

Appendix 1

Treasury Management Activity 2025/26

1. Borrowinga) Debt Outstanding and Transactions during the Year

The amount of loan debt outstanding on 31 March 2026, together with comparative figures for the previous year, is summarised in the table below:

	Amount Outstanding at 31-Mar-25 £'000	Amount Outstanding at 31-Mar-26 £'000
Short Term Loans	12,344	14,333
Long Term Loans:		
Public Works Loan Board (PWLB)	94,957	101,239
Local Authorities	-	-
Barclays Bank	3,000	3,000
TOTAL	110,301	118,572

This level of borrowing should be considered in the context of the assets held by the Council. The latest valuation used for the Balance Sheet on 31 March 2026 will show that the Council held fixed assets with a total value of around £350m*, including both the General Fund and Housing Revenue Account (HRA) assets. **The market valuation of Council dwellings is estimated at £656m.** This compares favourably with the current debt portfolio.

* This is an estimate and is subject to change as the external valuers final valuation report has not yet been received.

The Local Government Act 2003 requires local authorities to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its capital budgeting and treasury management activities. The objectives of the Prudential Code are to ensure that local authority **capital investment plans are affordable, prudent and sustainable**. Fundamental to this is the calculation of a number of prudential indicators, which provide the basis for the management and monitoring of capital expenditure, borrowing and investments. These indicators are considered further below at Appendix 2.

b) Short Term Loans

There was no new short-term borrowing taken during 2025/26. Most of the short-term loans outstanding on 31 March 2026 were previously long-term PWLB loans, totalling £7.9m, which are now due to mature within the next 12 months.

Short term loans outstanding also include PWLB Equal Instalments of Principal (EIP) loans instalments due for repayment in 2025/26, totalling £6.4m, plus nominal PWLB Annuity loans due for repayment totalling £19k.

Short term loans also included £343k invested with the Council by the Bramcote Bereavement Services Joint Committee (2024/25 in £379k).

c) Long Term Loans

All the Council's long-term loans are currently borrowed from the PWLB, except for a £3.0m loan with Barclays Bank that is due to mature on 4 February 2073. Much of the balance of long-term loans from the PWLB comprises the remaining balance of the £66.4m borrowed on 28 March 2012 as part of the Council Housing Finance reforms.

New long-term loans taken from the PWLB in 2025/26 to support capital investment comprised of:

- £1.0m borrowed on 12 August 2025 for three years at 4.05%
- £5.0m borrowed on 24 October 2025 for eight years at 4.28%
- £3.0m borrowed on 29 October 2025 for six years at 4.12%
- £2.0m borrowed on 4 November 2025 for eight years at 4.19%
- £3.0m borrowed on 20 November 2025 for six years at 4.13%
- £2.0m borrowed on 4 December 2025 for seven years at 4.22%
- £3.0m borrowed on 14 January 2026 for seven years at 4.19%
- £2.0m borrowed on 19 January 2026 for six years at 4.12%
- £1.0m borrowed on 20 February 2026 for four years at 4.02%.

PWLB loans maturing in the year included £1.5m dating from 2000 at 5.13% which was repaid on 13 April 2025 and £7.4m dating from 2012 at 2.92% which was repaid on 28 March 2026.

There is a movement of £7.9m in maturity loans, £6.4m for EIP loans and £19k in annuity loans in the long term PWLB loans to reflect the re-classification to short term loans from 31 March 2026 with these due to be paid within the next 12 months.

d) Borrowing Strategy

Overall, debt was kept under review to match the level of borrowing with the financing requirement for assets, based on analysis of the Council's balance sheet with the aim of maintaining the Council's borrowing at the most efficient level in line with the prudential framework for capital finance.

The approved revised budget for 2025/26 indicated that further prudential borrowing of up to £21.945m would be required to help finance the revised 2024/25 capital programme. A total of £22.0m of additional external borrowing was actioned however this was a mixture of both new borrowing and replacement borrowing for principal maturing and due to be repaid in-year.

e) Debt Profile

The Council's debt had an average of 7.11 years to maturity on 31 March 2026, compared to 7.62 years on 31 March 2025. The average interest rate payable in the year was 3.66% (2024/25 in 3.50%).

The one-off preferential rates offered by the PWLB for the £66.4m additional loans taken out in March 2012 continue to have a substantial impact upon both the average interest rate payable and the outstanding debt profile.

f) Debt Restructuring

The Deputy Chief Executive and Section 151 Officer, in association with the Council's treasury management advisors, Arlingclose, carefully scrutinise the loan portfolio to identify potential opportunities to achieve a reduction in risks and/or savings in interest costs by prematurely repaying loans and refinancing them on similar or different terms.

No suitable debt restructuring opportunities were identified in 2025/26 as the cost associated with premiums payable on the premature repayment of loans could not be offset by lower refinancing rates.

2. Investmentsa) Investment Policy

The Council's investment policy is governed by guidance from MHCLG, which was implemented in the Investment Strategy approved by Cabinet on 4 February 2025 and Council on 5 March 2025. This gives priority to security and liquidity, and the aim is to achieve a yield commensurate with these principles. The investment activity during 2025/26 conformed to the approved strategy with security of capital being the Council's main investment objective.

Counterparty credit quality was assessed and monitored with reference to credit ratings and other available information. The minimum long-term counterparty credit rating determined for the investment strategy was the Long-Term 'A'-rating (or equivalent) from the Fitch, Moody's and Standard and Poor credit rating agencies.

In keeping with MHCLG guidance, the Council sought to maintain a sufficient level of liquidity through the use of money market funds (MMF) and overnight deposit and call accounts. The Council had no liquidity difficulties in 2025/26

b) Interest Received

Total interest receivable for the year amounted to £944k (2024/25 in £990k), which included interest from the following long-term investments:

- Interest of £84k from a £2.0m investment with the CCLA Local Authorities Property Fund (LAPF) (£93k in 2024/25).
- Interest of £59k from a £2.0m investment with the CCLA Cautious Multi Asset Fund (£66k in 2024/25).
- Interest of £87k from a £2.0m investment in the Ninety-One Diversified Income Fund (£90k in 2024/25).
- Interest of £79k from a £2.0m investment in the Royal London Enhanced Cash Plus Fund (£88k in 2024/25).

The average interest rate received on investments in 2025/26 was 3.98% (2024/25 4.62%). The UK Bank Rate decreased several times during 2025/26, from 4.50% at the start of the year to 3.75% in December 2025 (compared to starting 2024/25 at 5.0% reducing to 4.5% in February 2025). This decrease was reflected in short-term money market rates with a corresponding impact on investment income. The rates of return on investments also continues to reflect the priorities of security and liquidity before yield.

c) Investments Placed

A summary of all investments placed in 2025/26 is set out below.

	Average Credit score	Balance at 1-Apr-25 £000s	Investment Made £000s	Investment Repaid £000s	Balance at 31-Mar-26 £000s	Movement £000s
UK Banks and Building Societies	A+	-	-	-	-	-
Local Authorities	A+	-	-	-	-	-
Cheshire East Council		-	5,000	(5,000)	-	-
Bedfordshire Council		-	5,000	(5,000)	-	-
Money Market Funds						
Aberdeen	A+	3,270	39,750	(41,190)	1,830	(1,440)
Legal & General (LGIM)	AA-	5,000	13,620	(13,620)	5,000	-
Federated	A+	-	63,890	(63,890)	-	-
Public Sector Deposit Fund	A+	2,000	6,500	(6,000)	2,500	500
DMADF	AA	-	21,900	(21,900)	-	-
Other Funds						
Royal London Enhanced Cash Plus Fund	AA-	2,000	-	-	2,000	-
Ninety-One Diversified Income Fund	A+	2,000	-	-	2,000	-
CCLA Diversified Income Fund	A+	2,000	-	-	2,000	-
CCLA Property Fund	A+	2,000	-	-	2,000	-
Total		18,270	155,660	(156,600)	17,330	940

Investments with counterparties such as the Money Market Funds are set up as individual accounts where funds can be placed short-term (often overnight) and monies withdrawn as and when required. This increases the volume and value of investments made with these institutions during the year.

Money Market Fund credit ratings are indicative only due to the disparate investment strategies utilised by the funds.

The Council also considers the environmental, social and governance (ESG) aspects in its investing and banking. Counterparties which are highly rated for ESG are prioritised for investing, subject to the primary objectives of security and liquidity being achieved. There has been no significant impact on yields in 2025/26 when compared to other investment options.

On 10 March 2026, Cabinet considered a report on ethical considerations for pension fund investments, treasury management activity and banking services. Members noted the tensions in the Middle East, with reported breaches of international law and the worsening humanitarian situation in Palestine. There is growing public support for divestment from companies and entities complicit in breaches of international law and serious human rights violations in Gaza. Cabinet resolved to commit to a review of the Treasury Management Strategy and the Procurement Strategy to incorporate, wherever possible and in line with applicable legislation, the UN Principles for Responsible Investment (UN PRI) and the UN Guiding Principles on Business and Human Rights (UNGP) for the selection of suppliers, investments, financial institutions, and counterparties. The Council will also continue to monitor that the provider of the Council's banking services and other financial institutions included as part of treasury management activity continue to be compliant with defined ESG criteria.

d) Credit Risk Score Analysis

The security of capital remains a key investment objective. The Council aims to achieve a score of '7' or lower (equivalent to a minimum credit rating threshold of 'A-' for investment counterparties) to reflect its overriding priority of maintaining the security of any sums invested.

Counterparty credit quality has been maintained in accordance with the approved Treasury Management Strategy. The Council has complied with this indicator by achieving an average credit rating of 'A+' for its investment portfolio in 2024/25. No investments were made with institutions where the credit rating exceeded a score of 7. All deposits were made with institutions achieving an average score of 5 or better.

The table below shows how credit risk scores relate to long-term credit ratings:

Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Score	1	2	3	4	5	6	7	8	9	10

e) Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing. The target is over £10.0m. The Council has complied with this indicator by maintaining an average of £24.5m in cash available in 2025/26.

f) Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The Bank of England 'Bank Rate' dropped by 75 basis points from 4.50% on 1 April 2025 to 3.75% by 31 March 2026.

The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates for 2024/25 is £1.0m. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Although Bank Rate fell during the financial year, average PWLB rates increased. For example, the Council replaced a maturing PWLB loan of £7.4m at 2.92% (part of the Housing Finance Reform loans) in March 2026 along with various other loans which averaged 4.15%. The uplift in interest payments will provide an additional budget pressure of around £190k per annum.

Despite the increases in rates, the target limits for 2025/26 were achieved and compliance has been maintained.

For context, the changes in interest rates during the year were:

	31-Mar-25	31-Mar-26
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, EIP loans	5.02%	5.26%
5-year PWLB certainty rate, EIP loans	5.04%	5.37%
10-year PWLB certainty rate, EIP loans	5.21%	5.52%
20-year PWLB certainty rate, EIP loans	5.66%	5.97%
50-year PWLB certainty rate EIP loans	6.18%	6.49%

3. Treasury Management Limits on Activity

There are four treasury management indicators that were previously prudential indicators. The indicators are:

- Upper limits on fixed rate exposure to identify a maximum limit for fixed interest rates based upon the debt position net of investments.
- Upper limits on variable rate exposure, which similarly covers a maximum limit on variable interest rates.

- Maturity structures of fixed rate borrowing, with limits set to reduce the Council's exposure to large fixed-rate sums falling due for refinancing and are required for upper and lower limits.
- Total principal funds invested for periods longer than one year to reduce the risk of long-term investments needing to be realised before their natural maturity dates due to cash flow requirements, which could result in the investment being realised when market conditions are unfavourable.

The purpose of these indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position.

	2025/26 Planned Upper		2025/26 Actual 31-Mar-25	
Limits on fixed interest rates	100%		88%	
Limits on variable interest rates	40%		12%	
Maturity Profile of Borrowings	Lower	Upper	Lower	Upper
Under 12 months	0%	50%	0%	12%
12 months to 2 years	0%	50%	0%	13%
2 years to 5 years	0%	50%	0%	36%
5 years to 10 years	0%	75%	0%	32%
10 years to 20 years	0%	100%	0%	0%
20 years to 30 years	0%	100%	0%	4%
30 years to 40 years	0%	100%	0%	0%
40 years to 50 years	0%	100%	0%	3%
50 years and above	0%	100%	0%	0%

The CIPFA Prudential Code for Capital Finance in Local Authorities requires indicators to be set for the maturity structure of fixed borrowing only. The above limits applied equally to total borrowing (fixed and variable borrowing).

As suggested in the CIPFA Code of Practice on Treasury Management, all investments (whether fixed or variable rate) with a period of less than twelve months to maturity are regarded as variable rather than fixed rate investments as they are potentially subject to movements in interest rates when they mature. Likewise, any fixed rate borrowing that is due to mature within twelve months is regarded as being at a variable rate as the rate to be paid on any replacement loan could differ from the rate currently being paid.

With regards to the total principal funds invested, the Investment Strategy 2025/26 proposed that investments would only be made with those institutions on the counterparty list that were viewed as presenting the least risk.

On 31 March 2026 the Council's investments with a duration more than one-year totalled £8.0m. This consisted of £2.0m invested in the Royal London Enhanced Cash Plus Fund; £2.0m invested in the CCLA Local Authorities Property Fund (LAPF); £2.0m invested in the CCLA Cautious Multi Asset Fund (BWCF); and £2.0m invested in the Ninety-One Diversified Income Fund.

4. Regulatory Framework, Risk and Performance

The Council has complied with relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular, the adoption of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities means that capital expenditure is prudent, affordable and sustainable and that treasury management practices demonstrate a low-risk approach.

5. Money Market Brokers

The Treasury Management Strategy Statement, approved by Cabinet on 6 February 2024 and by Council on 6 March 2024, included details of the external money market brokers to be used for Treasury Management.

- Tradition (UK) Limited, Beaufort House, 15 St Botolph Street, London
- Sterling International Brokers, 1 Churchill Place, Canary Wharf, London.
- Martins Brokers (UK) Ltd, 1 Churchill Place, Canary Wharf, London
- King and Shaxson Limited, 6th Floor, 120 Cannon Street, London.
- Imperial Treasury Services, 25 St Andrew Street, Hertford.

Whilst the treasury management advisors, Arlinglose, provide support to the internal treasury function, market rules and the CIPFA Treasury Management Code confirms that the final decision on treasury management matters rests with the Council. The service provided by the Council's treasury management advisors is subject to regular review.

Appendix 2

Prudential Indicators 2025/26

1. Introduction

The Local Government Act 2003 requires local authorities to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out their capital budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators, which provide the basis for the management and monitoring of capital expenditure, borrowing and investments. The indicators are based on the Council's planned and actual capital spending.

2. Capital Expenditure and Financing

The Council undertakes capital expenditure on assets which have a long term value. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.) which has no resulting impact upon the Council's borrowing need; or
- If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

Actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2024/25 Actual £000s	2025/26 Actual £000s
General Fund	11,242	21,402
HRA	20,080	21,095
Total Capital Expenditure	31,321	42,497
Financed by:		
Capital Receipts	3,361	2,476
Capital Grants	9,604	24,085
Other	5,392	5,988
Unfinanced Capital Expenditure	12,964	9,948

Further details of capital expenditure are included in the Statement of Accounts Update and Outturn Position 2025/26 report elsewhere on this agenda.

3. The Council's Overall Borrowing Need

The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position and represents net capital expenditure in 2025/26 and prior years that has not yet been paid for by revenue or other resources.

Part of the Council's treasury management activity seeks to address this borrowing need, either through borrowing from external bodies or utilising temporary cash resources within the Council.

Whilst additional borrowing can be undertaken or existing loans repaid at any time within the confines of the treasury management strategy, the Council is required by statute to make an annual revenue charge to reduce the CFR. This charge is effectively a repayment of the General Fund borrowing need and is known as the Minimum Revenue Provision (MRP).

Total CFR can also be reduced by applying additional capital resources, such as unapplied capital receipts, and/or charging more than the MRP statutory revenue charge each year through a voluntary revenue provision (VRP).

The Council's 2025/26 MRP Policy, as required by Central Government guidance, was approved by Cabinet on 4 February 2025. For expenditure incurred before 1 April 2008, the General Fund MRP was based upon 4% of the CFR at that date utilising a reducing balance approach. For all unsupported borrowing incurred since 1 April 2008, the MRP was based upon the estimated life of the assets that the borrowing was intended to finance using an annuity based, as opposed to equal instalment, approach to more accurately reflect the time value of money.

Whilst there is no statutory requirement to charge MRP to the HRA, the Council can charge VRP to the HRA should it wish to do so. No VRP was charged to the HRA in 2025/26.

The Council's CFR for 2025/26 represents a key prudential indicator and is shown below.

Capital Financing Requirement (CFR)	General Fund £'000	HRA £'000	Total £'000
Opening Balance as at 1 April 2025	31,795	98,943	130,738
Add: Unfinanced Capital Expenditure 2025/26	2,115	7,833	9,948
Less: MRP/VRP in 2025/26	(1,528)	-	(1,528)
Closing Balance as at 31 March 2026	32,382	106,776	139,158

4. Treasury Position as at 31 March 2026

Whilst the Council's gauge of its underlying need to borrow is the CFR, the Deputy Chief Executive and Section 151 Officer can manage the Council's actual borrowing position by either:

- Borrowing to the CFR; or
- Choosing to utilise some temporary internal cash flow funds in lieu of borrowing (under borrowing); or
- Borrowing for future increases in CFR (borrowing in advance of need)

The figures in this report are based upon the principal amounts borrowed and invested and so may differ from those in the final accounts by items such as accrued interest.

The Interim Deputy Chief Executive and Section 151 Officer managed the debt position in 2025/26 by occasionally choosing to utilise some temporary internal cash flow funds in lieu of additional borrowing. The borrowing position at 31 March 2026 compared with the previous year was:

Actual Borrowing Position	Principal 31-Mar-25 £000s	Av. Rate	Principal 31-Mar-26 £000s	Av. Rate
Fixed Interest Rate Debt	109,922	3.65%	118,572	3.74%
Variable Interest Rate Debt	-	-	-	-
Total Debt	109,922	3.65%	118,572	3.74%
<u>Capital Financing Requirement</u>				
CFR – General Fund	31,795		32,382	
CFR – HRA	98,943		106,776	
Total Capital Financing Requirement	130,738		139,158	
Over/(Under) Borrowing	(20,816)		(20,586)	

5. Prudential Indicators and Compliance Issues

Some of the prudential indicators provide either an overview or specific limits on treasury management activity. These are as follows:

i) Gross Borrowing and the Capital Financing Requirement (CFR)

In order to ensure that over the medium-term gross borrowing will only be for a capital purpose, the Council needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional increases to the CFR for the current and the following two financial years.

This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes. The table below highlights the Council's gross borrowing position against the CFR.

	31-Mar-25 Actual £'000	31-Mar-26 Actual £'000
Gross Borrowing		
- PWLB and Market	109,922	118,572
- Bramcote Crematorium	379	379
Gross Borrowing Position	110,301	118,951
Capital Financing Requirement (CFR)		
CFR – General Fund	31,795	32,382
CFR – HRA	98,943	106,776
Total CFR	130,738	139,158

The Interim Deputy Chief Executive and Section 151 Officer reports that gross borrowing was below the CFR at 31 March 2026, as it was previously in 31 March 2025.

There was a net increase of £8.6m in PWLB loans in 2025/26. This was due to two maturity loans being repaid totalling of £8.9m, EIP repayments of £4.4m and annuity repayments of £18k. These were offset by nine new PWLB loans totalling £22.0m taken between August 2025 and February 2026 to refinance maturing debt, to provide additional prudential capital borrowing and to replace internal borrowing. There was no change in the level of money market and local authority loans during 2025/26.

The additional borrowing undertaken in 2025/26 was intended to bring greater alignment between the overall borrowing level and the Council's underlying need to borrow as measured by the CFR, replacing some previous internal borrowing.

The CFR increase shown here is analysed in section 3 above. As stated above, gross borrowing at 31 March 2026 was below the CFR and it is anticipated that gross borrowing will continue to be below the CFR over the current and following two financial years. Any borrowing decisions will take account of the effect upon the total CFR.

ii) Liability Benchmark

This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or a long-term investor in the future and so shape its strategic focus and decision making.

It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10.0m required to manage day-to-day cash flow.

	31-Mar-25 Actual £'000	31-Mar-26 Actual £'000	31-Mar-27 Forecast £'000	31-Mar-28 Forecast £'000
CFR – General Fund	31,795	32,382	32,882	33,382
CFR – HRA	98,943	106,776	113,776	120,776
Balance Sheet Resources	(26,859)	(32,961)	(27,000)	(27,000)
Net Loans Requirement	103,879	106,197	119,658	127,158
Add: Liquidity Allowance	10,000	10,000	10,000	10,000
Liability Benchmark	113,879	116,197	129,658	137,158
Existing Borrowing	110,301	118,951	126,451	133,951

Following on from the medium-term forecast above, the long-term liability benchmark below assumes capital expenditure funded by prudential borrowing of £7.5m per annum; minimum revenue provision (MRP) on new capital expenditure based upon varying assets lives dependant on asset type; and income, expenditure and reserves all increasing by inflation of 2.5% per annum.

	31-Mar-29 Forecast £'000	31-Mar-30 Forecast £'000	31-Mar-31 Forecast £'000	31-Mar-32 Forecast £'000
CFR – General Fund	33,882	34,382	34,882	35,382
CFR – HRA	127,776	134,776	141,776	148,776
Balance Sheet Resources	(27,000)	(27,000)	(27,000)	(27,000)
Net Loans Requirement	134,658	142,158	149,658	157,158
Add: Liquidity Allowance	10,000	10,000	10,000	10,000
Liability Benchmark	144,658	152,158	159,658	167,158
Existing Borrowing	141,451	148,951	156,451	163,951

iii) Authorised Limit and Operational Boundary for External Debt

The authorised limit is a statutory limit determined under section 3(1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which could be afforded in the short term to maximise treasury management opportunities and cover temporary cash flow shortfalls but is unlikely to be sustainable over the longer term.

The table below demonstrates that during 2025/26 the Council has maintained gross borrowing within its authorised limit.

The operational boundary is based on the probable external debt during the year. The operational boundary is not a limit and actual borrowing can vary around the levels shown for short times. The operational boundary should act as an indicator to ensure the authorised limit is not breached and is a key management tool for in year monitoring of treasury management activities by the Deputy Chief Executive and Section 151 Officer.

Actual external debt is gross borrowing plus other long-term liabilities. As mentioned previously, gross borrowing includes sums invested with the Council by the Bramcote Bereavement Services Joint Committee. Other long-term liabilities are liabilities outstanding (other than borrowing) in relation to the financing of capital expenditure. They relate to, for example, private finance initiative (PFI) credits or finance leases. The Council did not have such long-term liabilities at any stage during 2025/26.

	Operational Boundary 31-Mar-26 £000	Authorised Limit 31-Mar-26 £000	Actual External Debt 31-Mar-26 £000
Borrowing	127,770	159,710	118,572
Other Long-Term Liabilities	-	-	-
Total	127,770	159,710	118,572

The Interim Deputy Chief Executive and Section 151 Officer reports that there were no breaches of the authorised limit during 2025/26. The maximum level of borrowing during 2025/26 was £125.9m for five weeks (20 February to 28 March 2026).

iv) Total Principal Sums Invested for More than One Year

This limit is intended to contain exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment has to be re-paid before its natural maturity date due to cash flow requirements, then, if market conditions are unfavourable, there could be an adverse impact upon the Council.

The Council's policy for 2025/26 as set out in the annual investment strategy was to retain the flexibility to invest a proportion of its available balances for a period in excess of one year should credit conditions continue to show signs of stabilisation or improvement. An estimated amount of £8.0m was identified in the strategy as being available for longer term investment. Details of sums invested over more than one-year are identified in section 4 of Appendix 1.

v) Ratio of Financing Costs to Net Revenue Stream

This indicator shown below compares net financing costs (borrowing costs less investment income) to net revenue income from business rates, council tax and rent income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time.

	2024/25 Actual	2025/26 Actual
General Fund	9.8%	8.9%
HRA	15.4%	18.1%

The increase in the level of funding being used to finance debt in the HRA reflects an increase in borrowing to finance the capital programme and lower than forecast dwelling rents received.