

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved? Yes No

Ref GT/KS/RM

Date 04/03/26

Treasury Management Monitoring Report for quarter ended 31 December 2025

From Greg Telfer, Chief Officer (Finance and Technology)

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Manager

Executive Summary

This report fulfils the key requirements of the Council's reporting procedures for Treasury Management in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. It informs on the quarterly Treasury Management activity for the period 1 October 2025 to 31 December 2025 and compliance with the mandatory treasury and prudential indicators.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the Treasury Management activity for the quarter ended 31 December 2025 including the performance against the key treasury and prudential indicators.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

Programme of Work Statutory / corporate / service requirement

1. Background

- 1.1 The Council manages its treasury activities in line with the CIPFA Code 'Treasury Management in the Public Services'. The Code requires the Council to produce reports on its Treasury Management policies, practices and activities on a regular and ongoing basis. The Council fulfils these obligations, in part, by the preparation of this Treasury Management Monitoring report produced on a quarterly basis, encompassing a review of performance.
- 1.2 The Council's "Treasury Management Strategy 2025/2026 and Treasury and Prudential Indicators 2025/2026 to 2029/2030" was approved by Committee at its meeting on 26 February 2025. The Treasury activity undertaken in the first quarter of 2025/26 reflects the key requirements of the Council's 2025/26 Treasury Management Strategy, with the Public Works Loan Board (PWLB) and Long-term Money Market being the prime source of long-term funds. In terms of investment activity, this is conducted in accordance with the approved 2025/26 investment strategy.

2. Report

Summary Position

- 2.1. The net overall borrowing position to 31 December 2025 is £1,228.6m, an increase of £33.9m from the position at 30 September 2025. A detailed breakdown of the net cash movement is shown in column (6) within Appendix 1 and is discussed below.

Borrowing

- 2.2. At the end of the quarter, total external debt amounted to £1,333.8m, an increase of £70.2m. This was primarily due to additional net long-term borrowing of £63.1m being undertaken, comprising new PWLB borrowing of £85.0m, offset by the repayment of existing PWLB debt of £21.9m, repayment of a £2.0m LOBO loan and a £0.1m repayment of energy efficiency loans.
- 2.3. During the quarter, the Council sourced PWLB loans totalling £85.0m on an equal instalment payment (EIP) basis, which provides a smoother debt maturity profile, thus spreading the refinancing risk. The EIP loans were sourced at interest rates ranging from 4.11% to 4.16% over a five-year repayment period and were sourced taking advantage of the PWLB HRA rate (see para 2.2.6).
- 2.4. In addition, there was an increase in net temporary borrowing of £12.5m, due to £60.0m falling due for repayment being offset by £72.5m of new borrowing. There was also a £3.3m reduction in long term liabilities due to existing finance lease and Service Concession obligations falling due for repayment.
- 2.5. The Council's approach to borrowing is in line with the approved strategy which aims to source long-term borrowing and take advantage of temporary (short-term) borrowing at attractive rates, and where possible, using internal cash balances, to meet the principal repayments, daily revenue account requirements and the capital financing requirement, in lieu of borrowing for capital purposes. The strategy adopted considers interest rate forecasts, the management of carrying costs and the retention of cash balances at appropriate levels, whilst managing the associated investment, interest, and liquidity risk.
- 2.6. The Council made a successful application to the PWLB to access the certainty rate which allows a 20-basis point (bps) (0.20%) discount on loans from the PWLB under

the prudential borrowing regime. This will continue to provide the Council with an opportunity to borrow from the PWLB at more beneficial rates until 31 March 2026.

- 2.7. A new PWLB HRA rate, which is 0.40% below the certainty rate, has been available from 15th June 2023, which has been extended until March 2026 in the UK Budget in October 2024, to support local authorities borrowing for Housing capital purposes or refinancing existing loans. In conjunction with our treasury advisors, we continue to review borrowing requirements and assess borrowing opportunities for the Council during 2025/26.
- 2.8. The CIPFA Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. The Council is compliant with this requirement. Members should note also that PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.
- 2.9. Members will be aware interest rates have risen significantly over the past 2 years, increasing materially the cost of both short and long-term borrowing. In this quarter, the Bank of England (BoE) reduced the Bank Rate to 3.75% in December. The cost of new short-term borrowing from other local authorities has been similar to Bank Rate during the period at 4.00% to 4.50%. The Council's short-term borrowing cost has reduced slightly over the period in line with Bank Rate and short-dated market rates. The average rate on the Council's current short-term loans portfolio of £229.0m at 31st December 2025 was 4.40%, this compares with 4.55% on £216.5m loans in the previous quarter.
- 2.10. After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Except the much long term gilt yields have decreased slightly over the period, reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget.
- 2.11. The PWLB certainty rate for 10-year maturity loans was 5.54% at the beginning of the period and 5.34% at the end. The lowest available 10-year maturity rate was 5.21% and the highest was 5.57%. Rates for 20-year maturity loans ranged from 5.80% to 6.19% during the period, and 50-year maturity loans ranged from 5.65% to 6.04%.

Debt Restructuring

- 2.12. In conjunction with our Treasury advisors, we monitored the economic climate in relation to our financial targets and Treasury Management Strategy, for the quarter under review. The interest rates prevailing throughout the period resulted in no beneficial opportunities for debt restructuring/rescheduling of the existing PWLB debt portfolio arising.
- 2.13. During the period, a LOBO (Lender's Option Borrowers Option) loan of £2.00m was due for redemption and repaid at the end of the contractual period.
- 2.14. The Council continues to hold £1.0m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. As market interest rates have risen, there was increased probability of call options on

the LOBOs being exercised by lenders, however, no lender exercised their option during the quarter.

2.15. Further reports regarding future activity will be presented to Committee as appropriate.

Investments

2.16. Treasury management investments arise from cash flows or treasury risk management activity, that results in balances being invested, until the cash is required for use in the course of business.

2.17. At the end of the third quarter of 2025/26, the Council held total investments of £105.2m, which is a net increase of £36.3m in cash and cash equivalents, primarily due to a £41.4m increase in short-term investments held, reflecting maturing temporary investments of approximately £403.8m, and undertaking new short-term investments of £445.2m, and a movement in uncleared balances due to timing differences including cash in transit of £5.1m. See summary at Appendix 1, column 6.

2.18. At quarter end the uncleared balances including cash in transit was £8.2m which is a net deficit position, a reduction of £5.1m compared to the position reported at the end of the previous quarter of a net deficit position of £3.1m. This primarily reflects the timing of significant BACS receipts and payments. The balance at 31 December 2025 comprises £8.1m of net BACS debits outstanding due for clearance within 3 days of the quarter end date and cheques unrepresented of £0.1m.

2.19. In line with the approved strategy to manage liquidity, the Council aims to maintain a minimum balance of £30.0m available on an overnight basis (instant access), ensuring a prudent level of funds is maintained to meet all service requirements.

2.20. During the quarter, the Bank of England's Monetary Policy Committee (MPC) voted to reduce the Bank Rate by 0.25% to 3.75%, which resulted in short-dated cash rates also reducing, with rates ranging between 3.98% in late October to 3.65% in late-December, a reduction of 0.33% for overnight/7-day maturities. There is little noticeable difference between the 7 day and 1-month SONIA (Sterling Overnight Rate) bid rates and generally available investment rates offered by financial institutions and money market funds. Despite this, the Council will endeavour to achieve good performance levels in investment activity.

2.21. Overall, the Treasury Management team continues to take a prudent approach to investing surplus funds in line with the approved 2025/26 Investment Strategy. Security of investment and ensuring sufficient liquidity are key investment criteria governing Council investment decisions. This approach is aligned to the prudent management of current commitments and future cash demands based on latest robust cashflow projections. During the quarter, the rates on Debt Management Account Deposit Facility (DMADF) deposits ranged between 3.71% and 3.97% and money market rates between 3.82% and 4.09%.

2.22. However, as demonstrated by the liability benchmark reported at (xi) below and Appendix 3 attached, it is anticipated the Council will be a long-term borrower and therefore new treasury investments are primarily made to manage day-to-day cash flows using short-term low risk instruments.

Non-Treasury Management Investments

- 2.23. During the quarter, repayments of £0.01m were made in respect of third-party advances in connection with the Cumbernauld Academy DBFM and Greenfaulds DBFM.

Interest Rate Movements & Other Economic Updates

- 2.24. As outlined by our treasury management advisors, the first quarter of the year was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. While this was reversed somewhat in the second quarter with equity markets making gains, it also saw a divergence in US and UK government bond yields. UK yields persisted at higher levels as investors demanded higher returns in the form of term premia due to the more uncertain UK fiscal and economic position. The latter part of the period included the government's November autumn Budget. Despite much speculation and drip-feeding of potential policies in the weeks leading up to the event, what was ultimately announced was generally deemed more muted than had been anticipated, helping ease investors' fears of significantly higher government borrowing.
- 2.25. UK headline consumer price inflation (CPI) decreased over the quarter, falling from an annual rate of 3.8% in August to 3.2% in November, but still well above the Bank of England's 2% target. Core CPI inflation eased, from 3.6% to 3.2% over the same period. Services inflation also fell from August to November, to 4.4% from 4.7%.
- 2.26. Data released during the period by the Office of National Statistics (ONS) showed the UK economy expanded by 0.1% in the third quarter of the calendar year, following 0.7% and 0.3% growth in the first two quarters. Of the subsequent monthly figures, the ONS estimated that GDP fell by 0.1% in October.
- 2.27. The labour market continued to ease over the period as unemployment rose, vacancies fell and inactivity remained flat. In the three months to October 2025, the unemployment rate rose to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Regular earnings (excluding bonuses) was 4.6% 3mth/yoy for Aug to Oct which is a 0.1% decrease from last quarter whilst total earnings was 4.7% which is a 0.4% reduction from last quarter.
- 2.28. The BoE's Monetary Policy Committee (MPC) voted 5-4 to cut Bank Rate to 3.75% in December 2025, as was expected. Policymakers wanting a cut judged that disinflation was established while those preferring to hold Bank Rate at 4% argued that inflation risks remained sufficiently material to leave it untouched at this stage.
- 2.29. The November BoE Monetary Policy Report projected GDP would expand by a modest 0.2% in calendar Q4 2025. Estimates of inflation in the report were quickly out of date when CPI fell quicker than expected in November. Predictions of a modestly growing economy were echoed by the Office for Budget Responsibility in its Economic and Fiscal Outlook published with the Autumn Statement which revised down its estimate of annual GDP to around 1.5% between 2025 and 2030.
- 2.30. Our treasury management advisors held a central view that Bank Rate would be cut further in 2025/26 with most BoE policymakers remaining more worried about weak GDP growth than higher inflation. In line with Arlingclose's central forecast, Bank Rate was reduced to 3.75% in December. Further cuts are expected in 2026, with the central forecast being that Bank Rate will be eased to around 3.25%.

- 2.31. The US Federal Reserve continued cutting rates, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. The meeting minutes noted that most policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment. The European Central Bank (ECB) held its key interest rates in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.
- 2.32. After declining sharply early in the year, sentiment in financial markets has been mostly buoyant, but risky assets remained volatile. Bond yields initially declined early in the year, but increasing uncertainty around the UK's economic and fiscal outlook caused medium and longer yields to rise. Yields remained elevated until the third quarter when the potential negative impact of the UK Budget were deemed less than expected and yields eased modestly. Equity markets gained the previous declines seen in the April sell-off and have continued to rise, even in the face of ongoing uncertainty around the existence of an AI-related 'bubble' and concentration in US and global stock markets.
- 2.33. Over the period, the 10-year UK benchmark gilt yield started at 4.70% and ended at 4.48%. However, these three months saw significant volatility with the 10-year yield hitting a low of 4.39% in late October and a high of 4.75% in early September. It was a similar picture for the 20-year gilt which started at 5.39% and ended at 5.11% with a low and high of 5.05% and 5.44% respectively. The Sterling Overnight Rate (SONIA) averaged 3.94% over the three months to 31st December.
- 2.34. Due to the cut in the Bank Rate during the period, short-term borrowing interest rates reduced with the short term 7-day offer rate ranging between 3.83% and 4.16% over the period. Taking account of the decrease in borrowing rates and advice from our treasury management advisors, it continues to be considered more cost effective in the near term to use a combination of internal resources or to borrow rolling temporary / short-term loans at lower interest rates where possible rather than long term borrowing. This will result in increased temporary borrowing costs for the Council partially offset by increased investment income earned on surplus balances.
- 2.35. The Treasury Management team will continue to monitor financial and economic policy and their impact upon the Council's investment and borrowing activity.

The Prudential Code for Capital Finance in Local Authorities

- 2.36. The Local Government in Scotland Act 2003 requires the Council to undertake its Treasury activities in line with the Prudential Code for Capital Finance in Local Authorities.
- 2.37. Committee, at its meeting on 26 February 2025, approved a report titled, "Treasury Management Strategy 2025/2026 and Treasury and Prudential Indicators 2025/2026 to 2029/2030". This report detailed a variety of mandatory and local indicators aimed at assisting members to determine that proposed capital investment levels and treasury management decisions satisfied the key requirements of affordability, prudence and sustainability. Performance against key prudential indicators for 2025/26 to date is detailed within Appendix 2.
- (i) Indicator 1(a) illustrates planned investment on capital expenditure is forecast to be higher than initially anticipated by £17.4m in 2025/26. This reflects increases

of £2.8m in the General Fund capital investment and £15.0m for the HRA Mainstream and New Build programmes partly offset by a decrease in Credit Arrangements of £0.4m reflecting updated estimates of IFRS16 on service concession contracts. This is based on the updated 'Strategic Capital Investment Programme 2024-2025 to 2028-2029' approved at Policy & Strategy Committee on 13 March 2025 and the 'Housing Outline HRA Capital Programme 2025/26' approved at Housing Committee on 12 February 2025 and also incorporating any subsequent profiling updates e.g. carry-forwards from final outturn 2024/25 programmes. For further information, this is monitored in detail as part of the Council's capital programme reporting mechanisms which will provide spend details including any revisions to the estimates approved for 2025/26.

- (ii) The mix of resources required to finance the capital expenditure in 2025/26 reflects the updates on forecast capital investment. Therefore, the level of in-year borrowing is anticipated to be lower by £2.4m due to decrease in General Fund programme requirements of £7.6m offset by increase of £5.2m for HRA programme. This forecast level of borrowing also reflects a net increase in capital grants and external contributions of £38.0m with increased funds available to General Fund of £28.0m and HRA programmes of £10.0m. A net decrease of £16.1m in CFCR is also anticipated (General Fund decrease of £15.9m and HRA of £0.2m) and a decrease in capital receipts of £1.7m within General Fund.
- (iii) IFRS 16 Leases was implemented in 2024/25. As a result of annual remeasurement of PPP liabilities and Service Concessions, the accounting impact is an estimated increased capital investment of £14.0m (increase to capital financing requirement) to be recognised in 2025/26, which is a minor decrease of £0.4m that initial estimates. It should be noted that this is an accounting adjustment and does not represent cash expenditure, which is offset by an equal and opposite recognition of associated credit arrangements financing.
- (iv) Indicator 1(b) – The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). The CFR is essentially a measure of Council's underlying borrowing need i.e. capital expenditure not resourced by capital grants, receipts or CFCR, with any new borrowing increasing the CFR. The CFR is projected to rise to £1,699.4m within financial year 2025/26.
- (v) The Prudential Code requires the Council's capital investment to be prudent and affordable. To demonstrate this, a Prudential Margin (the need to borrow versus actual borrowing) is calculated. Indicator 1(c) demonstrates a healthy prudential margin of £255.6m estimated as at 31 December 2025. The timing and profile of external borrowing to replenish cash reserves and balances are being managed, giving full consideration to liquidity, interest rate and refinancing risk, whilst minimising the potential carrying costs.
- (vi) Indicator 1(d) illustrates that both the overall Authorised Limit and Operational Boundary limits for borrowing and long-term liabilities have not been exceeded, with the maximum borrowing undertaken within the period being well below the approved boundaries.
- (vii) Indicator 1(e) illustrates the financing costs forecasts as at 31 December 2025 for both general fund and HRA as a proportion of net revenue stream. Although capital expenditure is not charged directly to revenue, interest payable on loans, and loan fund and long-term liability repayments are. The net annual charge is

known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, NDR and government grants.

- (viii) Indicator 2(a) highlights the proportion of external interest payable by the Council which is fixed and variable over the term of the borrowing, and therefore the exposure to the effects of interest rate changes. As at 31 December 2025, the level of borrowing subject to variability is deemed to be within acceptable levels.
- (ix) Indicator 2(b) highlights a projected decrease in loan charges of £2.3m compared to the initial Treasury Management Strategy estimates for 2025/26. This projection takes into account treasury management activity, internal Interest on Revenue Balances (IORB) recharges due to increased market interest rates, the loans fund holiday flexibility adopted in 2022/23 and decisions of the Policy and Strategy Committee and the Strategic Capital Delivery Group to approve and reprofile the current capital programme for the period 2024/25 to 2028/29 based on current programme delivery plans. This current loan charge variance is made up of:
- A net treasury management interest and expenses underspend of £2.1m is projected (General Fund £0.6m decreased spend, HRA £1.5m decreased spend), which is primarily a reflection of increased internal IORB charges, and incorporates cashflow management techniques adopted, e.g. directing the timing of new borrowing, managing investment security, liquidity and interest rate risk.
 - In 2025/26 it is anticipated there will be a minor decrease in anticipated loans fund advance repayments of £0.2m (£0.1m General Fund, HRA £0.1m). This is primarily due to lower capital borrowing incurred in 2024/25 and revised average loan pool rates from previously forecast.
- (x) Indicator 2(c) relates to the level of fixed debt due to mature within time periods. The level of debt maturing remains within the upper limits set for each category at the beginning of the financial year.
- (xi) The Liability Benchmark at Appendix 3. The Treasury Management Code states that organisations should evaluate the amount, timing and maturities needed for new borrowing in relation to planned borrowing needs, in order to avoid borrowing too much, too little, too long or too short. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shapes its strategic focus and decision making. Essentially this benchmark identifies the projection of external debt/borrowing required over the long term to fund approved revenue & capital budgets, while keeping treasury investments at the minimum level required to manage day-to-day cash.
- (xii) This represents the comparison of the Council's actual borrowing against an alternative strategy. This utilises the forecasts for Capital Financing Requirement, long-term liabilities, current external borrowing, balance sheet resources i.e. reserves, and that cash and investment balances are kept to a minimum of £30.0m at each year-end to maintain sufficient liquidity but minimise credit risk.

	31/3/25 Actual £m	31/3/26 Forecast £m	31/3/27 Forecast £m	31/3/28 Forecast £m	31/3/29 Forecast £m	31/3/30 Forecast £m
Loans CFR	1,263.2	1,404.0	1,622.4	1,809.1	2,107.0	2,293.1
less Balance Sheet Resources	(357.1)	(361.0)	(344.7)	(308.8)	(290.5)	(303.7)
Net Loans Requirement	906.1	1,043.0	1,277.7	1,500.3	1,816.6	1,989.4
plus: Liquidity Allowance	30.0	30.0	30.0	30.0	30.0	30.0
Liability Benchmark	936.1	1,073.0	1,307.7	1,530.3	1,846.6	2,019.4
Existing Borrowing	987.6	986.9	713.6	640.7	571.9	503.6
New Borrowing Required	0.0	86.1	594.1	889.6	1,274.7	1,515.8

(xiii) The Loans CFR (solid light blue) represents the total cost of the capital expenditure plans based on the estimated current profile of the 5-year Capital Programme 2024-2025 to 2028-2029 as approved by Policy & Strategy Committee on 13th March 2025. This reduces over time as scheduled principal repayments are made to the loans fund. The Net Loans Requirement (dotted red line) represents the minimum external borrowing required to fund the current capital expenditure plans assuming all cash reserves and balances are utilised to offset borrowing requirements. The Liability Benchmark (solid red line) represents the estimated borrowing required, taken account of liquidity allowance required of £30.0m to be held to maintain liquidity and to manage day-to-day cashflows.

(xiv) The solid grey section shows the maturity profile of current borrowing. The gap between the grey section and the liability benchmark line represents the estimated additional borrowing that is forecast will be required to fund the current capital expenditure plans, via long-term and short-term borrowing options.

3. Measures of success

3.1 Overall the approach adopted by the Council's Treasury Management team during the quarter under review met the key requirements of the 2025/26 Treasury Management Strategy. Prudential indicators have remained in accordance with those approved by Committee on 26 February 2025. The projected final outturn illustrates a healthy prudential margin and borrowing levels that are below sustainable limits, ensuring that the projected capital investment levels remain affordable and sustainable. However, the current financial volatility and increased borrowing costs has resulted in an assessment being undertaken of the potential impact on future years of the current capital programme. This will continue to be monitored to determine if any further review of the programme is required to ensure that it remains sustainably affordable.

4. Supporting documentation

- 4.1 Appendix 1 Loans, Long term Liabilities & Investments as at 31 December 2025.
4.2 Appendix 2 Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2025.
4.3 Appendix 3 Liability Benchmark as at quarter ended 31 December 2025.



Greg Telfer
Chief Officer (Finance and Technology)

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Financial impacts are outlined within the report.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/></p>

<p>5.6 Technology / Digital impact Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.7 Environmental / Carbon impact Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.8 Communications impact Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.9 Risk impact Is there a risk impact? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p> <p>As the Council borrows and invests significant sums of money it is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. Therefore, successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.</p> <p>Treasury Management activity by its very nature has a number of inherent risks including interest rate, liquidity and refinancing risks. To minimise risk for its treasury management activities the Council adopts and operates in accordance with the guidelines for best practice prescribed within the CIPFA "Treasury Management in the Public Services" Code of Practice and the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>
<p>5.10 Armed Forces Covenant Duty Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes No

LOANS, LONG TERM LIABILITIES & INVESTMENTS AS AT 31 DECEMBER 2025

Appendix 1

	BALANCE 1-October-25 (1)	DEBT RESTRUCTURING		NEW BORROWING / LONG-TERM LIABILITIES (4)	PRINCIPAL REPAYMENTS (5)	NET CASH MOVEMENTS (6)	BALANCE 31-December-25 (7)
		EARLY REDEMPTION (2)	REFINANCING (3)				
<u>LONG-TERM LOANS</u>							
PWLB	699,723,019	0	0	85,000,000	(21,940,915)	63,059,085	762,782,104
MONEY MARKET LOANS	54,000,000	0	0	0	0	0	54,000,000.00
LOBO	3,000,000	0	0	0	(2,000,000)	(2,000,000)	1,000,000.00
ENERGY EFFICIENCY LOAN	383,513	0	0	0	(98,006)	(98,006)	285,506
	757,106,532	0	0	85,000,000	(24,038,921)	60,961,079	818,067,611
<u>SHORT-TERM LOANS</u>							
TEMPORARY	216,500,000	0	0	72,500,000	(60,000,000)	12,500,000	229,000,000
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
	216,506,280	0	0	72,500,000	(60,000,000)	12,500,000	229,006,280
<u>LONG -TERM LIABILITIES</u>							
FINANCE LEASE OBLIGATIONS	805,990	0	0	0	0	0	805,990
IFRS16 RIGHT-OF-USE LIABILITY	3,639,729	0	0	0	0	0	3,639,729
LONG TERM LIABILITY	285,606,436	0	0	0	(3,297,084)	(3,297,084)	282,309,352
	290,052,155	0	0	0	(3,297,084)	(3,297,084)	286,755,071
<u>TOTAL EXTERNAL DEBT</u>	1,263,664,967	0	0	157,500,000	(87,336,005)	70,163,995	1,333,828,962
<u>INVESTMENTS</u>							
THIRD PARTY ADVANCES	1,123,026	0	0	0	(12,808)	(12,808)	1,110,218
BANKS & OTHER FINANCIAL INSTITUTIONS	70,880,382	0	0	0	0	41,399,016	112,279,398
UNCLEARED BALANCES INCL CASH IN TRANSIT	(3,084,407)	0	0	0	0	(5,119,856)	(8,204,263)
<u>CASH & CASH EQUIVALENTS</u>	68,919,001	0	0	0	(12,808)	36,266,352	105,185,353
<u>NET BORROWING</u>	1,194,745,966	0	0	157,500,000	87,323,197	33,897,643	1,228,643,609

Appendix 2

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2025

1. Prudential Indicators

(a) Capital Expenditure	<u>Initial Estimate</u> <u>2025/2026</u> (£m)	<u>Projected Outturn</u> <u>2025/2026</u> (£m)	<u>Variance</u> <u>2025/2026</u> (£m)	<u>Forecast</u> <u>2026/2027</u> (£m)	<u>Forecast</u> <u>2027/2028</u> (£m)	<u>Forecast</u> <u>2028/2029</u> (£m)	<u>Forecast</u> <u>2029/2030</u> (£m)
Capital Expenditure: General Services	153.4	156.2	2.8	185.4	134.0	258.0	104.6
Capital Expenditure: HRA	125.8	140.8	15.0	156.8	175.0	165.3	182.2
Total spend : Capital Expenditure	279.2	297.0	17.8	342.2	309.0	423.3	286.8
Total spend : Credit Arrangement	14.4	14.0	(0.4)	15.9	16.2	15.5	15.5
Total Capital Investment	293.6	311.0	17.4	358.1	325.2	438.8	302.3
Financed By:							
Capital Grants & Other External Contributions	59.5	97.5	38.0	63.4	63.5	62.6	36.1
Capital from Current Revenue	46.8	30.7	(16.1)	27.9	23.2	23.2	23.2
Capital receipts	3.4	1.7	(1.7)	3.4	3.4	3.4	0.0
Capital receipts transfer to Capital Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFR : Borrowing - General Services	84.1	76.5	(7.6)	143.4	93.1	215.2	91.7
CFR : Borrowing - HRA	85.4	90.6	5.2	104.1	125.8	118.9	135.8
Credit Arrangements	14.4	14.0	(0.4)	15.9	16.2	15.5	15.5
<i>check</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

(b) Capital Financing Requirement (CFR)	<u>Initial Estimate</u> <u>2025/2026</u> (£m)	<u>Projected Outturn</u> <u>2025/2026</u> (£m)	<u>Variance</u> <u>2025/2026</u> (£m)	<u>Forecast</u> <u>2026/2027</u> (£m)	<u>Forecast</u> <u>2027/2028</u> (£m)	<u>Forecast</u> <u>2028/2029</u> (£m)	<u>Forecast</u> <u>2029/2030</u> (£m)
General Services	1,080.8	1,061.4	(19.4)	1,190.7	1,268.1	1,463.7	1,533.3
HRA	640.6	638.0	(2.6)	726.2	834.9	934.5	1,048.9
Total CFR	1,721.4	1,699.4	(22.0)	1,916.9	2,103.0	2,398.2	2,582.2
Movement in CFR	143.8	139.3		217.5	186.1	295.2	184.0

(c) Gross Debt and the Capital Financing Requirement	<u>Initial Estimate</u> <u>2025/2026</u> (£m)	<u>Projected Outturn</u> <u>2025/2026</u> (£m)	<u>Variance</u> <u>2025/2026</u> (£m)	<u>Forecast</u> <u>2026/2027</u> (£m)	<u>Forecast</u> <u>2027/2028</u> (£m)	<u>Forecast</u> <u>2028/2029</u> (£m)	<u>Forecast</u> <u>2029/2030</u> (£m)
Gross Borrowing : Loan Debt	1,186.8	1,148.4	(38.4)	1,383.1	1,605.7	1,921.9	2,102.2
Long-term Liabilities	294.0	295.4	1.4	294.5	294.0	291.2	289.2
Gross Debt	1,480.8	1,443.8	(37.0)	1,677.6	1,899.7	2,213.1	2,391.4
Capital Financing Requirement	1,721.4	1,699.4	(22.0)	1,916.9	2,103.0	2,398.2	2,582.2
Prudential Margin	240.6	255.6	15.0	239.3	203.3	185.1	190.8

Appendix 2 (cont)

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2025

1. Prudential Indicators

(d) Authorised Limit and Operational Boundary	<u>Initial Authorised Limit 2025/2026 (£m)</u>	<u>Initial Operational Boundary 2025/2026 (£m)</u>	<u>Maximum Borrowing Level Q3 2025/2026 (£m)</u>
Borrowing	1,505.0	1,455.0	1,056.4
Other Long-term Liabilities	325.0	325.0	286.8
Total Debt	1,830.0	1,780.0	1,343.2

(e) Proportion of Financing Costs to Net Revenue Stream	<u>Initial Estimate 2025/2026 (£m)</u>	<u>Projected Outturn 2025/2026 (£m)</u>	<u>Variance 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>	<u>Forecast 2029/2030 (£m)</u>
General Fund Loan Charges	46.6	46.0	(0.6)	47.7	57.8	67.5	81.0
General Fund Finance Lease/PPP Costs	15.3	16.9	1.6	15.5	14.8	14.5	14.0
General Fund : Capital Financing Costs	61.9	62.9	1.0	63.2	72.6	82.0	95.0
General Fund : Net Revenue Stream	1,068.8	1,054.1	(14.7)	1,068.8	1,068.8	1,068.8	1,068.8
Proportion of Financing Costs to Net Revenue Stream - GF	5.8%	6.0%	0.2%	5.9%	6.8%	7.7%	8.9%

Proportion of Financing Costs to Net Revenue Stream	<u>Initial Estimate 2025/2026 (£m)</u>	<u>Projected Outturn 2025/2026 (£m)</u>	<u>Variance 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>	<u>Forecast 2029/2030 (£m)</u>
HRA Loan Charges	43.3	41.8	(1.5)	46.8	53.1	63.4	70.8
HRA Finance Lease/PPP Costs	0.3	0.4	0.1	0.4	0.3	0.3	0.0
HRA : Capital Financing Costs	43.6	42.2	(1.4)	47.2	53.4	63.7	70.8
HRA : Net Revenue Stream	171.9	171.9	0.0	175.3	188.6	201.6	209.2
Proportion of Financing Costs to Net Revenue Stream - HRA	25.4%	24.5%	(0.8%)	26.9%	28.3%	31.6%	33.8%

Appendix 2 (cont)

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2025

2. Treasury Management Indicators

a) Interest Rate Exposures on External Interest Payments

	<u>Position as at</u>	
	<u>31/12/2025</u>	<u>%</u>
	<u>(£m)</u>	<u>%</u>
External Interest Payable on Fixed Rate Loan Debt	43.8	99.4%
External Interest Payable on Variable Rate Loan Debt	0.3	0.6%

b) Loans Fund Revenue Account

	<u>Initial Estimate</u>	<u>Projected</u>	<u>Variance</u>	
	<u>2025/2026</u>	<u>Outturn</u>	<u>2025/2026</u>	
	<u>(£m)</u>	<u>(£m)</u>	<u>(£m)</u>	<u>%age</u>
Loans Fund Interest Payments	64.6	63.9	0.7	1.1%
Loans Fund Expenses	0.4	0.4	0.0	0.0%
Total Loans Interest Payments & Expenses	65.0	64.3	0.7	1.1%
Loans Funds Investment Income	(1.5)	(2.9)	1.4	(93.3%)
Total Loans Fund Interest Payments Investment Income & Expenses	63.5	61.4	2.1	3.3%
Allocated as follows :				
Loans Fund Interest Payments Investment Income & Expenses:General Fund	34.4	33.8	0.6	1.7%
Loans Fund Interest Payments Investment Income & Expenses:HRA	29.1	27.6	1.5	5.2%
Capital Advances Repayments - General Fund	12.2	12.1	0.1	0.8%
Capital Advances Repayments - HRA	14.2	14.1	0.1	0.7%
Total Capital Advances	26.4	26.2	0.2	0.8%
Total Loan Charges	89.9	87.6	2.3	2.6%

c) Maturity Structure of Borrowing

	<u><12months</u>	<u>12 months to</u>	<u>2 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 20</u>	<u>20 to 40</u>	<u>>40 years</u>
		<u>2 years</u>			<u>years</u>	<u>years</u>	
Upper Limit maturing :Fixed & Variable Rate Debt	15.0%	15.0%	25.0%	30.0%	35.0%	45.0%	30.0%
Lower Limit maturing :Fixed & Variable Rate Debt	0.0%	0.0%	5.0%	5.0%	5.0%	10.0%	10.0%
Maturity structure at the start of Q3	11.5%	7.4%	20.1%	27.2%	9.8%	20.6%	3.4%
Maturity structure at the end of Q3	11.0%	8.9%	24.9%	24.2%	8.9%	19.0%	3.2%

