

# Treasury Management Update – Q3 2025/26

## Background

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out several indicators.

It is now a requirement of the CIPFA Prudential Code that these indicators are reported quarterly.

## Borrowing

The Authority's debt position was unchanged in Q3 2025/26, total debt remaining at £8,528k.

	<b>2025/26 Opening Position (£000's)</b>	<b>Position as at 31 Dec 2025 (£000's)</b>
Debt	8,922	8,528

## Investment Portfolio

The Authority held investments totalling £14.98m at 31 December 2025.

At the end on 17 December 2025 meeting, the Monetary Policy Committee voted by a majority of 5–4 to reduce Bank Rate by 0.25 percentage points, to 3.75%. Four members voted to maintain Bank Rate at 4%.

The sum of £4 million invested on 11 September 2025 across two approved counterparties will mature on 11 March 2026.

The Authority continues to closely monitor liquidity needs and invests to provide flexibility where needed.

The interest earnings budget for 2025/26 is £604,000. Although the Bank Rate has fallen by a further 0.25%, it remains comparatively high. Interest received in Q3 amounted to £150,999, bringing the total interest received from the above-mentioned investments to £400,527 as at 31 December 2025.

## Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review its affordable borrowing limits. During the quarter ended 31 December 2025, the Authority has complied with the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2025/26. The Head of Finance and Procurement reports that no difficulties are envisaged for the current or future years in complying with these indicators. All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

<b>Treasury Indicators</b>	<b>2025/26 Budget (£000's)</b>	<b>31 Dec 2025 Actual (£000's)</b>
Authorised Limit for external debt	13,720	13,720
Operational boundary for external debt	11,720	11,720
Gross external debt	8,922	8,528

<b>Maturity structure of fixed rate borrowing</b>	<b>31 Dec 2025 Actual (£000's)</b>
12 months to 24 months	0
24 Months to 5 Years	597
5 Years to 10 years	3,581
10 Years to 20 Years	1,350
20 Years to 30 Years	3,000
<b>Total</b>	<b>8,528</b>

<b>Prudential Indicators</b>	<b>2025/26 Budget (£000's)</b>	<b>31 Dec 2025 Actual (£000's)</b>	<b>Estimated Outturn 2025/26 (£000's)</b>
Capital expenditure	6,077	2,154	5,095
Capital Financing Requirement (CFR)	11,052	N/A	8,657
Annual change in CFR	1,852	N/A	(543)
In-year borrowing requirement	2,500	0	0
Ratio of financing costs to net revenue stream	1.63%	N/A	1.59%