Kirklees COUNCIL

Report title: Annual Report on Treasury Management 2025/26

Meeting:	**Corporate Governance and Audit Committee**
Date:	**19 June 2026**
Cabinet Member (if applicable)	**Councillor TBC**
Key Decision **Eligible for Call In**	**Yes** **Yes**
Purpose of Report The report to this committee reviews borrowing and investment 2025/26 performance before it is considered by Cabinet and Council.	
Recommendations Corporate Governance and Audit Committee are asked to note the treasury management performance in 2025/26 as set out in this report, prior to its submission to Cabinet and Council. **Reasons for Recommendations** Financial Procedure Rules (Section 9.5) require that the Council via Corporate Governance and Audit Committee receives an annual report on Treasury Management activities for the previous financial year.	
Resource Implications: There are no additional resource implications required as part of this report as it relates to Treasury Management activities undertaken in 2025/26.	
Date signed off by Executive Director & name **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director for Legal Governance and Commissioning?**	**N/A** **Kevin Mulvaney – 4/06/2026** **Sam Lawton –4/06/2026**

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. Executive Summary

1.1 The Council's treasury management operation for the year has followed the strategy approved by Council on 5 March 2025 (see paragraph 2.1.4 below).

1.2 The treasury management budget underspent by £5.5m against a budget of £37.7m. The variations in the budget are summarised below:-

	Budget (£m)	Actual (£m)	Variation (£m)
Interest payable	30.3	28.4	-1.9
Investment income	-2.1	-5.0	-2.9
MRP	9.5	8.8	-0.7
Total	**37.7**	**32.2**	**-5.5**

The main drivers of this underspend are capital slippage (£3.1m), a discount from the prepayment of Barclays loans (£1.0m), Minimum Revenue Provision (MRP) savings (£0.7m), and additional loan income (£0.7m).

1.3 The Council complied with its treasury management prudential indicators in the year (see Appendix 5).

1.4 Investments averaged £84.5 million and were largely deposited in instant access accounts earning an average interest rate of 4.11%.

1.5 Total external borrowing at 31 March 2026 increased by £42.8 million to £816.8 million (£774.0 million as at 31 March 2025). This was in line with expectations and planned borrowing as per forecasted update. The Council took £90.0 million new Government long term loans from the Public Works Loan Board (PWLB) (see paragraph 2.6.4 for more detail) and an additional £67.5 million Local Authority short to medium term loans (see paragraph 2.6.5 for more detail).

1.6 The large increase in long term loans was a result of borrowing for the capital plan, re-financing existing borrowing maturing during the year and a reduction in internal borrowing.

1.7 The Council fixed rate loans account for 96.33% of total long-term debt (see paragraph 2.6.6) which gives the Council stability in its interest costs and minimising exposure to fluctuating short term rates.

2 Information required to take a decision

2.1 Introduction

2.1.1 The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports. The

Council operates its treasury management service in compliance with this Code and various statutory requirements.

2.1.2 This report includes the requirement in the 2021 Code, mandatory from 1st April 2023, of reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal revenue and capital monitoring report.

2.1.3 Financial Procedure Rules require that the Council receives an annual report on Treasury Management activities for the year. Cabinet is responsible for the implementation and monitoring of the treasury management policies. Corporate Governance and Audit Committee undertake an oversight role with regard to treasury management.

2.1.4 The Council's treasury management strategy for 2025/26 was approved at a meeting on 5 March 2025. The Council 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 risk remains central to the Council's treasury management strategy and that borrowing is undertaken on a prudent, affordable and balanced basis.

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2.2 The Economy and Interest Rates

2.2.1 The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

2.2.2 The UK economy Gross Domestic Product (GDP) grew year on year across 2025 by 1.3%. Meanwhile real GDP grew by 0.5% in the three months to February 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

2.2.3 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards and was expected to fall further over the coming months to the BoE's 2% target but the war has changed this. In March 2026 core CPI rose 3.3%, up from 3.0% in February. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

2.2.4 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to February 2026, the unemployment rate fell to 4.9% (from 5.2%), while the employment rate was 75.0%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

2.2.5 After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in both March and April. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

2.2.6 Following the April MPC meeting, Arlingclose, the Council's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

2.3 Local Context

2.3.1 On 31 March 2026, the Council had net borrowing of £786.6 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance sheet summary

	2024/25 £m actual	2025/26 £m actual
General Fund CFR - Non PFI	694.0	749.6
PFI	38.3	33.4
HRA CFR - Non PFI	159.1	159.1
PFI	47.9	45.1
Total CFR	**939.3**	**987.2**
Less: PFI debt liabilities	86.2	78.4
Other deferred liabilities	4.3	5.3
Borrowing CFR	**848.8**	**903.5**
Less external borrowing *	774.0	816.8
Internal (over) borrowing	74.8	86.7
Total borrowing	**848.8**	**903.5**
Less: Balance sheet resources	133.4	116.9
Net borrowing	**715.4**	**786.6**
Investments	58.6	30.2

* shows only loans to which the Council is committed

2.3. The treasury management position at 31 March 2026 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.03.25 Balance £m	Movement £m	31.03.26 Balance £m	31.03.26 Weighted Average Rate %	31.03.26 Weighted Maturity Years
Long-term borrowing					
PWLB	623.3	56.2	679.5	4.34	11.56
LOBOs**	30.8	0.0	30.8	4.39	0.32
Loan stock (fixed rate)	7.0	0.0	7.0	11.60	5.67
Other LT loans (fixed rate)	40.0	-40.0	0.0	N/A	N/A
Other MT loans (fixed rate)	31.4	11.1	42.5	4.40	1.71
Short-term borrowing	41.5	15.5	57.0	4.54	0.41
Total borrowing	**774.0**	**42.8**	**816.8**	**4.42**	**9.80**
Long-term investments	10.0	0.0	10.0	4.25	N/A
Short-term investments	18.0	-18.0	0.0	N/A	N/A
Cash and cash equivalents	30.6	-10.4	20.2	3.82	N/A
Total investments	**58.6**	**-24.4**	**30.2**	**3.96**	**N/A**
Net borrowing	**715.4**	**71.2**	**786.6**		

** included in long term due to official maturity dates however option dates used for maturity analysis

2.4 Investment Activity

2.4.1 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represent balances that need to be invested until the cash is required for use in the course of business.

2.4.2 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 of incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.4.3 The Council's overall Treasury Management Strategy prioritises security and liquidity of its investments before seeking a higher rate of return, which was adhered to in 2025/26.

2.4.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

2.4.5 The Council's treasury management investments totalled £30.2 million as at 31 March 2026 (£58.6 million 31 March 2025). The Council invested an average balance of £84.5 million externally during the year (£64.5 million 2024/25). Interest income of £3.0 million was generated through these investments (£2.7 million 2024/25) and £0.4 million dividend income from the CCLA Property Fund (£0.4 million 2024/25). Appendix 1 shows where investments were held at the beginning of April 2025, the end of September 2025 and the end of March 2026, by counterparty, by sector and by country. The Council's average lending rate for the year was 4.13% (4.97% 2024/25). Average investment balances were higher than strategy levels due to the phasing of borrowing, which was taken evenly throughout the year.

2.4.6 The majority of investments were placed in liquid instruments such as instant access bank deposit accounts, DMO (Debt Management Office) and Money Market Funds (MMFs). MMFs offer greater diversification of counterparties, thus lowering risk as well as instant access.

2.4.7 Bank Rate reduced from 4.50% to 4.25% in May 2025, again to 4.00% in August 2025 and again to 3.75% in December 2025 with short term interest rates largely being around these levels. The rates on DMADF (Debt Management Account Deposit Facility) deposits fell from a peak of 4.45% at the start of the year to 3.70% at year end. Money Market Rates also fell and were between 4.54% at the start and 3.70% at the end of year.

2.4.8 The Council continues to hold £10 million investment in the Local Authorities Pooled Investment Fund (LAPF). The Local Authorities Property Fund was established in 1972 and is managed by CCLA Fund Managers. As at March 2026 there are property assets under management of £1,023 million. The Fund aims to provide investors with regular revenue income and long-term price stability and it is an actively managed, diversified portfolio of UK commercial property. It principally invests in UK assets but may invest in other assets.

2.4.9 The fund returned a gross dividend yield of 3.99% in 2025/26 (4.28% 2024/25) and net income of £0.4 million was received by the Council in 2025/26 (£0.4 million in 2024/25).

2.4.10 UK commercial property experienced a more stable backdrop than in the most difficult period following the sharp rise in yields in 2022 and 2023. Lower interest rate expectations and a firmer tone in markets for much of the year helped support valuations, although capital values were broadly flat overall. Income remained the main driver of returns, with rental income providing a relatively resilient contribution. However, as with other asset classes, the environment became more uncertain towards the end of the period.

2.4.11 Strategic fund investments are made in the knowledge that capital values will move both up and down over time. Unrealised cumulative capital losses of £1.3 million will not have an impact on the General Fund as the Council is utilising a government statutory override for pooled investment funds. Under the Regulations, gains and losses resulting from unrealised fair value movements, that otherwise must be recognised in the income and expenditure account under IFRS9, are not currently charged to the revenue account, and must be taken into an unusable reserve account.

2.4.12 Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024. The Council's LAPF investment will therefore be covered by the extension of the override and no further investments in pooled funds are planned. Following the end of the statutory override, any gains or losses arising on these investments will be recognised in the Surplus or Deficit on the Provision of Services and will therefore impact General Fund balances.

2.5 Borrowing Update

2.5.1 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 decision that will increase the Capital Finance Requirement (CFR) 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.

2.5.2 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.

2.5.3 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.

2.5.4 Gilt yields slightly decreased over most of the period; reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget. Subsequent to the war in the Middle East however, gilt yields saw a rapid rise to above the yield at the beginning of the financial year.

2.5.5 The 10-year UK benchmark gilt yield started the period at 4.65% and ended at 4.86%, having reached a low of 4.23% and a high of 4.95% in the space of a month. While the 20-year gilt started at 5.18% and ended at 5.45%, hitting a low of 4.92% and a high of 5.55% respectively.

2.5.6 On 31st March 2026 the PWLB certainty rates for maturity loans were 5.72% for 10-year loans, 6.23% for 20-year loans and 6.08% for 50-year loans. Their equivalents on 31st March 2025 were 5.42%, 5.91% and 5.67% respectively. The increase in long term rates, despite a drop in the base rate, reflects the premium borrowers are facing to lock in costs against such an uncertain backdrop and therefore means the Council is currently focusing on short to medium term borrowing to fund the capital plan.

2.5.7 For the majority of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 4.00% - 4.50%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.

2.5.8 The PWLB HRA rate, which is 0.4% below the certainty rate, is available up to March 2027. This discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans. The HRA did not undertake any new borrowing in 2025/26.

2.6 Borrowing Activity

2.6.1 As outlined in the Treasury Management 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. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing.

2.6.2 In terms of borrowing, long-term loans maturing greater than one year totalled £720.4 million and short-term loans maturing within 12 months (excluding interest accrued) totalled £96.5 million (£698.9 million and £75.2 million 31 March 2025), an overall increase of £42.8 million. Appendix 2 details repayments of long-term loans during the year and short-term loans outstanding as at 31 March 2026.

2.6.3 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark (see Appendix 5), which also considers usable reserves and working capital. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a combination of short-term borrowing and longer-term repayment loans.

2.6.4 The Council borrowed £90.0 million of new long-term Equal Instalment of Principal (EIP) and maturity loans from the PWLB in 2025/26. The borrowing was taken throughout the year, in small regular amounts, as agreed with our treasury advisors, with the exception of 872724 (see 2.6.9 for explanation).

	Amount £m	Rate %	Duration	Start date	Maturity date
EIP Loans					
PWLB (816261)	10.00	4.59%	5 years	11/04/2025	11/04/2030
PWLB (870513)	5.00	4.69%	6 years 6 months	21/10/2025	21/04/2032
PWLB (872724)	30.00	4.69%	10 years	29/10/2025	29/10/2035
PWLB (883372)	5.00	4.67%	8 years	03/12/2025	02/12/2033
PWLB (889989)	5.00	4.68%	8 years 6 months	24/12/2025	23/06/2034
PWLB (897472)	5.00	4.69%	10 years	22/01/2026	22/01/2036
PWLB (904498)	5.00	4.66%	8 Years	13/02/2026	13/02/2034
PWLB (909379)	5.00	4.68%	11 years	03/03/2026	03/03/2037
Maturity Loans					
PWLB (894922)	5.00	4.65%	4 years 6 months	14/01/2026	12/07/2030
PWLB (900042)	5.00	4.64%	4 years	30/01/2026	30/01/2030
PWLB (907395)	5.00	4.63%	4 years	24/02/2026	30/01/2030
PWLB (915854)	5.00	4.72%	1 year 1 month	25/03/2026	23/04/2027
Total	**90.0**				

An EIP loan pays back principal over the life of the loan, and the interest associated with the loan goes down as the principal outstanding reduces, the maturity date above refers to the final principal repayment.

2.6.5 Over the period the Council took advantage of a limited amount of medium-term loans over a 2 to 5 year time frame from other authorities. The table below shows £32.5 million of new loans taken during 2025/26, there are further medium term loans totalling £10.0 million taken previous years still outstanding at 31 March 2026.

	Amount £m	**Rate %**	**Start date**	**Maturity date**
South Yorkshire Mayoral Combined Authority	10.00	4.59%	01/04/2025	03/04/2028
Devon & Somerset Fire Service	5.00	4.30%	01/05/2025	04/05/2027
Test Valley Borough Council	2.50	4.90%	01/05/2025	01/05/2030
West Midlands Combined Authority	5.00	4.10%	01/08/2025	30/07/2027
Leicester City Council	5.00	4.10%	15/09/2025	15/09/2027
West Midlands Combined Authority	5.00	4.30%	03/10/2025	01/10/2027
Total	**32.50**			

2.6.6 Fixed rate loans account for 96.33% of total debt (see also Appendix 5) giving the Council stability in its interest costs. The maturity profile for all long-term loans is shown in Appendix 3 and shows that no more than 15.48% of all debt is due to be repaid in any one year (12.26% excluding LOBO's). This is good practice as it reduces the Council's exposure to a substantial borrowing requirement in any one particular future year, when interest rates might be at a relatively high level.

2.6.7 The primary source of the Council's borrowing is from the Governments PWLB representing 83.29% of total external borrowing.

2.6.8 The Council continues to hold £30.8 million of LOBO loans which represents 3.67% of total external borrowing. LOBO loans are 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 or to repay the loan at no additional cost. No LOBO loans were called during 2025/26.

2.6.9 During the year the Council undertook a voluntary debt restructuring exercise, prematurely repaying four long-term fixed-rate loans with Barclays with a total principal value of £40.0 million. The repayments were agreed at a combined discount of £10.5 million, resulting in a redemption cost of £29.5 million. The transaction was undertaken to take advantage of favourable market conditions and reduce long-term revenue costs. Independent treasury advisers supported the negotiations and verified the redemption values. The prepayments are projected to generate significant long-term savings, forecast at £2.1 million over the life of the loans on a net present value basis.

2.6.10 To manage refinancing and interest-rate risk, part of the redemption was subsequently offset through new longer-term borrowing, with a £30.0m 10-year PWLB EIP loan arranged shortly after the prepayment once market rates improved (see 2.6.4 for further detail). In accounting terms, the transaction is treated as a debt extinguishment and replacement. In line with CIPFA guidance and capital finance regulations, the £10.5 million prepayment discount will not be taken as a one-off benefit, but will instead be spread over ten years starting in 25/26, ensuring the financial benefit is recognised prudently and sustainably over the medium term.

2.6.11 The average borrowing rate for 2025/26 for the Council's outstanding debt was 4.42% (4.26% 2024/25).

2.7 Trends in Treasury Management Activity

2.7.1 Appendix 4 shows the Council's borrowing and investment trends over the last 8 years. This highlights the current trend of borrowing shorter and longer term to fund cashflow.

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 5. Indicators relating to affordability and prudence are highlighted in this appendix.

2.8.2 On one occasion during the year, unexpected late receipts combined with payment authorisation limits resulted in a one-day overnight balance of £10.6 million with Barclays, temporarily exceeding the £10.0 million counterparty limit. The position was resolved the following day and all actions were taken with senior officer approval. There was no financial loss or increased credit risk.

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.

2.8.4 The CIPFA Code of Practice requires that treasury management performance be subject to regular member scrutiny. The Corporate Governance and Audit Committee performs this role and members have received reports on strategy, half yearly monitoring and now the outturn for the year 2025/26. Training was provided to Members in January 2026.

<u>Looking Ahead – Treasury Management Developments in 2026/27</u>

2.9 Re-financing/re-payment of current Long-Term Borrowing

2.9.1 As outlined within the Council approved Treasury Management Strategy 2026/27, the Council will continue to look to repay existing long-term debt when the opportunity arises where it becomes beneficial for the Council to do so.

2.9.2 Council officers will liaise with the Council's external Treasury Management advisors, Arlingclose, to review lender options, and proceed if they are considered to be in the longer-term best interests of the Council.

2.10 Loan Funding Sources

2.10.1 The Council may be presented with additional sources of long-term funding at certain points in time, beyond those currently listed in the Council's current Treasury Management Strategy. These may be at preferential rates of interest and therefore the Service Director Finance (Section 151 Officer) will look to maximise the use of source funds when it is preferential to do so.

2.11 Investment Opportunities

2.11.1 The Service Director Finance, supports the approach that the borrowing and investment strategy for 2026/27 continues to place emphasis on the security and liquidity of the Council's balances.

2.11.2 The investment in the CCLA property fund (see paragraphs 2.4.5 to 2.4.9) is part of a longer-term investment strategy to mitigate against any short-term market volatility or risk. As this fund has no defined maturity date its performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. 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 longer period total returns will exceed cash interest rates.

2.12 New Borrowing

2.12.1 As mentioned previously, the Council has an increasing CFR due to the capital programme. The Council's current approach to fund the capital plan is to use a combination of short and longer-term borrowing. Unfortunately borrowing rates remain high and are likely to stay high in the near term. As short and medium-term rates remain slightly lower over a shorter time frame compared to longer-term, the Council will continue to borrow this way to minimise borrowing costs, although resulting in a higher proportion of debt that is not fixed over longer periods.

2.12.2 As noted, Arlingclose expect the base rate to hold at 3.75% during 26/27. Long-term PWLB loans will be taken if gilt yields drop and the opportunity to take those fixed rate loans are presented.

2.12.3 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing will be maintained considering the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.

2.12.4 As noted in the 2026/27 Treasury Management Strategy report, the Council will also consider the opportunity to arrange forward starting loans (with alternative lenders as these are not available through the PWLB), where the interest rate is fixed in advance but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. Again, this would only be undertaken after having considered the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.

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 will be reflected in revenue budget monitoring reports during the year.

3.3 **Legal Implications**
N/A

3.4 **Climate Change and Air Quality**
N/A

3.5 **Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**
N/A

4 Consultation
N/A

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 considered at Cabinet and Council in June/July 2026 as part of the overall financial outturn and rollover report 2025/26.

8. Contact officer

James Anderson	Head of Accountancy
Rachel Firth	Finance Manager
Sam Whitaker	Interim Finance Manager

9. Background Papers and History of Decisions
CIPFA's Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021 edition
CIPFA's Prudential Code for Capital Finance in Local Authorities 2021 edition
Public Works Loan Board Website.
Treasury Management 2025/26 Strategy Report approved by Council on 5 March 2025.

10. Appendices
Appendix 1: Kirklees Council Investments 2025/26
Appendix 2: Long-term loans repaid and short-term loans outstanding 31 March 2026
Appendix 3: Loan Maturity Profile (All Debt)
Appendix 4: Borrowing and Investment Trends
Appendix 5: Treasury Management Prudential Indicators
Appendix 6: Glossary of Treasury Terms

11. Service Directors responsible

Kevin Mulvaney	01484 221000
Sam Lawton	01484 221000

APPENDIX 1

Kirklees Council Investments 2025/26

Counterparty		**Credit Rating Mar 2026***	**01-Apr-25 £m**	**Interest Rate**	**Type of Investment**	**30-Sep-25 £m**	**Interest Rate**	**Type of Investment**	**31-Mar-26 £m**	**Interest Rate**	**Type of Investment**
Specified Investments											
Barclays	Bank	F1/A+	0.1	3.90%	Instant Access	0.0	3.40%	Instant Access	0.0	3.15%	Instant Access
Aberdeen Standard	MMF**	AAAmmf	10.0	4.50%	Instant Access	9.9	4.08%	Instant Access	2.6	3.82%	Instant Access
Aviva	MMF**	Aaa-mf	10.0	4.54%	Instant Access	10.0	4.09%	Instant Access	9.1	3.82%	Instant Access
Deutsche	MMF**	AAAmmf	10.0	4.50%	Instant Access	7.6	4.08%	Instant Access	8.5	3.82%	Instant Access
Goldman Sachs	MMF**	AAAmmf	0.0	4.41%	Instant Access	0.1	4.02%	Instant Access	0.0	3.70%	Instant Access
Essex PFCC	Police & Fire		7.0	5.10%	Police & Fire	0.0	N/A	Police & Fire	0.0	N/A	Police & Fire
Debt Management Office	Cent Govt		11.8	4.45%	Cent Govt	26.8	3.96%	Cent Govt	0.0	N/A	Cent Govt
CCLA	Property Fund		10.0	N/A	Property Fund	10.0	N/A	Property Fund	10.0	N/A	Property Fund
			58.9			**64.4**			**30.2**		
Sector Analysis			**£m**	**%age**		**£m**	**%age**		**£m**	**%age**	
Bank			0.1	0%		0.0	0%		0.0	0%	
MMF**			30.0	51%		27.6	43%		20.2	67%	
Local Authorities/Cent Govt			18.8	32%		26.8	42%		0.0	0%	
Property Fund			10.0	17%		10.0	16%		10.0	33%	
			58.9	100%		**64.4**	100%		**30.2**	100%	
Country analysis			**£m**	**%age**		**£m**	**%age**		**£m**	**%age**	
UK			28.9	49%		36.8	57%		10.0	33%	
MMF**			30.0	51%		27.6	43%		20.1	67%	
			58.9	100%		**64.4**	100%		**30.2**	100%	

*Fitch short/long term ratings, except Aviva MMF (highest Moody rating). See next page for key. ** 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.

Key – Fitch's credit ratings:

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

Appendix 2

Long-term loans repaid and short-term loans outstanding 31 March 2026

Long-term loans repaid during 2025/26

	Amount £000s	Rate %	Date repaid
Repayments on maturity loans			
Barclays 1	7,432*	3.90	16/10/2025
Barclays 2	7,739*	4.10	16/10/2025
Barclays 3	7,223*	3.81	16/10/2025
Barclays 4	7,118*	3.75	16/10/2025
South Yorkshire Mayoral Combined Authority	10,000	1.50	01/04/2025
West Yorkshire Combined Authority	5,000	5.15	30/04/2025
Wealden District Council	5,000	4.80	15/05/2025
Leicester City Council	10,000	2.00	15/07/2025
Oxfordshire County Council	5,000	2.00	15/08/2025
South Yorkshire Mayoral Combined Authority	5,000	5.40	17/11/2025
*Amounts repaid net of discount			
Repayments on annuity loans			
PWLB (496956)	473	4.58	29/03/2026
PWLB (496956)	463	4.58	29/09/2025
Salix	182	0.00	01/04/2025
Salix	168	0.00	01/04/2025
Salix	186	0.00	01/09/2025
Salix	168	0.00	01/10/2025
Salix	186	0.00	01/03/2026
Repayments on EIP loans			
PWLB (674705)	333	5.02	14/04/2025
PWLB (711011)	2,000	5.42	14/04/2025
PWLB (340221)	250	1.63	27/04/2025
PWLB (439173)	250	1.66	17/05/2025
PWLB (677193)	333	4.85	22/05/2025
PWLB (778241)	263	5.00	27/05/2025
PWLB (779247)	313	4.95	29/05/2025
PWLB (680811)	833	4.83	06/06/2025
PWLB (685435)	769	4.59	20/06/2025
PWLB (685834)	769	4.37	23/06/2025
PWLB (785403)	313	4.91	23/06/2025
PWLB (739810)	833	4.67	30/06/2025
PWLB (373440)	250	1.46	14/07/2025

PWLB (794097)	500	5.05	24/07/2025
PWLB (643579)	278	5.01	28/07/2025
PWLB (795087)	417	5.01	29/07/2025
PWLB (594601)	500	4.10	31/07/2025
PWLB (594848)	536	3.99	01/08/2025
PWLB (797366)	455	4.95	06/08/2025
PWLB (538379)	500	2.60	09/08/2025
PWLB (751915)	455	4.37	12/08/2025
PWLB (799800)	545	4.79	13/08/2025
PWLB (487385)	250	2.28	21/08/2025
PWLB (313112)	250	1.64	04/09/2025
PWLB (493145)	250	1.98	09/09/2025
PWLB (759388)	208	4.52	12/09/2025
PWLB (711013)	385	4.75	15/09/2025
PWLB (808715)	500	4.85	17/09/2025
PWLB (712740)	357	4.59	19/09/2025
PWLB (713074)	357	4.64	22/09/2025
PWLB (608189)	667	4.15	22/09/2025
PWLB (659904)	333	5.06	22/09/2025
PWLB (660447)	333	5.08	22/09/2025
PWLB (661522)	357	5.00	29/09/2025
PWLB (674705)	333	5.02	13/10/2025
PWLB (711011)	2,000	5.42	13/10/2025
PWLB (816261)	1,000	4.59	13/10/2025
PWLB (340221)	250	1.63	27/10/2025
PWLB (439173)	250	1.66	17/11/2025
PWLB (677193)	333	4.85	24/11/2025
PWLB (778241)	263	5.00	26/11/2025
PWLB (779247)	313	4.95	01/12/2025
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PWLB (759388)	208	4.52	12/03/2026
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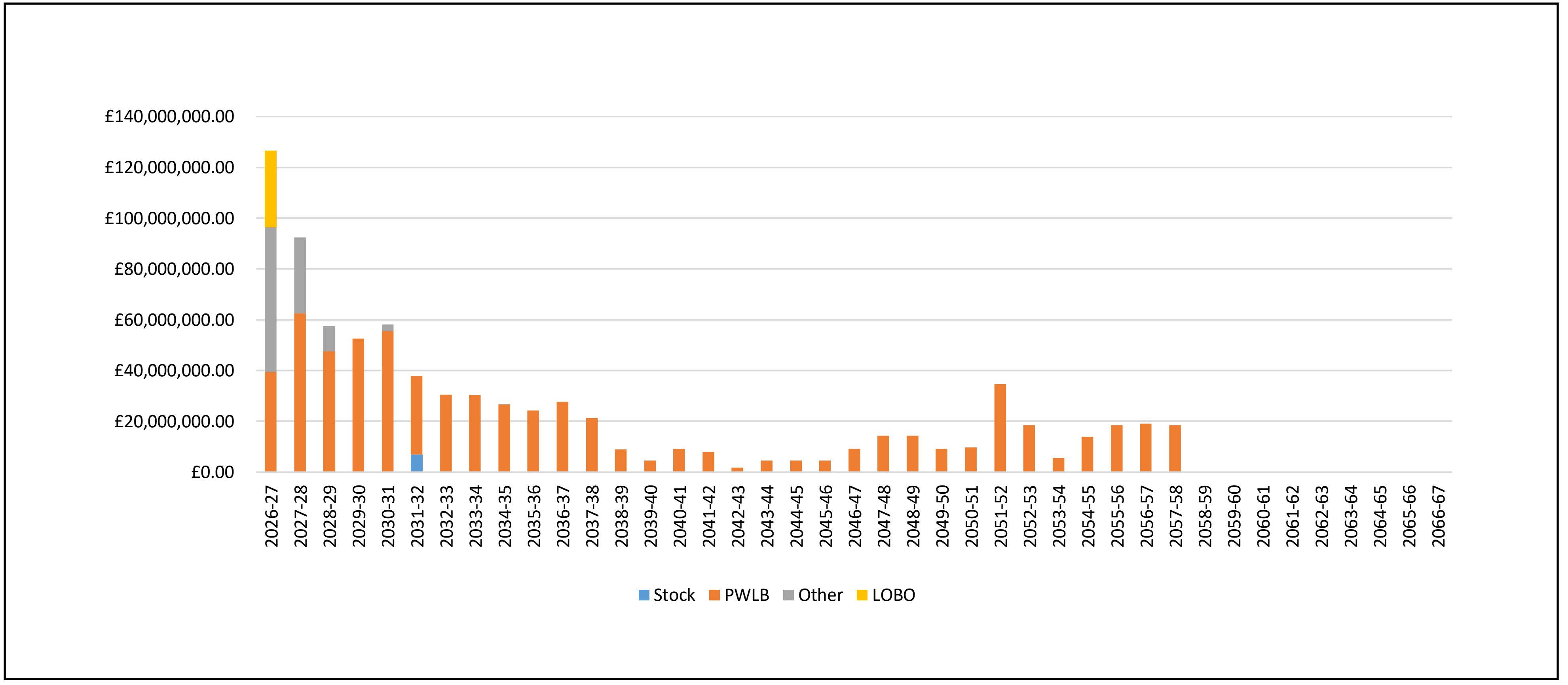
PWLB (712740)	357	4.59	19/03/2026
PWLB (713074)	357	4.64	20/03/2026
PWLB (608189)	667	4.15	21/03/2026
PWLB (659904)	333	5.06	23/03/2026
PWLB (660447)	333	5.08	23/03/2026
PWLB (661522)	357	5.00	27/03/2026
Total	**104,224**		

Short-term loans outstanding 31 March 2026

	Amount £000s	Rate %	Length of loan (days)
Short-term borrowing from other Local Authorities			
West of England Combined Authority	10,000	4.88	364
Wealden District Council	5,000	4.80	364
West Yorkshire Police	10,000	4.25	364
West Midlands Combined Authority	5,000	4.10	364
Medium-term loans due to mature in the next twelve months			
Oxfordshire County Council	5,000	5.00	1,065
Oxfordshire County Council	5,000	5.00	1,064
Cambridgeshire & Peterborough Combined Authority	5,000	4.70	730
Elmbridge Borough Council	5,000	4.50	731
West Midlands Combined Authority	5,000	4.30	367
Local Lenders/Trust Funds	1,499	3.60	
Total temporary borrowing	**56,499**		
Long-term PWLB loans due to mature in the next twelve months	39,432		
Long-term Salix loans due to mature in the next twelve months	540		
Total	**96,471**		

Kirklees Council Loan Maturity Profile (All Debt)



The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £30.8 million have a potential repayment date during 2026/27.

Appendix 4

Kirklees Council - Borrowing and Investment Trends

At 31 March	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Investments	30.2	58.6	39.1	44.0	78.9	37.1	52.0	39.1
ST Borrowing (excl interest accrued)	96.5	75.2	66.2	101.0	26.6	50.0	53.2	11.8
LT Borrowing	720.4	698.8	641.1	512.8	442.3	375.8	373.7	384.1
Total Borrowing	816.8	774.0	707.3	613.8	468.9	425.8	426.9	395.9
Net debt position	**786.6**	**715.4**	**668.2**	**569.8**	**390.0**	**388.7**	**374.9**	**356.8**
Capital Financing Requirement (excl PFI)								
General Fund	749.6	694.0	663.2	617.0	556.1	500.1	461.6	436.6
HRA	159.1	159.1	163.7	168.0	166.0	170.3	175.3	175.3
Total CFR	**908.8**	**853.1**	**826.9**	**785**	**722.1**	**670.4**	**636.9**	**611.9**
Less deferred liabilities (non PFI)	5.3	4.3	3.4	3.5	3.6	3.6	3.7	3.9
Borrowing CFR	**903.5**	**848.8**	**823.5**	**781.5**	**718.5**	**666.8**	**633.2**	**608**
Balances "internally invested"	86.7	74.8	116.2	167.7	249.6	241.0	206.3	212.1
Ave Kirklees' investment rate for financial year	4.1%	4.9%	5.3%	1.9%	0.1%	0.1%	0.7%	0.7%
Ave Base rate (Bank of England)	4.0%	4.9%	5.0%	2.3%	0.2%	0.1%	0.7%	0.7%
Ave LT Borrowing rate (1)	6.1%	5.6%	5.3%	4.0%	2.1%	2.5%	2.6%	2.7%

(1) Based on average PWLB rate throughout the year on a 25 to 30 year loan (less 0.2% PWLB certainty rate) repayable on maturity.

Appendix 5

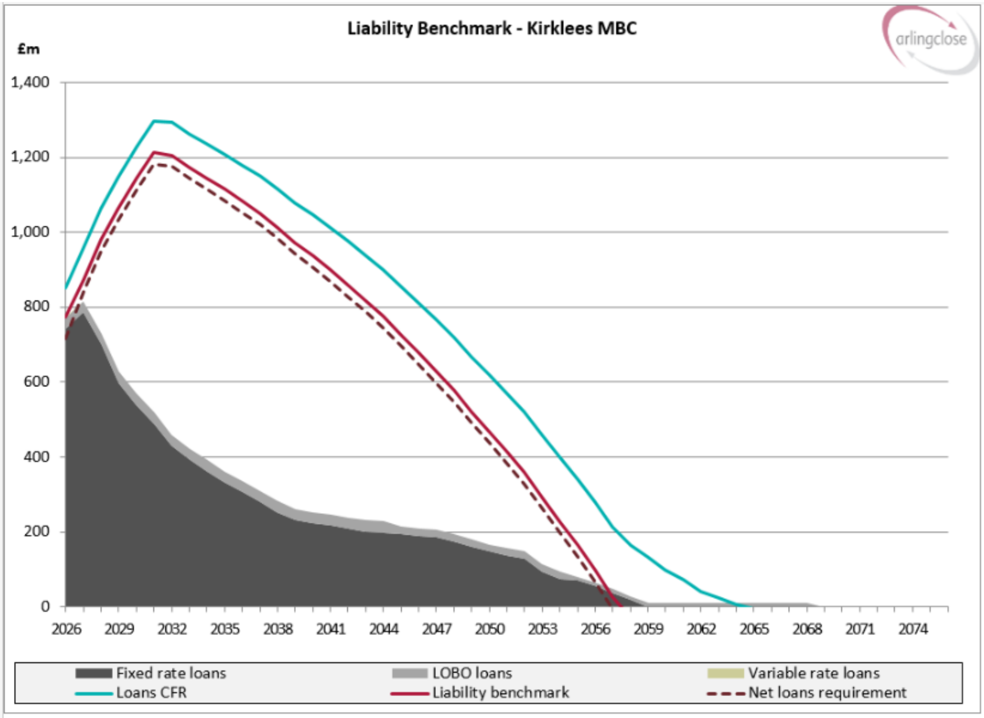
Treasury Management Prudential Indicators

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 actual £m	31.03.27 forecast £m	31.03.28 forecast £m
Loans CFR	**848.8**	**903.5**	**1,099.1**	**1,191.0**
Less: Balance sheet resources	133.4	116.9	116.0	115.0
Net loans requirement	**715.4**	**786.6**	**983.1**	**1,076.0**
Plus: Liquidity allowance	58.6	30.2	30.0	30.0
Liability benchmark	**774.0**	**816.8**	**1,013.1**	**1,106.0**
Existing borrowing	**774.0**	**816.8**	**720.4**	**627.9**

The long-term liability benchmark for 2025/26 includes new capital expenditure funded by borrowing of £70.8 million, minimum revenue provision on new building capital expenditure based on a 50-year asset life and reduction in Balance sheet resources of £16.5 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**	**31.03.26 actual**	**31.03.26 actual £m**	**Complied**
Under 12 months	25%	0%	15.5%	126.4	Yes
12 months and within 24 months	25%	0%	11.3%	92.5	Yes
24 months and within 5 years	60%	0%	20.6%	168.2	Yes
5 years and within 10 years	80%	0%	18.3%	149.7	Yes
10 years and above	100%	20%	34.3%	280.1	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 £30.9 million have a potential repayment date during 2026/27 and have been included in the under 12 months line.

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:

	2025/26	**2026/27**	**2027/28**	**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

This indicator is set to control the Authority’s exposure to interest rate risk.

Interest rate risk indicator	2025/26 Target	31.3.26 Actual	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£4.4m	£1.26m	Yes

Bank Base Rate fell by 0.75% during the year from 4.5% on 1st April 2025 to 3.75% on 31 March 2026.
For context, the changes in interest rates during the year were:

	31.03.25	31.03.26
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, maturity loans	4.82%	5.04%
5-year PWLB certainty rate, maturity loans	4.94%	5.28%
10-year PWLB certainty rate, maturity loans	5.38%	5.72%
20-year PWLB certainty rate, maturity loans	5.88%	6.23%
50-year PWLB certainty rate, maturity loans	5.63%	6.08%

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 *Operational Boundary* to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.
Annuity	Method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
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 ***Also see RPI***	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'.
Debt Management Account Deposit Facility (DMADF)	HM Treasury deposit account to provide users with a flexible and secure facility to supplement existing range of investment options while saving interest costs for central government.
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.
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	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. *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.
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	**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. **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. **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. **Interest Rate risk** 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. **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. **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. **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.
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 uprated 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.