CABINET
22 SEPTEMBER 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: FIRST QUARTER TREASURY MANAGEMENT REVIEW 2026/27

REPORT OF: Director - Resources

EXECUTIVE MEMBER: Executive Member - Resources

COUNCIL PRIORITY: Sustainability

1. EXECUTIVE SUMMARY

REPORT OF THE DIRECTOR – RESOURCES

To update Cabinet on progress with delivering the Treasury Strategy for 2026/27, as at the end of June 2026. In addition, to inform Cabinet of the Treasury Management activities in the first three months of 2026/27. The current forecast is that the amount of investment interest expected to be generated during the year is £0.986M. This is an increase of £0.495M on the original budget.

2. RECOMMENDATIONS

2.1. That Cabinet notes the position of Treasury Management activity as at the end of June 2026 and as set out in Appendix 1.

3. REASONS FOR RECOMMENDATIONS

3.1. To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The primary principles governing the Council's investment criteria are the security of its investments (ensuring that it gets the capital invested back) and liquidity of investments (being able to get the funds back when needed). After this the return (or yield) is then considered, which provides an income source for the Council. In relation to this the Council could take a different view on its appetite for risk, which would be reflected in the Investment Strategy. In general, greater returns can be achieved by taking on greater risk. Once the Strategy has been set for the year, there is limited scope for alternative options as Officers will seek the best return that is in accordance with the Investment Strategy

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 There are regular updates and meetings with Treasury advisors MUFG.

6. FORWARD PLAN

6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 21st August 2026.

7. BACKGROUND

7.1 In February 2026, Council approved an Investment Strategy for 2026/27 to 2035/36.

7.2 MUFG are contracted to provide Treasury advice. The service includes:

- Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies
- Information on investment counterparty creditworthiness
- Technical updates
- Access to a Technical Advisory Group.

8. RELEVANT CONSIDERATIONS

8.1 The Council has £145.0M of capital assets that it currently owns. The Investment Strategy set out the reasons for owning assets that are not for service delivery, including an assessment of Security, Liquidity, Yield and Fair Value. There have been no significant changes in relation to these since the last quarter.

8.2 The Council invests its surplus cash in accordance with the Investment Strategy (see paragraph 4.1). This surplus cash is made up of capital funding balances, general fund balance, other revenue reserves and provision balances and variations in cash due to the timing of receipts and payments. During the first three months of 2026/27, the Council had an average investment balance of £35.5M and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy.

8.3 The Council has generated £0.540M of interest in 2026/27 from investments already made during the first three months of the year (and accrued interest from deals made in 2025/26). This includes the interest that will be earned during the remaining nine months of the year on investments that have already been made. The average interest rate on all outstanding investments at the 30th June was 4.11%. (31st March was 4.32%). Based on current investments and forecasts of interest rates and cash balances for the remainder of the year, it is forecast that the Council will generate £0.986M of interest over the whole of 2026/27. The increase in interest earned compared to budget is due to higher balances (mainly due to delayed capital spend) and interest rates staying higher than had previously been forecast.

8.4 As at 30th June 2026, the split of investments was as shown in the table below.

Banks (call account)	4%
Building Societies	0%
Government	53%
Local Authorities	43%

8.5 The level of risk of any investment will be affected by the riskiness of the institution where it is invested and the period that it is invested for. Where an institution has a credit rating this can be used to measure its riskiness. This can be combined with the period remaining on the investment to give a historic risk of default percentage measure. The table below shows the Historic Risk of Default for outstanding investments at 30th June 2026. The most risky investment has a historic risk of default of 0.010%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if the Council took on less risk.

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 June	Historic Risk of Default %
Lloyds Bank (call account)	1.125	3.51	AA-	1	0.000
DMO	1.0	3.753	AA-	2	0.000
DMO	2.0	3.71	AA-	2	0.000
DMO	1.0	3.76	AA-	9	0.001
DMO	1.0	3.745	AA-	14	0.001
DMO	1.0	3.73	AA-	16	0.001
DMO	2.0	3.745	AA-	20	0.001
Cheshire East Council	1.0	4.1	AA-	20	0.001
DMO	2.0	3.745	AA-	23	0.001
DMO	1.0	3.73	AA-	30	0.002
DMO	1.0	3.745	AA-	44	0.003
DMO	1.0	3.745	AA-	45	0.003
DMO	1.0	3.785	AA-	49	0.003
DMO	1.0	3.74	AA-	50	0.003
Blackpool Council	1.0	4.15	AA-	57	0.003
Bedford Borough Council	1.0	4.15	AA-	59	0.003
Eastleigh Borough Council	2.0	4.15	AA-	69	0.004
DMO	1.0	3.825	AA-	79	0.005
Lancashire County Council	1.0	4.3	AA-	79	0.005
Walsall Council	2.0	4.25	AA-	84	0.005
Surrey County Council	1.0	4.25	AA-	106	0.006
West Dunbartonshire	2.0	4.20	AA-	111	0.007
London Borough Bexley	1.0	4.35	AA-	121	0.007
Cheshire East Council	1.0	4.20	AA-	168	0.010
	30.125	4.11			

DMO credit rating is the UK credit rating.

9. LEGAL IMPLICATIONS

9.1 Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that committee to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks. This

report discharges the Councils statutory and regulatory responsibilities for both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003

10. FINANCIAL IMPLICATIONS

10.1 The main financial implications are covered in section 8 of the report.

11. RISK IMPLICATIONS

11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

11.2 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependent on banks and building societies need for borrowing.

12. EQUALITIES IMPLICATIONS

12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no direct equalities implications directly arising from this report.

13. SOCIAL VALUE IMPLICATIONS

13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to recommendations of this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no direct human resource implications.

16. APPENDICES

16.1 Appendix 1 – Treasury Management Update

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

18.2 Appendix F – Investment Strategy