Classification: Open	Decision Type: Non-Key

Report to:	Cabinet	Date: 10 September 2025
Subject:	2024-25 Treasury Management Outturn	
Report of	Cabinet Member for Finance and Transformation	

1 Summary

1.1 The report outlines the financial position and provides an update on the following aspects of the Treasury Management function throughout 2024/25.

The report covers:

- An economic update for 2024/25.
- An update of the Council's current treasury management position.
- Council Borrowing.
- Treasury Investment Activity.
- Non-Treasury Investments.
- Treasury Performance for 2024/25.
- Treasury Management Prudential Indicators.

1.2 The Council is required by legislation to produce an annual Treasury Management review of activities and the actual prudential and treasury indicators for the year. This report meets both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

Recommendation(s)

1.3 Cabinet is recommended to:

- Note and approve for onward submission to Council on 17 September 2025, the:
  - Treasury Management 2024/25 Outturn Report.
  - 2024/25 Prudential and Treasury Indicators.

1.4 Council is asked to:

- Note the:
  - Treasury Management 2024/25 Outturn Report.
  - 2024/25 Prudential and Treasury Indicators.

Reasons for recommendation(s)

1.5 It is a requirement of the CIPFA Code that the Council receives an annual Treasury Management Outturn Report. It should be noted that the Council met all its Prudential Indicators relating to Treasury Management in financial year 2024/25.

Alternative options considered and rejected

1.6 Regular reporting to members on the Council's Treasury Management arrangements, controls and performance forms a key element of its overall governance and financial administration. Given this, no alternative options were considered when preparing this report.

2 Introduction

2.1 The Council has adopted 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, as a minimum, treasury management semi-annual and annual outturn reports.

2.2 This report includes the requirement in the 2021 Code, mandatory from 1 April 2023, of reporting of the treasury management prudential indicators.

2.3 The Council's Treasury Management Strategy for 2024/25 was approved by Council at the Budget Council meeting on 21 February 2024, a further update to the Treasury Management Strategy was approved by Council on 19 February 2025.

2.4 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.

3 Economic update for 2024/25

3.1 UK inflation proved stubborn throughout 2024/25. Having started the fiscal year at 2.3% in April 2024 increasing to 2.6% by the end of March 2025 with an increase to 3.2% predicted for 2025. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 2.8% in February but was still above the Bank of England's 2% target at the end of the period with a strong likelihood that this may increase to at least 3.5% by the Autumn of 2025.

3.2 The core measure of CPI, i.e. excluding food and energy, also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations of 3.6% but higher than the last three months of the calendar year.

3.3 The UK economy remained subdued in quarter four showing a growth of 0.1% between October and December 2024, this was an improvement on Zero growth in the previous quarter, down from the 0.4% growth between April and June 2024. The Growth was driven by a modest increase in private consumption and government spending but offset by a 0.6% decline in business investment and a worsening trade position.

3.4 During financial year 2024/25 employment and vacancies and unemployment rose marginally to 4.4% (3mth/year) to January 2025. The same month saw the highest annual growth rate of 5.8% for total pay (i.e. including bonuses) and 5.9% for regular pay growth (i.e. excluding bonuses). Employment continued to increase, and economic inactivity fell, pointing to improved labour supply. Nonetheless, regular pay remains elevated at 5.9% year-on-year, with private sector wage growth at 6.1%, a pace still inconsistent with the inflation target over the medium term. While recruitment appetite has moderated, vacancy levels remain relatively firm. In combination, these factors support the Bank's current pause.

3.5 Having begun the financial year at 5.25%, the Bank of England's Monetary Policy Committee (MPC) reduced the Bank Rate to 4.5% in February 2025 following earlier 0.25% cuts in November and August 2024. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%. The MPC's decision to hold the rates reflect the balance of risks facing the economy. While inflation remains above target, domestic prices and wage pressures have shown signs of easing. However, the uncertainty around global trade and the potential for more persistent inflationary pressures mean that a cautious approach is needed. The Committee stressed that the monetary policy would remain restrictive for a long as necessary to bring inflation back to the 2% target sustainability.

3.6 The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.

3.7 Following this MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50%, May was considered the likely month for the next reduction, with other cuts anticipated to follow in line with MPR months to take Bank Rate down to around 3.75% by the end of 2025.

3.8 The US Federal Reserve paused its cutting cycle in the first three months of 2025, having reduced the Fed Fund Rate by 0.25% to a range of 4.25%-4.5% in December, the third cut in succession. FED policymakers noted uncertainty around the economic outlook but were anticipating around 0.50% of further cuts in the policy rate in 2025. Economic growth continued to rise at a reasonable pace, expanding at an annualised rate of 2.4% in Q4 2024 while inflation remained elevated over the period. However, growth is now expected to weaken by more than previously expected in 2025, to 1.7% from 2.1%. The uncertainty that President Trump has brought both before and since his inauguration in January is expected to continue.

3.9 Following a similarly downward trajectory, the European Central Bank (ECB) continued its rate cutting cycle over the period, reducing its three key policy rates by another 0.25% in March, acknowledging that monetary policy is becoming meaningfully less restrictive. Euro zone inflation has decreased steadily in 2025, falling to 2.2% in March, the lowest level since November 2024. Over the current calendar year, inflation is expected to average 2.3%. GDP growth stagnated in the last quarter of the 2024 calendar year, after expanding by 0.4% in the previous quarter. For 2025, economic growth forecasts were revised downwards to 0.9%.

Financial markets

3.10 Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased, and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.

3.11 Over the financial year, the 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

Credit review

3.12 In response to an improving outlook for credit markets, in October 2024 Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.

3.13 Earlier in the period, S&P revised the UK sovereign outlook to stable and upgraded Barclays Bank to A+. Moody's also revised the UK outlook to stable, Handelsbanken's outlook to negative, downgraded five local authorities, and affirmed HSBC's outlook at stable while upgrading its Baseline Credit Assessment. Fitch revised UOB's and BMO's outlooks to stable.

3.14 In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK's public finances had decreased since its previous review in October 2022, the time of the mini budget.

3.15 Fitch, meanwhile, revised the outlook on Commonwealth Bank of Australia (CBA) to positive from stable while affirming its long-term rating at AA-, citing its consistent strong earnings and profitability. Other than CBA, the last three months of the period were relatively quiet on the bank credit rating front, with a small number of updates issued for a number of lenders not on the Arlingclose recommended counterparty list.

3.16 Credit default swap prices generally trended lower over the period but did start to rise modestly in March, but not to any levels considered concerning. Once again, price volatility over the period remained generally more muted compared to previous periods.

3.17 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

4 Capital Expenditure and Financing

4.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

4.2 The actual capital expenditure in each financial year forms one of the required prudential indicators. The table below shows the actual expenditure and how this was financed.

Capital Expenditure & Financing	2023/24 Actual £m	2024/25 Budget (Feb 24) £m	2024/25 Revised Budget (Feb 25) £m	2024/25 Actual £m
Capital Expenditure:				
Non-HRA	£35.928	£123.846	£61.517	£43.511
HRA	£16.572	£23.082	£17.657	£15.825
Non-Financial Investments	£0.628	£0.000	£0.000	£0.498
Total Capital Expenditure	**£53.128**	**£146.928**	**£79.174**	**£59.834**
Resourced by:				
Capital Receipts	£2.649	£4.973	£5.429	£7.740
Capital Grants	£22.479	£77.001	£37.197	£33.240
HRA (DRF/MRR)	£12.600	£19.961	£7.330	£7.401
GF (RCCO)	£0.488	£0.783	£0.558	£0.330
Total Resourced by:	**£38.216**	**£102.718**	**£50.514**	**£48.711**
Financing Requirement	**£14.912**	**£44.210**	**£28.660**	**£11.123**

4.3 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2024/25 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

4.4 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

4.5 The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

4.6 The total CFR can also be reduced by:

- The application of additional capital financing resources, (such as unapplied capital receipts); or
- Charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2024/25 MRP Policy, (as required by MHCLG Guidance), was approved as part of the Treasury Management Strategy Report for 2024/25 on 21 February 2024.

The Council's CFR for financial year 2024/25 is shown below and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

4.7 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Capital Financing Requirement	2023/24 Actual £m	2024/25 Budget (Feb 24) £m	2024/25 Revised Budget (Feb 25) £m	2024/25 Actual £m
CFR – Non HRA	£198.502	£243.807	£220.459	£204.439
CFR – HRA	£119.216	£119.216	£122.931	£121.414
CFR – Non-Financial Investments	£65.793	£63.299	£63.932	£65.501
TOTAL CFR	**£383.511**	**£426.322**	**£407.322**	**£391.354**
Financing Requirement	£14.912	£44.210	£28.660	£11.123
MRP	(£2.531)	(£4.633)	(£4.850)	(£3.281)
Movement in CFR	**£12.381**	**£39.577**	**£23.810**	**£7.842**

4.8 Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the current financial year 2024/25 and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

4.9 This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2024/25. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Actual Borrowing Compared to the CFR	2023/24 Actual £m	2024/25 Budget (Feb 24) £m	2024/25 Revised Budget (Feb 25) £m	2024/25 Actual £m
Gross Borrowing Position	£262.429	£327.064	£322.268	£295.266
CFR	£383.511	£426.322	£407.322	£391.354
(Under) / Over Funding of CFR	**(£121.082)**	**(£99.258)**	**(£85.054)**	**(£96.088)**

5 Treasury Position as at 31 March 2025

5.1 The treasury management position as at 31 March 2025 and the change during the year is shown in the table below:

	31-Mar-2024 Balance £m	Raised / Invested £m	Repaid / Realised £m	31-Mar-2025 Balance £m	Average Rate %
Borrowing					
PWLB	£227.129	£25.000	(£4.863)	£247.266	3.89%
LOBOs	£13.000	£0.000	£0.000	£13.000	4.18%
Banks-Fixed	£5.000	£0.000	£0.000	£5.000	3.30%
Local Authorities	£17.300	£17.300	(£4.600)	£30.000	4.61%
Total Borrowing	**£262.429**	**£42.300**	**(£9.463)**	**£295.266**	
Investments					
Short-term Investments	£8.000	£487.490	(£474.790)	£20.700	
Cash and Cash Equivalents	£0.000	£0.000	£0.000	£0.000	
Total Investments	**£8.000**	**£487.490**	**(£474.790)**	**£20.700**	
Net Borrowing	**£254.429**	**(£445.190)**	**£465.327**	**£274.566**	

5.2 The maturity structure of the debt portfolio was as follows:

Maturity structure of fixed rate borrowing	**2023/24 Actual £m**	**2023/24 Actual %**	**2024/25 Actual £m**	**2024/25 Actual %**
Under 12 months	£22.163	8.45%	£24.868	8.42%
12 months and within 24 months	£4.868	1.85%	£30.423	10.30%
24 months and within 5 years	£15.184	5.79%	£29.650	10.04%
5 years and within 10 years	£85.498	32.58%	£80.526	27.27%
10 years and within 15 years	£35.760	13.63%	£31.133	10.54%
15 years and over	£98.956	37.71%	£98.666	33.42%
Total Debt	**£262.429**	**100.00%**	**£295.266**	**100.00%**

5.3 The Council's investment portfolio was as shown below:

	31-Mar-2024 Investment Balance £m	**Amount Invested In-year £m**	**Investments Realised In-year £m**	**31-Mar-2025 Investment Balance £m**
Notice Accounts				
Barclays Bank - 32-day Notice account	£0.000	£0.000	£0.000	£0.000
Barclays Bank - 95-day Notice account	£0.000	£0.000	£0.000	£0.000
Total Notice Accounts	**£0.000**	**£0.000**	**£0.000**	**£0.000**
Call Accounts				
Barclays Bank - Flexible Interest-Bearing Current Account	£3.500	£254.140	(£257.310)	£0.330
Bank of Scotland - Call Account	£4.500	£198.350	(£192.480)	£10.370
Total Call Accounts	**£8.000**	**£452.490**	**(£449.790)**	**£10.700**
Short Term Investments				
Local Authorities	£0.000	£35.000	(£25.000)	£10.000
Total Short-Term Investments	**£0.000**	**£35.000**	**(£25.000)**	**£10.000**
Total Investments	**£8.000**	**£487.490**	**(£474.790)**	**£20.700**

5.4 All of the Council's investments are held for a period of up to 1 year.

6 Investment and Borrowing Strategy

6.1 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 financing requirement 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 local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

6.2 Bury MBC 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 future.

6.3 The main 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 Council’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

6.4 Interest rates have seen substantial rises since 2021, many central banks have now begun to reduce their policy rates slowly. The Gilt yields fell in late 2023, starting the period at 3.94% and ending at 4.69%, reaching a low of 3.76% in September 2024 and a high of 4.9% in January 2025. Gilt yields have remained volatile due to the economic uncertainty around US trade police impacting the financial markets.

6.5 The PWLB certainty rates for maturity loans were:

Loan Term	31 March 2024	31 March 2025
10-Year Rate	4.98%	5.66%
20-Year Rate	5.39%	6.12%
50-Year Rate	5.21%	5.87%

6.6 The cost of short-term borrowing from other local authorities has generally decreased with Base Rate over the year. Interest rates peaked at around 6% in February and towards the end of March 2025, as many authorities required cash at the same time. These rates have fallen back to more normal market levels since April 2025.

6.7 A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. This rate will now be available to March 2026. The discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans.

6.8 As of 31st March 2025, the Council held £295.266m of loans, an increase of £32.837m on the previous year as part of its strategy for funding previous and current years’ capital programmes. Outstanding loans on 31 March are summarised in 5.1 and 5.2 above.

7 Borrowing and Investment Outturn

Borrowing movement in-year

7.1 On 1 April 2024 the Council held £13m of LOBO (Lender's Option Borrower's Option) loans 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 and terms or to repay the loan at no additional cost.

7.2 As market interest rates rose, LOBOs call option on Council's loans were exercised during 2023/24 and the Council repaid two loans totalling £20m replaced by PWLB loan, no LOBOs loans were exercised in 2024/25.

Treasury Investment Activity

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

7.4 As of 31 March 2025, the council held £20.7m of invested funds, representing income received in advance of expenditure plus balances and reserves held.

7.5 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.

7.6 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.

7.7 Bank Rate decreased by 0.75% over the period, from 5.25% at the beginning of April 2024 to 4.50% by the end March 2025.

7.8 Financial market sentiment was reasonably positive over most of the 2024/25, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased, and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.

7.9 The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

7.10 In financial markets the 2024/25 year was characterised by overall positive equity market performance, market volatility, elevated global yields, central bank interest rate cuts and uncertainties surrounding the impact of UK and European fiscal policy and particularly US President Donald Trump's tariff plans. For UK and US government bonds, yields declined (and therefore prices rose) until September but then moved higher following the UK budget and strong US economic data. Government bond yields were then generally dragged upwards (prices down) globally by US market movements, given the uncertain trade policy outlook of Donald Trump's administration. Announcements of increased defence spending by governments in Europe and fiscal concerns in the UK saw yields spiking in January before easing somewhat, despite some divergence.

7.11 Having had a challenging time since 2022, UK commercial property generally experienced a recovery during the period, with improved investment activity, capital values stabilising or improving, particularly towards the end of the period, and income remaining relatively robust.

8 Non-Treasury Investments

8.1 The definition of investments in the Treasury Management Code 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).

8.2 Investment Guidance issued by the Ministry of Housing, Communities & Local Government (MHCLG) also includes within the definition of investments all such assets held partially or wholly for financial return.)

8.3 The Council holds the following non-treasury investments as at the 31 March 2025:

Non-Financial Investments	2023/24 £m	2024/25 £m
Manchester Airport Equity	£5.610	£5.610
Manchester Airport Loan	£29.366	£29.366
Bury MBC Townside Fields Loan	£7.257	£7.257
Six Town Housing Loan	£2.822	£2.752
Bury Bruntwood (Millgate) LLP Loan	£20.099	£20.099
The Prestwich Regeneration (LLP) Loan	£0.628	£1.127
Debt Managed for Probation Services	£0.011	£0.011
Total	**£65.793**	**£66.222**

9 Treasury Performance for 2024/25

9.1 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

MRP Regulations

9.2 On 10 April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

9.3 The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

9.4 All treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy Compliance with specific investment limits is demonstrated in table 9A below.

Table 9A: Investment Limits

	2024/25 Max Per Institution £m	31-Mar-2025 Actual Balance £m	2024/25 Limit per Institution	Complied? Yes/No
UK Government	£0.000	£0.000	Unlimited	Yes
UK Local Authorities & Other Government Entities – except Local Authorities subject to a Section 114 notice	£5.000	£10,000	£20 million	Yes
UK Banks (Unsecured)	£22.000	£10.700	£25 million	Yes
UK Building Societies (Unsecured)	£0.000	£0.000	£20 million	Yes
Registered Providers (Unsecured)	£0.000	£0.000	£20 million	Yes

9.5 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 9B below.

Table 9B: Debt and the Authorised Limit and Operational Boundary

	2024/25 Maximum £m	31-Mar-2025 Actual £m	2024/25 Operational Boundary £m	2024/25 Authorised Limit £m	Complied? Yes/No
Borrowing	£295.266	£295.266	£426.322	£436.322	Yes

9.6 The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. 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. The authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. Table 9B above demonstrates that during 2024/25 the Council has maintained gross borrowing within its authorised limit.

Table 9C: Actual financing costs as a proportion of net revenue stream

Financing costs as a proportion of net revenue stream	2024/25 %
Non - HRA	1.69%
HRA	11.22%

9.7 This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

10 Treasury Management Prudential Indicators

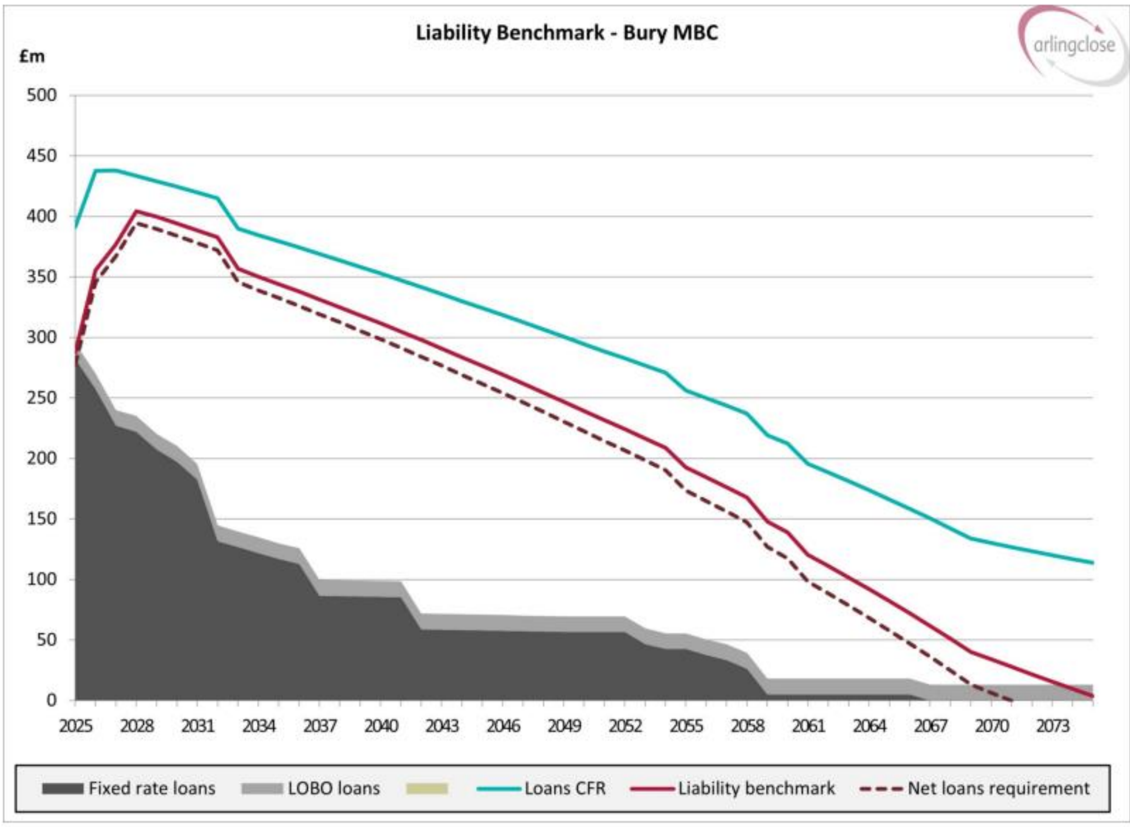
10.1 As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

Liability Benchmark

10.2 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 required to manage day-to-day cash flow.

	31-Mar-2024 Actual £m	**31-Mar-2025 Actual £m**	**31-Mar-2026 Forecast £m**	**31-Mar-2027 Forecast £m**
Loans CFR	£383.511	£391.354	£437.600	£437.900
Less: Balance sheet resources	(£129.332)	(£113.600)	(£92.000)	(£71.100)
Net loans requirement	**£254.179**	**£277.754**	**£345.600**	**£366.800**
Plus: Liquidity allowance	£10.000	£10.000	£10.000	£10.000
Liability benchmark	**£264.179**	**£287.754**	**£355.600**	**£376.800**
Existing borrowing	**£262.429**	**£295.266**	**£355.600**	**£376.800**

10.3 The Liability benchmark as at 31 March 2025 is £21.7m lower than predicted in Treasury Strategy report in February 2025. This is due to lower capital financing requirement, reduced capital expenditure financing from Loans and higher reserves/working capital and expenditure rephasing.



10.4 Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. Bank Rate decreased by 0.75% from 5.25% on 1 April 2024 to 4.50% by 31 March 2025.

Interest rate risk indicator	**2024/25 Target £m**	**31-Mar-2025 Actual £m**	**Complied?**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.205	£0.205	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£0.205)	(£0.205)	Yes

10.5 For context, the changes in interest rates during the year were:

	31-Mar-2024	**31-Mar-25**
Bank Rate	5.25%	4.50%
1-year PWLB certainty rate, maturity loans	5.36%	4.82%
5-year PWLB certainty rate, maturity loans	4.68%	4.97%
10-year PWLB certainty rate, maturity loans	4.74%	5.42%
20-year PWLB certainty rate, maturity loans	5.18%	5.91%
50-year PWLB certainty rate, maturity loans	5.01%	5.67%

10.6 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

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Links with the Corporate Priorities:

Treasury Management forms a key part of the council's overall governance and financial administration and control framework, which underpin the council's three clear corporate priorities as set out in the Let's Do It Strategy that will deliver financial sustainability for the Council.

Equality Impact and Considerations:

n/a

Environmental Impact and Considerations:

n/a

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
There are considerable risks to the security of the Council's resources if appropriate treasury management strategies and policies are not adopted and followed.	Regular monitoring and reporting ensure that any changes in the financial position are quickly identified and action can be taken to manage the overall position.

Legal Implications:

Treasury management is a matter reserved for Council. This report updates Cabinet in line with the Council's financial regulations and constitution.

Financial Implications:

The financial implications are set out in the report and confirm the treasury management activities have been carried out in accordance with approved limits.

Appendices:

None

Background papers:

- Capital Strategy and Capital Programme 2024/25 – 2026/27
- Treasury Management Strategy and Prudential Indicators 2024/25
- Treasury Management Outturn Report 2023/24
- Treasury Management Strategy and Prudential Indicators 2025/26

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning