

Classification: Open	Decision Type: Key
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Report to:	Overview & Scrutiny: 10 February 2026 Cabinet: 11 February 2026 Council: 25 February 2026	Date:
Subject:	2026-27 Treasury Management Strategy Report	
Report of	Cabinet Member for Finance and Communities	

Summary

1. Treasury management is the management of the Council’s cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Council’s prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority’s legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Recommendation(s)

3. The Cabinet is requested to consider, comment as appropriate, on the proposed strategy for 2026/27, and is requested to endorse the recommendations outlined below, for approval by Council
 - The Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
 - The Treasury Management Policy Statement.
 - The Minimum Revenue Provision (MRP) Policy Statement.
4. Council is requested to agree at its meeting on 25 February 2026 the following:
 - To approve the Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
 - To approve the Treasury Management Policy Statement.
 - To approve the Minimum Revenue Provision (MRP) Policy Statement.

Reasons for recommendation(s)

5. As a requirement of Local Government Act 2003, the DLUHC investment guidance (2018), the DLUHC MRP guidance 2018, the 2021 CIPFA Treasury Management Code and the CIPFA Prudential Code.

Alternative options considered and rejected

6. Not applicable.

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Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

7. A strong financially sustainable Council is essential to the Let's Do It Strategy.

Equality Impact and Considerations:

Please provide an explanation of the outcome(s) of an initial or full EIA. Intranet Arling Close to EIA documents is [here](#).

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
<p>There are significant risks in the financial position both in the current and future financial years.</p> <p>Financial sustainability is critical and the report sets out the Council's plans to ensure sufficient funds are available for investment in the borough while maintaining a balanced budget over the medium-term planning period.</p>	<p>Regular monitoring and reporting ensures that any changes in the financial position are quickly identified and action can be taken to manage the overall position.</p> <p>The medium-term financial strategy takes account of any in-year changes in funding or demand and ensures the Council has a longer-term view of finances for future years.</p>

Legal Implications:

8. The Treasury Management Strategy form part of the suite of budget reports which will be considered by Members, full legal implications are set out in the core report.

Financial Implications:

9. The financial implications are set out in the report.

Background papers:

2024/25 Treasury Outturn Report

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Council's prudent financial management.

2. Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. As per DLUHC guidance, investments held for service purposes or for commercial profit are considered separately within the Non-Treasury Investment Strategy section of this report.
4. In accordance with the guidance the Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. This includes:
 - An Annual Management Treasury Strategy, covering the Prudential and Treasury Indicators.
 - A mid-year treasury management review.
 - An annual treasury outturn report.

External Context

Economic background:

5. The Chancellor of the Exchequer delivered her Autumn Budget at the end of October. Based on the plans announced the most significant impacts on the Authority's treasury management strategy for 2026/27 are expected to include the influence of the government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.
6. The Bank rate was cut to 3.75% by the Bank of England's Monetary Policy Committee (MPC) in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.
7. CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.

8. Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
9. The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.
10. The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
11. The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.

Credit Update

12. Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly during October and November, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.
13. While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the authority's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and

recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

Interest rate forecast (December 2025)

14. Arlingclose, the Authority's treasury management adviser, currently forecast that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25% by the middle of 2026. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on the 18th of December.
15. Arlingclose expects long-term gilt yields, and therefore interest rates payable on long-term borrowing expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

Local Context and Capital Prudential Indicators

16. On 31st March 2025 the Council's underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), was £402.572m, while balance sheet resources, which are the underlying resources available for investment, were £113.600m.
17. As of 31 March 2025, the Council had £295.266 million of external loan borrowing, and £20.700 million of internal investments.
18. Appendix B provides a more detailed breakdown of the treasury borrowing and investing position.
19. In setting a balanced budget the Council must calculate its budget requirement for each financial year and include the revenue costs that come from capital expenditure and financing decision. Under the Local Government Act 2003 and the Prudential Code the Council must consider what is affordable, prudent and sustainable.
20. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members in their overview and consideration of capital expenditure plans both in terms of affordability and prudence. The key capital prudential indicators are shown below and are reported quarterly to Cabinet through the Performance Monitoring process.

Capital Expenditure and Financing:

21. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The Prudential Code recommends that total debt should be lower than its highest forecast CFR over the next three years. The table below shows that THE Council expects to comply with this recommendation during 2025/26. Forecast changes in these sums are also shown.

Balance Sheet Summary and Forecast	2024-25 Actual	2025-26 Estimate	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
	£m	£m	£m	£m	£m
Capital Financing Requirement	£402.572	£464.113	£494.652	£502.477	£511.995
Less: External Borrowing	(£295.266)	(£370.498)	(£404.835)	(£419.564)	(£436.624)
Less: Other Debt Liabilities	(£11.173)	(£9.957)	(£9.129)	(£8.258)	(£7.343)
Under/(Over) Borrowing	£96.133	£83.658	£80.688	£74.655	£68.028
Balance Sheet Resources	(£116.833)	(£103.558)	(£90.688)	(£84.655)	(£78.028)
Treasury Investments	£20.700	£19.900	£10.000	£10.000	£10.000
TOTAL	£0.000	£0.000	£0.000	£0.000	£0.000

22. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. In 2026/27, the Budget set for planned capital expenditure is £106.212 million.
28. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (including internal borrowing).

29. The table below summaries the capital expenditure and financing.

CAPITAL PROGRAMME	2024-25 Actual	2025-26 Estimate	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast
2024-25 to 2028-29	£m	£m	£m	£m	£m

Non-HRA	£43.511	£94.615	£78.951	£25.719	£11.000
HRA	£15.825	£25.000	£31.261	£23.056	£16.549
Policy/Non-Financial Investments	£0.498	£0.000	£0.000	£0.000	£0.000
Total Capital Expenditure	£59.834	£119.615	£110.212	£48.775	£27.549
<u>Resourced By:</u>					
External Funding	£33.240	£38.621	£48.589	£19.459	£2.500
Capital Receipts	£7.740	£5.714	£3.120	£1.260	£0.000
General Fund RCCO	£0.330	£0.089	£0.000	£0.000	£0.000
Housing Revenue Account DRF/MRR	£7.401	£8.988	£17.667	£14.692	£9.725
Total Resourced By	£48.711	£53.412	£69.376	£35.411	£12.225
Financing Requirement	£11.123	£66.203	£40.835	£13.364	£15.324

30. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP payments and capital receipts used to replace debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement (CFR)	2024-25 Actual £m	2025-26 Estimate £m	2026-27 Forecast £m	2027-28 Forecast £m	2028-29 Forecast £m
CFR - GF	£203.941	£256.449	£283.507	£283.871	£288.028
CFR - HRA	£121.414	£132.024	£142.498	£147.362	£154.186
CFR - Policy/Non-Financial Investments	£66.044	£65.683	£63.519	£62.986	£62.437
CFR - Other Debt Liabilities	£11.173	£9.958	£9.129	£8.258	£7.344
CFR Balance	£402.572	£464.113	£498.652	£502.477	£511.995
Movement in CFR	£7.054	£61.541	£34.538	£7.825	£9.518
Movement in CFR					
Financing Requirement	£11.124	£66.203	£40.835	£13.364	£15.324
Minimum Revenue Provision (MRP) / Loans Fund Repayments	(£3.232)	(£3.447)	(£5.468)	(£4.668)	(£4.891)
Voluntary Revenue Provision (VRP)	£0.000	£0.000	£0.000	£0.000	£0.000
Other Debt Liabilities Movements	(£0.838)	(£1.215)	(£0.829)	(£0.871)	(£0.915)
Movement in CFR	£7.054	£61.541	£34.538	£7.825	£9.518

31. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £2.664million of capital receipts in 2025/26 and in the coming financial years as follows.

Capital receipts	2024-25	2025-26	2026-27	2027-28	2028-29
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m

Asset sales	£2.482	£2.664	£3.035	£2.814	£2.160
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32. Projected levels of the Council's total outstanding debt, compared with the CFR is shown below. Statutory guidance is that debt should remain below the CFR, except in the short-term. As can be seen from the table below, the Council expects to comply with this in the medium to longer term.

Actual External Debt against Capital Borrowing Need	2024-25 Actual £m	2025-26 Estimate £m	2026-27 Forecast £m	2027-28 Forecast £m	2028-29 Forecast £m
External Debt:					
Debt at 1 April	£295.266	£329.296	£368.000	£406.200	£421.300
Expected Change in Debt +/-		£41.202	£36.835	£13.364	£15.324
Actual Gross Debt at 31 March	£295.266	£370.498	£404.835	£419.564	£436.624
Capital Financing Requirement (CFR)	£391.399	£454.156	£485.523	£494.219	£504.651
Under/(Over) Borrowing	£96.133	£83.658	£80.688	£74.655	£68.027
Other Debt Liabilities	£12.011	£11.173	£9.957	£9.129	£8.258
Expected Change in Other Debt Liabilities +/-	(£0.838)	(£1.215)	(£0.829)	(£0.871)	(£0.915)
Other Debt Liabilities Total	£11.173	£9.957	£9.129	£8.258	£7.343

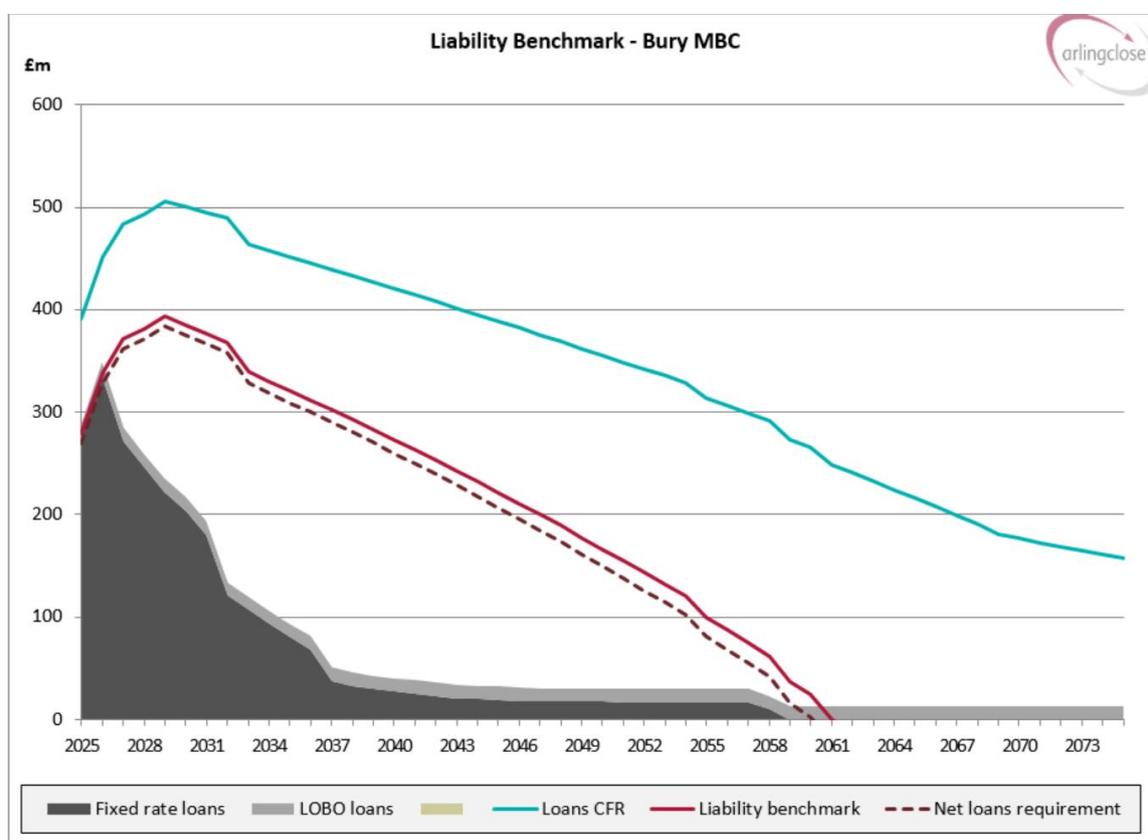
33. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP payments are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. The amount funded from Council Tax, business rates and general government grants. 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.

Ratio of Financing Costs to Net Revenue Stream	2024-25 Actual £m	2025-26 Estimate £m	2026-27 Forecast £m	2027-28 Forecast £m	2028-29 Forecast £m
GF	2.79%	3.97%	5.78%	5.43%	5.53%
HRA	10.48%	9.06%	11.58%	12.99%	13.16%

Liability benchmark

34. The Liability Benchmark is now a mandatory indicator that must be reviewed and presented as required under the Prudential Code. It compares actual borrowing against a benchmark, which is calculated showing the lowest level of borrowing required to keep investments at a minimum level. The result then represents the minimum amount of borrowing an authority must undertake to fund their capital expenditure.

35. The 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. The liability benchmark itself 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.
36. The benchmark calculated for the Council is shown graphically below. Based on latest information, it shows that the CFR repays debt before it needs to. If the Council had no additional investment balances / surplus cash during 2025/26, no additional borrowing would be required to support the capital programme as investment balances are sufficiently high. MRP could be revised to lengthen the loans CFR position, and this will be explored to determine whether it offers an opportunity to reduce revenue costs.



37. The graphical results are not unexpected as the Council expects to remain borrowed above its liability benchmark in the medium term. This is because there is a substantial historic debt portfolio. Over the past few years there have been no opportunities to mature debt early due to the premiums that would be incurred on the early repayment of this debt. Due to the rapidly changing interest rate environment this position has now changed and the Council is seeing opportunities to mature debt in a discounted position.

38. Despite having an increasing need to borrow as defined by the Loans CFR, the Council can manage the borrowing requirement using existing balance sheet resources (balances, reserves, cash flow surpluses). Therefore, the Council will continue to hold any new debt requirements internally. This new debt would only be externalised if it becomes uneconomical to hold it internally.

Borrowing Strategy

39. Due to decisions taken in the past, the Council is currently projected to have £370.498m borrowing as at the end of March 2026 at an average interest rate of 4.45% and £10.000m treasury investments at an average rate of 4%, projected as at the end of March 2026.
40. The total borrowing requirement at the end of 2025/26 is forecast to be £454.156m (equivalent to the loans CFR). The Council's aim is to both repay maturing debt, and where possible some of the existing debt when opportunities to do this arise. The Council also considers new borrowing where it can be shown to be prudent and financial beneficial to do so. In 2025/26 £26.500m maturing external debt was repaid. £10.000m is current forecast to be repaid in 2025/26, which are maturing market loans.
41. The Council's chief objective when borrowing money 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.
42. Given the significant cuts to public expenditure and to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Due to a rapidly changing interest rate environment the cost of borrowing has increased. If the Council needed to borrow it would be more cost effective in the short-term to borrow short-term.
43. The Council is still able to reduce net borrowing costs (despite foregone income) and reduce overall treasury risk, despite a highly different interest rate environment to this time last year. The benefits of internal borrowing will continue to be monitored regularly, and opportunities for restructuring or repaying debt at a discount will continue to be explored. Arlingclose will continue to assist the Council with this analysis, and identification of discount opportunities.
44. The Council may borrow short-term loans to cover unexpected cash flow shortages.

Limits to Borrowing Activity

45. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should

debt approach the limit. It is calculated with regard to the Council's capital expenditure and financing plans.

Operational Boundary	2024-25	2025-26	2026-27	2027-28	2028-29
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Borrowing	£391.401	£454.156	£485.523	£494.219	£504.651
Other Long-term Liabilities	£11.173	£9.958	£9.129	£8.258	£7.344
Total	£402.572	£464.113	£494.652	£502.477	£511.995

Authorised Limit	2024-25	2025-26	2026-27	2027-28	2028-29
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Borrowing	£401.399	£464.156	£495.523	£504.218	£514.651
Other Long-term Liabilities	£12.173	£10.958	£10.129	£9.258	£8.344
Total	£413.572	£475.113	£505.652	£513.477	£522.995

Sources of Borrowing and Portfolio Implications

46. The approved sources of long-term and short-term borrowing are:
- HM Treasury's Public Works Loan Board (PWLB) lending facility.
 - UK Infrastructure Bank Ltd
 - UK local authorities and any other UK public sector body
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds
 - capital market bond investors
 - retail investors via a regulated peer-to-peer platform
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
47. Capital finance may also be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
 - similar asset-based finance.
48. The Council continues to investigate other sources of finance, such as local Council loans, the UK Municipal Bonds Agency and bank loans, that may be available at more favourable rates. The UK Municipal Bonds Agency is a more complicated source of finance so any decision to borrow from this source will be the subject of a separate report to Audit and Governance Committee.

49. The Council holds two £13.000 million of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Both LOBO's have options during 2026/27 with a 56.40% probability of one of lenders exercising their option in April 2026. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years.
50. Short-term and variable rate loans leave GCC exposed to the risk of short-term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators below.

Debt Rescheduling

51. PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. Due to cashflow implications some loans matured may be replaced with new loans, or they may be repaid without replacement, particularly where this is expected to lead to an overall saving or reduction in risk.
52. The Authority has undertaken the rescheduling of a number of PWLB loans following advice from our Treasury Adviser Arlingclose. This strategy has enabled the Authority to take advantage of discounts available for early repayments of selected loans. Replacement loans were then taken out where appropriate. This approach has resulted in an overall improvement in the Authority's borrowing position and reflected in the current portfolio and summarised in the table Appendix B.
53. The Council will continue to monitor its Loans and take advantage of any future debt restructuring opportunities where this is expected to benefit the authority financially or reduce risk.
54. Borrowing and rescheduling activity will be reported to the Audit and Governance Committee in the Annual Treasury Management Report, the Mid Year Report and any other treasury management reports presented to the relevant Committee.

Treasury Investment Strategy

55. During 2025/26 the Council's internal treasury investment balance has ranged between £20.000 million and £11.456 million. Balances are lower than prior years due to internal

borrowing levels. Balances are expected to fall further as borrowing held internally increases.

56. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest 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 receiving unsuitably low investment income. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
57. Market conditions have changed rapidly during 2025/26 with interest a reduction to rates from 4% to 3.75% in December 2025. The Council has predominantly invested with High Street banks, Debt Management Office (DMO) and where opportunities arose for higher rates has invested in short term MMF's.
58. Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
59. The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty), the time limits shown and the Responsible Investment Policy incorporated as part of the Treasury Management Policies.

Table 2: Approved Investment Counterparties

58. Table 2 should be read in conjunction with the notes below:

Counterparty	Credit Rating	Max £ limit per institution	Maximum Maturity Period
UK Government	Any	Unlimited	50 years
UK Local Authorities & Other Government Entities – except Local Authorities subject to a Section 114 notice	Any	£20m	2 years
Secured Investments	A- Or equivalent	£20m	1 year
UK Banks (Unsecured) *	A- Or equivalent	£25m	1 year
UK Building Societies (Unsecured) *	A- Or equivalent	£20m	1 year
Registered Providers (Unsecured) *	A- Or equivalent	£20m	1 year
Money Market Funds	A- Or equivalent	£20m	Instant Access
Unrated Affiliated Bodies working capital **	N/A	Subject individual circumstance	Case by Case
Unrated Affiliated Bodies Capital Expenditure Loan **	N/A	Subject individual circumstance	Case by Case

- **Credit Rating:**
Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- **Government:**
Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- **Local Authorities and Other Government Entities:**
Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.
- **Banks and Building Societies Unsecured:**
Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- **Registered Providers (unsecured):**
Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.
- **Money market funds:**
Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- **Strategic Pooled Funds:**
Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly. These accounts are treated as long term investments due to the variability of the capital value of the investment and will be

held for a period of at least 5 years. Any new funds opened will need to be mindful of the Council's policies around fossil fuel, climate change and sustainable resources.

- **Real estate investment trusts:**

Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

- **Other investments:**

This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

- **Operational bank accounts:**

The Council may incur operational exposures, for example through current accounts, and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Responsible Investment Policy, Environmental, Social and Governance Considerations (ESG)

59. The Code requires local authorities to consider their counterparty policies in light of ESG information, while recognising that there is not a developed approach to ESG for public sector organisations and not expecting authorities to use real-time ESG scoring / criteria for individual investments.

60. ESG issues are wide-ranging and non-standardised, however the Council aims to be a responsible investor and will consider ESG issues when investing. The Council has a Climate Action Change Strategy and Plan, and more details can be found at the link below:

[Bury's Climate Action Strategy and Action Plan - Bury Council](#)

Risk assessment and credit ratings:

61. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be,
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
62. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments:

63. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
64. Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.
65. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment Limits

66. The Council holds general revenue reserves which would be available to cover investment losses. However, to limit this risk, in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £25.0 million. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries, and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Liquidity management:

67. The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
68. The Council will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

69. The Council measures and manages its exposures to treasury management risks using the following indicators.
70. **Security:** GCC has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator: portfolio average credit rating target A

71. **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator: total cash available within 1 month target £10m

72. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	30%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	40%	0%
20 years and within 30 years	40%	0%
30 years and within 40 years	50%	0%
Over 40 years	40%	0%

73. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Service Investments:

74. The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as the other non – financial assets which the Council holds primarily for financial returns. 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).
75. Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also includes within the definition of investments all such assets help partially or wholly for financial return.
76. The Authority also held such investments in:

Non-Financial Investments	2024/25	2025/26
	£m	£m
Manchester Airport Loan	£29.366	£29.366
Bury MBC Townside Fields Loan	£7.257	£7.257
Six Town Housing Loan	£2.797	£2.664
Bury Bruntwood (Millgate) LLP Loan	£20.099	£20.099
The Prestwich Regeneration (LLP) Loan	£1.127	£1.127
Debt Managed for Probation Services	£0.011	£0.010
Total	£60.657	£60.523

77. These investments are forecast to generate £4.4m of investment Income in 2025/26 for the Authority after taking account of direct costs, representing a rate of return of 6.68%.

Service Investments: Shares

78. The Council has a 3.22% shareholding (three) shares in Manchester Airport Holdings Limited (MAHL). The nominal and fair value of Bury Council's interest in the company at 31 March 2025 are shown below:

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income	Nominal £m	Fair Value £m	Change in Fair Value during 2024/25 £000s
Manchester Airport Shares	£10.214	£43.420	(£2.880)
Manchester Airport Car Park (1) Limited	£5.610	£4.400	£0
Total	£15.824	£47.820	(£2,880)

Related Matters

79. The CIPFA Code requires GCC to include the following in its treasury management strategy.

Financial Derivatives

80. The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
81. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
82. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
83. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
84. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering financial derivatives to ensure that it fully understands the implications.

85. Housing Revenue Account: On 1 April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account.
86. Where the value of the HRA loans pool is below the HRA capital financing requirement, interest on this “under-borrowing” will be charged to the HRA at the Authority’s average rate of borrowing. Interest on any “over-borrowing” above the HRA capital financing requirement, and on balances in the HRA, its earmarked reserves and the major repairs reserve will be credited to the HRA at the Authority’s average interest rate on treasury investments excluding strategic pooled funds and REITS, adjusted for credit risk.

Financial Implications

87. The budget for investment income in 2026/27 is £0.346m. The budget for debt interest paid in 2026/27 is £17.293m. If the actual levels of investments and borrowing, or actual interest rates, differ from the forecast, performance against budget will be correspondingly different. Split into General Fund and HRA budgets if applicable.
88. The Council has opted up to professional client status with some of its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council’s treasury management activities, this is the most appropriate status.

Other Options Considered

89. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Treasury Management Policy Statement

90. The Council defines the policies and objectives of its treasury management activities as follows:
- The council defines in the treasury management activities as the management of the Council’s cash flow, its banking, money market and capital market transaction, the effective control of the risks associated with activities and pursuit of optimum performance consistent with those risks.
 - The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measure. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications
 - The Council acknowledges the effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques, within the context of effective risk management.
91. The Council’s Treasury Management Scheme of Delegation is approved by Full Council annually as part of the overall Treasury Management Strategy, it was last approved by Council at its meeting of February 2024 and there are no proposals for any amendments to the current scheme, which is set out below:

1. Delegation and Responsibility

The following personnel are involved on a regular basis in Treasury Management:

Director of Finance (S151 Officer)	Overall supervision of Treasury Management function and cash flow. Regular reviews of Treasury Management Strategy and monitor performance.
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Accountancy Manager (Treasury & Capital)	Manage and undertake day to day Treasury Management Activities in accordance with Treasury Strategy and Policy Statement.
Accountant (Treasury & Capital)	Deputise for Accountancy Manager in their duties as required.

2. Treasury Management Scheme of Delegation

Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of/amendments to the Council's adopted clauses, treasury management policy statement; and
- Approval of annual strategy

Boards/Committees/Council/Responsible Body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- budget consideration and approval.
- approval of the division of responsibilities.
- receiving and reviewing regular monitoring reports and acting on recommendations.
- approving the selection of external service providers and agreeing terms of appointment.

Body/Person(s) with Responsibility for Scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the body responsible.

3. The Treasury Management Role of the Director of Finance (Section 151 Officer)

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports.
- submitting budgets and budget variations.

- receiving and reviewing management information reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit and liaising with external audit.
- recommending the appointment of external service providers.

Functions:

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investment which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in-house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (TM Code p54): -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios.
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments.
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making.

- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken.
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

Minimum Revenue Provision Statement

92. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to MHCLG Guidance most recently issued in April 2024.
93. The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
94. The Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates the options recommended in the Guidance.

Proposed 26/27 MRP Policy:

- For expenditure incurred before 1 April 2008 or which forms part of supported capital expenditure, the MRP policy will be:
 - Asset life method (annuity) – MRP will be based on an asset life of 50 years calculated using 2.39%.
- For expenditure incurred between 1 April 2008 and 31 March 2019 for all prudential borrowing, the MRP policy will be:
 - Asset life method (annuity) – MRP will be based on an asset life of 50 years calculated using 2.39%.
- For expenditure incurred from 1 April 2019 for all prudential borrowing, the MRP policy will be:
 - Asset life method (straight line) – For service delivery assets MRP will be based on the estimated life of the assets.
 - Asset life method (annuity) – For regeneration and income generating assets MRP will be based on the estimated life of the assets.
- For capital loans to third parties, the MRP policy will be:
 - Where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR and directly offset the relevant MRP charge.
 - For capital loans to be repaid at the end of their term and thus no principal repayment being repaid annually, there is no requirement for MRP. The Council will undertake an annual financial assessment of the third party's ability to repay the debt, where an expected credit loss or impairment is recognised in a financial year, an MRP charge will be made to an amount at least equal to the amount recognised.
- The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

- MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.
 - MRP commencement, MRP will commence in the financial year following the one in which the asset becomes operational.
 - For Housing Assets held within the HRA, due to the requirement to make a depreciation charge to the HRA, no further revenue charge for MRP is required.
 - Capital Receipts, the Executive Director of Finance may from time to time and when it is beneficial to the efficient financial administration of the Council, apply capital receipts to reduce the CFR and MRP will be calculated on the residual CFR.
 - MRP Overpayments:
 - Under the MRP statutory guidance, any charges made in excess of the statutory MRP can be made, known as Voluntary Revenue Provision (VRP).
 - VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The cumulative VRP overpayments made to date are £0m.
 - The Executive Director of Finance may from time to time and when it is beneficial to the efficient financial administration of the Council, make additional voluntary payments VRP. In these circumstances, the amount paid would not prejudice the existing strategy or be counter to the regulatory intent of that strategy.
95. Based on the latest estimate of the CFR on 31st March 2026, the budget for MRP has been set as £5.468m.

Appendix A: Arlingclose Economic & Interest Rate Forecast – December 2025

Underlying Assumptions:

- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggests that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While, the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.
- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

Forecast:

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.
- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly, and we expect yields to remain higher

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.82	3.55	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.96	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
10yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.52	4.40	4.35	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
20yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.16	5.00	4.95	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.95	4.95	4.95
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
50yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.74	4.65	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Appendix B – Existing Investment & Debt Portfolio Position

Existing Investment & Debt Portfolio Position	31.03.2025		31.12.2025	
	Actual Portfolio £m	Average Rate %	Actual Portfolio £m	Average Rate %
Treasury Investments:				
The UK Government	£0.000	0.00%	£6.430	3.91%
Local Authorities	£0.000	0.00%	£0.000	0.00%
Other Government Entities	£0.000	0.00%	£0.000	0.00%
Secured Investments	£0.000	0.00%	£0.000	0.00%
Banks (unsecured)	£10.700	4.63%	£5.030	4.95%
Building Societies (unsecured)	£10.000	5.44%	£0.000	0.00%
Registered providers (unsecured)	£0.000	0.00%	£0.000	0.00%
Money Market Funds	£0.000	0.00%	£0.000	0.00%
Other Investments	£0.000	0.00%	£0.000	0.00%
Total Treasury Investments	£20.700		11.460	
External Borrowing:				
Public Works Loan Board	(£247.266)	3.96%	(£259.713)	4.80%
Local Authorities	(£30.000)	4.86%	(£57.000)	4.51%
LOBO Loans from Banks	(£13.000)	4.23%	(£13.000)	4.23%
Other Loans	(£5.000)	4.23%	£0.000	0%
Total Gross External Debt	(£295.266)	4.05%	(£329.713)	4.40%
Net Investment/(Debt)	(£274.566)		(£318.253)	