

FINANCIAL STRATEGY ADVISORY GROUP

Friday 25 September 2026 at 2.00 pm

Place: Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Financial Strategy Advisory Group meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Neil Dallen (Chair)
Councillor Kate Chinn
Councillor Alex Coley

Councillor Liz Frost
Councillor Peter O'Donovan
Councillor Clive Woodbridge

Yours sincerely



Chief Executive

For further information, please contact democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

Public information

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Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

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Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government Act 1972 (as amended). Should any such matters arise during the course of discussion of the below items or should the Chair agree to discuss any other such matters on the grounds of urgency, the Committee may wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions and statements from the Public

Questions and statements from the public are not permitted at meetings of this Committee. [Annex 4.2](#) of the Epsom & Ewell Borough Council Operating Framework sets out which Committees are able to receive public questions and statements, and the procedure for doing so.

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AGENDA

1. DECLARATIONS OF INTEREST

To receive declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests from Members in respect of any item to be considered at the meeting.

2. MINUTES OF THE PREVIOUS MEETING (Pages 5 - 8)

The Group is asked to confirm as a true record the Minutes of the Meeting of the Group held on 30 January 2026 (attached) and to authorise the Chair to sign them.

3. 2025/26 TREASURY MANAGEMENT OUTTURN (Pages 9 - 24)

This report presents the Council's treasury management performance in 2025/26.

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Minutes of the Meeting of the FINANCIAL STRATEGY ADVISORY GROUP held at the Council Chamber, Epsom Town Hall on 30 January 2026

PRESENT -

Councillor Neil Dallen (Chair); Councillors Kate Chinn, Alex Coley, Liz Frost and Clive Woodbridge

In Attendance: Councillor James Lawrence

Absent: Councillor Peter O'Donovan

Officers present: Cagdas Canbolat (Director of Corporate Services (S151)) and Sue Emmons (Chief Accountant)

13 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors regarding items on the agenda for the meeting.

14 MINUTES OF THE PREVIOUS MEETING

The minutes of the Financial Policy Panel meeting held on 21 November 2025 were agreed as a true record to be signed by the Chair.

15 BUDGET AND COUNCIL TAX REPORT 2026/27

The Group received a report providing an update on the preparation of the budget for 2026/27. The report sought final guidance from the Group prior to the finalisation of the Budget and Council Tax report for Full Council on 10 February 2026.

Members discussed the following issues:

- The impact of national changes to local business rates bills.
- How the finance settlement will impact funding of temporary accommodation pressures.

Following consideration of the report's contents, the Group moved to consider the report recommendations, which were voted on individually, and agreed as follows:

With five votes for:

- (1) Provide the Chief Finance Officer with any further feedback needed to finalise the 2026/27 Budget and Council Tax report before the paper is taken to Full Council.**
- (2) Note the provisional Local Government Financial settlement for 2026/27 announced on 17 December 2025.**
- (3) Support that any surplus/deficit on 2025/26 business rates income, and any change in projected business rates income for 2026/27, will be offset by a transfer to / from the Collection Fund Equalisation Reserve.**

With three votes for and two against:

- (4) Support a recommendation to Council of a council tax increase of 2.98% (£6.93 per annum for a Band D equivalent property) for 2026/27.**

16 TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2026/27

The Group received a report outlining the treasury management and investment strategy for 2026/27, which includes prudential indicators for 2026/27 to 2028/29, the minimum revenue provision (MRP) policy, and the investment and borrowing strategy. It is a legislative requirement that these items be approved by Full Council.

Members discussed the following issues:

- An explanation of the figures within table 3.1 which sets out the treasury investments as at 31 March and 31 December 2025.
- A missing figure in the second table under section 2.1 for the CIL and S106 funding for 2026/27 which should have listed the figure £3,695 and will be corrected in the document presented to Full Council in February.
- Whether any amendments should be made to the list of countries in section 7. No countries were removed from the list.
- Whether the Epsom & Ewell Treasury Management and Investment Strategy aligns with the other districts due to become part of East Surrey.

Following consideration of the report's contents, the Group moved to consider the report recommendations, which were agreed as follows:

Following consideration, it was resolved:

- (1) Recommend to Full Council that the treasury management and investment strategy, which includes the following, be approved:**

1.1 The treasury management strategy and the treasury prudential indicators contained therein;

- 1.2 The capital prudential indicators and limits;**
- 1.3 The borrowing strategy contained within the treasury management statement;**
- 1.4 The annual investment strategy;**
- 1.5 The minimum revenue provision policy statement;**
- 1.6 The treasury management practices.**
- (2) Advise whether any countries should be considered for removal from the list of approved investable countries at section 7 of the treasury management and investment strategy in the appendix.**

The meeting began at 2.00 pm and ended at 2.35 pm

COUNCILLOR NEIL DALLEN (CHAIR)

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2025/26 TREASURY MANAGEMENT OUTTURN

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Richard Appiah-Ampofo, Sue Emmons
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Treasury Management Review Appendix 2 – Prudential Indicators

Summary

This report presents the Council's treasury management performance in 2025/26.

Recommendation (s)

The Group is asked to:

- (1) Receive the report on the Council's treasury management performance in 2025/26;**
- (2) Receive the 2025/26 prudential indicators.**

1 Reason for Recommendation

- 1.1 In July 2023, Full Council agreed updated Financial Regulations which tasked Financial Strategy Advisory Group (FSAG) with advising Audit & Scrutiny committee on the monitoring of treasury management performance.
- 1.2 Each year, FSAG reports back to Audit & Scrutiny Committee on the in-year monitoring and final outturn position of the Council's Treasury Management performance.
- 1.3 The Council's prudential indicators must also be received by a committee of members, in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector.

2 Background

- 2.1 Income earned from investments is used to help finance the Council's services and contribute to the key priority 'Effective Council'.
- 2.2 The Treasury Management Strategy, approved by full council in February 2026, sets out the strategy and procedures for managing the council's cash flow.
- 2.3 A review of treasury management performance and activity is prepared on an annual basis. This is completed in line with the CIPFA Code of Practice for Treasury Management in the Public Sector and the Treasury Management Strategy approved by Council.
- 2.4 The reporting requirements of the annual performance review meet the requirements of the CIPFA Prudential Code.
- 2.5 The Council maintains prudent levels of revenue reserves, provisions and capital reserves as part of its financial strategy.
- 2.6 The Council's cash balances can be invested in fixed term deposits, money market funds or other secure investments such as long-term gilts, as prescribed by the Treasury Management Strategy.
- 2.7 At the end of March 2026, the Council held £9.3m in money market funds (£4.8m in March 2025) and £10.0m in fixed term deposits (£15.0m in March 2025).
- 2.8 In total on 31 March 2026, the Council's treasury investments were £19.3m (£19.8m in March 2025).
- 2.9 At the same reporting date, the Council had external debt with the Public Works Loans Board of £64.4m (unchanged from March 2025).
- 2.10 The Group will note that the Pension Fund does not form part of the Council's investments and is managed on our behalf by Surrey County Council.
- 2.11 The aim of treasury management is to ensure that funds are invested with institutions that balance the need to maximise investment returns with that of minimising risk on the monies invested. This means not investing in banks/building societies/institutions that offer high investment returns but are at high risk of defaulting.
- 2.12 During 2025/26, the Council earned £1,220,096 in gross interest from its treasury investments, compared to £1,556,683 in 2024/25. The reduction reflects both lower average cash balances, which fell by £2.3m to £27.8m, and lower average gross returns during the year (see section 3.4).

3 Full Performance Review

- 3.1 A report on treasury management performance for 2025/26 is attached at Appendix 1.
- 3.2 The 2025/26 figures in this report are not expected to change, however, should there be any material amendments following completion of the external audit, these will be reported back to members.
- 3.3 No temporary borrowings were required in 2025/26.
- 3.4 The average gross return achieved for 2025/26 of 4.38% (5.17% in 2024/25) is ahead of the benchmark seven-day Sterling Overnight Index Average (known as SONIA) rate of 4.01% (equivalent in 2024/25 was 4.90%). This amounted to total gross interest income for the year of £1,220,096 generated on the cash balance held by the council. After deducting fees, net interest income for the year amounted to £1,178,313, a net return of 4.23%.
- 3.5 The net outturn position exceeded the mid-year forecast reported to the Financial Strategy Advisory Group in November 2025, when it was anticipated that net income from investments would be £1,042,000 at the end of the year.

The performance for 2025/26 on the Council's investments was as follows:

	Average Investment £'000	Net Interest Receivable £'000	Net Average Rate of Return %
Internally Managed Funds			
Money Market Funds	16,554	666	4.02%
Fixed Rate Deposits	10,438	496	4.76%
Interest Bearing Account	847	16	1.90%
Total	27,839	1,178	4.23%

- 3.6 Returns on 2025/26 investments were £236,313 higher than budgeted income for the year and the average net annualised return on investments was 4.23% (5.02% in 2024/25).

4 Internally Managed Funds

- 4.1 Money Market Funds

- 4.1.1 Money Market Funds are pooled investments that allow instant access to withdraw monies. The benefit of MMFs is that the risk on the investment is very low as the money invested in the fund is spread across a range of counterparties, which limits the exposure of a significant sum being invested with a defaulting counterparty.
- 4.1.2 The net return on money market funds was 4.02%, compared with the SONIA benchmark of 4.01%. Investment in money market funds provides the Council with flexibility to access its cash balances on any working day, thereby supporting its liquidity position. In practical terms, funds invested in money market funds remain accessible at same-day notice, enabling the Council to meet its forthcoming liabilities and payments to creditors as they fall due.

4.2 Interest Bearing Accounts

- 4.2.1 Interest bearing accounts offer the same instant access as the money market funds and deliver a rate of return linked to base rate set by the Bank of England.
- 4.2.2 The risk on these investments is also low, albeit potentially higher than the money market funds as money is deposited with one counterparty. Funds invested in this type of investment tend to be surplus of daily cash flows which need to be called back at short notice.
- 4.2.3 The net return made on interest bearing accounts of 2.05% is significantly below the SONIA benchmark of 4.01% gross return. Typically, this account is only used when limits with other counterparties were reached, as is reflected by the lower average investment figure.

4.3 Fixed Interest Investments

- 4.3.1 In 2025/26, the Council placed two fixed term deposits; one in April 2025 and one in September 2025, to reduce risk by locking in elevated interest rate returns for a fixed period. Over the year, the amount invested in fixed term deposits averaged £10.44m. The average gross return on these investments was 4.91%, with a net return after fees of 4.76%, which compares favourably to the benchmark of 4.01% gross return.

5 Interest Equalisation Reserve

- 5.1 The Interest Equalisation Reserve was established to enable variations in investment returns to be accommodated within the general fund budget without having an adverse effect on the levels of funds available for the delivery of services in year.
- 5.2 The balance of the reserve at 31 March 2026 was £433,745.

6 Risk Assessment

Legal or other duties

6.1 Equality Impact Assessment

6.1.1 None

6.2 Crime & Disorder

6.2.1 None

6.3 Safeguarding

6.3.1 None

6.4 Dependencies

6.4.1 None

6.5 Other

6.5.1 The Council approved the Treasury Management Strategy for 2025/26, which includes a risk management approach to investment of funds and returns.

7 Financial Implications

7.1 Financial implications are set out in the body of the report.

7.2 The 2026/27 mid-year position will be reported to this Group in November 2026

7.3 **Section 24 considerations:** None

7.4 **Section 151 Officer's comments:** Treasury management activity during 2025/26 was undertaken in accordance with the Treasury Management Strategy approved by Council and the CIPFA Code of Practice. The overriding objectives of security, liquidity and yield were maintained throughout the year, with no breaches of approved treasury limits or prudential indicators reported.

7.5 The Council achieved net investment income of £1.178m, exceeding the original budget by £236k despite lower average cash balances and reducing market interest rates during the year. This positive performance has supported the Council's overall financial position whilst maintaining a prudent approach to risk management. Effective treasury management is essential to ensuring the security of the Council's funds. Interest earned from the investments contributes towards the delivery of services to residents.

8 Legal Implications

- 8.1 The legal issues around treasury management have been addressed within the report. The key issue is to appropriately manage the risks around investment, and to ensure that all decisions are taken in accordance with the governance arrangements.
- 8.2 **Legal Officer's comments:** None arising from the content of this report.

9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- Effective Council
- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.
- 9.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.
- 9.5 **Partnerships:** None arising directly from the contents of this report.
- 9.6 **Local Government Reorganisation Implications:** None arising directly from the contents of this report.

10 Background papers

- 10.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Treasury Management Strategy – Appendix 12 of the Budget Report to Full Council on 11 February 2025.
- Treasury Management Outturn Report 2024/25 to FSAG on 26 September 2025.

Other papers:

- Final Accounts working papers 2025/26.

TREASURY MANAGEMENT YEAR-END PERFORMANCE 2025/26

Fixed term deposit balances were as follows at 31 March:

Fixed Term Deposits	Balance at 31 March 26 £'000	Balance at 31 March 25 £'000	Difference £'000
Short Term Investments (less than 1 year)	10,000	15,000	(5,000)

The Council also used four money market funds and one special interest bearing account for liquid short term investments during 2025/26. Performance of the money market funds is summarised as follows:

Money Market Funds	Average balance held in fund £'000	Fund Performance	
		% Annual gross return	% Annual return net of fees
Goldman Sachs	3,967	4.15	4.01
Deutsche Bank	3,739	4.18	4.02
State Street Bank	5,000	4.22	4.07
UBS	3,847	4.10	4.02
Total	16,553	4.17	4.02

The performance of the special interest bearing account is summarised as follows:

Money Market Funds	Average balance held in fund £'000	Fund Performance	
		% Annual gross return	% Annual return net of fees
Interest Bearing Account	847	2.05	1.90

The total interest received on internally managed fixed term deposits in 2025/26 was as follows:

Fixed Term Deposits	Average Value of Funds Invested £'000	Gross Interest Earned £'000	% Return Gross of Fees	% Return Net of Fees
Fixed Term Investments	10,438	512	4.91	4.76%

The average gross rate of return achieved on money market funds and fixed term deposits was 4.38%, ahead of the benchmark seven-day deposit rate of 4.01%

ACTUAL TREASURY POSITION AND PRUDENTIAL INDICATORS 2023/24

1. Introduction

The Local Government Act 2003 introduced a new system of capital controls for Local Authorities. The key principle of the system of controls is that local authorities have the freedom to borrow for capital investment purposes providing that they can demonstrate that borrowing is affordable, sustainable and prudent.

The Act requires all local authorities to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. The Code is a professional code that sets out a framework for self-regulation of capital spending. It sets out the approach that all authorities must take in undertaking integrated medium-term revenue and capital budget planning and a set of indicators that must be considered and/or approved in order to demonstrate that annual capital investment and treasury management decisions are affordable, sustainable and prudent.

Members' involvement through the process is essential in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice. The structure and content of the treasury management report complies with the requirements of the Code for 2025/26.

To facilitate the decision-making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators. These indicators are mandatory but can be supplemented with local indicators if this aids interpretation and many will cover three years forward. The indicators cover affordability, prudence, capital expenditure, external debt and treasury management. These indicators will also form the basis of in year monitoring and reporting.

The indicators are purely for internal use by the Council and are not to be used as comparators between councils, as any comparisons will not take account of local factors and so will be meaningless. In addition, the indicators should not be taken individually; rather the benefit from monitoring will arise from following the movement in indicators over time and the year-on-year changes.

This appendix provides a commentary on each prudential indicator relevant to the Council and sets out the actual 2025/26 prudential indicators for approval as part of the Council's requirement to comply with the Prudential Code.

2. Affordability Prudential Indicator

Prudential indicators are required to assess the affordability of the capital investment plans. These indicators provide an indication of the impact of the capital investment plans on the overall Council finances.

Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of capital expenditure by identifying the proportion of the net revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Streams	2024/25 Actual*	2025/26 Estimated	2025/26 Actual
General Fund	2%	19%	7%

* The actual figure in the 2024/25 Treasury Management Outturn report was quoted as -1%, however, the correct figure is 2%. The reason for the difference is the inclusion of an additional asset group which was brought onto the balance sheet in 2024/25 for the first time, following the implementation of IFRS16. Private Sector Landlord leased properties used for temporary accommodation were accidentally missed from the figures used to deprive the 2024/25 actual of -1%, but when included they bring the figure up to the correct position which is 2%.

The ratios above reflect the net cost of borrowing after allowing for investment income. 2025/26's ratio is higher than 2024/25 principally because of reduced interest on cash balances compared to 2024/25 and also increased leased asset costs. In practice, the financing costs are fully funded by further income generated from both the Council's and Epsom & Ewell Property Investment Company's investment property acquisitions.

3. Capital Expenditure and the Capital Financing Requirement

The Prudential Code requires the calculation of the Council's Capital Financing Requirement (CFR). This figure represents the Council's underlying need to borrow for capital purposes. The year-on-year change is influenced by the capital expenditure incurred and how it is financed. The expected movement in the CFR over the next three years is dependent on the level of supported and unsupported capital expenditure decisions taken during the budgeting cycle.

The CFR forms one of the required prudential indicators. It includes the related capital expenditure and financing figures for each year, and the external debt for each year, which are mandatory prudential indicators.

In 2016/17 the Council agreed to borrow up to £80m to finance the acquisition of commercial properties within the Borough. In 2017/18, the Council agreed to borrow up to a further £300m to finance property investments through Epsom & Ewell Property Investment Company Limited. To date, the Council has acquired four investment properties for a combined £30m in-borough and two investment properties for a combined £60m out-of-Borough, all funded from borrowing. As a result, the CFR has increased substantially since 2015/16, when it had been nil.

Following statutory investment guidance in April 2018, Council agreed in February 2020 to cease any further out-of-Borough investment property acquisitions, where the main purpose is purely to profit, in order to meet the statutory guidance.

On 28 October 2025, the Government announced that the current county, district, and borough councils in Surrey will be replaced by two new unitary authorities. Consequently, the Council does not anticipate making any further property purchases under the Commercial Property Acquisition Fund programme.

The Group is asked to receive the actual CFR and actual debt figures set out below:

Capital Financing Requirement	2024/25 Actual	2025/26 Estimated	2025/26 Actual
	£'000	£'000	£'000
<u>Capital Expenditure:</u>			
Capital programme expenditure	4,332	8,689	2,600
Residential properties	834	0	0
Unfinanced capex - commercial properties	0	49,569	0
Assets acquired under finance leases	845	0	158
Total Capital Expenditure	6,011	58,258	2,758
<u>Capital Financing:</u>			
Capital receipts	476	404	310
Capital grants	2,361	974	1,412
S106 and CIL	1,037	0	378
Revenue	1,292	475	500
Total Capital Financing	5,166	1,853	2,600
Minimum revenue provision	1,741	1,893	1,928
Capital Financing Requirement at 31 March	85,309	139,570	83,539
<u>External Debt:</u>			
External borrowing	64,427	113,996	64,427
Other short/long term liabilities	1,817	1,877	1,098
Total External Debt at 31 March	66,244	115,873	65,525
Internal borrowing	19,065	23,697	18,014
Capital Financing Requirement at 31 March	85,309	139,570	83,539

4. External Debt

A key control over the Council's activity is to ensure that over the medium-term net borrowing will only be for a capital purpose. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of additional capital financing requirement for 2025/26 and next two financial years.

The following table sets out the actual levels of borrowing and investment for 2025/26:

	2024/25 Actual	2025/26 Estimated	2025/26 Actual
	£'000	£'000	£'000
Gross Borrowing at 31 March	66,244	115,873	65,525
Investments at 31 March	21,866	24,388	19,300
Net Borrowing at 31 March	44,447	91,485	46,225
Capital Financing Requirement	85,309	139,570	83,539

The Chief Finance Officer reports that the Council complied with the requirement to keep net borrowing below the CFR in 2025/26, and no difficulties are envisaged for the current or future years. This view takes into account current commitments and plans in the budget report.

A further two Prudential Indicators control the overall level of borrowing. These are:

The Authorised Limit

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the absolute maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The Operational Boundary

The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

The Committee is asked to receive the authorised and operational limits set out below:

External Debt Boundaries	2024/25 Actual	2025/26 Estimated	2025/26 Actual
	£'000	£'000	£'000
<u>Authorised Limit for External Debt</u>			
Borrowing for commercial properties	64,427	145,000	64,427
Other short/long term liabilities (finance leases)*	1,817	3,000	1,098
Total Authorised Limit for External Debt	66,244	148,000	65,525
<u>Operational Boundary for External Debt</u>			
Borrowing for commercial properties	64,427	113,996	64,427
Other short/long term liabilities (finance leases)*	1,817	1,877	1,098
Total Operational Boundary for External Debt	66,244	115,873	65,525

Liability Benchmark

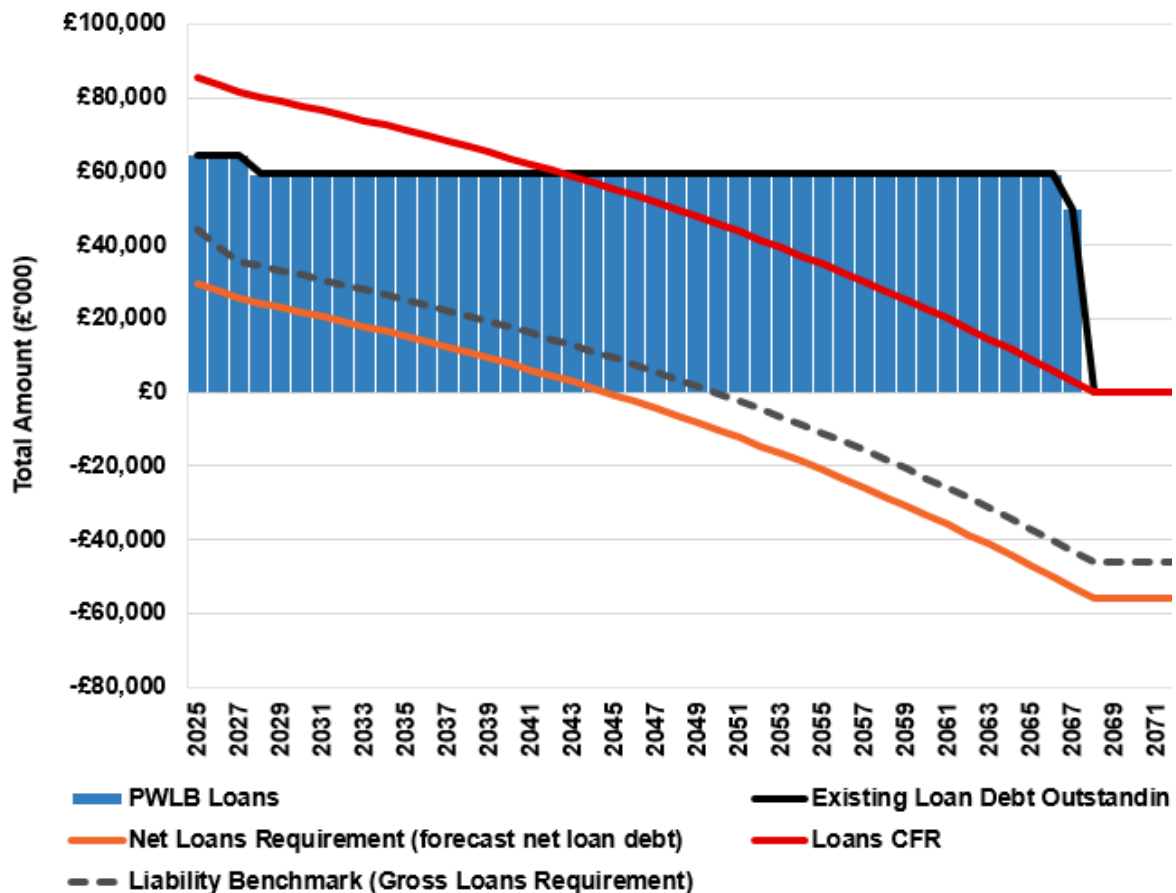
The third prudential indicator is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



5. Treasury Management Indicators

The purpose of the treasury management prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or maximise investment income.

The treasury management service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. It covers the borrowing and investment activities and the effective management of associated risks. Its activities are strictly regulated by statutory requirements and a professional code of practice, the CIPFA Code of Practice for Treasury Management in Local Authorities.

The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice at its meeting in April 2012 and Council approved the latest treasury management strategy and procedures in February 2026.

The treasury management policy requires an annual strategy to be reported to Members outlining the expected treasury activity for the forthcoming year. A further report is produced after the year end to report on actual activity for the year.

The treasury management strategy identifies four prudential indicators in respect of treasury management:

Upper Limits on Fixed Rate Exposure

This indicator identifies a maximum limit for the Council's exposure to fixed interest rates for borrowing based upon the debt position net of investments.

Upper Limits on Variable Rate Exposure

This indicator identifies a maximum limit for the Council's exposure to variable interest rates for borrowing based upon the debt position net of investments. The Council has no plans to enter into any variable rate borrowing arrangements.

Maturity Structures of Borrowing

This indicator sets out the gross limits on borrowing which are set to limit the Council's exposure to large, fixed rate sums falling due for refinancing.

Total Principal Funds Invested for Periods Longer Than 364 Days

This indicator limits the amount of long-term investments which can be sold in each year, to reduce the need for early sale of an investment.

Figures are for the financial year unless otherwise titled in italics	2024/25	2025/26	2025/26
	Actual	Estimated	Actual
	£'000	£'000	£'000
Capital Expenditure	6,011	58,258	2,758
Capital Financing Requirement (CFR) at 31 March	85,309	139,570	83,539
Treasury Position at 31 March			
External borrowing	64,427	113,996	64,427
Other short/long term liabilities	1,817	1,877	1,098
Total Debt	66,244	115,873	65,525
Investments	21,866	24,388	19,300
Net Borrowing	44,447	91,485	46,225
Maximum Debt (Actual) compared to Authorised Limit (Original Indicator)	66,244	115,873	65,525
Average Debt compared to Operational Boundary (Original Indicator)	66,244	115,873	65,525
Ratio of financing costs to net revenue stream	2%	19%	7%
Upper limits on fixed interest rates (<i>against maximum position</i>) as above	66,244	115,873	65,525
Upper limits on variable interest rates (<i>against maximum position</i>) as above	0	0	0
Maturity structure fixed rate borrowing (%)	2024/25 Actual	2025/26 Estimated	2025/26 Actual
Under 12 months	0%	0%	0%
12 months to 2 years	0%	8%	8%
2 years to 5 years	8%	0%	0%
5 years to 10 years	0%	0%	0%
10 years and above	92%	92%	92%
Maximum principal funds invested over 364 days (<i>against maximum position</i>)	0	0	0

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