

CABINET Agenda

Date Monday 1st December 2025

Time 6.00 pm

Venue JR Clynes Building Second Floor room 2, Cultural Quarter, Greaves Street, Oldham, OL1 1AL

Notes 1. DECLARATIONS OF INTEREST- If a Member requires advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Alex Bougatef or Peter Thompson at least 24 hours in advance of the meeting.

2. CONTACT OFFICER for this agenda is Peter Thompson – email: peter.thompson@oldham.gov.uk

3. PUBLIC QUESTIONS - Any Member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the contact officer by 12.00 noon on Wednesday, 26th November 2025.

4. FILMING - The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and the press are not lawfully excluded. Any member of the public who attends a meeting and objects to being filmed should advise the Constitutional Services Officer who will instruct that they are not included in the filming.

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MEMBERSHIP OF THE CABINET

Councillors M Ali, Brownridge, Dean, Goodwin, F Hussain, Jabbar, Mushtaq, Shah (Chair) and Taylor

Item No

1 Apologies For Absence

2 Urgent Business

Urgent business, if any, introduced by the Chair

3 Declarations of Interest

To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting.

4 Public Question Time

To receive Questions from the Public, in accordance with the Council's Constitution.

5 Minutes (Pages 3 - 12)

The Minutes of the meeting of the Cabinet held on 17th November 2025, are attached for approval.

6 Treasury Management Strategy Mid -Year Review 2025/26 (Pages 13 - 32)

Report of the Director of Finance detailing the Treasury Management Strategy Mid -Year Review 2025/26.



CABINET
17/11/2025 at 6.00 pm

Present: Councillor Shah (in the Chair)
Councillors M Ali, Brownridge, Dean, Goodwin, F Hussain,
Jabbar, Mushtaq and Taylor

1 APOLOGIES FOR ABSENCE

There were no apologies for absence received.

2 URGENT BUSINESS

The Chair informed the meeting that agenda item 8 (Contractual Arrangements - Azure Cloud Contract – Microsoft) had been withdrawn and would now be considered by the Cabinet at its meeting on 15th December 2025.

The Chair advised that there was one item of urgent business (Request for a Direct Award of the Domestic Property Disability Adaption Framework for the Provision of Level Access Showers and Shower over Baths), which would be considered at item 12. The grounds for urgency being that a formal decision to renew the contract for the provision of Level Access Showers and Shower over Baths, referred to in the submitted report, was required prior to the next scheduled Cabinet meeting on 1st December 2025.

3 DECLARATIONS OF INTEREST

Councillor Mushtaq declared an 'other registerable interest' in agenda item 10 - Extension of Short Breaks Play and Leisure Activities from 1st April 2026. Councillor Mushtaq left the room during the consideration and determination of this agenda item.

4 PUBLIC QUESTION TIME

There were no public questions for this meeting of the Cabinet to consider.

5 MINUTES

Resolved:

That the minutes of the meeting of the Cabinet held on 20th October 2025 be approved, as a correct record.

**6 REVENUE MONITOR AND CAPITAL INVESTMENT
PROGRAMME 2025/26 QUARTER 2**

The Cabinet considered a report of the Director of Finance which provided Members with an update, as at 30th September 2025 (Quarter 2 – July-September) of the Council's 2025/26 forecast revenue budget position, the financial forecast of the Dedicated Schools Grant and the Housing Revenue Account (detailed at Annex 1, to the report) alongside the financial position of the capital programme together with the revised capital programme 2025/26 to 2029/30 (detailed at Annex 2, to the report).

The forecast adverse position for 2025/26, at the end of Quarter 2 was estimated to be £21.094m (£23.209m at the end of Month 5). The details within the revenue monitoring report for Quarter 2 followed on from the Month 5 report previously presented to the Cabinet and highlighted any significant areas of concern which may not just impact on the current year, but also when preparing future budgets. A forecast adverse position based on the Quarter 2 revenue controllable budget was £21.094m which represented a favourable movement of £2.115m from the position previously reported. The increasing need for support of the Council's services from residents and businesses, the complexity of the support needed, and inflationary costs continues to put pressure on service budgets and was demonstrated by the forecast outturn position reported at the end of Quarter 2. These pressures, in the main driven by escalating costs in essential statutory services supporting the most vulnerable residents, reflected the broader challenges the Council and numerous Councils across the country are facing. This is particularly acute in statutory and heavily inspected services where there is little flexibility to mitigate rising costs, for example increasing pressures on social care budgets due to the support needs of vulnerable children and complexity in the needs of adult requiring support.

There was also an increasing need to support children with Special Educational Needs (SEND) and whilst significant work has been done in the last 12 months, homelessness presentations and use of temporary accommodation is still of concern given the numbers accessing this service. Since the last report was presented to this meeting, the implementation of the agreed enhanced controls had started to have an impact on the forecast position resulting in the favourable movement between periods. As these controls are further embedded it was expected that the position would continue to improve.

It was important that the organisation continues its work on mitigating and reducing the forecast revenue variance by the end of the financial year, limiting any unbudgeted use of reserves and protecting its financial resilience. Given, the in-year financial position of the Council, the level of reserves available and the budgetary gaps already within the MTFS, the upcoming Policy Statement and the outcome of the Local Government Finance Settlement for 2026/27 onwards will have a significant influence on the financial sustainability of the Council and the Council's ability to set a balanced budget over the short term.

The budget pressures the Council has faced in recent years cannot continue to be mitigated without significant action both to reduce projected spend in-year and to reduce costs over the years to come. Further details of mitigations underway were included at Annex 1, to the submitted report.

Information on the forecast year end position of the Dedicated Schools Grant (DSG), and Housing Revenue Account (HRA) were also outlined in the report.

The report outlines the most up to date capital spending position for 2025/26 to 2029/30 for approved schemes. The revised Capital Programme budget for 2025/26 was £122.248m at the close of Quarter 2 (30th September 2025). Actual expenditure to 30th September 2025 was £25.973m (21.2% of the forecast outturn).

Options/Alternatives considered:

Option 1 – to agree the recommendations in the report.

Option 2 – to not agree the recommendations in the report.

Option 1 was the preferred Option.

Resolved:

1. That the Cabinet notes the report.
2. That the Cabinet notes the forecast revenue position at the end of Quarter 2 (2025/26), at £21.094m, with mitigations in place to reduce expenditure as detailed at Annex 1, to the submitted report.
3. That the Cabinet notes the forecast positions for the Dedicated Schools Grant and Housing Revenue Account.
4. That the Cabinet approves the revised Capital Programme for 2025/26 including the proposed virements and notes the forecast for the financial years to 2029/30 as at the end of Quarter 2 as outlined in Annex 2, to the submitted report.

7

COUNCIL TAX REDUCTION SCHEME 2026/2027

The Cabinet considered a report of the Executive Director of Resources, the purpose of which was to present the proposed Council Tax Reduction Scheme for 2026/27. Cabinet, in considering the report noted that it was being presented to the Council's meeting on 10th December 2025.

The Council was required to review its Council Tax Reduction (CTR) Scheme each year and decide whether to revise it or leave it unchanged.

A major consultation exercise had not been undertaken regarding changes to the CTR scheme and the Greater Manchester Combined Authority has been provisionally advised that no change to the current scheme was being proposed. In this regard, the proposal was that the CTR scheme for 2026/27 remain the same as that operating in 2025/26 and, therefore, no consultation exercise is required. The current CTR scheme provides a maximum reduction equivalent to 85% of the Council Tax charge for a Band A property and this has been unchanged since 2014/15.

The scheme continued to meet the needs of residents and remained in line with national regulations.

It was noted that caseload had continued to gradually decrease, and there have been no national or legislative changes that would require any local amendment.

During 2026/27, officers would scope potential options for 2027/28 to assess whether any amendments to the scheme would provide value for money. This will include consideration of the cost of system changes, any potential administrative savings, and the ongoing need to ensure the scheme continues to support residents effectively.

Options/Alternatives considered:

The Council is required to review its Council Tax Reduction scheme each year and determine whether any changes are needed. The review for 2026/27 found no operational, legislative or financial factors requiring amendment. Given the time required to design and consult on changes, it would not have been possible to implement any amendments for 2026/27. A full review was to be undertaken during 2026/27 to inform the 2027/28 scheme

Therefore, the preferred option was that the that Council, on 10th December 2025, approves that the existing Council Tax Reduction Scheme remains unchanged for 2026/27.

Resolved:

That the Cabinet recommend that the Council approves that the existing Council Tax Reduction Scheme remains unchanged for 2026/27.

8 **CONTRACTUAL ARRANGEMENTS - AZURE CLOUD
CONTRACT - MICROSOFT**

The Chair advised that this item had been withdrawn from the agenda and would be considered by the Cabinet, at its meeting on 15th December 2025.

9 **SPRING BROOK CAPITAL WORKS**

The Cabinet considered a report of the Executive Director of Children's Services that sought approval for a capital project that will offer additional places and enhance provision for pupils with additional needs who are based within the Newbridge Trust. It also sought approval for the allocation of funding from HNPCA and Basic Need Grant towards the scheme.

The submitted report related to a project at Spring Brook Upper School that will enhance existing provision and provide additional provision for pupils with additional needs. These proposals are now developed sufficiently for costs and proposals to be placed before the Cabinet for a final decision. This project will create a total of 36 new places in the school for children with additional needs.

Currently the Local Authority has around £2.8million of Basic Need funding and £9.6million of High Needs Capital Allocation Funding. It was proposed that where projects will generate additional places these projects will be funded from the HNPCA Grant provision

Spring Brook Upper School is a special school that serves all areas Oldham for children with SEMH and is run by New Bridge

Multi Academy Trust. This project will increase access to places for 36 children



Spring Brook Academy is a special school in Oldham that is based across two sites and currently caters for 114 pupils aged between 4-16 years old with a range of Social, Emotional and Mental Health (SEMH) difficulties. Spring Brook lower school, which accommodates KS1 & KS2 pupils, shares its site with Lyndhurst Primary School, a mainstream primary academy. The Spring Brook upper school site, which accommodates KS3 pupils, is based in the Failsworth area of Oldham. Spring Brook lower school is approximately a 10-minute drive from the upper school site.

The central project objective for the Trust is how best to bring Spring Brook's lower and upper school pupils together on one site. The lower school and upper school pupils are to be predominantly based and taught in separate areas. The lower school pupils are to be accommodated within a new teaching block with the upper school pupils continuing to be taught within the existing main school building. KS1 pupils will be taught on the ground floor of the new teaching block with KS2 pupils taught on the first floor. Classrooms are to be designed to accommodate a maximum group size of between 8-10 pupils

The total cost of this project is estimated to be in the region of £1,581,199 (a total of £1,739,319 when including 10% contingency) following completion of a RIBA stage 2 report by Spring Brook Academy. It is proposed that this project is funded by the LA Basic Need and/or HNPCA Grant.

Options/Alternatives considered:

Option 1: To approve the above capital investment for the project listed above to deliver the ambitions of the SEND and Inclusion Strategy 2023-2027.

Option 2: Do not approve the projects and risk not fulfilling the above strategy.

Option 1 was the preferred Option.

Resolved:

1. That the Cabinet approves the Capital Project, detailed in the submitted report that will offer additional places and enhance provision for pupils with additional needs who are based within the Newbridge Trust.
2. That the Cabinet approves the allocation of funding from HNPCA and Basic Need Grant towards the scheme, as detailed in the submitted report.

10

EXTENSION OF SHORT BREAKS PLAY AND LEISURE ACTIVITIES FROM 1ST APRIL 2026

The Cabinet received a report of the Executive Director of Children and Young People which sought approval to exercise the option to extend the current contract with POINT. The service is a statutory requirement ensuring that children, young people and families have access to Short Breaks Play and Leisure activities.

The existing contract (DN647420) is due to expire on 31st March 2026 but includes an existing option for a two-year extension. Approval is sought to exercise this option for two years to maintain compliance with statutory and funding obligations.

Options/Alternatives considered:

Option 1: to exercise the option to extend the initial term of POINT Short Break Play and Leisure Activities Contract for a period of two years at £200,000.00 per year, from 1st April 2026 up until 31st March 2028 in order to allow services for Oldham's children, young people and families to continue. This will prevent any gaps in service delivery for children and young people with additional needs and their families and ensure statutory obligations are being met by the Council.

Option 2: do not exercise the option to extend the contract with POINT.

Option 1: is the preferred Option.

Resolved:

That the Cabinet exercises the option to extend the initial term of POINT Short Break Play and Leisure Activities Contract for a period of two years at £200,000.00 per year, from 1st April 2026 up until 31st March 2028, in order to allow services for Oldham's children, young people and families to continue; thereby preventing any gaps in service delivery for children and young people with additional needs and their families and to ensure that statutory obligations are being met by the Council.

11

**CHANGE PARTNERSHIP PROGRAMME DELIVERY -
EARLY LANGUAGE SUPPORT FOR EVERY
CHILD/ALTERNATIVE PROVISION SPECIALIST
TASKFORCE: GRANT REQUIREMENTS**

The Cabinet considered a report of the Executive Director of Children and Young People, that sought approval to appoint/extend posts relating to grant funding allocated to Oldham in relation to the Change Partnership Programme (CPP) and associated ELSEC (Early Language Support for every child) and the APST (Alternative Provision Specialist Taskforce). The funding for this was ringfenced and could only be used for the purposes set out in the submitted report.

Options/Alternatives considered:

Option 1: Approve progression of the staffing model outlined in appendix A so that the CPP can be implemented in full. The CPP funding is ring-fenced for the projects identified in this paper. Therefore, there is no other viable option. Carrying out the projects will provide the local area with much needed early identification and specialist support for our most vulnerable children and young people.

Option 2: Do nothing. If we take no action, funding will not be utilised and may, as a result, need to be returned to the DfE, which would significantly limit the support available to identify needs and support our most disadvantaged children and young people.

Resolved:

That the Cabinet approves implementation of Option 1, as detailed in the submitted report, to draw on the CPP grant funding to enable creation of the required posts and dependencies to work alongside the SEND Team and wider SEND and Inclusion Service.

12

REQUEST FOR A DIRECT AWARD OF THE DOMESTIC PROPERTY DISABILITY ADAPTION FRAMEWORK FOR THE PROVISION OF LEVEL ACCESS SHOWERS AND SHOWER OVER BATHS

The Cabinet considered a report of the Director of Adult Social Services (DASS) which advised that the Domestic Property Disability Adaptations (DPDA) Framework, which provided essential works such as Level Access Showers and Shower over Baths through the Disabled Facilities Grant (DFG), had exceeded its approved contract value and cannot be extended within the limits set by the Council's Contract Procedure Rules. It was therefore proposed to end the framework following its current one-year extension, seek an exemption to regularise spend via a direct award, and secure continuity of service beyond November 2025.

The Council had a multi contractor Framework Agreement in place for Domestic Property Disability Adaptations (DPDA), which commenced on 1 December 2022 for an initial term of 2 years with the option to extend twice, each for an additional term of no more than 1 year. Under the Framework Agreement, the Council places orders for the provision of Level Access Showers and Shower over Baths, as and when required. The Framework Agreements were put in place to enable the Council to meet its duty to award a Disabled Facility Grant (DFG) to those who are eligible and to ensure the works funded by a DFG are completed to a high standard and in a timely manner.

The initial 2-year term of the Framework Agreement, which the Council has entered with each of the 4 appointed contractors, expired on 30th November 2024. An extension was granted for 1 year and is due to expire on 30th November 2025, as outline in Appendix A. The Framework Agreement provides that 28 days' written notice is required to be served on the Contractor to extend the initial term.

The cost of the extended term is not within the capped total life of contract costs set at £2,260,000, as approved in the original Cabinet report for the procurement of DPDA works requirements and as provided for in the advertised opportunity. The spend to date is £3,089,518.45, which exceeds both the original approval and the maximum permitted modification under the Council's Contract Procedure Rules (CPRs).

Under the CPRs, a modification of up to 15% (in this case, £339,000) would have been permissible, resulting in a total of £2,599,000. As the actual spend has already exceeded this figure, an exemption to the CPRs is required. This report therefore seeks approval to end the Framework Agreements

and to formally request an exemption for a direct award to regularise the position and enable continued delivery of this essential service.

The DFG budget for this year is £3,044,703.82. The spend to date from the DFG budget is £1,034,003.19 which leaves an outstanding budget of £2,010,700.63. Projected spend to the end of the framework will also need to be calculated to ensure it remains within the wider thresholds.

The report also sought approval to increase the framework prices by 5% from April 2025 to November 2025. And to ensure the uplift in the direct award for December 2025 to November 2026.

Options/Alternatives considered:

Option 1: Do nothing and allow the Framework Agreements to come to an end on 30th November 2025. This option was not recommended due to the legal, operational, and reputational risks it presented to the Council.

Option 2: To extend each Framework Agreement for 12 months, subject to contractor agreement, and seek an exemption to the CPRs. This option is not recommended due to the legal, operational, and reputational risks it presents to the Council.

Option 3: To extend each Framework Agreement for 7 months, seek an exemption to the CPRs, and approve a 5% uplift from April 2025. This option is not recommended due to the legal, operational, and reputational risks it presents to the Council.

Option 4: To end the current Framework Agreements on 30th November 2025 and request an exemption from the CPRs in order to approve a direct award to the current four providers under a one-year Framework Agreement, running from December 2025 to November 2026. In addition, to approve a 5% uplift to the current contract rates from April 2025 to November 2025 and for the extended period until November 2026. Under this option, the current agreements would end on 30th November 2025. We would seek an exemption to the CPRs, as the spend to date plus the projected spend to 30th November 2025 will exceed the permitted modification threshold. The proposal is to make a direct award to the current four framework providers on a one-year term (to 30th November 2026) to ensure continuity of service, in line with the original arrangement. This approach would provide sufficient time to undertake a new procurement. In addition, a 5% uplift to contract prices would be applied from April 2025, reflecting rising costs. This would support providers to remain financially sustainable, encourage their continued engagement, and help secure their participation in both the current and future procurement exercises.

Option 4 was the preferred Option.

In considering the report Cabinet noted that the Chair of Adults and Social Care Scrutiny Board had exempted this item from call-in, by virtue of Rule 14 of the Council's Constitution, due to the need to make a decision regarding the future operation of the service, prior to 30th November 2025.

Resolved:

1. That Option 4, detailed in the submitted report be approved.
2. The Cabinet notes that under Option 4 allows for the end of the current Framework Agreements on 30th November 2025 and authorises an exemption from the CPRs in order to approve a direct award to the current four providers under a one-year Framework Agreement, running from 1st December 2025 to 30th November 2026.
3. The Cabinet notes that in addition, to approve a 5% uplift to the current contract rates backdated from 1st April 2025 to November 2025 and for the extended 12 months contract value.
4. The Cabinet notes that under Option 4, the current agreements will end on 30th November 2025, therefore an exemption to the CPRs, as the spend to date plus the projected spend to 30th November 2025, is approved.
5. The Cabinet notes that proposal is to make a direct award to the current four framework providers on a one-year term (to 30th November 2026) to ensure continuity of service, is in line with the original arrangement - this approach would provide sufficient time to undertake a new procurement exercise; in addition, a 5% uplift to contract prices would be applied from April 2025, reflecting rising costs. This will support providers to remain financially sustainable, to encourage their continued engagement, and help secure their participation in both the current and future procurement exercises.
6. That the Cabinet notes the actions of the Chair of the Adults and Social Care Scrutiny Board in exempting this report from the Call-in process, under Rule 14 of the Council's Constitution.

The meeting started at 6.00pm and ended at 6.25pm.

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Report to Cabinet

Treasury Management Half Year Review Report 2025/26

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services and Sustainability

Officer Contact: Lee Walsh, Director of Finance & Section 151 Officer

Report Author: James Postle, Senior Finance Manager/ Paula Buckley, Finance Manager (Capital & Treasury)

1 December 2025

Reason for Decision

In April 2023 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

This report includes the requirement in the 2021 Code for quarterly reporting of the treasury management prudential indicators.

The Authority's treasury management strategy for 2025/26 was approved at Budget Council on 6 March 2025. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

Executive Summary

The Council is required to consider the performance of the Treasury Management function in order to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators. This report therefore sets out the key Treasury Management issues for Members' information and review and outlines:

- An economic update for the first half of 2025/26 (External Context);
- Net Borrowing and Investments (Local Context);
- A review and updates of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for the first half of the year;
- Compliance; and
- Treasury Management Prudential Indicators.

Recommendation

That the Cabinet:

- a) considers and comments upon the Treasury Management Half Year Review report, and the Treasury Management activity and projected outturn for 2025/26
- b) commends the report to Council

1 Background

- 1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested with low-risk counterparties, providing adequate liquidity initially before considering optimising investment returns.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 As a consequence, treasury management is defined as:
- “The management of the local authority's investments and cash flows, its banking, money market, and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2 Current Position**2.1 Requirements of the Treasury Management Code of Practice**

- 2.1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (Revised 2021) (the CIPFA Code) which requires the Authority to produce a quarterly treasury management update report; a requirement in the 2021 Code which is mandatory from 1 April 2023.
- 2.1.2 The Treasury Management Quarter One Update Report was presented to the Audit Committee for scrutiny on 22 October 2025.
- 2.1.3 This half year report provides an additional update to that previously received by Members to reflect the requirement of the 2021 Code of quarterly reporting on treasury management prudential indicators. It presents for approval the Treasury Management position, known as the half yearly review at the end of September 2025. The Treasury and Prudential indicators are also incorporated at Appendix 1 to this report.
- 2.1.4 The Council's Treasury Management Strategy for 2025/26 was approved at Budget Council on 6 March 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks, including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring, and control of risk remains central to the Authority's Treasury Management Strategy.
- 2.1.5 This Half Year Review report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:
- An economic update for the second quarter of 2025/26;
 - A review and updates of the Council's current treasury management position;
 - Net Borrowing and Investments
 - Council Borrowing;
 - Treasury Investment Activity;
 - Treasury Performance for the first half of the year;

- Compliance; and
- Treasury Management Prudential Indicators

2.1.6 The report is presented to Cabinet to enable it to have the opportunity to review and scrutinise the Half Year Treasury Management Report prior to its presentation to Council.

2.2 External Environment Half Year Review 2025/26

Economic background

- 2.2.1 The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.
- 2.2.2 From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the Autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.
- 2.2.3 UK headline annual Consumer Price Inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down 0.2% from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.
- 2.2.4 The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Quarter 2 2025 Gross Domestic Product (GDP) report, annual growth was revised upwards to 1.4% year on year. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Quarter 3.
- 2.2.5 Labour market data continued to soften throughout the half yearly period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish Monetary Policy Committee (MPC) members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 2.2.6 The Bank of England's (BoE) MPC cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 0.25% cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 0.25% cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
- 2.2.7 The August BoE Monetary Policy Report highlighted that after peaking in Quarter 3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.
- 2.2.8 Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more

cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the Autumn Budget and the impact this will have on the outlook.

- 2.2.9 Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve (Fed) held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.
- 2.2.10 The European Central Bank (ECB) cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process deemed over.

Financial markets

- 2.2.11 After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.
- 2.2.12 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30 September.

Credit review

- 2.2.13 Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 2.2.14 Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long-term rating on the United States sovereign to Aa1 in May.
- 2.2.15 Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire County Council and Close Brothers while Moody's upgraded Transport for London.
- 2.2.16 After spiking in early April following the US trade tariff announcements, UK Credit Default Swap (CDS) prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.
- 2.2.17 European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders, while Canadian bank CDS prices remain modestly

elevated compared to earlier in 2025 and in 2024.

2.2.18 Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

2.2.19 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review

2.3 The Oldham Council Treasury Position

2.3.1 On 31 March 2025, the Authority had net borrowing of £187.231m arising from its revenue and capital income and expenditure. This had reduced to £160.630m at the end of Quarter One, and, as presented at Table 2, had increased from Quarter One to £167.627m at the half year.

2.3.2 The actual and planned level of capital expenditure are the drivers of borrowing for capital purposes. Appendix 1 shows the actual level of capital expenditure at the end of 2024/25 and includes the forecast as at the end of September 2025 for 2025/26, 2026/27 and 2027/28. It also shows the financing sources, including the level of prudential borrowing.

2.3.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below and show the 2025/26 forecast as at 30 September compared to the closing position for 2024/25.

Table 1 – Balance Sheet Summary

	31 March 2025 Actual £'000	31 March 2026 Half Year Review Forecast £'000
General Fund CFR	559,839	579,225
Total CFR	559,839	579,225
Less: Other debt liabilities (PFI)	223,812	217,038
Borrowing CFR	336,027	362,186
External borrowing	234,817	257,250
Internal borrowing	101,209	104,936
Less: Usable Balance Sheet Resources	(124,565)	(110,237)
Less: Working capital	(24,230)	(55,041)
Net Investments	(47,586)	(60,342)

2.3.4 Table 1 shows the forecast CFR for 2025/26 is £579.225m, an increase of £19.386m compared to £559.839m at the end of 2024/25. The CFR excluding other debt liabilities relating to Private Finance Initiative schemes is forecast to be £362.186m, an increase of £26.159m compared to the position at the end of 2024/25.

2.3.5 External borrowing is forecast to increase by some £26m to £257m by the end of the financial year. This is well below the CFR meaning the Council is maintaining an under-borrowed position. This indicates that the capital borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances, and cash flow has been used as a temporary measure. This strategy has been prudent in recent years as investment returns have been low and counterparty risk is still an issue that needs to be considered.

- 2.3.6 As the Council utilises its reserves to finance annual revenue expenditure, the capacity to do this will diminish and external borrowing will be required. The Council will continue to analyse and assess the market with respect to interest rate forecasts and counterparty risk to determine the optimum time to externally borrow.
- 2.3.7 The treasury management position as at 30 September 2025 and the change over the year to date is shown in Table 2 below.

Table 2 - Treasury Management Summary

Borrowing/Investment	31 March 2025 Balance £'000	Movement £'000	30 September 2025 Actual £'000	30 September 2025 Average Rate %
Long-term borrowing				
- PWLB	84,059	(2,432)	81,627	3.83%
- LOBOs	85,500	(4,416)	81,084	3.96%
- Other	40,001	0	40,001	4.03%
Short-term borrowing	25,257	0	25,257	4.38%
Total borrowing	234,817	(6,849)	227,968	
Long-term investments	13,611	31	13,642	5.13%
Short-term investments	-	-	-	
Cash and cash equivalents	33,975	12,725	46,700	4.23%
Total investments	47,586	12,756	60,342	
Net borrowing	187,231	(19,605)	167,627	

- 2.3.8 As can be seen in the table above, borrowing has reduced by circa £7m this was due to a repayment of a called Lender Option, Borrower Option (LOBO) Loan and principal payments against the Council's Public Works Loans Board (PWLB) debt, during the first half of 2025/26. The level of investment has increased £12.725m since the end of the 2024/25 (but a reduction on the Quarter One position of £10m). Overall net borrowing has reduced by £19.605m as a result of repayment of loans and capital grant funding being received in advance of spend. Borrowing will increase in the next quarter in line with planned capital expenditure during the latter part of the year.

2.4 Borrowing

- 2.4.1 The Authority's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address

the key issue of affordability without compromising the longer-term stability of the debt portfolio.

- 2.4.2 After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields, however, have increased over the first half of the year amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.
- 2.4.3 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.
- 2.4.4 CIPFA's 2021 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 Authority.
- 2.4.5 Public Works Loan Board (PWLB) loans are no longer available to Local Authorities planning to buy investment assets primarily for yield, unless these loans are for refinancing purposes.
- 2.4.6 Oldham Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council, and it has no plans to do so in the future.
- 2.4.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor, Arlingclose.
- 2.4.8 As at 30 September 2025, Oldham Council held £227.969m of loans. The Council has not undertaken any borrowing in the first half of the year.

Table 3 - Borrowing Position

Borrowing Sources	31 March 2025 Balance £'000	Movement £'000	30 September 2025 Balance £'000	30 September 2025 Weighted Average Rate %	30 September 2025 Weighted Average Maturity (years)
Public Works Loan Board	84,059	(2,432)	81,627	3.82%	10.27
Banks (LOBO)	85,500	(4,416)	81,084	4.04%	42.18
Banks (fixed-term)	40,000	-	40,000	4.00%	43.77
Local Bonds (long-term)	1	-	1		-
Local Authorities (short term)	25,000	-	25,000	5.23%	
Local Bonds (short-term)	22	-	22	0.00%	-
Local Charitable Trusts (short-term)	235	(1)	234	4.90%	
Total Borrowing	234,817	(6,848)	227,969		

LOBO Loans

- 2.4.9 Oldham Council currently holds £81.084m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost. This a reduction of £4.416m from the position as at 31 March 2025 due to one of the lenders, FMS Wertmanagement, exercising its option to revise the rate payable on the loan in April. The revised interest rate offered was 7.67% and the Council exercised its option to repay the loan in full, utilising available cash balances.
- 2.4.10 With market interest rates having risen, the probability of LOBOs being called has been higher than in the recent past. A total of £20.000m of other LOBO loans, all held with Dexia Finance had annual/semi-annual call option dates during the April-June quarter, however none of the options were exercised.
- 2.4.11 Currently Oldham Council has £34m LOBO loans with call dates during the remaining six months of this financial year. Of this sum, £14m is held with Dexia Finance, £10m is held with KBC Bank NV and the remaining £10m evenly split between two other providers, Danske Bank and Just Retirement. At the time of writing no call options have been exercised.
- 2.4.12 There may be opportunities to repay the Council's historical LOBO borrowing. The Council will investigate all opportunities including consultation with the Council's treasury manager advisors Arlingclose and will ensure any repayments create revenue savings. If required, the Authority will repay the LOBO loans with available cash or by borrowing from other local authorities or the PWLB.

2.5 Treasury Investment Activity

- 2.5.1 The CIPFA Treasury Management Code (Dec 21), defines treasury management investments as investments that arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 2.5.2 As at 30 September 2025, the Council held £46.700m of Money Market Funds, representing income received in advance of expenditure plus balances and reserves held. During the first half year, the Authority's investment balances ranged between £28.220m and £75.007m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4 - Treasury Investment Position

Investment Placements	31 March 2025 Balance £'000	Movement £'000	30 September 2025 Balance £'000	30 September 2025 Income Return %
Government (incl. Local Authorities)	-	-	-	
Money Market Funds	33,975	12,725	46,700	4.37%
Property Pooled Fund	13,611	31	13,642	5.13%
Total Investments	47,586	12,756	60,342	

- 2.5.3 Both the CIPFA Code and Government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 2.5.4 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 2.5.6 The Council in previous years has invested £15.000m in the Churches, Charities & Local Authorities (CCLA) pooled property fund. As this is a longer-term investment, short term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fund is forecast to generate an average total return in 2025/26 of £0.700m, representing 5.13% income return. The current value estimated is £13.642m.

Statutory Override

- 2.5.7 Further to consultations in April 2023 and December 2024, the Ministry for Housing Communities and Local Government wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1 April 2029 for investments already in place before 1 April 2024. The override will not apply to any new investments taken out on or after 1 April 2024.
- 2.5.8 The Authority has set up a provision of £2.000m to mitigate the impact of the statutory override not being extended. In view of the fact that the override may not be extended past 2029 the authority has decided to maintain this provision.

2.6 Treasury Team Performance

- 2.6.1 The Treasury Team measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in Table 5 below.

Table 5 – Treasury Performance

	Budgeted Performance Rates/Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	30 September 2025 Income Return % (Actual)
Budgeted Investment Rates	4.50%		4.55%
Overnight SONIA	4.19%	4.40%	4.37%

- 2.6.2 The budgeted investment rate of 4.50% above included within the annual strategy for 2025/26 was based on the average rate over the full financial year as expectations were for interest rates to decrease during 25/26. The actual rate achieved in the first half of the year broadly in line with this budgeted rate. The total budget for treasury management income for 2025/26 is £1m. To date, General Fund income of circa £0.740m has been achieved.

2.7 Compliance

- 2.7.1 The Director of Finance reports that all treasury management activities undertaken during the half year complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Table 6 below.

Table 6 - Investment Limits

Investment Limit	Maximum during 2025/26 £'000	Actual Position at 30 September 2025 £'000	Maximum Allowable in 2025/26 £'000	Compliance Yes/No
Any single organisation, except the UK Government	-	-	30,000	Yes
Any group of organisations under the same ownership	-	-	20,000	Yes
Any group of pooled funds under the same management	13,642	13,642	15,000	Yes
Unsecured investments with building societies	-	-	20,000	Yes
Money Market Funds	75,007	46,700	80,000	Yes
Strategic Pooled Funds	13,642	13,642	15,000	Yes

- 2.7.2 Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

Table 7 – Operational Boundary and Authorised Limit

Borrowing /Limits	Actual Position at 30 September 2025 £'000	2025/26 Operational Boundary £'000	2025/26 Authorised Limit £'000	Compliance Yes/No
Borrowing	227,968	356,000	371,000	Yes
PFI and Finance Leases	223,812	230,250	235,250	Yes
Total Gross Borrowing / Limit	451,780	586,250	606,250	Yes

- 2.7.3 The Operational Boundary represents the maximum expected borrowing position for the Council for the year and is £586.250m.
- 2.7.4 The Authorised Limit is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003 and for 2025/26 is set at £606.250m. Once this has been set, the Council does not have the power to borrow above this level, although it can be revised if required.
- 2.7.5 Since the Operational Boundary is a management tool for in-year monitoring, it is not significant if the Operational Boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. No breaches have occurred, and it is not anticipated that there will be any breaches in 2025/26.

2.8 Treasury Management Prudential Indicators

- 2.8.1 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

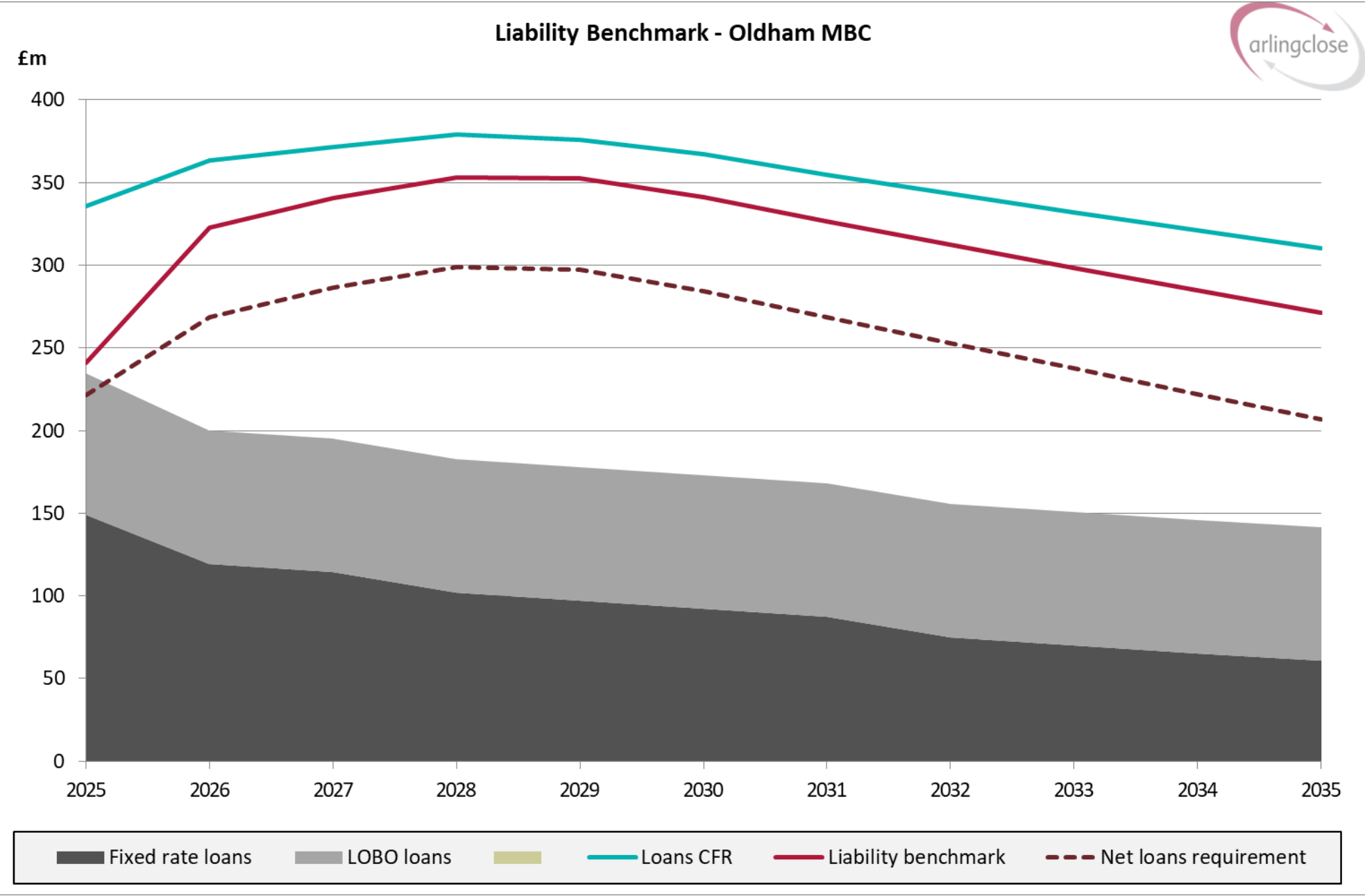
Liability Benchmark

- 2.8.2 This indicator compares the Authority'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 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 that the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £20.000m, the level required to manage day-to-day cash flow.

Table 9 - Liability Benchmark

Liability Benchmark Measurement	31 March 2025 Actual £'000	31 March 2026 Forecast £'000	31 March 2027 Forecast £'000	31 March 2028 Forecast £'000
Loans CFR	336,027	362,186	371,835	377,371
Less: Balance sheet resources	148,795	124,936	129,936	134,936
Net loans requirement	187,232	237,250	241,899	242,535
Plus: Liquidity allowance	20,000	20,000	20,000	20,000
Liability benchmark	207,232	257,250	261,899	262,435
Existing /forecast borrowing	234,817	237,250	241,899	242,435

- 2.8.3 As demonstrated by the liability benchmark in the table above, the Council expects to be a long-term borrower to finance the expected capital spend. There could be timing differences between when the Council externally borrows compared to when the expenditure is required due to the nature of capital works, but new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.



- 2.8.4 Table 10 below sets out the maturity structure of borrowing at the end of the first six months of 2025/26 compared to the upper and lower limits set in the Treasury Management Strategy for 2025/26. The indicator is set to control the Authority's exposure to refinancing risk.

Table 10 –Maturity Structure of Borrowing

Borrowing Timeframe	Upper Limit	Lower Limit	30 September 2025 Actual	Compliance Yes/No
Under 12 months	35%	0%	27.87%	Yes
12 months and within 24 months	35%	0%	8.65%	Yes
24 months and within 5 years	35%	0%	23.33%	Yes
5 years and within 10 years	35%	0%	13.74%	Yes
10 years to 20 years	50%	0%	2.47%	Yes
20 years to 30 years	50%	0%	2.18%	Yes
30 years to 40 years	50%	0%	2.18%	Yes
40 years to 50 years	50%	0%	10.88%	Yes
50 years to 60 years	50%	0%	8.71%	Yes

- 2.8.5 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. In the case of LOBO loans, the next option date has been used as the measure to determine if it is potentially repayable.

2.8.6 Long-term Treasury Management Investments

The purpose of the Long-Term Treasury Management indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term Treasury management limits are set out in the table below.

Table 12- Limit / Actual Investments exceeding one year

Limit /Actual Investments Exceeding One Year	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£50m	£50m	£50m	£50m
Actual principal invested beyond year end	£15m	-	-	-
Compliance – Yes/No?	Yes	N/A	N/A	N/A

- 2.8.7 Long-term investments with no fixed maturity date include strategic pooled funds. For the Council, this is currently the CCLA Property Fund. Long term investments exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term investments.

3 Options/Alternatives

- 3.1 In order that the Council complies with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, Cabinet has no option other than to consider and approve the current Treasury Management position. Therefore, no options/alternatives can be presented in respect of the factual information contained in this report:
- 3.2 Option 1 – to accept the recommendations of the report and note the Prudential Indicators and commend to Council for approval.

4 Preferred Option

- 4.1 The preferred option is Option 1 – to accept the recommendations of the report note the Prudential Indicators and commend to Council for approval.

5 Consultation

- 5.1 There has been consultation with the Council's Treasury Management Advisors, Arlingclose in the production of this report.
- 5.2 The Treasury Management Half Year Review Report was presented to the Audit Committee for detailed scrutiny on 26 November 2025 in compliance with the requirements of the CIPFA Code of Practice and was commended to Cabinet. The report will be presented to Council on 10 December for approval.

6 Financial Implications

- 6.1 All included within the report.

7 Legal Services Comments

- 7.1 The proposals have been the subject of review by Finance officers and the Council's Treasury Management advisors in order to ensure compliance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and statutory guidance on the Minimum Revenue Provision. I am satisfied that the recommended proposals would not be in breach of those regulations or statutory guidance and the preferred option is supported.

(Alex Bougatef – Monitoring Officer)

8 Co-operative Agenda

- 8.1 The Council ensures that any Treasury Management decisions comply as far as possible with the ethos of the Co-operative Council.

9 Human Resources Comments

- 9.1 None.

10 Risk Assessments

- 10.1 There are considerable risks to the security of the Authority's resources if appropriate treasury management strategies and policies are not adopted and followed. The Council has established good practice in relation to treasury management which has previously been acknowledged in both Internal and the External Auditors' reports presented to the Audit Committee.

11 IT Implications

11.1 None.

12 Property Implications

12.1 None.

13 Procurement Implications

13.1 None.

14 Environmental and Health & Safety Implications

14.1 None.

15 Community cohesion disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998

15.1 None.

16 Oldham Impact Assessment Completed (Including impact on Children and Young People)

16.1 No.

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCR-13-25

19 Background Papers

19.1 The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as defined by that Act.

File Ref: Background papers are contained with Appendix 1
Officer Name: Paula Buckley/James Postle
Contact No: 0161 770 4247

20 Appendices

Appendix 1 - Prudential and Treasury Indicators

Appendix 1 - Prudential and Treasury Indicators

The Authority measures and manages its capital expenditure borrowing with references to the following indicators.

The following tables shows a summary of the prudential indicators for half year 2025/26.

Capital Expenditure

Capital Expenditure/Financing	2024/25 Actual £'000	2025/26 Forecast £'000	2026/27 Budget £'000	2027/28 Budget £'000
Expenditure				
General Fund services	81,790	120,845	37,878	34,456
HRA	1	1,403	7,195	2,220
Total Capital Expenditure	81,791	122,248	45,073	36,676
Financing				
Grants & Contributions	(29,875)	(81,174)	(21,345)	(16,144)
Prudential Borrowing	(46,961)	(34,026)	(16,970)	(18,260)
Revenue	(28)	(1,486)	(2,195)	(210)
Capital Receipts	(4,927)	(5,562)	(2,563)	(2,092)
Total Financing	(81,791)	(122,248)	(43,073)	(36,676)

Capital Financing Requirement (CFR)

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with [MRP / loans fund repayments] and capital receipts used to replace debt.

Capital Financing Requirement	31 March 2025 Actual £'000	31 March 2026 Forecast £'000	31 March 2027 Budget £'000	31 March 2028 Budget £'000
General Fund Services	559,839	579,225	581,846	579,895
Total CFR	559,839	579,225	581,846	579,895

Gross Borrowing and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Gross Borrowing /CFR	31 March 2025 Actual £'000	31 March 2026 Forecast £'000	31 March 2027 Budget £'000	31 March 2028 Budget £'000	Debt at 30 September 2025 £'000
Gross Borrowing (incl. PFI & leases)	458,630	474,289	471,910	464,959	451,785
Capital Financing Requirement	559,839	579,225	581,846	579,895	

Debt and the Proposed Revised Authorised Limit and Operational Boundary

The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year [except in Scotland: and to keep it under review]. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Debt	Debt at 30 September 2025 £'000	2025/26 Half Year Operational Boundary £'000	2025/26 Half Year Authorised Limit £'000	Compliance? Yes/No
Borrowing	227,968	356,000	371,000	Yes
PFI and Finance Leases	223,812	230,250	235,250	Yes
Total Debt	451,780	586,250	606,250	

Since the operational boundary is a management tool for in-year monitoring, it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans is charged to revenue. 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, business rates and general government grants.

Financing Cost/Net Revenue Stream	2024/25 Actual £'000	2025/26 Forecast £'000	2026/27 Budget £'000	2027/28 Budget £'000
Financing costs (£m)	26,252	25,322	26,977	28,563
Proportion of net revenue stream	7.61%	7.84%	7.66%	7.61%

Impact of a 1% increase in interest rate on debt financing costs

This indicator demonstrates the additional revenue interest costs that would be charged if interest rates were 1% above the current assumptions.

Financing Cost/Net Revenue Stream	2025/26 Estimated £'000	2026/27 Estimated £'000	2027/28 Estimated £'000
Additional Revenue costs (£000)	103	498	649