net loans requirement | 715.4 | 808.1 | 953.3 | 1043.5 |
| Plus: Liquidity allowance | 58.6 | 30.0 | 30.0 | 30.0 |
| Liability benchmark | 774.0 | 838.1 | 983.3 | 1073.5 |
| Existing borrowing | 774.0 | 771.9 | 673.4 | 607.5 |

Following on from the medium term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £90.0 million in 2025/26, minimum revenue provision based on asset life and reduction in balance sheet resources of £12.3 million.



The total liability benchmark is shown in the chart above together with the maturity profile of the Council's existing borrowing. The red line is the liability benchmark reaching a peak in 2032 highlighting the gap between current borrowing identified in grey, which is reducing over time with repayments, and the additional borrowing required to fund the capital plan.

Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

| | Upper limit | Lower limit | 30.09.25 actual | Complied |
|--------------------------------|-------------|-------------|-----------------|----------|
| Under 12 months | 20% | 0% | 7% | Yes |
| 12 months and within 24 months | 20% | 0% | 11% | Yes |
| 24 months and within 5 years | 60% | 0% | 21% | Yes |
| 5 years and within 10 years | 80% | 0% | 18% | Yes |
| 10 years and above | 100% | 20% | 43% | Yes |

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £20.9 million have a potential repayment date during 2025/26 and have been included in the under 12 months line and an option of £10.0 million has a potential repayment date during 2026/27 and has been included in the 12 months and within 24 months.

Long term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

| | 2024/25 | 2025/26 | 2026/27 | No fixed date |
|---|---------|---------|---------|---------------|
| Limit on principal invested beyond year end | n/a | n/a | n/a | n/a |
| Actual principal invested beyond year end | £10.0m | £10.0m | £10.0m | £10.0m |
| Complied | Yes | Yes | Yes | Yes |

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Interest Rate Exposures

For context, the changes in interest rates during the half year were:

| | 01.04.25 | 30.09.25 |
|---|----------|----------|
| Bank Rate | 4.50% | 4.00% |
| 1-year PWLB certainty rate, maturity loans | 4.82% | 4.58% |
| 5-year PWLB certainty rate, maturity loans | 4.94% | 4.95% |
| 10-year PWLB certainty rate, maturity loans | 5.38% | 5.53% |
| 20-year PWLB certainty rate, maturity loans | 5.88% | 6.14% |
| 50-year PWLB certainty rate, maturity loans | 5.63% | 5.98% |

Long-term loans repaid during the period 01/04/25 to 30/09/25

| Counterparty | Amount £000s | Rate % | Date repaid |
|--|---------------------|---------------|--------------------|
| South Yorkshire Mayoral Combined Authority | 10,000 | 1.50% | 01-Apr-25 |
| Salix (Annuity) | 182 | 0.00% | 01-Apr-25 |
| Salix (Annuity) | 168 | 0.00% | 01-Apr-25 |
| PWLB (EIP) 674705 | 333 | 5.02% | 14-Apr-25 |
| PWLB (EIP) 711011 | 2,000 | 5.42% | 14-Apr-25 |
| PWLB (EIP) 340221 | 250 | 1.63% | 27-Apr-25 |
| West Yorkshire Combined Authority | 5,000 | 5.15% | 30-Apr-25 |
| Wealden District Council | 5,000 | 4.80% | 15-May-25 |
| PWLB (EIP) 439173 | 250 | 1.66% | 17-May-25 |
| PWLB (EIP) 677193 | 333 | 4.85% | 22-May-25 |
| PWLB (EIP) 778241 | 263 | 5.00% | 27-May-25 |
| PWLB (EIP) 779247 | 313 | 4.95% | 29-May-25 |
| PWLB (EIP) 680811 | 833 | 4.83% | 06-Jun-25 |
| PWLB (EIP) 685435 | 769 | 4.59% | 20-Jun-25 |
| PWLB (EIP) 685834 | 769 | 4.37% | 23-Jun-25 |
| PWLB (EIP) 785403 | 313 | 4.91% | 23-Jun-25 |
| PWLB (EIP) 739810 | 833 | 4.67% | 30-Jun-25 |
| PWLB (EIP) 373440 | 250 | 1.46% | 14-Jul-25 |
| Leicester City Council | 10,000 | 2.00% | 15-Jul-25 |
| PWLB (EIP) 794097 | 500 | 5.05% | 24-Jul-25 |
| PWLB (EIP) 643579 | 278 | 5.01% | 28-Jul-25 |
| PWLB (EIP) 795087 | 417 | 5.01% | 29-Jul-25 |
| PWLB (EIP) 594601 | 500 | 4.10% | 31-Jul-25 |
| PWLB (EIP) 594848 | 536 | 3.99% | 01-Aug-25 |
| PWLB (EIP) 797366 | 455 | 4.95% | 06-Aug-25 |
| PWLB (EIP) 538379 | 500 | 2.60% | 09-Aug-25 |
| PWLB (EIP) 751915 | 455 | 4.37% | 12-Aug-25 |
| PWLB (EIP) 799800 | 545 | 4.79% | 13-Aug-25 |
| Oxfordshire County Council | 5,000 | 2.00% | 15-Aug-25 |
| PWLB (EIP) 487385 | 250 | 2.28% | 21-Aug-25 |
| Salix (Annuity) | 186 | 0.00% | 01-Sep-25 |
| PWLB (EIP) 313112 | 250 | 1.64% | 04-Sep-25 |
| PWLB (EIP) 493145 | 250 | 1.98% | 09-Sep-25 |
| PWLB (EIP) 759388 | 208 | 4.52% | 12-Sep-25 |
| PWLB (EIP) 711013 | 385 | 4.75% | 15-Sep-25 |
| PWLB (EIP) 808715 | 500 | 4.85% | 17-Sep-25 |
| PWLB (EIP) 712740 | 357 | 4.59% | 19-Sep-25 |
| PWLB (EIP) 713074 | 357 | 4.64% | 22-Sep-25 |
| PWLB (EIP) 608189 | 667 | 4.15% | 22-Sep-25 |
| PWLB (EIP) 659904 | 333 | 5.06% | 22-Sep-25 |

| | | | |
|-----------------------|--------|-------|-----------|
| PWLB (EIP) 660447 | 333 | 5.08% | 22-Sep-25 |
| PWLB (Annuity) 496956 | 463 | 4.58% | 29-Sep-25 |
| PWLB (EIP) 661522 | 357 | 5.00% | 29-Sep-25 |
| Total | 51,941 | | |

Long-term loans to be repaid during the period 01/10/25 to 31/03/26 (excludes LOBO options)

| Counterparty | Amount £000s | Rate % | Date to be repaid |
|--|---------------------|---------------|--------------------------|
| Salix (Annuity) | 168 | 0.00% | 01-Oct-25 |
| PWLB (EIP) 674705 | 333 | 5.02% | 13-Oct-25 |
| PWLB (EIP) 711011 | 2,000 | 5.42% | 13-Oct-25 |
| PWLB (EIP) 816261 | 1,000 | 4.59% | 13-Oct-25 |
| PWLB (EIP) 340221 | 250 | 1.63% | 27-Oct-25 |
| South Yorkshire Mayoral Combined Authority | 5,000 | 5.40% | 17-Nov-25 |
| PWLB (EIP) 439173 | 250 | 1.66% | 17-Nov-25 |
| PWLB (EIP) 677193 | 333 | 4.85% | 24-Nov-25 |
| PWLB (EIP) 778241 | 263 | 5.00% | 26-Nov-25 |
| PWLB (EIP) 779247 | 313 | 4.95% | 01-Dec-25 |
| PWLB (EIP) 680811 | 833 | 4.83% | 08-Dec-25 |
| PWLB (EIP) 685435 | 769 | 4.59% | 22-Dec-25 |
| PWLB (EIP) 685834 | 769 | 4.37% | 22-Dec-25 |
| PWLB (EIP) 785403 | 313 | 4.91% | 23-Dec-25 |
| PWLB (EIP) 739810 | 833 | 4.67% | 29-Dec-25 |
| PWLB (EIP) 373440 | 250 | 1.46% | 12-Jan-26 |
| PWLB (EIP) 794097 | 500 | 5.05% | 26-Jan-26 |
| PWLB (EIP) 795087 | 417 | 5.01% | 26-Jan-26 |
| PWLB (EIP) 643579 | 278 | 5.01% | 27-Jan-26 |
| PWLB (EIP) 594601 | 500 | 4.10% | 31-Jan-26 |
| PWLB (EIP) 594848 | 536 | 3.99% | 01-Feb-26 |
| PWLB (EIP) 797366 | 455 | 4.95% | 06-Feb-26 |
| PWLB (EIP) 538379 | 500 | 2.60% | 09-Feb-26 |
| PWLB (EIP) 751915 | 455 | 4.37% | 12-Feb-26 |
| PWLB (EIP) 799800 | 545 | 4.79% | 13-Feb-26 |
| PWLB (EIP) 487385 | 250 | 2.28% | 21-Feb-26 |
| Salix (Annuity) | 186 | 0.00% | 01-Mar-26 |
| PWLB (EIP) 313112 | 250 | 1.64% | 04-Mar-26 |
| PWLB (EIP) 493145 | 250 | 1.98% | 09-Mar-26 |
| PWLB (EIP) 759388 | 208 | 4.52% | 12-Mar-26 |
| PWLB (EIP) 711013 | 385 | 4.75% | 13-Mar-26 |
| PWLB (EIP) 808715 | 500 | 4.85% | 17-Mar-26 |
| PWLB (EIP) 712740 | 357 | 4.59% | 19-Mar-26 |
| PWLB (EIP) 713074 | 357 | 4.64% | 20-Mar-26 |
| PWLB (EIP) 608189 | 667 | 4.15% | 21-Mar-26 |
| PWLB (EIP) 659904 | 333 | 5.06% | 23-Mar-26 |

| | | | |
|-----------------------|---------------|-------|-----------|
| PWLB (EIP) 660447 | 333 | 5.08% | 23-Mar-26 |
| PWLB (EIP) 661522 | 357 | 5.00% | 27-Mar-26 |
| PWLB (Annuity) 496956 | 473 | 4.58% | 29-Mar-26 |
| Total | 22,770 | | |

Medium and Long-term loans taken during the period 01/04/25 to 30/09/25

| | Loan Period | Amount £m | Rate % | Date to be repaid |
|--|-------------|-------------|--------|-------------------|
| PWLB (EIP) 816261 | 5 years | 10 | 4.59% | 11/4/2030* |
| Test Valley Borough Council | 5 years | 2.5 | 4.90% | 01/05/2030 |
| West of England Combined Authority | 1 year | 10 | 4.88% | 30/04/2026 |
| Wealden District Council | 1 year | 5 | 4.80% | 14/05/2026 |
| South Yorkshire Mayoral Combined Authority | 3 years | 10 | 4.59% | 03/04/2028 |
| Devon & Somerset Fire & Rescue Service | 2 years | 5 | 4.30% | 04/05/2027 |
| PCC for West Yorkshire | 1 year | 10 | 4.25% | 14/07/2026 |
| West Midlands Combined Authority | 2 years | 5 | 4.10% | 30/07/2027 |
| West Midlands Combined Authority | 1 year | 5 | 4.10% | 10/08/2026 |
| Leicester City Council | 2 years | 5 | 4.10% | 15/09/2027 |
| Total | | 67.5 | | |

*Final EIP payment date

TREASURY MANAGEMENT PRACTICES

The following Treasury Management Practices (TMPs) set out the manner in which the Council aims to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1. **TMP 1 Risk management**

The Service Director - Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

(i) **Credit and counterparty risk management**

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques are listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

(ii) **Liquidity risk management**

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

(iii) **Interest rate risk management**

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

(iv) **Exchange rate risk management**

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

(v) **Refinancing risk management**

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and

as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

(vi) Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

(vii) Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

(viii) Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

2. **TMP2 Performance measurement**

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery and of other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

3. **TMP3 Decision-making and analysis**

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

4. **TMP4 Approved instruments, methods and techniques**

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice when entering into arrangements to use such products.

5. **TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements**

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Service Director - Finance will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Service Director - Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegation to the Service Director - Finance in respect of treasury management is set out in the schedule to this document. The Service Director - Finance will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, as a CIPFA member, the Standard of Professional Practice on Treasury Management.

6. **TMP6 Reporting requirements and management information arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

The present arrangements and the form of these reports are detailed in the schedule to this document.

7. **TMP7 Budgeting, accounting and audit arrangements**

The Service Director - Finance will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with the TMPs. Budgeting

procedures are set out in the schedule to this document. The Service Director - Finance will exercise effective controls over this budget, and will report any major variations.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this function's accounts is set out in the schedule to this document.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.

8. **TMP8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Service Director - Finance and, with the exception of Secondary Schools' bank accounts, will be aggregated for cash flow purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director - Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1(i) Liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule to this document.

9. **TMP9 Money laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will ensure that staff involved in treasury management activities are fully aware of their responsibilities with regards this. The present safeguards, including the name of the officer to whom any suspicions should be reported, are detailed in the schedule to this document.

10. **TMP10 Training and qualifications**

The 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. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure that Members of the committee providing a scrutiny function have access to regular training relevant to their responsibilities.

11. **TMP11 Use of external service providers**

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. However, it also recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements and the Council's Contract Procedure Rules will always be observed. The monitoring of such

arrangement's rests with the Service Director - Finance, and details of the current arrangements are set out in the schedule to this document.

12. **TMP12 Corporate governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Service Director - Finance will monitor and, if necessary, report upon the effectiveness of these arrangements.

Management Practices for Non-Treasury Investments

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all investments are covered in the Capital and Investment Strategies, and will set out where appropriate, the Councils risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that of treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure.

Appendix 7

| PWLB Borrowing Rates % | | | | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 30/09/2025 | 31/03/2025 | 30/09/2024 | 28/03/2024 | 29/09/2023 | 31/03/2023 | 30/09/2022 |
| Annuity | | | | | | | |
| 15 years | 5.57 | 5.49 | 4.90 | 4.86 | 5.39 | 4.46 | 5.17 |
| 20 years | 5.91 | 5.75 | 5.10 | 5.04 | 5.54 | 4.60 | 5.14 |
| 30 years | 6.31 | 6.09 | 5.43 | 5.35 | 5.81 | 4.87 | 5.15 |
| 50 years | 6.44 | 6.16 | 5.53 | 5.39 | 5.80 | 4.83 | 4.80 |
| Maturity | | | | | | | |
| 15 years | 6.13 | 5.95 | 5.29 | 5.23 | 5.70 | 4.78 | 5.15 |
| 20 years | 6.34 | 6.11 | 5.47 | 5.38 | 5.83 | 4.90 | 5.11 |
| 30 years | 6.46 | 6.19 | 5.55 | 5.41 | 5.84 | 4.86 | 4.85 |
| 50 years | 6.18 | 5.87 | 5.33 | 5.21 | 5.61 | 4.61 | 4.41 |
| EIP | | | | | | | |
| 15 years | 5.47 | 5.42 | 4.86 | 4.83 | 5.36 | 4.45 | 5.20 |
| 20 years | 5.76 | 5.64 | 5.01 | 4.96 | 5.46 | 4.54 | 5.14 |
| 30 years | 6.15 | 5.96 | 5.30 | 5.24 | 5.71 | 4.79 | 5.15 |
| 50 years | 6.44 | 6.18 | 5.54 | 5.42 | 5.86 | 4.90 | 4.99 |

Glossary of Treasury Terms

| | |
|--|--|
| Authorised Limit | The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh authorities) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Authority and needs to be consistent with the Authority's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the <i>Operational Boundary</i> to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit. |
| Balances and Reserves | Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure. |
| Bank Rate | The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'. |
| Basis Point | 1/100th of 1%, i.e. 0.01% |
| Bill | A certificate of short-term debt issued by a company, government or other institution, tradable on the financial market |
| Bond | A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life. |
| Capital Expenditure | Expenditure on the acquisition, creation or enhancement of capital assets. |
| Capital Financing Requirement (CFR) | The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed. |
| Capital gain or loss | An increase or decrease in the capital value of an investment, for example through movements in its market price. |
| Capital growth | Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund). |
| Capital receipts | Money obtained on the sale of a capital asset. |
| Certainty Rate | The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLb) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending. |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| Collective Investment Schemes | Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes/pooled funds. |
| Corporate Bonds | Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies. |
| Corporate Bond Funds | Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations. |
| CPI <i>Also see RPI</i> | Consumer Price Index. (This measure is used as the Bank of England's inflation target.) |
| Cost of carry | When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim. |
| Counterparty List | List of approved financial institutions with which the Council can place investments. |
| Credit Default Swap (CDS) | A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading. |
| Credit Rating | Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees. |

| | |
|---|--|
| Debt Management Office (DMO) | The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Fund (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating. |
| Diversification / diversified exposure | The spreading of investments among different types of assets or between markets in order to reduce risk. |
| Derivatives | Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'. |
| ECB | European Central Bank |
| Fair Value | Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded. |
| Federal Reserve | The US central bank. (Often referred to as "the Fed") |
| Floating Rate Notes | A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting. |
| GDP | Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy. |
| General Fund | This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the Housing Revenue Account). |
| Gilts (UK Govt) | Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity. |
| Housing Revenue Account (HRA) | A ring-fenced account of all housing income and expenditure, required by statute. |
| IFRS | International Financial Reporting Standards. |
| Income Distribution | The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'. |
| Local Authority Property Fund (LAPF) | A pooled property collective investment scheme for Churches, Charities and Local Authorities. (See Collective Investment Scheme). |
| Liability Benchmark | Term in CIPFA's Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero). |
| LOBOs | LOBO stands for 'Lender's Option Borrower's Option'. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility. |
| Maturity | The date when an investment or borrowing is repaid. |
| Maturity profile | A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis. |
| MiFID II | MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors. |
| Minimum Revenue Provision (MRP) | An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets. |
| Money Market Funds (MMF) | Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity. |

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| Net Asset Value (NAV) | A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities. |
| Operational Boundary | This is the limit set by the Authority as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Authority's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year. |
| Pooled funds | See Collective Investment Schemes (above). |
| Premiums and Discounts | <p>In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.</p> <p>*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.</p> |
| Private Finance Initiative (PFI) | Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority. |
| Investment Property | Property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. |
| Prudential Code | Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. |
| Prudential Indicators | Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between authorities. |
| PWLB | Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments. |
| Revenue Expenditure | Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges. |
| Risk | <p>Credit and counterparty risk The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.</p> <p>Liquidity risk The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.</p> <p>Refinancing risk The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.</p> <p>Interest Rate risk</p> |

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| | <p>The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.</p> <p>Legal risk The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.</p> <p>Operational risk The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.</p> <p>Market Risk The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.</p> |
| RPI | Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are updated using the CPI index. |
| SORP | Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom). |
| Specified Investments | Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating. |
| Supported Borrowing | Borrowing for which the costs are supported by the government or third party. |
| Temporary Borrowing | Borrowing to cover peaks and troughs of cash flow, not to fund spending. |
| Term Deposits | Deposits of cash with terms attached relating to maturity and rate of return (interest). |
| Treasury (T) -Bills | Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating. |
| Treasury Management Code | CIPFA's Code of Practice for Treasury Management in the Public Services. The current Code is the edition released in 2021. |
| Treasury Management Practices (TMP) | Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities. |
| Unsupported Borrowing | Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing. |
| Usable Reserves | Resources available to finance future revenue and capital expenditure. |
| Variable Net Asset Value (VNAV) | A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices. |
| Working Capital | Timing differences between income/expenditure and receipts/payments |
| Yield | The measure of the return on an investment instrument. |