Report to Council

Treasury Management Outturn Report 2025/26

Officer Contact: Lee Walsh –Director of Finance

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

16 September 2026

Reason for Decision

This report advises Council of the performance of the Treasury Management function of the Council for 2025/26 and provides a comparison of performance against the 2025/26 Treasury Management Strategy and Prudential Indicators.

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 outturn report provides an update and includes the requirement in the 2021 Code, mandatory from 1 April 2023, as a minimum semiannual and annual reports and quarterly reporting of the treasury management prudential indicators. This report therefore sets out the key Treasury Management issues for Members' information and reviews and outlines:

- An economic update for 2025/26
- A review and updates of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for 2025/26;
- Treasury Management Prudential Indicators;

The report is presented to Council to enable it to have the opportunity to review and scrutinise the Treasury Management Outturn report.

Recommendations

That the Council considers and comments upon the Treasury Management Outturn report and the Treasury Management activity and outturn position.

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 as a minimum semi-annual and quarterly treasury management update reports; a requirement in the 2021 Code which is mandatory from 1 April 2023.

2.1.2 The treasury and prudential indicators are also incorporated at Appendix 1 to this report.

2.1.3 The Council's treasury management strategy for 2025/26 was approved 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 identification, monitoring and control of risk remains central to the Authority's Treasury Management Strategy.

2.1.4 The Treasury Management Half Year Update Report was presented to Audit Committee, Cabinet and subsequently approved at Council 10th December 2025

2.1.5 The Treasury Management Quarter 3 Update was presented to Audit Committee 26 March 2026.

2.1.6 This Outturn report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- An economic update for 2025/26;
- A review and updates of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for the 205/26;
- Treasury Management Prudential Indicators;

2.2 External Environment 2025/26

<u>Economic Background</u>

2.2.1 The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

2.2.1 After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

2.2.2 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing. The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

2.2.3 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated

2.2.4 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

2.2.5 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

2.2.6 After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

2.2.7 Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

2.2.8 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

2.2.9 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly

Financial Markets

2.2.10 After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved, but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

2.2.11 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

2.2.12 The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March 2026.

Credit Review

2.2.13 Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

2.2.14 Earlier 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. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers. Moody's affirmed OP Corporate's rating at Aa3 In May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

2.2.15 After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

2.2.16 Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US. Financial market volatility is expected to remain, and CDS 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 risen to £210.745m by the end of 2025/26 as shown in Table 2.

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 2025/26. It also shows the financing 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.

Table 1 - Balance Sheet Summary

	31 March 2025 £'000	31 March 2026 £'000
Total CFR	**559,839**	**581,037**
Less: Other debt liabilities PFI	223,812	211,360
Borrowing CFR	**336,027**	**369,677**
External borrowing	234,817	259,957
Internal borrowing	101,209	109,718
Less: Usable Balance Sheet Resources	(124,565)	(151,091)
Less: Working capital	(24,230)	(7,577)
Net Investments	**(47,586)**	**(48,950)**

2.3.4 Table 1 shows the CFR for 2025/26 is £581.037m, an increase of £21.198m compared to £559.839m at the end of 2024/25. The CFR excluding other debt liabilities relating to Private Finance Initiative schemes is forecast at £369.677m an increase of £33.650m compared to the position at the end of 2025/26. The CFR relating to other debt liabilities has reduced by £12.452m to £211.360m and now addresses the implantation of IFRS16 for the second year.

2.3.5 The table clearly highlights that the Council borrowing is well below the CFR and the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with loan debt. 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. This along with raising interest rates for external debt means that the Council will continue to analyse and assess the market to determine the optimum time to externally borrow.

2.3.6 The treasury management position as at 31 March 2026 and the change over the year is shown in Table 2 below.

Table 2 - Treasury Management Summary

Borrowing/Investments	31 March 2025 Balance £'000	Movement £'000	31 March 2026 Balance £'000	31 March 2026 Average Rate %
Long-term borrowing				
- Public Works Loan Board	84,059	30,136	114,195	4.06%
- Lender Option Borrowing Option	85,500	(10,000)	75,500	4.33%
- Other	40,001	1	40,002	4.03%
Short-term borrowing	25,257	5,003	30,260	4.84%
Total Borrowing	**234,817**	**25,140**	**259,957**	
Long-term investments	13,611	(1)	13,610	4.60%
Short-term investments	-	-	-	
Cash and cash equivalents	33,975	1,365	35,340	4.05%
Total Investments	**47,586**	**1,364**	**48,950**	
Net Borrowing (total borrowing less total investments)	**187,231**		**211,007**	

As can be seen in the table above, total borrowing has increased by £25,140m as was expected for both financing requirement and the repayment of LOBO loans called. Longer term borrowing has been secured as well as an increase in short term borrowing. Overall, the level of investments are at a slightly higher level than the prior year at £35.340m.

2.4 Borrowing

2.4.1 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.

2.4.2 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.

2.4.3 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 future.

2.4.4 The chief objective when borrowing has been to strike an appropriately low risk balance between securing low 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.

2.4.5 Gilt yields slightly decreased over most of the period; reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget. Subsequent to the war in the Middle East however, gilt yields saw a rapid rise to above the yield at the beginning of the financial year.

2.4.6 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the period, and 50-year maturity loans from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been similar to or a little above Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.

2.4.7 As at 31 March 2026 Oldham Council held £259.957m of loans, representing an increase of £25,140m 2025/26. Outstanding loans on 31 March (borrowing position) are summarised in Table 3 below.

Table 3 - Borrowing Position

Borrowing Sources	31 March 2025 Balance £'000	Movement £'000	31 March 2026 Balance £'000	31 March 2026 Weighted Average Rate %	31 March 2026 Weighted Average Maturity (years)
Public Works Loan Board	84,059	30,136	114,195	4.06%	8.72
Banks (LOBO)	85,500	(10,000)	75,500	4.33%	40.46
Banks (fixed-term)	40,000	-	40,000	4.03%	44.40
Local Authorities (short - term)	25,000	5,000	30,000	4.84%	0.68
Local Bonds (long-term)	1	-	1	4.00%	0
Local Bonds (short-term)	22	3	25	4.00%	0
Local Charitable Trusts (short-term)	235	-	235	4.00%	1.00
Total Borrowing	**234,817**	**25,140**	**259,957**		

LOBO Loans

2.4.8 Oldham Council held £85.500m of LOBO (Lender's Option Borrower's Option) loans at the start of the year 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.

2.4.9 A total of £29.000m of LOBO loans had annual/semi-annual call option dates during the year, of which £10m where repaid, hence part of the increase in long term PWLB financing.

2.4.10 As at 31st March 2026 Oldham Council has £75.500m, LOBO loans and £39.000m with call dates within the next 12 months. Of this sum, £9.000m is held with Dexia Finance over 2 loans, and the remaining £20m is 3 separate loans with three other providers, Danske Bank, Just Retirement and KBC Bank. A Call option for £5m FMS Westmanagement was called on 31st March 2025 with a proposed interest rate of 7.67% and repaid 6/4/2025. A further £5m loan to Dexia was called with a proposed interest rate of 6.70% and was also repaid 23 December 2025. No other LOBO other LOBO loans have been called at the time of writing.

2.4.11 Council officers have liaised with treasury management advisors, Arlingclose, over the likelihood of the options being exercised for LOBO's within the loan portfolio. If the option is exercised the Authority plans to repay the loan at no additional cost. If required, the Authority will repay the LOBO loans with available cash or by borrowing from alternative sources or the PWLB, always providing that overall savings can be demonstrated.

2.5 Treasury Investment Activity

2.5.1 CIPFA published a revised the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation'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 At 31 March, the Council held £48.950m invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2025/26, the Authority's investment balances ranged between £23.900m and £75.000m 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	31 March 2026 Balance £'000	31 March 2026 Income Return %
Money Market Funds	33,975	1,365	35,340	4.05%
Property Pooled Fund	13,611	(1)	13,610	4.60%
Total investments	**47,586**	**1,364**	**48,950**	

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 to support local public services.

2.5.5 Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and3.75% in December 2025. Short term interest rates have largely followed these levels. The investment we had in DMADF for a short period was 4.21% and money market rates during the year ranged between 3.77% and 4.54%

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 generated an average total return of £0.626m, 4.60% income return.

2.5.7 UK commercial property experienced a more stable backdrop than in the most difficult period following the sharp rise in yields in 2022 and 2023. Lower interest rate expectations and a firmer tone in markets for much of the year helped support valuations, although capital values were broadly flat overall. Income remained the main driver of returns, with rental income providing a relatively resilient contribution. However, as with other asset classes, the environment became more uncertain towards the end of the period. The combination of this has had a neutral effect on the value of CCLA Fund since March 2025 as demonstrated in capital values and income returns over the year to 31 March is shown in Table 4.

2.5.8 The Council's investments have no defined maturity date, but are available for withdrawal after a notice period, but their performance and continued suitability in meeting the Councils medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

Statutory Override

2.5.9 Further to consultations in April 2023 and December 2024 MHCLG 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 1st April 2029 for investments already in place before 1st April 2024. The Council had set up a provision of £2m to mitigate the impact of the statutory override not being extended. In view of the fact that the override may not be extended past 2009 the Council has, currently, 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 Team Performance

	Budgeted Performance Rates / Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	Actual Return %
Budgeted Annual Investment Rates	4.50%		4.20%
Overnight SONIA	4.10%	4.31%	4.01%

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 a number of interest rate reduction to take place during 2025/26. The total budgeted for Treasury Management Income for 2025/26 was £1m and the actual outturn of Treasury Management Income to General fund was £1.9m

2.6.3 Previously the benchmark return was measured on the London Interbank Bid Rate (LIBID) which was a forward-looking interest rate. The Bank of England replaced LIBID with SONIA in December 2021. SONIA is calculated differently to LIBID in that it is a backward looking rate, based on actual results. The benchmark of SONIA plus 5% has not been achieved however the actual rate achieved for overnight investments over the year is higher than the average SONIA rate over the period.

2.6.4 The Director of Finance reports that all treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Council'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 31/3/205 £'000	Maximum Allowable in 2025/26 £'000	Compliance Yes/No
Any single organisation, except the UK Government	10,000	-	30,000	Yes
Any group of organisations under the same ownership	10,000	-	20,000	Yes
Any group of pooled funds under the same management	13,611	13,611	15,000	Yes
Unsecured investments with building societies	-	-	20,000	Yes
Money Market Funds	75,000	33,975	80,000	Yes
Strategic Pooled Funds	13,611	13,610	15,000	Yes

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

Table 7 – Debt and the Authorised Limit & Operational Boundary

	Maximum borrowing in year £000	31.03.26 Actual £000	2025/26 Operational Boundary £000	2025/26 Authorised Limit £000	Complied? Yes/No
Borrowing	259,956	259,956	356,000	371,000	Yes
PFI and Finance Leases	211,360	211,360	230,250	235,250	Yes
Total debt	**471,316**	**471,316**	**586,250**	**606,250**	

2.6.6 The Operational Boundary represents the expected borrowing position for the Council for the year and was set at £586,250k.

2.6.7 The Authorised Limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003 and for 2025/26 was set at £606,250k, once this has been set, the Council does not have the power to borrow above this level although it can be revised if required.

2.6.8 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. Debt has not been above Operational Boundary during 2025/26.

2.7 Treasury Management Prudential Indicators

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

Liability Benchmark

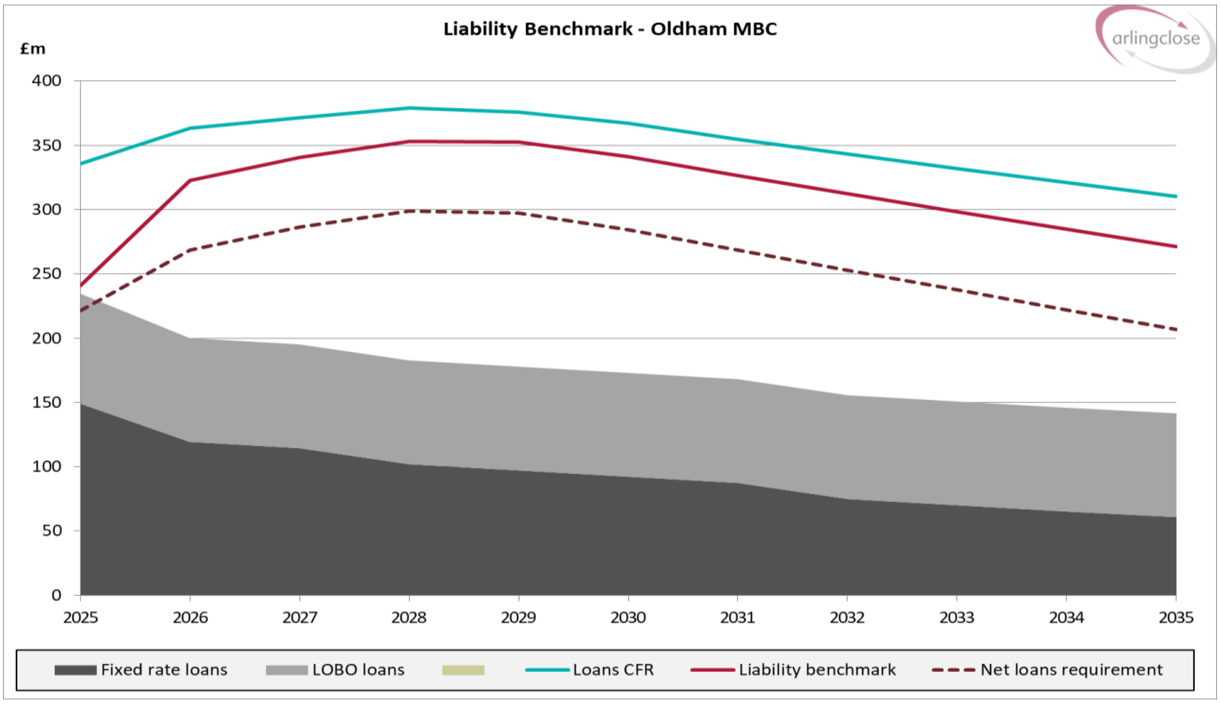
2.7.2 This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term 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 8 - Liability Benchmark

	31.3.25 £000	31.3.26 Actual £000	31 March 2027 Forecast £000	31March 2028 Forecast £000
Loans CFR	336,027	369,677	376,253	379,116
Less: Balance sheet resources	148,795	158,668	129,936	134,936
Net loans requirement	**187,232**	**211,009**	**246,317**	**244,180**
Plus: Liquidity allowance	20,000	20,000	20,000	20,000
Liability benchmark	**207,232**	**231,009**	**266,317**	**264,180**
Existing borrowing	**234,817**	**259,957**	**202,240**	**200,741**

2.7.3 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.

2.7.4 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing. Minimum Revenue Provision on new capital expenditure is forecast based on a 25 year asset life. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing.



2.7.5 Table 9 below sets out the maturity structure of borrowing at the end of 2025/26 compared to the upper and lower limits set in the Treasury Management Strategy for 2025/26.

Table 9 - Maturity Structure of Borrowing

Borrowing Timeframe	Upper Limit	Lower Limit	31 March 2025 Actual	Compliance Yes/No
Under 12 months	35%	0%	29.94%	Yes
12 months and within 24 months	35%	0%	12.51%	Yes
24 months and within 5 years	35%	0%	22.15%	Yes
5 years and within 10 years	35%	0%	12.91%	Yes
10 years to 20 years	50%	0%	1.87%	Yes
20 years to 30 years	50%	0%	3.75%	Yes
30 years to 40 years	50%	0%	1.87%	Yes
40 years to 50 years	50%	0%	7.50%	Yes
50 years to 60 years	50%	0%	7.50%	Yes

2.7.6 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.

Long-term Treasury Management Investments

2.7.7 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 10- 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

2.7.8 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 the Audit Committee has no option other than to consider and approve the contents of the report. Therefore, no options/alternatives have been presented.

4 Preferred Option

4.1 The preferred option is that the contents of the report are agreed and recommended 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 presentation of the Treasury Management Outturn Report to the Cabinet for detailed scrutiny on 7 September 2026 will be in compliance with the requirements of the CIPFA Code of Practice. The report will then be presented to the Scrutiny Board in line with the Council's Constitution.

6 Financial Implications

6.1 All included within the report.

7 Legal Services Comments

7.1 None.

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, including crime and disorder in accordance with section17 of the Crime and Disorder Act 1998

15.1 None.

16 Oldham Equality Impact Assessments, including implications for Children and Young People

16.1 Not Applicable

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCR-20-26

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

20 Appendix 1 - Prudential and Treasury Indicators

Appendix 1 - Prudential and Treasury Indicators

The following tables show a summary of the prudential indicators for 2025/26.

Capital Expenditure

Capital Expenditure/Financing	2024/25 Actual £'000	2025/26 Actual £'000	2026/27 Budget £'000	2027/28 Budget £'000
Expenditure				
General Fund services	81,790	71,913	99,016	44,460
HRA	1	212	6,189	3,849
Total Capital Expenditure	**81,791**	**72,125**	**105,205**	**48,309**
Financing				
Grants & Contributions	(27,774)	(44,744)	(62,596)	(31,662)
Prudential Borrowing	(47,337)	(20,333)	(35,394)	(13,746)
Revenue	(13)	(54)	(3,050)	(0)
Capital Receipts	(6,667)	(6,994)	(4,164)	(2,900)
Total Financing	**(81,791)**	**(72,125)**	**(105,204)**	**(48,308)**

Capital Financing Requirement (CFR)

Capital Financing Requirement	31 March 20245 Actual £'000	31 March 2026 Actual £'000
General Fund Services	559,839	581,037
Total CFR	**559,839**	**581,037**

Gross Borrowing and the Capital Financing Requirement

Gross Borrowing / CFR	31 March 2025 £'000	31 March 2026 £'000
Gross Borrowing (incl. PFI & leases)	458,630	471,316
Capital Financing Requirement	559,839	581,037

Debt and the Authorised Limit and Operational Boundary

Debt	Debt at 31 March 2026 £'000	2025/26 Operational Boundary £'000	2025/26 Authorised Limit £'000	Compliance? Yes/No
Borrowing	259,956	356,000	371,000	Yes
PFI and Finance Leases	211,360	230,250	235,250	Yes
Total Debt	**471,316**	**586,250**	**606,250**	

Proportion of Financing Costs to Net Revenue Stream

Financing Cost/Net to Revenue Stream	2024/25 £'000	2025/26 £'000
Financing costs (£m)	26,525	27,027
Proportion of net revenue stream	7.61%	7.82%