

Appendix 3 - Treasury Management Update TBM5

Treasury Management Activity

	GF Borrowing	HRA Borrowing	Total Borrowing	Movement	Investments	Movement
	£'000	£'000	£'000		£'000	
Opening Balances 1 June 2026	(162,265)	(358,030)	(520,295)	=	31,440	
Long-Term Borrowing raised (GF)	(20,000)	-	(20,000)	↑	-	=
Long-Term Borrowing raised (HRA)	-	(20,000)	(20,000)	↑	-	=
Long-Term Borrowing repaid (GF)	601	-	601	↓	-	=
Long-Term Borrowing repaid (HRA)	-	-	-	=	-	=
Short Term Borrowing raised	-	-	-	=	-	=
Short Term Borrowing repaid	5,000	-	5,000	↓	-	=
Investments made	-	-	-	=	55	↑
Investments maturing	-	-	-	=	-	=
Net Money Market Transactions	-	-	-	=	21,582	↑
Net Movement	(14,399)	(20,000)	(34,399)	↑	21,637	↑
Closing Balances 31 August 2026	(176,664)	(378,030)	(554,694)	↑	53,077	↑

Key Activities

Treasury Management activity during the period has focused on ensuring the authority has sufficient liquidity to fund day-to day expenditure through investing available cash in instant access Money Market Funds (MMFS); and undertaking borrowing when required to meet temporary liquidity need, refinance maturing debt and support the council's ongoing capital financing requirement. Two new PWLB loans were undertaken in the period to fund the council's ongoing capital financing requirement, with one General Fund loan of £20m undertaken at a rate of 4.96% for a term of 3 years, and one HRA loan of £20m undertaken at a rate of 4.64% for a term of 4 years. New borrowing has been undertaken on relatively short terms compared to the wider borrowing portfolio due to currently elevated interest rates on medium to longer term borrowing; which whilst increases refinancing risk in the short term in a volatile interest rate environment, is anticipated to reduce ongoing costs and allow refinancing when longer terms rates are forecast to be lower.

Investment Performance

The council's investment portfolio (adjusted for pooled funds) achieved an average rate of 3.90% in the period, outperforming against the SONIA benchmark rate of 3.73%. Investment balances have been largely maintained in liquid MMFs, with returns slightly increased compared to earlier in the year as money markets factor in a potential Base Rate increase.

Investment Performance

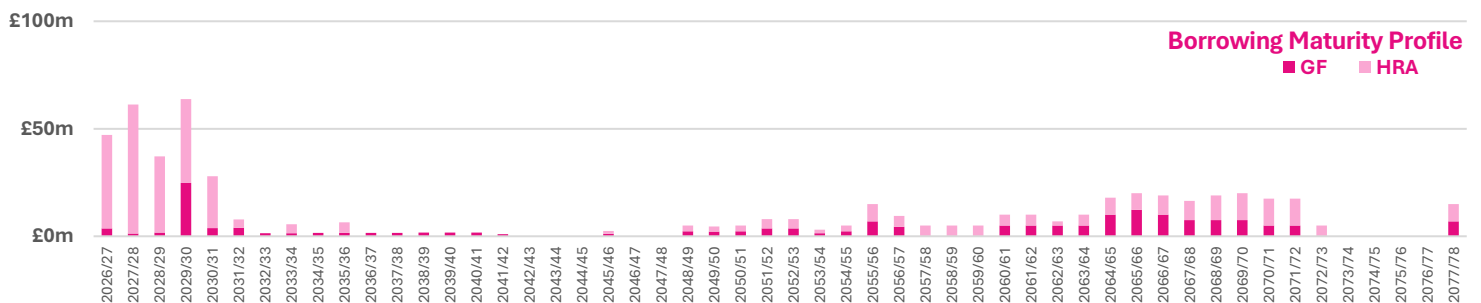
	Oct to March 2025/26	April - May 2026	June - Aug 2026	DoT
Average Investment Rate	4.15%	3.87%	3.90%	↑
SONIA Benchmark Rate	3.83%	3.73%	3.73%	=
Performance against benchmark rate	0.32%	0.14%	0.17%	
	✓	✓	✓	

Borrowing Summary

Total borrowing at the end of the period was £554.694m held at an average rate of 3.39% as set out in the table below. The level of borrowing continues to be within the council's Capital Financing Requirement and limits set as part of its approved Treasury Management Strategy. The average rate of borrowing continues to be within budgeted rates for the current financial year.

Borrowing Summary as at 31 May 2026

	General Fund £'000	HRA £'000	Total £'000	Average Rate %
PWLB	162,734	361,960	524,694	3.33%
Market Loans	13,930	16,070	30,000	4.33%
Short Term Borrowing	-	-	-	0.00%
Total Borrowing	176,664	378,030	554,694	3.39%



Risks & Mitigations

The council sets a number of indicators and limits within its approved Treasury Management Strategy to ensure any treasury management decisions are in accordance with the council's risk appetite. With interest rates on borrowing currently elevated and volatile, impacted by the war in Iran and inflation concerns, there is a risk that new borrowing is undertaken at a higher rate than budgeted. Borrowing costs are being monitored closely with the council's treasury advisors to seek cost effective borrowing within a volatile market, with the option to undertake short term borrowing to manage more immediate liquidity need if required.