

Appendix 5.1

Treasury Management

Total investments placed during the period
1 April 2025 to 31 December 2025

	Cumulative No. Of Investments To 30 June	Total Value Invested To 31 December	Average Interest Rate	Average Duration	Interest Earned (Accrued)
		£ 000's	%		£ 000's
British Clearing Banks					
National Westminster Bank PLC	175	88,455	1.12	1 day	1
Government Bodies					
Debt Management Office	106	523,500	4.08	3 days	151
Local Authorities					
Cornwall County Council	1	2,500	4.05	3 months	10
Total	192	614,455			162

Appendix 5.2

Prudential Indicators

- 1. The Capital Financing Requirement (CFR)** – This represents the Council's underlying need to borrow for capital purposes, based on the cumulative value of capital expenditure not fully paid for. The CFR will change year-on-year in accordance with the value of capital spending.

The key control over treasury activities is to ensure that over the medium term, net borrowing will only be for capital purposes. The Authority must ensure that net external borrowing does not, except for short periods, exceed the total of the CFR. A comparison of the estimate against the actuals is shown in the table below.

	2025/26 Original Estimate At Year End £000's	2025/26 Revised Estimate At Year End £000's
Gross Borrowing	34,778	33,778
Investments	0	0
Net Borrowing 31st March	34,778	33,778
Total CFR 31st March	41,761	41,987

The Section 151 Officer reports that the Council is expected to comply with the requirement to keep borrowing below the relevant CFR in 2025/26 and no difficulties are foreseen for the current or future years.

- 2. Borrowing Levels** – The following two indicators control the overall level of borrowing;
 - The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003;
 - The Operational Boundary** – This indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around the boundary for short times during the year. It should act as a barometer to ensure the authorised limit is not breached;
 - The actual borrowing compared to the Authorised and Operational limits agreed by Council are as follows.**

	2025/26 Original Limit £000's	2025/26 Revised Limit £000's
Authorised Limit	46,000	46,000
Operational Boundary	41,000	41,000

- 3. Ratio of Financing Costs to Net Revenue Stream** – This indicator compares net financing costs (borrowing costs less investment income) to net revenue income from revenue support grant, business rates, housing revenue account subsidy, Council tax and rent income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time.

	2025/26 Original Estimate %	2025/26 Revised Estimate %
General Fund	13.1	10.9
HRA	13.0	12.0

The above indicator shows that within the General Fund, financing costs were originally expected to be 13.1% of the net revenue income. This has decreased to 10.9% in Q3, primarily due to the receipt of the Extended Producer Responsibility grant.

In the case of the HRA there is net interest payable which was expected to be 13.0% of the net revenue income. This is now estimated at 12.0% due to the slippage of £2,075K of capital expenditure, which has reduced the need for short-term borrowing.

- 4. Limits on Activity** – The following indicators constrain the activity of the treasury function to within certain limits, thereby reducing the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position.
- **Upper Limits on Variable Rate Exposure** – This indicator identifies a maximum limit for variable interest rates;
 - **Maturity Structures of Borrowing** – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing;

- **Total Principal Funds Invested** – This limit is set to reduce the need for early sale of investments and is based on the availability of investments after each year-end.

	2025/26 Original Indicators		2025/26 Revised Indicators		2025/26 Actual Maturity Structure	
	%		%		%	
Fixed Interest Rates Limit	100		100		100	
Variable Interest Rates Limit	100		25		0	
Maturity Structure of Borrowing	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 Months	0	50	0	50	0	56
12 Months to 2 Years	0	50	0	50	0	3
2 Years to 5 Years	0	50	0	50	0	9
5 Years to 10 Years	0	100	0	100	0	15
10 Years & Above	0	100	0	100	0	17
Total						100

While the Council is currently exceeding the limit for borrowing under 12 months, this is expected to be temporary. New long-term borrowing had been planned towards the end of 24/25, but capital slippage negated the need for it. It is expected that £2M of PWLB borrowing will be undertaken during Q4 25/26.

The Prudential Code requires indicators to be set for the maturity structure of fixed borrowings only.