

Meeting:	Executive
Meeting date:	7 July 2026
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Councillor Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Treasury Management annual report and review of Prudential Indicators for 2025/26

Subject of Report

1. The purpose of this report is to provide an update on Treasury Management activity and the outturn position for the 2025/26 financial year. It includes the outturn Prudential Indicators and forward projections at Annex A to this report.

Benefits and Challenges

2. Treasury Management is the effective management of the Council's cash flow. Doing this effectively protects the Council from risks and ensures the ability to meet spending commitments as they fall due.

Policy Basis for Decision

3. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 requires that full Council be updated with, review and approve, as a minimum three reports annually. These reports are the Treasury Management Strategy Statement setting out policy for the forthcoming year, a mid-year review report, and an annual report detailing the treasury activities and performance for the previous year. Quarterly reports are also required to provide an update on treasury management activities and can be assigned to a designated committee or member as deemed appropriate.
4. This report is the Treasury Management annual report detailing the activities undertaken and performance in the financial year 2025/26, highlighting compliance with the Council's policies previously approved by members, and

the monitoring and update of the Prudential Indicators. The Council is required through legislation to have this report and Prudential Indicators approved by members; therefore, this report ensures this Council is implementing best practice in accordance with the Code.

5. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the 2025/26 financial year, the Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2025/26.
6. There are no policy changes to the Treasury Management Strategy Statement 2025/26 for members to agree and approve; the details in this report update the Treasury Management position and Prudential Indicators in the light of the updated economic position and budgetary changes already approved.

Financial Strategy Implications

7. The Treasury Management function is responsible for the effective management of the Council's investments, cash flows, banking, and money market transactions. It also considers the effective control of the risks associated with those activities and ensures optimum performance within those risk parameters.

Recommendation and Reasons

8. Executive is asked to note:
 - a) The 2025/26 performance and outturn position of Treasury Management activity.
 - b) The 2025/26 outturn Prudential Indicators outlined in Annex A and note the compliance with all indicators.

Reason: To ensure the continued effective operation and performance of the Council's Treasury Management function and ensure that all Council treasury activity is prudent, affordable and sustainable and complies with policies set.

Background

9. This annual treasury management report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, and covers the following:

- A brief economic update for the 2025/26 financial year and interest rate forecast.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- A review of the treasury position as at 31st March 2026.
- A review of the Council's investment portfolio.
- A review of the Council's borrowing strategy.
- A review of compliance with the Treasury and Prudential Limits.
- An update to the prudential indicators (set out at Annex A).

Economic Update

10. Financial year 2025/26 saw:

- The Bank of England's Monetary Policy Committee (MPC) reduce base rate overall by 75 basis points from 4.5% to 3.75%. This followed the bank's narrative of making gradual cuts driven by data.
- There were three reductions agreed during the year 4.5% to 4.25% on 8th May 2025; 4.25% to 4.0% on 7th August 2025; and 4.0% to 3.75% on 18th December 2025.
- Consumer Price Index (CPI) Inflation rose by 3.3% in the 12 months to March 2026, down from 3.5% in April 2025. Core CPI inflation (CPI excluding energy, food, alcohol and tobacco) rose by 3.1% in the 12 months to March 2026.
- CPIH inflation (CPI including owner occupiers housing costs) rose by 3.4% in the 12 months to March 2026, down from 4.1% in April 2025. Core CPIH inflation (CPIH excluding energy, food, alcohol and tobacco) rose by 3.3% in the 12 months to March 2026.
- UK Gross Domestic Product (GDP) is estimated to have grown by 0.1% in the fourth quarter of 2025, covering October 2025 to December 2025.
- UK GDP is estimated to have increased annually in 2025.

Interest Rate Forecast

11. Current interest rates and the future direction of both long term and short-term interest rates have a major influence on the overall treasury management strategy and affects both investment and borrowing decisions.
12. Overall, borrowing has become more expensive in 2025/26, with Gilt yields rising materially in March 2026, reversing the falls that were seen earlier in the financial year. 10-year Gilt yields have been volatile in the final weeks of 2025/26 (around 4.23% in late February 2026 before rising to around 5% in March 2026). This has led to Markets reassessing Bank of England policy rate expectations with further reductions looking limited for the remainder of

2026. This is against a backdrop of recent upward pressure on energy costs giving rise to fears of higher inflation and weaker economic growth due to geopolitical uncertainty.

13. Table 1 is MUFG Corporate Markets (CYC Treasury Advisors) Interest Rate forecast for both the bank base rate and long-term Public Works Loans Board (PWLB) Certainty borrowing rates (gilt yields plus 80 bps).

	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Jun 2026	3.75	5.00	5.50	6.00	5.80
Sep 2026	3.75	5.00	5.50	6.00	5.80
Dec 2026	3.75	4.90	5.40	5.90	5.70
Mar 2027	3.75	4.80	5.30	5.80	5.50
Jun 2027	3.75	4.60	5.10	5.60	5.40
Sep 2027	3.50	4.40	4.90	5.40	5.20
Dec 2027	3.50	4.20	4.70	5.20	5.00
Mar 2028	3.25	4.20	4.70	5.20	5.00
Jun 2028	3.25	4.10	4.60	5.20	5.00
Sep 2028	3.25	4.10	4.60	5.20	5.00
Dec 2028	3.25	4.10	4.60	5.10	4.90
Mar 2029	3.25	4.10	4.60	5.10	4.90

Table 1 – MUFG Corporate Markets interest rate forecast 25 March 2026

Treasury Management Strategy Statement 2025/26

14. Full Council approved the Treasury Management Strategy Statement for 2025/26 on 27th February 2025. Details can be viewed here (item 64) <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> and here [https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josifte55\)\)/ieIssueDetails.aspx?IId=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josifte55))/ieIssueDetails.aspx?IId=72853&Opt=3)
15. There are no treasury management policy changes and the details in this report do not amend the Statement.

Overall Treasury position at 31 March 2026

16. Table 2 shows the Councils net Treasury debt and investment position for the period ending 31st March 2026, shown with the financial year end 2024/25 position.

	Principal	Average Rate	Principal	Average Rate
	31/03/26	31/03/26	31/03/25	31/03/25
External Debt				
General Fund Borrowing	£217.74m	3.57%	£190.59m	3.49%
Housing Revenue Account (HRA) Borrowing	£133.21m	3.38%	£140.86m	3.33%
Total Borrowing	£350.95m	3.42%	£331.45m	3.42%
Other Long-term Liabilities inc. PFI	£49.35m		£46.74m	
Total External Debt	£400.30m		£378.19m	
Investments				
Investment balance	£4.38m	4.03%	£10.88m	4.89%
Net Treasury Position				
Debt less Investments	£395.92m		£367.31m	

Table 2 Summary of Treasury position 31st March 2026

Investment Portfolio Outturn 2025/26

17. The Treasury Management Strategy Statement includes the Council's Annual Investment Strategy outlining the Council's investment priorities as follows:
- Security of capital
 - Liquidity
 - Yield

Environmental, Social & Governance (ESG) criteria, will be considered as a fourth criteria after the fulfilment of the three core investment priorities.

18. The Council's investment policy is governed by MHCLG guidance and sets out the approach for choosing investment counterparties based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The Council will also consider environmental, social and governance factors when placing investments after the core investment priorities of security, liquidity and yield have been assessed.
19. The Council continues to aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity and the Council's risk appetite.

20. The investment activity during the financial year 2025/26 conformed to the approved strategy, and the Council had no liquidity difficulties.
21. Investment returns the Council earns on its surplus cash is dependent on the level of cash held for investment purposes, cash backed reserves and cash flow requirements which is due to the timing of precept payments, receipt of grants, receipt of developer contributions, borrowing for capital purposes, payments to its suppliers of goods and services and spend progress on the Capital Programme. Cash balances are therefore only available on a temporary basis depending on cash flow movement.
22. The average level of cash balances available for investment purposes in the financial year 2025/26 was £27.82m compared to £29.11m for the financial year 2024/25. The average rate of return earned on cash balances in the financial year 2025/26 was 4.03%, compared to 4.89% in the financial year 2024/25.
23. Table 3 shows the current fixed term investments at 31 March 2026.

Institution Type	Principal Balance 31/03/26	Average Balance 01/04/25- 31/03/26	Average Rate 01/04/25- 31/03/26	Principal Balance 31/03/25	Average Balance 01/04/24- 31/03/25	Average Rate 01/04/24- 31/03/25
Fixed Term Deposits	£0.00m	£0.00m	0.00%	£0.00m	£0.00m	0.00%
Call / Notice	£0.00m	£0.00m	0.00%	£0.00m	£0.00m	0.00%
Money Market Funds	£3.90m	£27.29m	4.11%	£9.00m	£28.62m	4.95%
Cash in bank	£0.48m	£0.53m	0.00%	£1.88m	£0.50m	0.00%
Total Investments	£4.38m	£27.82m	4.03%	£10.88m	£29.12m	4.89%

Table 3 Investment Portfolio by type 31 March 2026

24. Figure 1 shows the investment portfolio split by cash in bank, deposits in short term call accounts, fixed term investments and Money Market Funds. Money Market Funds used have an AAAm credit rating and the cash bank account is AA- credit rating.

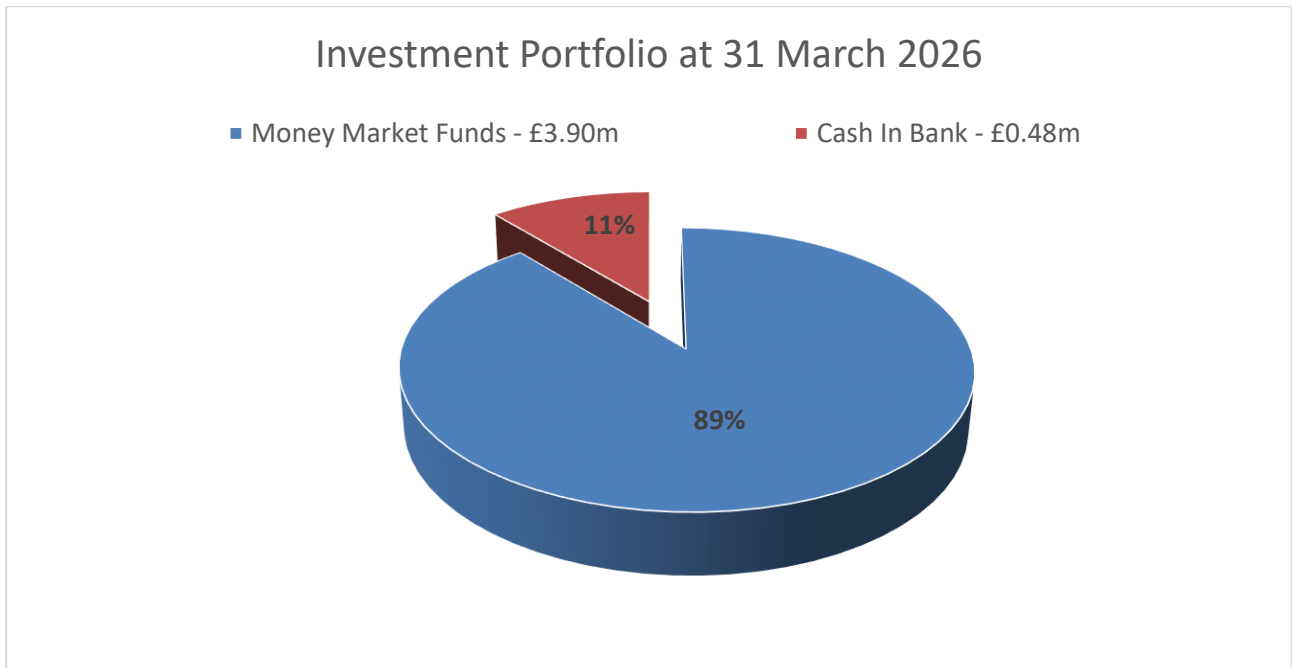


Figure 1 Investment Portfolio by type 31 March 2026

25. The Council uses a benchmark indicator to assess the Council's investment performance, and this is the average Sterling Overnight Index Average (SONIA). SONIA is based on actual transactions reflecting the average of the interest rates that banks pay to borrow sterling overnight.
26. The Council's average rate of return during financial year 2025/26 is shown in table 4.

	2025/26	2024/25
	(01/04/2025- 31/03/2026)	(01/04/2025 - 31/03/2026)
Average CYC Rate of Return	4.03%	4.89%
<u>Benchmarks</u>		
Average Overnight SONIA	4.01%	4.90%

Table 4: CYCs investment rate of return performance vs. SONIA benchmark

27. The average rate of return achieved for invested cash in the financial year 2025/26 has remained around the average overnight SONIA rate. The Council has kept all cash invested in highly liquid Money Market Funds throughout the year. These funds provide instant access to cash, and each fund will contain a portfolio of investments on different maturity durations and yields. There is a slight time lag between the movement in interest rates on Money Market Funds, and interest earned, when compared to the movements in base rate and overnight SONIA as Money Market Funds

adjust their portfolios in a rising and falling interest rate environment. In a decreasing interest rate environment, there is often a slight time lag between the decrease seen on the Money Market Fund return compared to the SONIA rate. The reverse is true in an increasing interest rate environment.

28. Figure 2 shows the average SONIA rates for several investment durations compared with the Bank of England base rate and the Council’s rate of return achieved during financial year 2025/26. It shows that the Councils average rate of return is tracking broadly in line with, both Bank base rate and overnight SONIA rate. This is expected as cash has been held in liquid Money Market Funds.

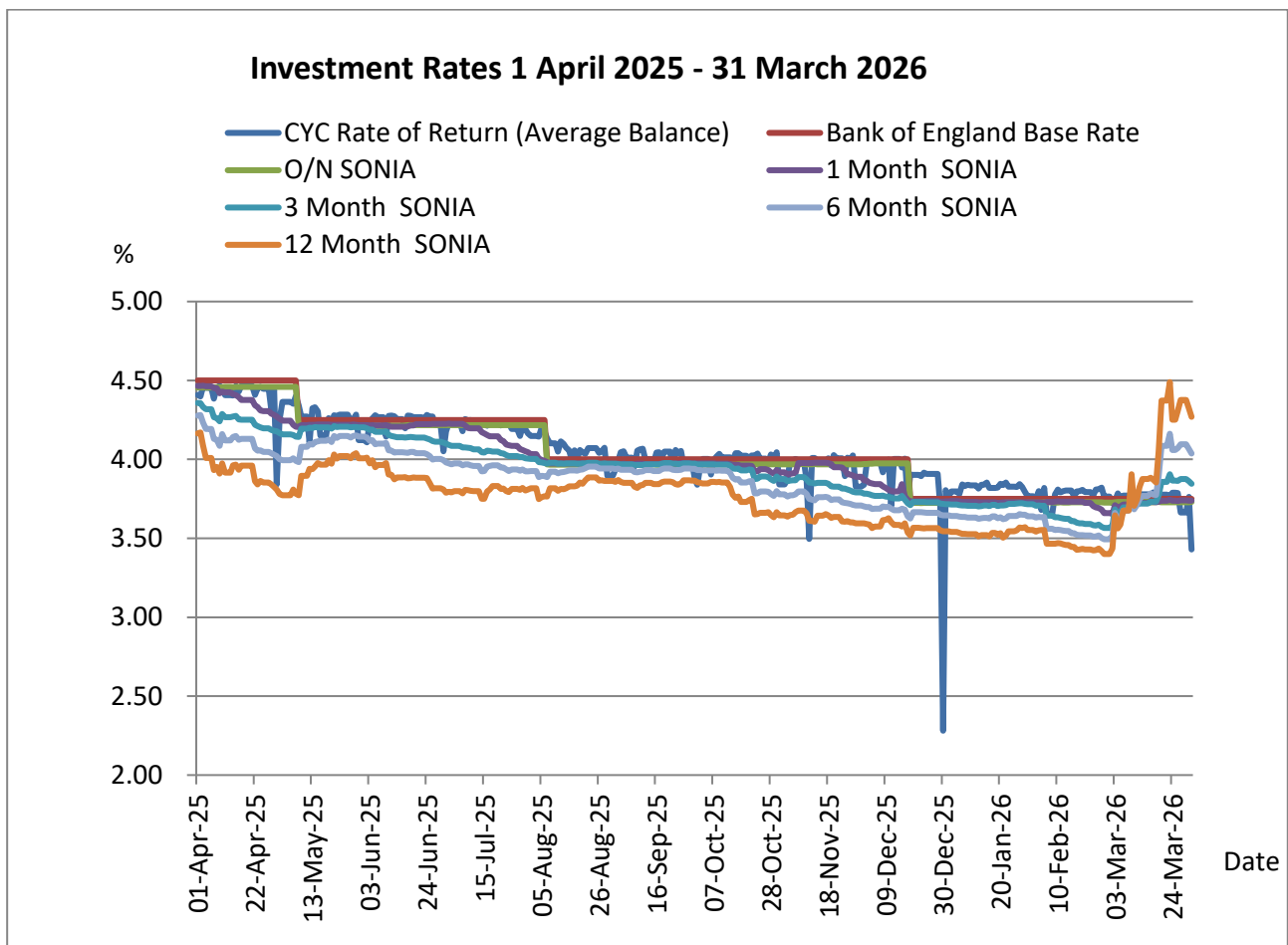


Figure 2 CYC Investments vs Bank of England base rate and SONIA

29. Throughout the financial year 2025/26, the Council has continued to use its cash balances to support internal borrowing i.e. delay taking on long-term debt, a decision made in light of continued elevated borrowing rates which serves to help reduce the cost of borrowing in year. The overall effect of using cash balances to support the Council’s under borrowed CFR position is that as cash balances are used there is less cash available for longer term investment. Opportunities that arise for notice and fixed investments which could generate higher yields are considered in terms of the Councils short to medium term cash flow requirement and its under borrowed CFR position.

Borrowing Requirement and Debt at 31 March 2026

30. The Council undertakes long-term borrowing in accordance with the investment requirements of the capital programme, and all borrowing is therefore secured for the purpose of its asset base.
31. The level of borrowing taken by the Council is determined by the Capital Financing Requirement (the Councils underlying need to borrow for capital expenditure purposes). Borrowing needs to be affordable, sustainable and prudent.
32. Under regulation, the Council can borrow in advance of need and Markets are therefore constantly monitored and analysed to ensure that advantage is taken of favourable rates, and the increased borrowing requirement is not as dependant on interest rates in any one year.
33. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus funds held for investment purposes would be utilised, (internally borrowed), to temporarily fund the capital programme.
34. Table 5 shows the Council's underlying need to borrow to finance capital expenditure and is termed the Capital Financing Requirement (CFR).

	31 March 2026	31 March 2026	31 March 2025
	Outturn (Actual at 31.03.26)	Budget Forecast (TMSS 25/26)	Outturn (Actual at 31.03.25)
CFR General Fund	£331.95m	£391.41m	£323.78m
CFR HRA	£133.53m	£137.20m	£139.91m
CFR Other Long-term Liabilities	£49.35m	£41.93m	£46.74m
Total CFR	£514.83m	£570.54m	£510.43m

Table 5 Capital Financing Requirement 31 March 2026

35. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the interest rate forecasts. As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.
36. During the financial year 2025/26, the Council has maintained an under-borrowed position. This means that the capital borrowing need, (the Capital

Financing Requirement), has not been fully funded with loan debt, and cash supporting the Council's reserves, balances and cash flow has continued to be used as an interim measure to fund the capital programme. The under-borrowed position can be seen on the Councils Liability Benchmark graph (Prudential Indicator 3) as shown by the gap between the loans outstanding and CFR.

37. The strategy of running an under borrowed position remained prudent in 2025/26 as near-term investment rates have generally been lower than medium to long-term borrowing costs. On average long-term borrowing rates have remained elevated across the curve during financial year 2025/26 (see Table 11) and while falling during 2025/26 have, have not reduced as quickly as previous market predictions and due to the outbreak of conflict in the Middle East and have sharply increased during March 2026 (see paragraph 12).
38. During financial years 2023/24 and 2024/25 where debt has been required to either refinance maturing debt or for the capital programme the Treasury team has borrowed 1 year maturity loans from the PWLB. This has been due to a period of elevated borrowing costs across the curve. The borrowing decisions made were based on interest rate forecasts at the time showing declines in projected borrowing rates for longer maturity periods in future years.
39. During financial year 2025/26, as maturing loans came to an end and new borrowing was required to finance the capital programme and replace cash used to support the internal borrowing position, decisions were made to move away from 1 year maturity loans (which accounted for all new borrowing in 2024/25) and draw down loans with maturities in the 1-6 year periods. This was due to a combination of looking to reduce short-term refinancing risk by rebalancing the maturity profile of debt and, borrowing rates steadily falling for the 1-6 year loan periods which were on average below 5%, typically offering the best value in the current market, particularly in the last quarter of financial year 2025/26 prior to March 2026.
40. By taking out loans with differing maturity durations in the 1-6 years bracket the Treasury Team has been able to spread the loan maturities into different financial years as can be seen in the debt maturity profile in Figure 4, and to more equally distribute debt maturities within financial years so maturing debt is not overly concentrated in the last quarter of a financial year. Whilst the majority of new loans were drawn down with maturities between 1-6 years, during March 2026 refinancing some maturing loans on 1 year maturities was felt more prudent as the outbreak of war in the Middle East had a knock on impact on economic markets, Gilt yields and PWLB borrowing rates, the latter spiking upwards sharply where previously they had been steadily declining (see paragraph 12).

41. In terms of the Council's loan portfolio, this has meant that there will be a higher concentration of debt maturities come due in financial year 2026/27 than originally planned, as three loans taken out during March 2026 were done so on shorter durations up to one and a half years, and one temporary loan from another Local Authority was drawn down to avoid further borrowing at elevated rates and cover the end of year position.
42. In financial year 2025/26, the Treasury Team have tried to balance minimising the costs of long-term borrowing against refinancing and interest rate risk. In subsequent financial years as debt matures, providing the short term spike in borrowing rates seen in March 2026 subsides and borrowing rates continue to decrease on their overall downward trend as market, the Treasury Team will look at drawing down longer dated loan maturities, thereby continuing to reduce refinancing and interest rate risk and further smooth out the debt maturity profile (see figure 4). This course of action will be kept under review subject to the treasury budget, the Council's overall CFR and capital programme requirements, borrowing rates and the economic and political conditions prevalent at the time.
43. All decisions taken on new loans and maturity durations have been, and will continue to be, judged in light of circumstances prevailing at the time, with a view taken on the Council's overall CFR position and capital programme requirements, whilst also taking into account the current interest rate environment and possible future direction, the existing debt maturity profile and the budget position.
44. Treasury officers keep the overall borrowing portfolio position monitored to ensure loan maturities are within the approved maturity limits set as part of Prudential Indicator 8.
45. Where opportunities arise to draw down long term debt at more favourable rates, through either PWLB or market borrowing, these will be considered in order to try to minimise the longer-term impact of debt costs.

Borrowing Portfolio Outturn 2025/26

46. The Councils long-term borrowing started the year at a level of £331.45m. The current borrowing portfolio position as at 31 March 2026 is £350.95m.

	31 March 2026			31 March 2025		
Institution Type	No. of Loans	Principal	Average Rate	No. of Loans	Principal	Average Rate
<u>Public Works Loan Board</u>	61	£340.60m	3.50%	56	£324.10m	3.44%

PWLB – Money borrowed from the Debt Management Office (HM Treasury)						
Market Loans LOBO Loans – Lender Option Borrower Option	0	£0.00m	n/a	1	£5.00m	3.88%
West Yorkshire Combined Authority WYCA – Zero interest loans the purpose of which are to help to fund York Central infrastructure projects.	4	£2.35m	0.00%	4	£2.35m	0.00%
Local Authority Loans Money borrowed from other Local Authorities	1	£8.00m	4.25%	0	£0.00m	n/a
Total Borrowing (GF & HRA)	66	£350.95m	3.42%	61	£331.45m	3.42%

Table 6 Current borrowing position 31 March 2026

47. There were 10 scheduled repayments of long-term borrowing that occurred in financial year 2025/26 totalling £63.30m. These are detailed in Table 7 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	30/04/2024	30/04/2025	£10.00m	5.39%	1.00
PWLB	12/08/2010	05/05/2025	£3.00m	4.01%	14.73
PWLB	03/04/2001	05/11/2025	£1.00m	4.75%	24.59
PWLB	26/02/2025	26/02/2026	£10.00m	4.89%	1.00
PWLB	28/02/2025	28/02/2026	£10.00m	4.88%	1.00
PWLB	21/03/2025	21/03/2026	£10.00m	4.84%	1.00
PWLB	28/03/2025	28/03/2026	£5.00m	4.89%	1.00
PWLB	28/03/2025	28/03/2026	£4.80m	4.49%	1.00
PWLB	28/03/2012	31/03/2026	£4.50m	2.97%	14.01
PWLB	28/03/2012	31/03/2026	£5.00m	2.97%	14.01
			£63.30m		

Table 7 Scheduled maturing loans in 2025/26

48. In financial year 2025/26, there was one unscheduled loan repayment made for £5.00m on 1st October 2025 (see table 8). This was a full and final settlement of one LOBO loan that the Council held within its loan portfolio with an original maturity date of 1 October 2077. Under the terms of the LOBO loan agreement, the lender can exercise the right to change the interest rate on the loan at various option dates should it choose to do so, while the borrower has the choice to either accept the new rate set by the lender or repay the loan in full without penalty.
49. During September 2025, the Council was notified by the lender that it would exercise its right to change the interest rate on the loan at the next agreed option date commencing on the 1 October 2025 and that this rate would increase from 3.88% if accepted. The Council decided not to accept the new increased interest rate and gave notice to the lender that it would repay the loan in full on the 1 October 2025.

Loan Type	Issue Date	Repayment Date	Amount	Rate	Duration (years)
LOBO	26/03/2008	01/10/2077	£5.00m	3.88%	69.52
			£5.00m		

Table 8 Unscheduled loan repayments in 2025/26

50. No loan rescheduling was carried out during financial year 2025/26.
51. During financial year 2025/26, sixteen new loans have been drawn down totalling £87.80m. Fifteen loans were drawn down from the PWLB, details of which are in Table 9 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	19/09/2025	19/09/2026	£5.00m	4.53%	1.00
PWLB	08/10/2025	08/10/2026	£5.00m	4.56%	1.00
PWLB	21/10/2025	21/10/2027	£5.00m	4.59%	2.00
PWLB	27/11/2025	15/06/2029	£5.00m	4.71%	3.55
PWLB	06/02/2026	05/02/2029	£5.00m	4.57%	3.00
PWLB	11/02/2026	08/02/2030	£5.00m	4.68%	3.99
PWLB	16/02/2026	15/07/2030	£5.00m	4.71%	4.41
PWLB	17/02/2026	15/06/2028	£5.00m	4.45%	2.32
PWLB	19/02/2026	18/02/2028	£5.00m	4.40%	2.00
PWLB	20/02/2026	20/02/2027	£5.00m	4.31%	1.00
PWLB	24/02/2026	23/02/2031	£5.00m	4.64%	5.00
PWLB	04/03/2026	15/10/2031	£5.00m	4.74%	5.62
PWLB	16/03/2026	16/03/2027	£10.00m	4.80%	1.00
PWLB	23/03/2026	15/07/2027	£5.00m	4.73%	1.31
PWLB	31/03/2026	31/03/2027	£5.00m	4.64%	1.00

	£79.80m	
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Table 9 New PWLB loans drawn down in 2025/26

52. One temporary loan from another Local Authority was drawn down, details of which are in Table 10 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
Local Authority	30/03/2026	15/06/2026	£8.00m	4.25%	0.21
			£8.00m		

Table 10 New temporary Local Authority loans drawn down in 2025/26

53. The Councils £350.95m of fixed interest rate debt as at 31 March 2026, is split between £133.21m for HRA and £217.74m for General Fund as shown in Figure 3.

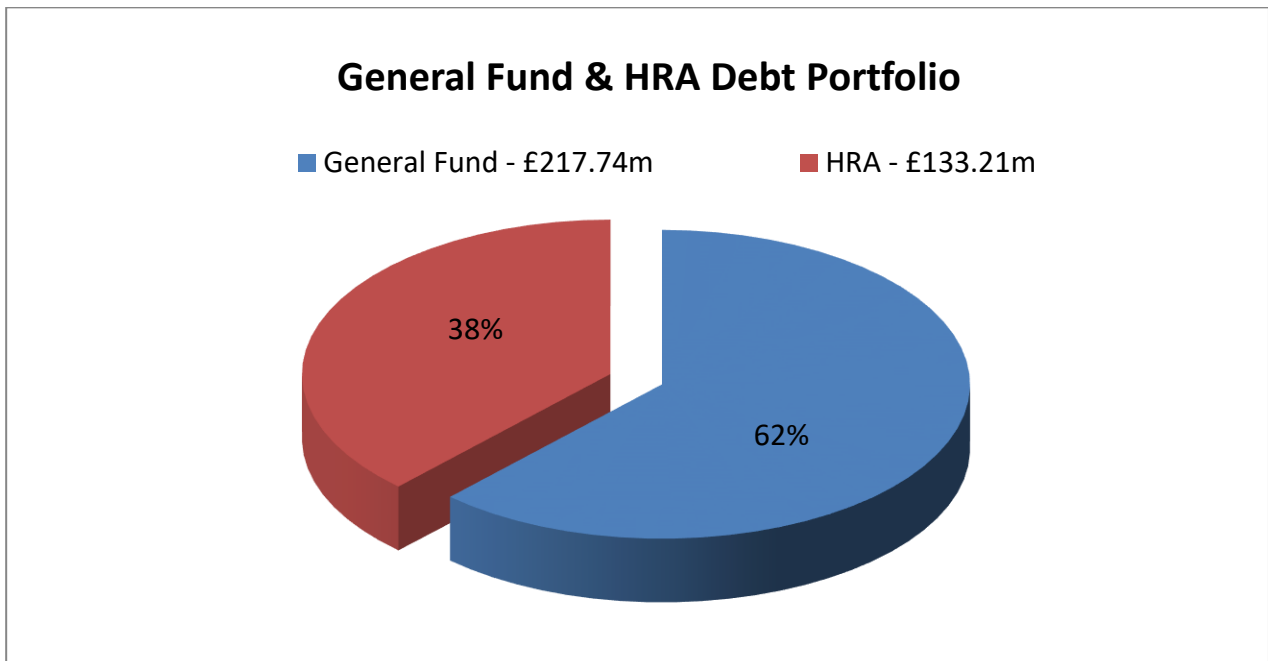


Figure 3 General Fund and HRA debt at 31 March 2026

54. Figure 4 illustrates the 2025/26 maturity profile of the Council's debt portfolio at 31st March 2026. Based on the borrowing decisions taken during financial year 2025/26 as outlined in paragraphs 37-42 the maturity profile, shows that the majority of new debt drawn down (as shown in Table 9) has been placed in the 1 – 6 year maturity periods helping to reduce the concentration of loan maturities in any one year, thereby reducing the refinancing risk and interest rate risk dependency. A total of £53.75m debt will mature in 2026/27, of which £32.80m relates to debt drawn down in 2025/26 with 1-year maturities or less (see Table 9 and 10).

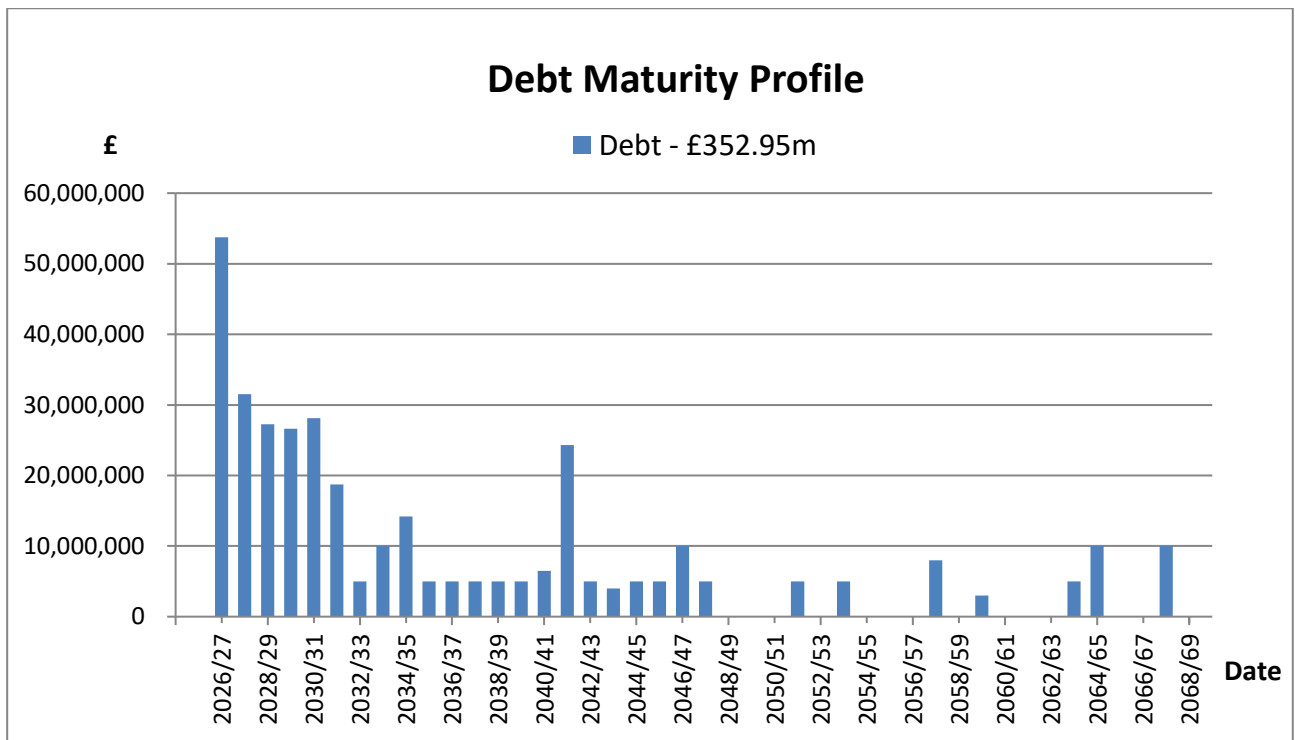


Figure 4 – Debt Maturity Profile at 31 March 2026

55. The timing of when that debt is drawn down depends on the Council’s cashflow position at a point in time, the level of refinancing of maturing debt that is required and the progress of the capital programme. The level of debt overall is determined with reference to the overall CFR. Where greater value can be obtained in borrowing for shorter maturity periods the Council will assess its risk appetite in conjunction with budgetary pressures to minimise total interest costs. Temporary borrowing, including inter authority borrowing, is another borrowing option. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for smoothing the maturity profile of debt repayments (see paragraphs 37-44).
56. Table 10 shows PWLB Certainty borrowing rates available for selected loan durations between 1 April 2025 and 31 March 2026 at the highest, lowest and average rates.

	PWLB Certainty borrowing rates by duration of loan				
	1 Year	5 Year	10 Year	25 Year	50 Year
High	5.28%	5.47%	5.88%	6.43%	6.24%
Low	4.25%	4.56%	5.13%	5.78%	5.46%
Average	4.52%	4.82%	5.38%	6.06%	5.81%

Table 11 – PWLB Borrowing Rates 1 April 2025 to 31 March 2026

Compliance with Treasury Policy Prudential Indicators

57. The Prudential Indicators for 2025/26 included in the Treasury Management Strategy Statement (TMSS) are based on the requirements of the Council's capital programme and approved at Budget Council on 27th February 2025 (item 64) and can be viewed here:
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4>
58. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits" included in the Prudential Indicators. During the first half of financial year 2025/26 the Council has operated within the treasury limits and Prudential Indicators set out in the TMSS for 2025/26.
59. An update of the Prudential Indicators is shown in Annex A.

Consultation Analysis

60. At a strategic level, there are a number of Treasury Management options available that depend on the Council's stance on interest rate movements. The Treasury Management function of any business is a highly technical area, where decisions are often taken at very short notice in reaction to the financial markets. As outlined in the Treasury Management Strategy Statement (TMSS) to enable effective treasury management, all operational decisions are delegated by the Council to the Director of Finance who operates within the framework set out in the TMSS and through the Treasury Management Policies and Practices. In order to inform sound treasury management operations, the Council works with its treasury management advisers, MUFG Corporate Markets.
61. Treasury Management Strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians.

Options Analysis and Evidential Basis

62. The Treasury Management annual report and Prudential Indicators details the treasury management portfolio at 31st March 2026 and is for the review of the Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion to show compliance with treasury policy and ensure the continued performance of the treasury management function.

Organisational Impact and Implications

63. The Treasury Management function aims to achieve the optimum return on investments commensurate with the proper levels of security, and to minimise the interest payable by the Council on its debt structure. It thereby contributes to all Council Plan priorities.
- **Financial** – The financial details of the Treasury Management annual report are contained in the body of the report.
 - **Human Resources (HR)** – Not applicable.
 - **Legal** – Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.
 - **Procurement** – Not applicable.
 - **Health and Wellbeing** – Not applicable.
 - **Environment and Climate action** – Not applicable.
 - **Affordability** – The financial implications of the Treasury Management annual report are contained in the body of the report and set out in the Prudential Indicators at Annex A.
 - **Equalities and Human Rights** – Not applicable.
 - **Data Protection and Privacy** – Not applicable.
 - **Communications** – Not applicable.
 - **Economy** – Not applicable.
 - **Specialist Implications Officers** – Not applicable.

Risks and Mitigations

64. The Treasury Management function is a high-risk area because of the volume and level of large money transactions. As a result, there are procedures set out for day-to-day Treasury Management operations that aim to reduce the risk associated with high volume high value transactions as set out as part within the Treasury Management Strategy Statement at the start of each financial year. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Wards Impacted

All

Contact details

For further information please contact the authors of this Decision Report.

Author

Name:	Debbie Mitchell
Job Title:	Director of Finance
Service Area:	Corporate Finance
Email:	debbie.mitchell@york.gov.uk
Report approved:	Yes
Date:	26 June 2026

Co-author

Name:	Tony Clark
Job Title:	Senior Accounting Technician
Service Area:	Corporate Finance
Email:	tony.clark@york.gov.uk
Report approved:	Yes
Date:	26 June 2026

Background papers

Treasury Management Strategy Statement and Prudential Indicators for 2025/26 to 2029/30 and Annexes A, B, C and D to that report.

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Annexes

Annex A – Prudential Indicators 2025/26 Outturn (31 March 2026)

Glossary of Abbreviations used in the report

CIPFA	Chartered Institute of Public Finance and Accountancy
CFR	Capital Financing Requirement
CPI	Consumer Prices Index
CYC	City of York Council

GDP	Gross Domestic Product
GF	General Fund
HRA	Housing Revenue Account
MHCLG	Ministry of Housing, Communities and Local Government
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
SONIA	Sterling Overnight Index Average
TMSS	Treasury Management Strategy Statement