

REPORT TITLE: TREASURY MANAGEMENT MID-YEAR REPORT 2025/26

27 NOVEMBER 2025

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Cabinet Member for Finance and Transformation

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WARD(S): ALL WARDS

PURPOSE

In accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, this report provides details of the performance of the treasury management function; on the effects of the decisions taken and the transactions executed in the first half of the financial year; and confirmation that there were no instances of non-compliance with the council's Treasury Management Strategy Statement and Treasury Management Practices, for the second quarter of 2025/26. Q1 Treasury Management indicators are included in appendix B.

RECOMMENDATIONS:

1. Note the mid-year Treasury Management Report for 2024/25 including the Q2 indicators, and the Q1 indicators at appendix B.
2. Note all treasury management activity in the period was compliant with the council's Treasury Management Strategy.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 Treasury management is an integral part of helping to deliver the council Strategy and all of its outcomes. Of key importance is ensuring the security and sufficient liquidity of the council's cash and investment balances whilst, where possible, optimising the yield from those investments. The income from investments is available to be used by the council in achieving its objectives.

2 FINANCIAL IMPLICATIONS

- 2.1 Effective treasury management ensures both the financial security and liquidity of the council.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The council's Treasury Management Strategy Statement follows the latest codes of practice and the MHCLG and CIPFA guidance.
- 3.2 With effect from September 2014 Hampshire County Council (HCC) and Winchester City Council (WCC) established arrangements for the joint discharge of functions under Section (101) (1) and (5) of the Local Government Act 1972 and Section 9EA and 9EB Local Government Act 2000. Under this arrangement, HCC's Investments and Borrowing Team provide a Treasury Service which includes the management of WCC's cash balances and investment of surplus cash or sourcing of short-term borrowing in accordance with the agreed Treasury Management Strategy Statement.

4 WORKFORCE IMPLICATIONS

- 4.1 HCC's Investments and Borrowing Team carry out the day-to-day management of the council's cash balances and investments. The council's in-house finance team undertake the accounting and retain responsibility for long-term borrowing decisions.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 This report has been produced in consultation with HCC's Investments & Borrowing team.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Following the council's declaration of a Climate Emergency in June 2019 and in line with the ethical stances in its investment policy, the council has no direct or indirect equity investments in companies directly involved in the fossil fuel industry.

8 EQUALITY IMPACT ASSESSEMENT

8.1 There are no actions which arise directly from this report.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Returns from investments are too low</i>	A diversified strategy that attempts to manage the balance between liquidity risk, credit risk and yield within the council's risk appetite.	Returns above budgeted levels
<i>A counterparty fails</i>	A diversified strategy that has relatively low levels of counter-party risk	
<i>Cash is not available</i>	A balanced portfolio of liquid and long-term funds are held to ensure cash is available to utilise. The council also mitigates this risk through cashflow forecasting	More accurate and immediate cashflow forecasting can help improve the return on investments through more active treasury management activity

11 SUPPORTING INFORMATION:

12 Introduction

- 12.1 The council has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2021 which requires the council to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 12.2 This mid-year report provides an update on treasury management activity including 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 quarterly finance and performance monitoring reports.

13 Summary

- 13.1 The report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and provides an update on the

performance of the treasury management function during the first half of 2025/26.

- 13.2 The council's treasury management strategy was most recently updated and approved at a meeting of Full Council in February 2025. The council has borrowed and invested 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 are therefore central to the council's treasury management strategy.
- 13.3 Treasury management in the context of this report is defined as: "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 13.4 Hampshire County Council's Investments & Borrowing Team has been contracted to manage the council's treasury management balances since September 2014 but overall responsibility for treasury management remains with Winchester City Council. No treasury management activity is without risk and as such the effective identification and management of risk are integral to the council's treasury management objectives.
- 13.5 All treasury activity in the year to date has complied with the council's Treasury Management Strategy and Investment Strategy for 2025/26, and all relevant statute, guidance and accounting standards. In addition, advice in undertaking treasury management activities has been provided by the council's treasury advisers, Arlingclose.
- 13.6 The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by Full Council covering capital expenditure and financing, treasury management and non-treasury investments. The latest iteration of the council's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by Full Council in February 2025 (CAB3495).

14 External Context

- 14.1 The following sections outline the key economic themes in the UK against which investment and borrowing decisions have been made in the year to date.

Economic commentary

- 14.2 From late June 2025, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium- and longer-term gilts pushed higher, including the 30-year gilt which hit its highest level for almost 30 years.

- 14.3 UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March 2025 to 3.8% in August 2025, still well above the Bank of England's (BoE) 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August 2025 reading was down from 3.8% the previous month. Services inflation also fell from July to August 2025, to 4.7% from 5.0%.
- 14.4 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 gross domestic product (GDP) report, annual growth was revised upwards to 1.4% year on year. However, monthly figures showed zero growth in July 2025, in line with expectations, indicating a sluggish start to Q3.
- 14.5 The August 2025 BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target 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.
- 14.6 Arlingclose, the council'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.

Credit review

- 14.7 Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at six months. The other banks remain on 100 days.
- 14.8 Credit default swap (CDS) prices are used as an indicator of credit risk, where higher premiums indicate higher perceived risks. After spiking in early April 2025 following the US trade tariff announcements, UK CDS prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.
- 14.9 Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 14.10 Financial market volatility is expected to remain a feature, at least in the near term and, CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the council's counterparty list recommended by Arlingclose remain under constant review.

15 Local Context

- 15.1 On the 31 March 2025, the council had net investments of £16.3m 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. Table 1 lays out the various CFR elements and how they are financed, comparing the position at 31 March 2025 to the forecast position expected at 31 March 2026. The actual position at the end of the year will be influenced by several factors, such as the delivery of the capital programme, which can affect the position significantly.

Table 1: Balance sheet summary	31/03/25 Balance £m	Movement £m	31/03/26 Forecast £m
General Fund CFR	70.4	3.5	73.9
Housing Revenue Account CFR	212.5	0.0	212.5
Total CFR	282.9	3.5	286.4
Less: Other debt liabilities	(3.3)	0.6	(2.7)
Loans CFR	279.6	4.1	283.7
Less: External borrowing*:			
- Public Works Loan Board	(154.5)	5.2	(149.3)
Internal borrowing	125.1	9.3	134.4
Less: Balance sheet resources	(141.3)	9.4	(131.9)
Net borrowing/(Investments)	(16.2)	18.7	2.5

* Shows only loans to which the council is committed and excludes optional refinancing.

- 15.2 The treasury management position at 30 September 2025 and the change over the quarter is shown in Table 2.

Table 2: Treasury management summary	30/06/25 Balance £m	Movement £m	30/09/25 Balance £m	30/09/25 Rate %
Long-term borrowing	(149.3)	0.2	(149.1)	3.23
Short-term borrowing	(5.2)	0.0	(5.2)	3.00
Total borrowing	(154.5)	0.2	(154.3)	3.22
Long-term investments	5.0	0.0	5.0	4.84
Short-term investments	6.0	5.0	11.0	4.06
Cash and cash equivalents	17.3	(1.4)	15.9	4.02
Total investments	28.3	3.6	31.9	4.16
Net borrowing	(126.2)	3.8	(122.4)	

- 15.3 The second quarter of the financial year shows a decrease in net borrowing of £3.8m in comparison to the end of the first quarter. This reflects a reduction in total borrowing of £0.2m combined with an increase of £3.6m in the investments position.
- 15.4 Total borrowing has reduced due to the repayment of loan principal related to the council's equal instalment of principal (EIP) loans, whereby a proportion of the loan principal is repaid at each interest payment date. During the quarter no other borrowing was repaid and no further borrowing was secured.
- 15.5 The increase in investment balances reflects the normal pattern of the council's cash balances, with balances generally increasing until the final quarter of the financial year due to, for example, the higher receipt of council tax during the first three quarters in comparison to the final quarter.

16 Borrowing Strategy and Activity

- 16.1 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. The flexibility to renegotiate loans should the council's long-term plans change is a secondary objective. The council's 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.
- 16.2 After substantial rises in interest rates since 2021 many central banks have now begun to reduce 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. Both central bank interest rates

and gilt yields affect the rate of interest available on investments and borrowing.

- 16.3 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 financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The council has no plans to borrow to invest primarily for financial return, so is able to retain full access to the PWLB.
- 16.4 The PWLB HRA (Housing Revenue Account) 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, providing a window of opportunity for HRA-related borrowing and to replace the council's loans relating to the HRA maturing during this time frame. Borrowing is potentially required in relation to the HRA during 2025/26 and if the PWLB is identified as the most cost-effective solution for the council, the intention is to use the PWLB HRA rate.
- 16.5 The council is a net borrower and as stated in the Treasury Management Strategy 2025/26, the council expects a positive liability benchmark across the forecast period, which generally means an authority is required to take external borrowing to fund the gap between its resources and the CFR. Although the council currently has taken external borrowing, this is not predicted to be sufficient to meet the CFR and therefore, as a result, further borrowing continues to be considered by the Section 151 Officer.
- 16.6 At 30 September 2025 the council held £154.3m of loans. The vast majority of the outstanding loans are in relation to the financing settlement of the HRA in 2012. Outstanding loans on 30 September 2025 are summarised in Table 3.

Table 3: Borrowing position	30/06/25 Balance	Net movement	30/09/25 Balance	30/09/25 Weighted average rate	30/09/25 Weighted average maturity (years)
	£m	£m	£m	%	
Public Works Loan Board	(154.5)	0.2	(154.3)	3.22	18.5
Total borrowing	(154.5)	0.2	(154.3)	3.22	18.5

- 16.7 The council has considered it to be more cost effective in the near term to use internal resources than to use additional external borrowing. In the last three months, £0.2m of existing loan principal has matured and no additional borrowing has been secured.
- 16.8 This borrowing strategy has been monitored with the assistance of Arlingclose and has enabled the council to keep long-term borrowing costs low and mitigates against future interest rate increases.

17 Treasury Investment Activity

- 17.1 The CIPFA Treasury Management Code defines treasury management investments as investments that arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 17.2 The council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the financial year to date, the council's investment balances have ranged between £17.9m and £46.6m due to timing differences between income and expenditure. The investment position as at 30 September 2025 in comparison to 30 June 2025 is shown in Table 4.

Table 4: Treasury investment position	30/06/25 Balance	Movement	30/09/25 Balance	30/09/25 Income return	30/09/25 Weighted average maturity
	£m	£m	£m	%	(years)
Short term investments:					
Banks and building societies:					
- Unsecured	3.8	1.1	4.9	4.00	0.13
Money market funds	13.5	0.0	13.5	4.04	0.03
Government:					
- Debt Management Office	5.0	(2.0)	3.0	3.96	0.00
- UK Treasury bills	0.0	4.5	4.5	4.09	0.12
Cash plus funds	1.0	0.0	1.0	4.11	0.01
Total	23.3	3.6	26.9	4.04	0.06
Long term investments					
- Pooled property fund*	5.0	0.0	5.0	4.84	N/A
Total	5.0	0.0	5.0	4.84	N/A
Total investments	28.3	3.6	31.9	4.16	0.05

* The rate provided for the pooled property fund investment is reflective of annualised income returns over the 12 months to 30 September 2025 based on the market value of investments at the start of the year (1 October 2024).

- 17.3 The increase in investment balances reflects the normal pattern of the council's cash balances, with balances generally increasing until the final quarter of the financial year due to, for example, the higher receipt of council tax during the first three quarters in comparison to the final quarter.
- 17.4 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.

- 17.5 The security of investments has been maintained by following the counterparty policy and investment limits within the TMSS, taking advice from Arlingclose on changes in counterparty credit worthiness, and making use of secured investment products that provide collateral where available and appropriate. The council should invest in liquid investments to ensure money is available when required to meet its financial obligations, spreading these investments across a number of counterparties to mitigate operational risk.
- 17.6 As demonstrated by the liability benchmark shown later 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 council has invested in pooled funds as part of its Treasury Management strategy. The existing investment in a strategic pooled property fund will be maintained to diversify risk into different asset classes and boost investment income as part of the implementation of the wider Treasury Management strategy ensuring it is investing its funds prudently, having regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. By investing in a diversified portfolio in respect of yield this meets the council's aim of protecting reserves from high inflation. The Section 151 Officer will review the current pooled fund investment prior to making any external borrowing decisions.
- 17.7 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5. These metrics monitor the internal investments of the portfolio, which is the total portfolio less both the pooled funds and the cash plus fund.

Table 5: Investment benchmarking (excluding pooled funds)	Credit rating	Bail-in exposure	Weighted average maturity (days)	Rate of return
		%		%
30.06.2025	AA-	77	8	4.23
30.09.2025	AA-	71	23	4.03
Similar LAs	A+	64	53	4.06
All LAs	A+	62	11	4.06

- 17.8 Table 5 shows the average credit rating of the portfolio has been maintained at AA-, whilst bail-in exposure has reduced modestly. This reduction can be attributed to investment with the UK Government, namely Treasury Bills, which do not attract bail-in risk. It is also worth noting that the Money Market Funds (MMFs) where the council holds the majority of its liquidity are considered bail-in risk 'light' by Arlingclose owing to their highly diversified nature and the short maturities of the underlying assets within the funds themselves.

- 17.9 The rate of return on the portfolio has dropped slightly, but this is to be considered against a backdrop of falling interest rates and is therefore expected. Rates of return are comparable to other Arlingclose clients included in the benchmarking exercise.

Externally managed pooled property fund

- 17.10 £5m of the council's investments are invested in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. Over the 12 months to 30 September 2024 these funds generated an average total return of 8.64%, comprising a 4.84% income return which is used to support services in year, and 3.80% of unrealised capital gain.
- 17.11 By comparison, over the holding period of these investments, the pooled fund has generated a total return of 4.52% pa, comprising 4.14% pa average income return and 0.54% pa average capital return. There is currently an unrealised capital gain of £277,000 on the pooled property fund, and it is hoped that the capital value of this investment will improve over the medium term. An income return of 4.14% pa represents good value over a period where generally interest rates have remained low.
- 17.12 Most asset classes achieved positive performance over the first half of the 2025/26 financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments. The gradual improvement in UK commercial property has continued. Capital values recorded marginal gains, while total returns were driven largely by rental income.
- 17.13 Because this fund has no defined maturity date but is available for withdrawal after a notice period, its performance and continued suitability in meeting the council's medium- to long-term investment objectives are 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 three- to five-year period total returns should exceed cash interest rates.
- 17.14 Further to consultations in April 2023 and December 2024 MHCLG (the Ministry for Housing, Communities and Local Government) 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 1 April 2029 for investments already in place before 1 April 2024 (which would include the Authority's investments). The override will not apply to any new investments taken out on or after 1 April 2024. The council's pooled fund investments were made prior to 1 April 2024 and therefore the council will be able to continue to take advantage of the statutory override. This means that any unrealised

gains or losses on the pooled fund investments will not be charged to the Comprehensive Income and Expenditure Statement up until 1 April 2029.

18 Non-Treasury Investments

- 18.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the council as well as other non-financial assets which the council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
- 18.2 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 18.3 This could include loans made to local businesses or the direct purchase of land or property and such loans and investments will be subject to the council's normal approval process for revenue and capital expenditure and need not comply with the treasury management strategy.
- 18.4 Further information on the council's non-Treasury investments is included in the Capital Investment Strategy (CAB3495) presented to Cabinet on 12 February 2025, and in the General Fund Outturn (CAB3514) presented to Cabinet on 10 September 2025.

19 Compliance Report

- 19.1 The Section 151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the council's approved Treasury Management Strategy.
- 19.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 6.

Table 6: Debt limits	Q2 2025/26 Maximum £m	30/09/25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	(154.5)	(154.3)	(295.5)	(309.1)	✓
Finance leases	(3.3)	(3.3)	(4.5)	(5.0)	✓
Total debt	(157.8)	(157.6)	(300.0)	(314.1)	✓

- 19.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

- 19.4 The balance recorded against the finance lease stays static as it is updated at year end, therefore the council will continue to show a balance of £3.3m until 31 March 2026.

20 Treasury Management Prudential Indicators

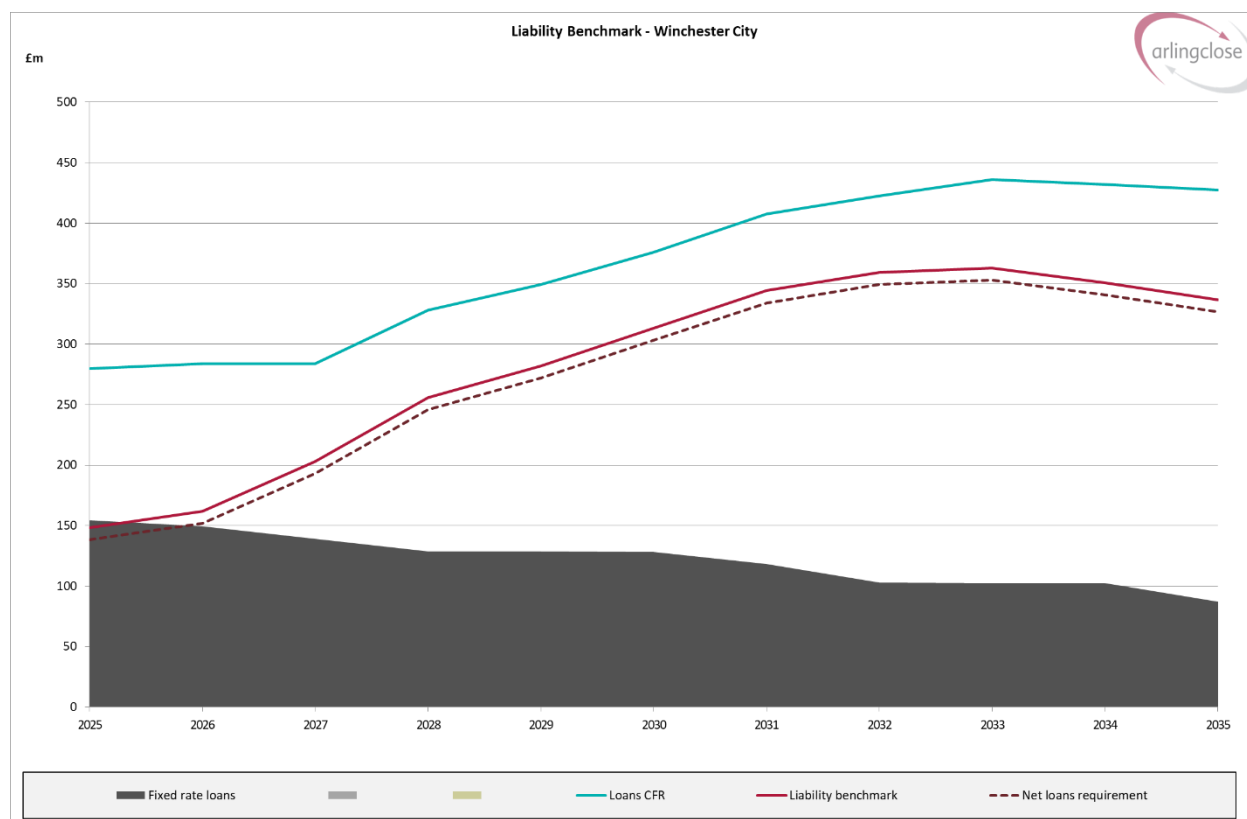
- 20.1 As required by the 2021 CIPFA Treasury Management Code, the council monitors and measures the following treasury management prudential indicators.

Liability benchmark

- 20.2 This 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 required to manage day-to-day cash flow.

Table 7: Liability benchmark	31/03/25 Actual £m	31/03/26 Forecast £m	31/03/27 Forecast £m	31/03/28 Forecast £m
Loans CFR	279.6	283.7	283.7	328.2
Less: Balance sheet resources	(141.3)	(131.9)	(90.6)	(82.5)
Net loans requirement	138.3	151.8	193.1	245.7
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	148.3	161.8	203.1	255.7
Existing borrowing	(154.5)	(149.3)	(139.0)	(128.8)

Graph 1: Liability benchmark



20.3 Table 7 and Graph 1 illustrate the council expects a positive liability benchmark across the forecast period, which generally means an authority is required to take external borrowing to fund the gap between its resources and the CFR. The chart shows that if it is to deliver its capital programme as planned, the council will need to take out additional external borrowing as reflected in the gap between the liability benchmark (the red line) and the existing borrowing (the grey area). This requirement will be considered by the Section 151 Officer in consultation with Arlingclose and the Investments & Borrowing team at Hampshire County Council to ensure borrowing is undertaken at the most appropriate time.

20.4 The full liability benchmark chart (50 years) is available in Appendix A.

Interest rate exposures

20.5 The following indicator shows the sensitivity of the council's current investments and borrowing to a change in interest rates.

Table 8: Interest rate risk indicator	30/09/25 Actual	Impact of +/-1% interest rate change
Sums subject to variable interest rates:		
Investments	£31.9m	+/-£0.3m

Borrowing	(£5.1m)	+/-0.0m
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- 20.6 Fixed rate investments and borrowings are those where the rate of interest is fixed for 12 months. Instruments and loans that mature within 12 months are classed as variable rate.

Maturity structure of borrowing

- 20.7 This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement.

Table 9: Maturity structure of borrowing	30/09/25 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	3%	25%	0%	✓
12 months and within 24 months	7%	25%	0%	✓
24 months and within 5 years	7%	25%	0%	✓
5 years and within 10 years	27%	30%	0%	✓
10 years and within 20 years	13%	50%	0%	✓
20 years and within 30 years	13%	50%	0%	✓
30 years and within 40 years	30%	75%	0%	✓
40 years and within 50 years	0%	100%	0%	✓

Long-term Treasury Management Investments

- 20.8 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 limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 10: Long-term Treasury Management Investments	2025/26	2026/27	2027/28	No fixed date
Actual principal invested beyond year end	£0m	£0m	£0m	£5m
Limit on principal invested beyond year end	£20m	£20m	£20m	£5m
Complied	✓	✓	✓	✓

- 20.9 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.

21 OTHER OPTIONS CONSIDERED AND REJECTED

- 21.1 The council could elect to bring all treasury management activity back in-house. This option has been rejected as the arrangement with Hampshire County Council's Investments and Borrowing team provides significant resilience and economies of scale.
- 21.2 The council could make more risky investments than those proposed in the Strategy to increase its yield. This has been rejected as priority is given to ensuring security and liquidity in line with the key principles of the CIPFA Treasury Management Code.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD119: Treasury Management Practices, 22 June 2015

CAB3496: Treasury Management Strategy 2025/26, 12 February 2025

AG166: Treasury Management Outturn Report 2024/25, 17 July 2025

Other Background Documents:-

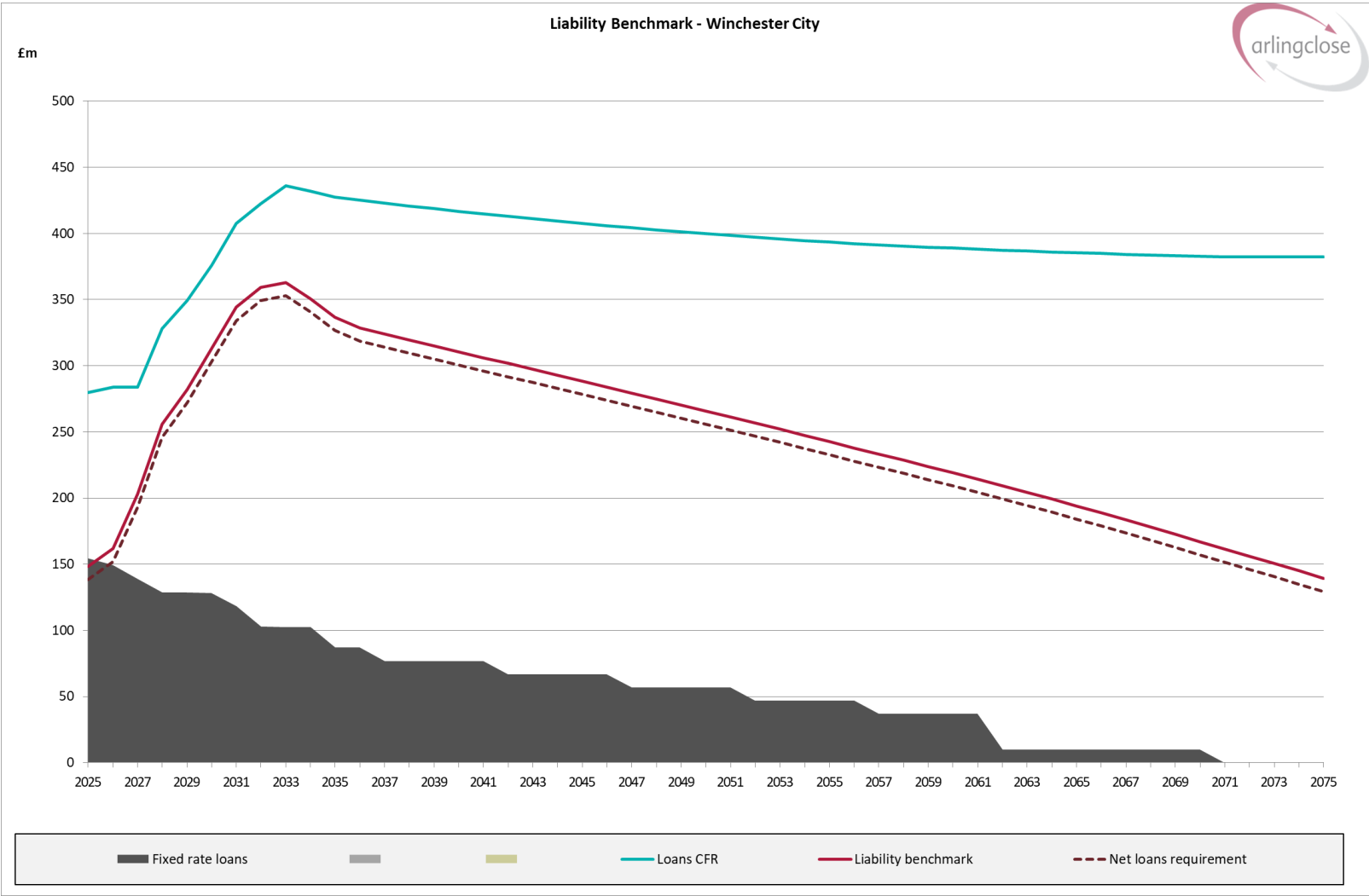
None

APPENDICES:

Appendix A – Liability Benchmark graph (50-year view)

Appendix B – 2025/26 Q1 Treasury Management Indicators

Appendix A – Liability Benchmark graph (50-year view)



Appendix B – 2025/26 Q1 Treasury Management Indicators

Table 11: Treasury management summary	31/03/25 Balance £m	Movement £m	30/06/25 Balance £m	30/06/25 Rate %
Long-term borrowing	(149.3)	0.0	(149.3)	3.23
Short-term borrowing	(5.2)	0.0	(5.2)	3.00
Total borrowing	(154.5)	0.0	(154.5)	3.22
Long-term investments	5.0	0.0	5.0	4.84
Short-term investments	1.0	5.0	6.0	4.06
Cash and cash equivalents	9.6	7.7	17.3	4.02
Total investments	15.6	12.7	28.3	4.16
Net borrowing	(138.9)	12.7	(126.2)	

Table 12: Debt limits	Q2 2025/26 Maximum £m	30/06/25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	(154.5)	(154.5)	(295.5)	(309.1)	✓
Finance leases	(3.3)	(3.3)	(4.5)	(5.0)	✓
Total debt	(157.8)	(157.8)	(300.0)	(314.1)	✓

Table 13: Liability benchmark	31/03/25 Actual £m	31/03/26 Forecast £m	31/03/27 Forecast £m	31/03/28 Forecast £m
Loans CFR	279.6	283.7	283.7	328.2
Less: Balance sheet resources	(141.3)	(131.9)	(90.6)	(82.5)
Net loans requirement	138.3	151.8	193.1	245.7
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	148.3	161.8	203.1	255.7
Existing borrowing	(154.5)	(149.3)	(139.0)	(128.8)

Table 14: Interest rate risk indicator	30/06/25 Actual	Impact of +/-1% interest rate change
Sums subject to variable interest rates:		
Investments	£28.2m	+/-£0.3m
Borrowing	(£5.2m)	+/-0.0m

Table 15: Maturity structure of borrowing	30/06/25 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	3%	25%	0%	✓
12 months and within 24 months	7%	25%	0%	✓
24 months and within 5 years	7%	25%	0%	✓
5 years and within 10 years	27%	30%	0%	✓
10 years and within 20 years	13%	50%	0%	✓
20 years and within 30 years	13%	50%	0%	✓
30 years and within 40 years	30%	75%	0%	✓
40 years and within 50 years	0%	100%	0%	✓

Table 16: Long-term Treasury Management Investments	2025/26	2026/27	2027/28	No fixed date
Actual principal invested beyond year end	£0m	£0m	£0m	£5m
Limit on principal invested beyond year end	£20m	£20m	£20m	£5m
Complied	✓	✓	✓	✓