

Treasury Management – Borrowing and Investments

Borrowing

Table 1 below shows the breakdown of the types of external borrowing held by the Council:

Table 1 – Borrowing summary

	31.03.25 Balance	Net Movement	30.09.25 Balance	30.09.25 Weighted Average Rate	30.09.25 Weighted Average Maturity
	£m	£m	£m	%	(years)
Public Works Loan Board	51.1	-0.6	50.5	3.41%	13.5
Banks (fixed-term)	3.9	0.0	3.9	0.34%	2.1
Local authorities (long-term)	0.1	0.0	0.1	3.14%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
Total borrowing	55.1	-0.6	54.5	3.48%	15.6

Since the beginning of the reporting period the Council has paid £0.96m in interest on borrowing. The forecast amount to be spent on interest on loans for the financial year 25/26 in total is £1.9m. The overall interest rate on borrowing is 3.48%.

During the reporting period the Council has paid back £0.6m principal on its loans. It is forecasting to repay £1.3m in PWLB loan principal by the end of the year. £1.29m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this. The budget for borrowing principal repayments was in line to be met.

Investments

The breakdown of external investments held by the Council and movement since 31 March 2025 are shown in Table 2 below:

Table 2 – Investment summary

	31.3.25 Balance	Net Movement	30.09.25 Balance	30.09.25 Income Return	30.09.25 Weighted Average Maturity
	£m	£m	£m	%	(days)
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0
Government (incl. local authorities)	0.0	18.0	18.0	4.20%	8
Money Market Funds	19.5	-6.5	13.0	4.27%	1
Total investments	19.5	11.5	31.0	4.23%	9

The Council has budgeted £0.44m in interest income from investments after S106 deductions in 2025/26. Actual income received by 30 September 2025 was £0.98m. We are now forecasting the risk adjusted interest received by 31 March 2026 to be £1.51m and after S106 deductions income to be £1.24m.

The updated forecast of £1.24m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 65% to the GF and 35% to HRA. The percentage

split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund.

Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment. These forecasts are likely to change again over the coming months as such an 80% risk adjustment is placed on anticipated income to avoid overreliance on interest return on budgets.