Cabinet Council	17th November 2026
Report by:	Head of Finance
Lead Cllr:	Cllr J E Harvey Executive Councillor for Finance and Resources

Wards	Open / Exempt	Key Decision?
ALL wards	Open	No

Treasury Management 6 Month Performance Review 2026/27

Executive Summary:

Best practice and prescribed treasury management guidance requires members to be kept up to date in respect of treasury management activity for the first half of the year, including investment and borrowing activity and treasury performance.

The Council's 2025/26 Treasury Management Strategy was approved by the Council on the 25th February 2026, this report sets out the Treasury Performance and indicators for period between 1st April 2026 and 30th September 2026.

Treasury Management is;

The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The main purpose of Treasury Management is to.

- Ensure the Council has sufficient cash to meet its day-to-day obligations.
- Borrow when necessary to fund capital expenditure, including borrowing in anticipation of need when rates are low.
- Invest surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest, and prioritising liquidity before considering optimising investment returns.

The key market Treasury Management issues through the first half of 2026/27 influencing the Council's decision-making were.

- The Bank of England (BoE) Bank Rate remained the same over the period at 3.75%.
- Gilt rates (10-year government bonds) fluctuated between 5.43% and 4.69% and fell to 5.43% at the end of September. Gilt rates feed into the rates paid for investing in the Debt Management Office, and also PWLB borrowing rates.
- Interest rates are forecast to first rise in the near-term to 4% and then fall back over the following year or two.

The Council's responses to the key issues were.

- When the Council has surplus funds, these will primarily be invested on a short-term basis, primarily in the DMO, money market funds, and the council's transactional bank NatWest.

- Where possible to take a higher return without sacrificing liquidity e.g. use of timed deposits at the DMO, if sufficient cash is available for short-term needs. Although currently money market fund and DMO rates are similar.

- If economic conditions are forecast to deteriorate it is vital to monitor financial institutions credit rating, and credit default swap rates (the cost to insure lending). This information is provided by the Council's treasury adviser – Link Group in regular updates.

The Council's Commercial Investment Strategy (CIS)

Indicators relating to the investments are shown in **section 11** of the report.

The commercial property portfolio is forecast to generate £2.6m of net income for the Council in 2026/27. The breakdown of the property portfolio is shown in **Appendix F** and the proportion of commercial property and service investments income in relation to net revenue stream, in **section 11** of the report.

The **Treasury Management 6 Month Performance Review** is appended to this report.

Recommendations

1.1 To note the treasury management performance included in the Treasury Management 6 Month Performance Review, for the first 6 months of 2026/27 and to recommend the report to Council for consideration.

Key Corporate Plan Priorities

Delivering good quality, high value for money services with good control and compliance with statutory obligations.

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1. PURPOSE OF THE REPORT

1.1 To provide Members with an overview of how the Council has managed cash balances, investments and borrowing, during first 6 months of the year, and that this is in line with approved policies and practice.

1.2 To confirm that all treasury management activities during 2026/27 have been undertaken in accordance with the Treasury Management Strategy as approved by Council.

1.3 To summarise the prevailing economic conditions and interest rate environment during the year and explain how these have influenced investment performance and borrowing decisions.

1.4 To report on the Council's investment strategy, balances held, rates achieved and the prioritisation of security and liquidity ahead of yield.

1.5 To update Members on the Council's borrowing position.

2. BACKGROUND & CONTEXT

2.1 It is best practice and prescribed treasury management practice, that Members are kept up to date with treasury management activity.

2.2 The Council approved the 2026/27 Treasury Management Strategy at its meeting on 25th February 2026.

2.3 All treasury management activity undertaken during the first 6 months of 2026/27 complied with the CIPFA Code of Practice and relevant legislative provisions.

2.4 The investment strategy is to invest any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest. The Council's borrowing strategy permits borrowing for cash flow purposes and funding current and future capital expenditure over whatever periods are in the Council's best interests.

3. ANALYSIS

3.1 Council Key Priorities and Performance

Delivering good quality, high value for money services with good control and compliance with statutory obligations.

For details of the stewardship and returns of the council's investments and borrowing, refer to the 2026/27 Treasury Management Strategy.

3.2 Economic Review

An economic review of the year has been provided by the council's treasury management advisors, Link Group, and is attached with an analysis of the local context implications in **section 3** of the report.

3.3 Performance of Council Funds

The treasury management transactions undertaken during the first 6 months of 2026/27 financial year and the details of the investments and loans held as at 30th September 2026 are shown in detail in **Appendix D** of the report.

3.4 Non-Treasury Investments

The definition of investments in CIPFA's 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. The full details of these investments can be found in **Section 11** and **Appendix F** of the report.

3.5 Compliance

Compliance with specific investment and debt limits and risk measures are indicated in **Appendix C** and **Appendix D**.

3.6 Treasury Management Indicators

The Council measures and manages its exposure to treasury management risks using indicators which are details in the **section 8** of the report, and Appendices C and D.

3.7 Policy Implications

N/A

3.8 Legal & Constitutional Implications

The Council is required by regulations issued under the Local Government Act 2003 to report throughout 2026/27, and so Cabinet will receive quarterly reports on Treasury Management activity, together with a more detailed mid-year report. The annual outturn report, incorporating treasury activity and the associated prudential and treasury indicators, will be presented to Cabinet in 2027. Additional reporting to Treasury and Capital Management Group will be made quarterly.

3.9 Community Impact

N/A

3.10 Environment & Climate Change Implications

The council's investments take account of the UN Principles for Responsible Banking (in particular Principle 1) and the UN Principles for Responsible Investments.

3.11 Equality & Diversity Implications

The council's investments take account of the UN Principles for Responsible Banking and the UN Principles for Responsible Investments (through ESG {Environmental, Social, Governance} principles).

3.12 Implications for Resources

As this report is for information and retrospective there are no implications for resources in future years, where any changes to financial resources occur these will be updated in the quarterly monitoring reports and future budgets and MTFS. There are no direct implications on other resources, such as staffing or property.

3.13 Health & Wellbeing Implications

N/A

3.14 Local Government Reorganisation (LGR) Implications

This report is retrospective and therefore has limited impact on LGR implications.

4. RISK MANAGEMENT

The Council's primary objectives for the management of its investment are to give priority to the security and liquidity (how quickly cash can be accessed) of its funds before seeking the best rate of return. For more details see **section 9.**

5. APPENDED REPORT

The **Treasury Management 6 Month Performance Review** is appended Including;

- Economic review (source: Link Group)
- Prudential and Treasury Indicators
- Borrowing and the Liability Benchmark
- Treasury and Prudential Limit Compliance
- Commercial Investment Strategy Indicators
- Borrowing and Investing Schedules
- Commercial Estates Property Listing
- Glossary

6. BACKGROUND PAPERS– LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Document List	Custodian	File Location
Cash management spreadsheets	Finance Team	Finance shared drive
Quarterly monitoring reports	Finance Team	Finance shared drive
Treasury Management Strategy	Finance Team	Finance shared drive
Treasury and Performance indicators calculation spreadsheet	Finance Team	Finance shared drive