This report is public	
Treasury Management Report – Q3 2025/26 (Dec 2025)	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2026
Report of	Assistant Director of Finance (S151), Michael Furness

Purpose of report

To provide information on treasury management performance and compliance with treasury management policy for 2025-26 as required by the Treasury Management Code of Practice.

To demonstrate that all treasury management activities undertaken during the reporting period complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of this Treasury Management Performance Report.

2. Executive Summary

2.1 The council complies with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the council to approve Treasury Management semi-annual and annual reports.

2.2 The council's Treasury Management Strategy for 2025-26 was approved by Council on 24 February 2025. The Treasury indicators have been included in this report as per the 2021 CIPFA Treasury Management in the Public Services Code of Practice requirements.

Implications & Impact Assessments

Implications	Commentary			
Finance	The financial implications have been taken into account in the Budget Management reports considered by Executive. Lynsey Parkinson, Strategic Business Partner. 27 February 2026			
Legal	The presentation of the report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators. Denzil Turbervill, Head of Legal, 3 March 2026			
Risk Management	It is essential that this report is considered by the Audit Committee as it demonstrates that the risk of not complying with the council's Treasury Management Policy has been avoided. This and any other risks related to this report will be managed through the service operational risk and escalated to the leadership risk register as and when necessary. Celia Prado-Teeling, Performance and Insight Team Leader, 2 March 2026			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		X		Not applicable
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not applicable
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not applicable
Climate & Environmental Impact		X		Investments made in line with approved Treasury Strategy
ICT & Digital Impact				Not applicable
Data Impact				Not applicable

Procurement & subsidy				Not applicable
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

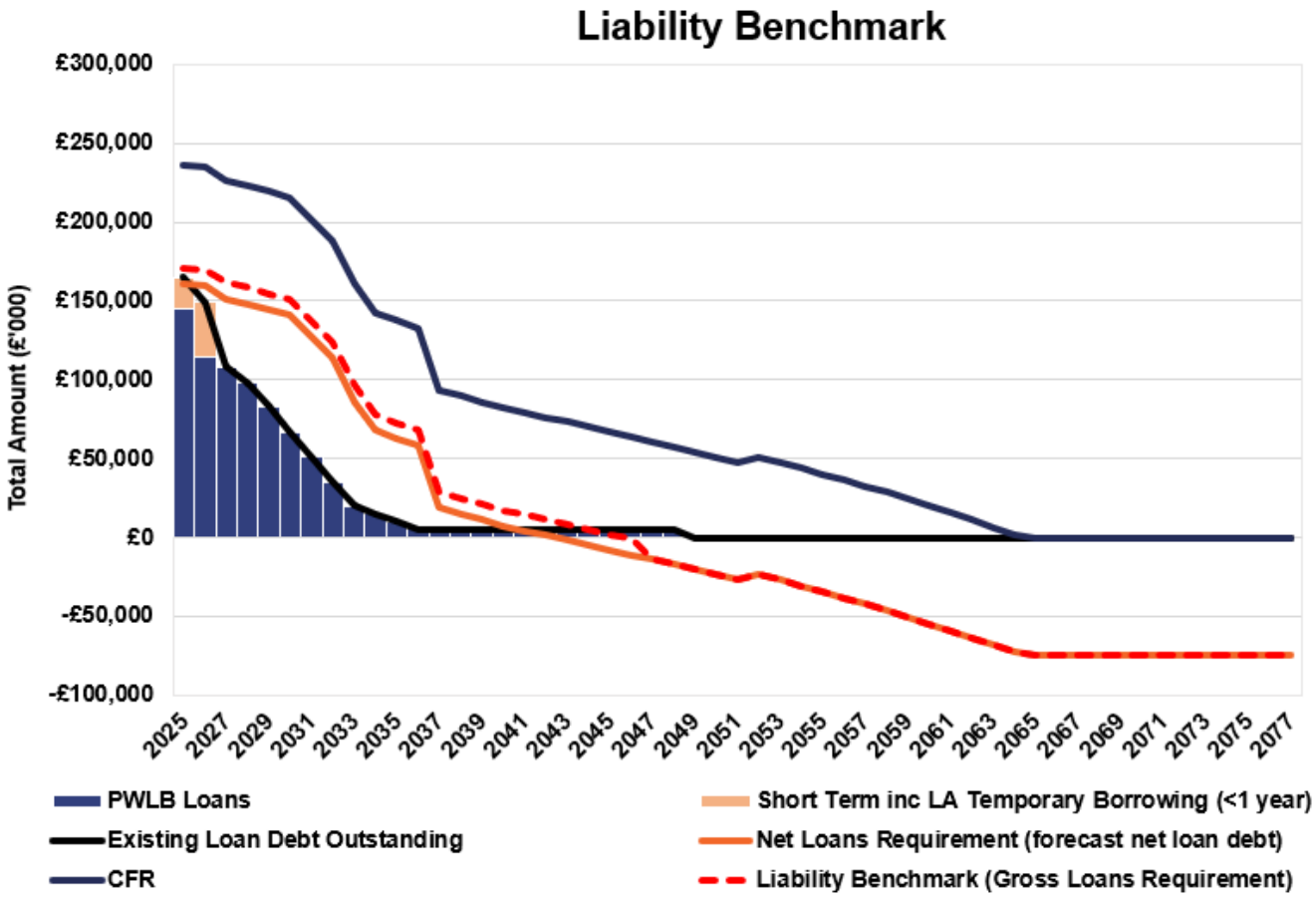
3.1 It is a statutory duty for the council to determine and keep under review its affordable borrowing limits. During the first three quarters of 2025/26, the council has operated within the treasury and prudential indicators set out in the council's Treasury Management Strategy Statement for 2025/26. The Assistant Director of Finance reports that no difficulties are envisaged for future years in complying with these indicators.

3.2 As at the end of December 2025 the council had borrowing of £149m and investments of £34m – a net borrowing position of £115m. This is a reduction from the net borrowing position of £130m at 30/09/25.

3.3 The net borrowing position at the end of December 2024 was £143m. The year-on-year decrease is primarily due to the £14.6m discount the PWLB awarded on repaying a 50-year loan early. The discount is to be amortised over 10 years, resulting in a £1.46m windfall in 25/26 which has been moved to reserves. This is referred to in point 4.17 and reflected in the forecast year end position under other interest receivable in Table 12.

3.4 The Liability benchmark is a prudential indicator which shows the Capital Financing Requirement (CFR), loan requirements and committed loans in a 50-year forecast. This graph reflects the council's position on the basis that no new capital expenditure is funded from borrowing after the end of the current capital programme.

Table 1: Liability benchmark



This graph above demonstrates the following:

3.5 The council is expecting its loans to decrease in line with the CFR and that it will not be in an overborrowed position in the future.

3.6 Cash flow is being actively managed by utilising internal borrowing (comprising of reserves and working capital) to bridge the shortfall between the CFR and net loan requirement.

3.7 New loans will need to be secured to bridge the gap between the existing loan debt and the net loan requirement. Refer to Table 5 for further detail.

3.8 Setting the liquidity buffer at £10m is delivering tangible savings in borrowing expenses and is not expected to impact the council's ability to meet its cashflow obligations.

3.9 According to the current forecast, which assumes the reserves forecast does not change, the requirement for borrowing ceases in the financial year 2041/42. The final £5 million PWLB loan, with a fixed interest rate of 2.5%, is scheduled to mature on 31 May 2048.

4. Details

Borrowing performance for year as of 31 December 2025

4.1 The council continues to pursue its strategy of keeping borrowing below its Capital Financing requirements, this is referred to as internal borrowing, in order to reduce risk and borrowing costs.

4.2 The council's main objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

Table 2: Borrowing Position for quarter ended 31 December 2025

	Borrowing Amount £m	Average Interest Rate	Interest Paid Budget £m	Interest Paid Actual £m	Variance to Date £m
April to Dec 25	156 (average)	2.87%	3.684	3.432	(0.252)
As at 31/12/25	149	2.82%	-	-	-

* Interest payable relates to external loans only, excluding finance lease and other interest

4.3 The council's loans have an average life of 4.29 years. As a comparison, the table below shows average borrowing rates.

Table 3: Average borrowing rates for the reporting period

HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 31.12.25

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
31/12/2025	4.37%	4.78%	5.34%	5.95%	5.71%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.52%	4.81%	5.38%	6.08%	5.82%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

4.4 A full list of current borrowing is shown below:

Table 4: Borrowing

Lender	Principal Borrowed £m	Maturity Date
Middlesbrough Council	5	12/01/2026
Middlesbrough Council	5	13/01/2026
Lincolnshire County Council	5	01/05/2026

Lincolnshire County Council	5	29/05/2026
West Yorkshire Combined Authority	5	30/06/2026
South Oxfordshire District Council	5	17/07/2026
PWLB 7-year maturity	6	19/09/2026
Portsmouth City Council	5	28/09/2026
PWLB 5-year maturity	10	26/07/2027
PWLB 10-year maturity	10	31/05/2028
PWLB 6-year maturity	5	26/07/2028
PWLB 7-year maturity	10	26/07/2029
PWLB 10-year maturity	6	25/09/2029
PWLB 8-year maturity	10	26/07/2030
PWLB 11-year maturity	6	19/09/2030
PWLB 9-year maturity	16	26/07/2031
PWLB 10-year maturity	15	26/07/2032
PWLB 15-year maturity	5	31/05/2033
PWLB 15-year maturity	5	25/09/2034
PWLB 16-year maturity	5	19/09/2035
PWLB 30-year maturity	5	31/05/2048
TOTAL	**149**	

4.5 The council monitors its exposure to refinancing risk with the maturity structure of borrowing indicator. While it is important to have flexibility to navigate changing market conditions it is critical that loan repayments are spread appropriately. The lower limit has been considered but kept at zero to ensure that the council is not forced into taking borrowing in a particular category that would lock it into an unfavourable borrowing situation.

Table 5: Maturity structure of borrowing

Refinancing rate risk indicator	Upper limit	Lower limit	Actual structure
Under 12 months	50%	0%	27%
12 months and within 24 months	50%	0%	7%
24 months and within 5 years	60%	0%	32%
5 years and within 10 years	70%	0%	31%
10 years and above	80%	0%	3%

Investment performance 1 April to 31 December 2025

4.6 Funds available for investment are on a temporary basis because the council prioritises keeping borrowing to a minimum and only invests surplus funds retained to meet its commitments. The availability of investable funds is primarily influenced by the timing of precept payments, receipt of grants and funding of the Capital Programme.

4.7 Table 6 below shows the investment position during and at the end of the reporting period. Treasury management interest income is currently on track to meet budget expectations, reflecting stable performance in line with forecasted investment returns.

Table 6: Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to Dec 25	30 (average)	4.20%	(0.800)	(0.912)	(0.112)
As at 31/12/25	34	4.10%	-	-	-

4.8 As a comparison, Table 7 below shows average money-market rates. The average investment period for fixed deposits for this quarter is 91 days.

Table 7: Average investment rates for the reporting period

FINANCIAL YEAR TO QUARTER ENDED 31.12.25

	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.46	4.46	4.47	4.58	4.73	5.02
High Date	07/05/2025	28/04/2025	06/05/2025	01/04/2025	01/04/2025	01/04/2025
Low	3.72	3.73	3.87	3.95	4.04	4.31
Low Date	22/12/2025	29/12/2025	31/12/2025	31/12/2025	31/12/2025	31/12/2025
Average	4.12	4.14	4.17	4.25	4.39	4.69
Spread	0.74	0.74	0.59	0.63	0.69	0.72

4.9 While the council is always looking for ways to invest sustainably (or green investments) this must be done within the criteria laid out in the approved Treasury Management Strategy with counterparties that meet the council's investment criteria. Security, liquidity and yield remain the primary investment considerations as required by the Treasury Management Code.

4.10 The council continues to invest in three Money Market funds that meet the criteria pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088). These are highlighted in green in the full list of current investments in Table 8 below.

4.11 A full list of current investments is shown in Table 8 below:

Table 8: Investments

Counterparty	Principal Deposited £m	Maturity Date / Notice period
Fixed Term Deposits		
DMADF (Debt management account deposit facility)	1.35	02/01/2026

Luton Borough Council	5.00	12/01/2026
Lancashire County Council	5.00	19/01/2026
First Abu Dhabi Bank	3.00	12/02/2026
Development Bank of Singapore	3.00	12/02/2026
Qatar National Bank	3.00	19/02/2026
Surrey County Council	3.00	19/03/2026
Money Market Funds		
Royal London Asset Management	1.00	1-day notice
Legal & General Investment Management	5.00	Same day
Federated Investors UK	2.52	Same day
Northern Trust Asset Managements	0.02	Same day
CCLA Investment Management Limited	0.02	Same day
Goldman Sachs Asset Management	2.15	Same day
TOTAL	**34.06**	

4.12 Compliance with investment limits are detailed in Table 9 below:

Table 9: Investment Limits

Counterparty	2025/26 Limit £m	Complied?
UK Central Government	Unlimited	Yes
Other Local Authorities	5 each	Yes
Any group of organisations under the same ownership	5 per group	Yes
Approved counterparties – Banks/Building Societies	3 each	Yes
Any group of pooled funds under the same management	5 per manager	Yes
Money Market Funds total	20 in total	Yes

Non-treasury investment activity

4.13 The definition of investments in CIPFA's revised Treasury Management Code covers all the financial assets of the council. This is replicated in the government's Statutory Guidance on Local Government Investments, in which the definition of investments is further broadened to also include all such assets that provide a financial return.

4.14 As of 31 December 2025, the council holds £102.8m of investments that qualify under the code in the form of shares (£45.1m) and loans (£57.7m) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.

4.15 In accordance with IFRS9 the fair value of the loan provided to Crown House has been revised. The loan is at a non-market rate of interest and has therefore been discounted using an effective interest rate of 5%, which the directors consider to be

an appropriate market rate. The difference between the cash advanced and the present value of the loan has been treated as an investment in the Company.

4.16 The loan elements of these non-treasury investments generate a higher rate of return than that earned on treasury investments due to the commercial nature of the loans issued. Table 10 below shows the investment position for this reporting period.

Table 10: Non-treasury Investment Position

	Investment Amount £m	**Average Interest Rate**	**Interest Earned Budget £m**	**Interest Earned Actual £m**	**Variance to Date £m**
April to Dec 25	57.7 (average)	6.76%	(2.957)	(2.855)	0.102
As at 31/12/25	57.7	6.76%	-	-	-

Overall performance

4.17 The overall performance for the mid-year review, April to December 25, is:

Table 11: Overall Treasury Position for the Period

	Budget 25/26 £m	**Actual 25/26 £m**	**Variance to date £m**
Borrowing costs	3.684	3.432	(0.252)
Other interest payable	0.702	0.001	(0.701)
Other interest receivable	0.000	(1.459)	(1.459)
Treasury income	(0.800)	(0.912)	(0.112)
Non-treasury income	(2.957)	(2.855)	0.102
Transfer to Reserves	0.000	1.957	1.957
Total cost / (income)	**0.629**	**0.164**	**(0.465)**

4.18 Transfers to Reserves represents 2025/26's £1.459m share of the amortised PWLB early redemption premium and £0.498m of previously declared treasury management surpluses. The full year forecast at 31 December 2025, found in Table 12 below, reflects a further surplus £0.962m made up of surpluses arising from improvements in the cost of borrowing and investment returns. This forecast surplus is being used to offset service overspends.

Table 12: Overall Treasury Position Forecast to Year End

	Full Year Budget £m	**Full Year Actual £m**	**Full Year Variance £m**
Borrowing costs	4.913	4.481	(0.432)
Other interest payable	0.769	0.001	(0.768)
Other interest receivable	0.000	(1.459)	(1.459)
Treasury income	(1.067)	(1.201)	(0.134)

Non-treasury income	(3.943)	(4.069)	(0.126)
Transfer to Reserves	0.000	1.957	1.957
Total cost / (income)	**0.672**	**(0.290)**	**(0.962)**

Interest rate forecast

4.19 MUFG Corporate Markets are the council's treasury advisors and part of their service is to assist the council to formulate a view on interest rates.

4.20 At its meeting on 17 December 2025, the Monetary Policy Committee voted by a majority of 5–4 to reduce Bank Rate by 0.25 percentage points, to 3.75%

4.21 The table below summarises the interest rate forecasts from MUFG CM and Capital Economics. A revised forecast is yet to be released, considering current world events, which are expected to impact on inflation and market sentiment.

Table 13: Forecast Rates

Interest Rate Forecasts								
Bank Rate	**Mar-26**	**Jun-26**	**Sep-26**	**Dec-26**	**Mar-27**	**Jun-27**	**Sep-27**	**Dec-27**
MUFG CM	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Cap Econ	3.75%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%
Cap Econ	4.70%	4.60%	4.50%	4.50%	4.50%	4.40%	4.40%	4.40%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%
Cap Econ	5.20%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
25Y PWLB RATE								
MUFG CM	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%
Cap Econ	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%	5.50%
50Y PWLB RATE								
MUFG CM	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%
Cap Econ	5.60%	5.50%	5.40%	5.20%	5.20%	5.20%	5.20%	5.20%

5. Alternative Options and Reasons for Rejection

5.1 The nature of this report is such that alternative options are not appropriate. It is an option to request further information on the performance reported.

6 Conclusion and Reasons for Recommendations

6.1 This report details the Treasury Performance for the council for the first three quarters of 2025/26. It is submitted to the Accounts, Audit and Risk Committee for information as required by the Treasury Management Code of Practice.

Decision Information

Key Decision	N/A
Subject to Call in	N/A

If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Appendix 1 – Capital Prudential Indicators
Background Papers	None
Reference Papers	Treasury Management Report - Midyear 2025/26 (Sept25) https://modgov.cherwell.gov.uk/documents/s60975/TM%20Mid-year%20report%202025%2026%20with%20Prudential%20indicators.pdf Treasury Management Strategy 2025-26 https://modgov.cherwell.gov.uk/documents/s58192/Appendix%202%20-%20Treasury%20Management%20Strategy%202025-26.pdf
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Executive Director Approval (unless Executive Director or Statutory Officer report)	Report of Statutory Officer, Section 151 Officer, 27 February 2026