REPORT TITLE: Annual Treasury Management (Outturn) Report 2025/26

To:

Cabinet

17 November 2026

Report by:
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Wards affected:
All

Director Approval: Jody Etherington, Chief Finance Officer, confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Cabinet for decision.

1.	**Recommendations**
1.1	It is recommended that Cabinet: • recommend this report to Full Council, which includes the council's actual Prudential and Treasury Indicators for 2025/26.
2.	**Purpose and reason for the report**
2.1	The council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for each financial year. This report meets the requirements of both the CIPFA Treasury Management in the Public Services: Code of Practice 2021 (the 'Code') and the CIPFA Prudential Code for Capital Finance in Local Authorities 2021 (the 'Prudential Code') in respect of 2025/26. The Code specifies the following reports in respect of treasury management for the

	2025/26 financial year:- • an annual strategy in advance of the year; • a mid-year treasury update report; and • an annual review following the end of the year describing the activity compared to the strategy (this report). Under the revised Constitution approved by Full Council on 22 May 2025, this annual report is presented to Cabinet for recommendation to Council which meets on 26 November 2026.
3.	**Alternative options considered**
3.1	The Cabinet could choose not to recommend this report to Full Council, however failing to present a treasury management outturn report to Full Council would represent a breach of statutory guidance to which the council is required to have regard.
4.	**Background and key issues**
4.1	**Background** This report summarises: • capital expenditure and financing activity during the year; • the impact of capital spending on the council's 'need to borrow'; • the council's compliance with prudential and treasury indicators; • the treasury management position as at 31 March 2026 (Appendix A); • the council's treasury management advisors' view on UK interest and investment rates (Appendix B); • the actual prudential and treasury indicators (Appendix C); • the counterparty List (Appendix D); and • a glossary of terms and abbreviations (Appendix E).
4.2	**Highlights and key messages** • Total capital expenditure in 2025/26 was £117.564 million, which was less than the budgeted £204.150 million, largely as a result of slippage on projects.

	• Financing sources were:
	  ○ Capital receipts: £26.936 million
	  ○ Other contributions: £39.704 million
	  ○ External borrowing (Park Street): £13.233 million
	  ○ Internal borrowing/cash balances: £37.691 million
	• Total external debt as of 31 March 2026 was £297.107 million, giving headroom of £302.893 million against the authorised borrowing limit.
	• Deposit balances averaged £53.636 million and the cash balances were maintained to provide funding for capital expenditure (internal borrowing).
	• Average rate of return on deposits was 3.48% (down from 4.81% in 2024/25)
	• Total interest and dividend income earned during the year was £4.956 million, which was £0.334 million below the budgeted figure of £5.250 million. The variance reflects the impact of declining interest rates and reduced cash balances, as funds were increasingly used to support the Council's capital programme through internal borrowing.
	• The Council complied with all Prudential Indicators approved by Council and operated within the prescribed limits throughout the financial year.

5.	**Capital Expenditure and Financing 2025/26**
5.1	The Council undertakes capital expenditure on long-term assets. These activities may either be: • financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the Council's borrowing need; or • if insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.
5.2	**Capital Expenditure** Actual capital expenditure forms one of the required prudential indicators. The table below shows actual capital expenditure and how this was financed.

	2024/25 £'000 Actual	**2025/26 £'000 Budget[1]**	**2025/26 £'000 Actual**
General Fund capital expenditure	57,934	107,884	51,631
HRA capital expenditure	57,179	96,266	65,933
Total capital expenditure	**115,113**	**204,150**	**117,564**
Resourced by:			
• Capital receipts	(10,518)	(33,936)	(26,936)
• Other contributions	(50,708)	(100,816)	(39,704)
Total available resources for financing capital expenditure	**(61,226)**	**(134,752)**	**(66,640)**
Financed from cash balances and borrowing	**53,887**	**69,398**	**50,924**

[1.] As per Treasury Management Strategy report (TMSS) to full Council approved on 24 February 2025, adjusted to reflect changes approved in year.

6. Overall borrowing need and Minimum Revenue Provision (MRP) Statement

6.1 **Minimum revenue provision (MRP)**

MRP is the revenue charge that the council is required to make for the repayment of debt, as measured by the underlying need to borrow, rather than actual debt. The underlying debt is needed to finance capital expenditure which has not been fully financed by revenue or capital resources. As capital expenditure is generally expenditure on assets which have a life expectancy of over one year it is prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure.

6.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require local authorities to calculate for the financial year an amount of MRP which is considered to be 'prudent'.

The Council's MRP policy for 2025/26 was set out in the Annual Treasury Management Strategy agreed by Council on 24 February 2025. In accordance with this policy, the minimum revenue provision charged to the General Fund in 2025/26 was £702,489.

6.3 Local authorities are also permitted to make additional voluntary revenue provision

charges in order to accelerate the financing of underlying debt and reduce annual MRP charges in the future.

No voluntary revenue provision charges were made during 2025/26. As at 31 March 2026, the cumulative total of voluntary revenue provision charges made in previous years was £9,545,000.

6.4 **Borrowing during 2025/26**

During 2025/26, the Council utilised external borrowing to finance capital expenditure on the Park Street hotel and car park development. This borrowing was arranged in advance as part of the project's approved financing strategy. During 2024/25, £30 million of external borrowing was drawn down for the scheme, with a further £55 million drawn down during 2025/26. As the project was delivered below the original budget, only £13.233 million of the additional £55 million borrowing was ultimately required to fund expenditure.

The remaining £37.691 million financing requirement for capital expenditure shown in the table above was met through internal borrowing. This includes funding provided to the Cambridge Investment Partnership LLP, which will be repaid as the associated housing developments are completed and sales receipts are realised, together with funding relating to Housing Revenue Account capital expenditure.

6.5 **External Debt as at 31 March 2026**

The table below shows the Council's outstanding debt and headroom (the amount of additional borrowing that is possible without breaching the Authorised Borrowing Limit) as at 31 March 2026:

	Principal (£'000)
Authorised Borrowing Limit – agreed by Council on 24 February 2025	600,000
PWLB Borrowing (for HRA Self-Financing)	213,572
Other external borrowing	83,535
Total current headroom	302,893

As at 31 March 2026, the debt held by the council related to twenty loans from the PWLB

	for self-financing the HRA, and a pre-arranged annuity loan from a financial institution in order to finance the development of the Park Street hotel and car park.
7.	**Treasury Position as at 31 March 2026**
7.1	The Council's debt and deposit position is managed in order to ensure adequate liquidity for revenue and capital activities, security for deposits, and to manage risk in relation to all treasury management activities. Procedures and controls to achieve these objectives are well established both through the application of approved Treasury Management Practices and regular reporting to Members.
7.2	The table below provides a comparison of deposit activity and outturn for 2025/26 against 2024/25:

Deposit Type	2025/26		2024/25	
	Average Deposits (£m)	Average Rate of Return	Average Deposits (£m)	Average Rate of Return
Fixed Rate Deposits	9.93	4.62%	31.32	5.23%
Call/Overnight Accounts	10.39	3.55%	15.92	4.46%
Money Market Funds	41.24	4.10%	29.56	5.01%
CCLA Local Authorities' Property Fund and Enhanced Cash Funds	14.23	1.52%	24.29	4.58%
Bond	2.80	2.20%	2.8	2.20%
Overall Deposit Return	**73.48**	**3.48%**	**149.52**	**4.81%**

A summary of deposits is shown at Appendix A.

7.3	Total interest on treasury investments and dividends from managed funds of £4.956 million have been earned on the council's deposits during 2025/26 at an average rate of return of 3.48% (4.81% in 2024/25). (Note that the interest earned does not exactly equal the average rate of return multiplied by the average invested balance, as the rates of return above also take into account fair value movements on the principal invested where

	applicable – these movements are reversed out of the General Fund under statutory requirements). This has resulted in an overall under-achievement when compared with the budget of £5.25 million. This was substantially driven by falling interest rates and lower cash balances being held on deposit than assumed at the time the budget was set.
8.	**Interest Rate Update**
8.1	In support of effective forecasting the council needs to be aware of the potential influence of market interest and investment rates. The council is provided with regular commentary on current market conditions by its treasury advisors (MUFG), and the commentary as at 31 March 2026 including trends observed in 2025/26 is presented at Appendix B.
8.2	The Bank of England's Monetary Policy Committee cut the base rate by 0.25% to 3.75% in December 2025. In the light of this decision, our treasury advisors updated their forecast for future interest rates and this forecast is included in Appendix B. MUFG Corporate Markets made no change to its Bank Rate forecast in February 2026. Their forecast anticipated the next reduction in Bank Rate occurring in June 2026, with rates falling from 3.75% to 3.50%, followed by further gradual reductions to 3.00% by September 2027. The forecast remains dependent on inflation continuing to ease and economic conditions, including labour market data, remaining supportive of further monetary policy loosening.
9.	**Prudential and Treasury Indicators**
9.1	During the financial year the council operated within the 'authorised' and 'operational' borrowing limits contained within the Prudential Indicators set out in the council's Treasury Management Strategy Statement. The outturn for Prudential and Treasury Indicators is shown in Appendix C.
9.2	MUFG continues to revise its recommendations on counterparties and appropriate durations. The Council follows MUFG's recommendations as reflected in the current Counterparty List at Appendix D. Note that the limit for lending to Cambridge Investment Partnership LLP (CIP) has been increased to £65 million in order to accommodate

	proposed loans in respect of approved developments at ATS/Murketts, Newbury Farm and Fanshawe Road, subject to separate approval of an associated capital budget by Full Council.
10.	**Corporate plan**
10.1	Effective management of the Council's cashflows, investments and borrowing supports all aspects of the Council's Corporate Plan. Interest received from investments and interest paid on debt are important factors when considering how best to deliver on the priorities set out in the Plan. Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council
11.	**Consultation, engagement and communication**
11.1	None required.
12.	**Anticipated outcomes, benefits or impact**
12.1	Regular monitoring of performance against Prudential and Treasury Indicators enables timely action to be taken to address any issues highlighted.
12.2	Reporting of financial information to Cabinet leads to greater transparency of decision making.
13.	**Implications**
	Relevant risks
13.1	Prudent management of the Council's cash balances reduces the risk of financial loss.
	Financial Implications

13.2	Interest payable and receivable are reflected in the Council's existing budgets and reviewed appropriately.
	Legal Implications
13.3	None
	Equalities and socio-economic Implications
13.4	None
	Net Zero Carbon, Climate Change and Environmental implications
13.5	The council recognises that there is continuing debate about how best to capture information about the environmental, social and governance (often known as 'ESG') implications of investing decisions taken by the Council. The council continues to work with MUFG to understand developments within financial markets which offer the opportunity to have regard for ESG criteria when placing investments. The relevant CIPFA guidance asserts the primacy of 'security, liquidity and yield' considerations when managing the treasury portfolio and the council is required to adhere to that guidance. In the current interest rate environment, the Council has a preference for shorter-term investments to maintain flexibility and liquidity while interest rate expectations remain uncertain. MUFG's latest forecasts indicate that inflationary pressures, geopolitical uncertainty and energy market volatility could delay reductions in Bank Rate, with an extended period of higher interest rates now expected compared to previous forecasts. MUFG also advises that better value can currently be obtained at the shorter end of the yield curve and that short-dated local authority investments should be considered as part of investment strategy. Consequently, the Council's investment portfolio is now concentrated in shorter-term deposits and money market funds, enabling the Council to respond quickly to changing market conditions while continuing to prioritise security and

	liquidity. Longer-term investments continue to be held where they support the Council's wider objectives, including the investment in the CCLA Local Authorities Property Fund, which provides regular updates on its work to reduce the carbon footprint of its property portfolio and improve the energy efficiency of the properties it owns.
	Procurement Implications
13.6	None
	Community Safety Implications
13.7	None
14.	**Appendices**
14.1	Appendix A – Treasury Management position as at 31 March 2026 Appendix B – MUFG's opinion on UK interest and investment rates Appendix C – Prudential and Treasury Management indicators Appendix D – Current Counterparty List Appendix E – Glossary of Terms and Abbreviations
	To inspect the background papers or if you have a query on the report please contact Author's Name: Joanna Taylor Author's Tel. No. 01223 458131 Author's Email: joanna.taylor@cambridge.gov.uk

Appendix A

TREASURY MANAGEMENT POSITION AS AT 31 MARCH 2026

CURRENT DEPOSITS

The council's deposits as at 31 March 2026 are shown in the table below:

Counterparty	% Rate	Remaining Duration	Principal (£'000)
Fixed Term Deposits			
Harlow District Council	7.75	27 days	3,000
Cornwall Council	8.00	17 days	5,000
Surrey County Council	6.50	27 days	5,000
Allia Ltd	2.20	8 months	2,800
Total Fixed Term Deposits			**15,800**
Counterparty	**% Rate**	**Minimum Duration**	**Principal (£'000)**
Variable Rate Notice Accounts			
Barclays Bank PLC	3.50	Same day	8,601
CCLA Local Authorities Property Fund	3.79	90 days	15,000
Total Variable Rate Notice Accounts			**23,601**
TOTAL			**39,401**

Appendix B

MUFG'S OPINION ON UK INTEREST AND INVESTMENT RATES AS AT 31 MARCH 2026

UK Economy

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% y/y (April), the CPI measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued lack of progress in ending the Russian invasion of Ukraine, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75%. Moreover, borrowing has becoming more expensive in 2025/26. Gilt yields have risen materially in March 2026, more than reversing the falls earlier in the financial year. Additionally, the public finances have remained under pressure. The higher-than-expected public net sector borrowing of £14.3bn in February was £2.2bn above last February's outturn. But that borrowing overshoot was mainly due to timing effects relating to the £13.0bn government debt interest payment. That came in as the highest payment since June 2025, causing a 12.3% y/y jump in spending. On the flip side, sitting at £8.1bn, tax revenues were also higher than last February, largely on the back of solid growth in self-employment incomes in 2024/25, boosting self-assessment income tax receipts and stronger capital gains tax receipts.

However, the combination of some energy price support and pressures from higher inflation amid the ongoing energy price shock, higher interest rates and a weaker economy will ultimately put borrowing on an upward trend. With the rise in energy prices possibly pushing the Retail Prices Index inflation up to a peak of 5.7%, debt interest repayments will increase by about £10bn. A weaker growth profile, higher inflation, higher interest rates and gilt yields could erode about £11bn of the Chancellor's £23.6bn headroom.

The loosening in the labour market continues to bear down on wage growth. The 3myy growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%.

The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies driven largely by the US administration.

	UK	Eurozone	US
Bank Rate	3.75%	2.0%	3.5%-3.75%
GDP	0.1%q/q Q4 (1.0%y/y)	+0.2%q/q Q4 (1.2%y/y)	0.7% Q4 Annualised
Inflation	3.0%y/y (Feb)	1.9%y/y (Feb)	2.4%y/y (Feb)
Unemployment Rate	5.2% (Jan)	6.2% (Jan)	4.4% (Feb)

The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The vote could best be described as moderately hawkish. The MPC stated it "stands ready to act as necessary" and "is alert to the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting". Even so, we suspect the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, troughing at around 4.23% in late February before shooting up to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a dramatic reassessment of investors' Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate hikes were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65bp of rate hikes priced in over the coming year. In addition to more hawkish monetary policy expectations, part of this increase in yields probably reflected an increase in term premia amid concerns that the government may react by loosening the fiscal purse strings.

As for equity markets, the FTSE 100 experienced another volatile quarter, surging to an all-time high of around 10,900 in late February, leaving it up 10% from the start of 2026, before giving back most of those gains in March after the outbreak of the Middle East conflict. That pullback leaves the index at around 10,176 at the end of the quarter. For context it was at 8,582 at the start of April. The £ has stayed relatively resilient also at $1.33, strengthening from $1.29 back in April.

US Economy

Despite a weak finish to 2025, the US economy has generally been the strongest among the developed economies, but with uncertainties growing surrounding President Trump's central economic tenet of being able to apply tariffs on an ad-hoc basis, and bend the FOMC Fed Funds rate decision-making to his will, there is something of a stalemate in place at present over when, and if, rates will be cut further in 2026.

Inflation is currently stuck at around 2.5%, unemployment is only a little above 4%, and tax refunds are in the process of being facilitated for many households. But will those refunds be – at least partially – offset by higher gasoline prices?

The S&P500 started April 2025 at 5,633 and finished March 2026 at 6,528 having peaked at just over 7,000. The 10-year Treasury yield finished March at 4.30% having been 4.17% back at the start of April, and during the year has been both above 4.50% and below 4.00%.

Eurozone Economy

The Eurozone economy has run pretty much in parallel with that of the UK. A slightly stronger finish to 2025 (GDP of 0.2% q/q) than that of the UK cannot hide the fact that the economy has been negatively impacted by German economic stagnation until late in 2025. France has also struggled against a difficult political backdrop, but managed to post GDP growth of 0.3% q/q for October to December.

With Eurozone headline inflation close to 2%, the ECB has been able to reduce its Deposit Rate to 2%. Whether it rises from that low point will very much be driven by how energy prices trend over the coming months. The Euro has appreciated against the dollar from 1.08 at the start of April 2025 to 1.16 at the end of March.

Having said that, the Bank still thinks inflation will rise from 2.8% in February to 3¾% in Q3. And while in February it said “inflation is expected to fall back thereafter to around the

Eurozone Economy

The Eurozone economy has struggled throughout 2024 and is flat lining at present, although there is the promise of substantial expenditure on German defence/infrastructure over the coming years, which would see a fiscal loosening. France has struggled against a difficult political backdrop, but with a large budget deficit it is difficult to see any turn-around in economic hopes in the near-term. With GDP currently below 1% in the Euro-zone, the ECB is likely to continue to cut rates, although the headline inflation rate is still above 2% (2.3% February 2025). Currently at 2.5%, a further reduction in the Deposit Rate to at least 2% is highly likely.

Updated Interest Rate Forecast following Base Rate Cut in December 2025, then revised again in late March 2026.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

MUFG Corporate Markets Interest Rate View 25.03.26												
	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90

Appendix C

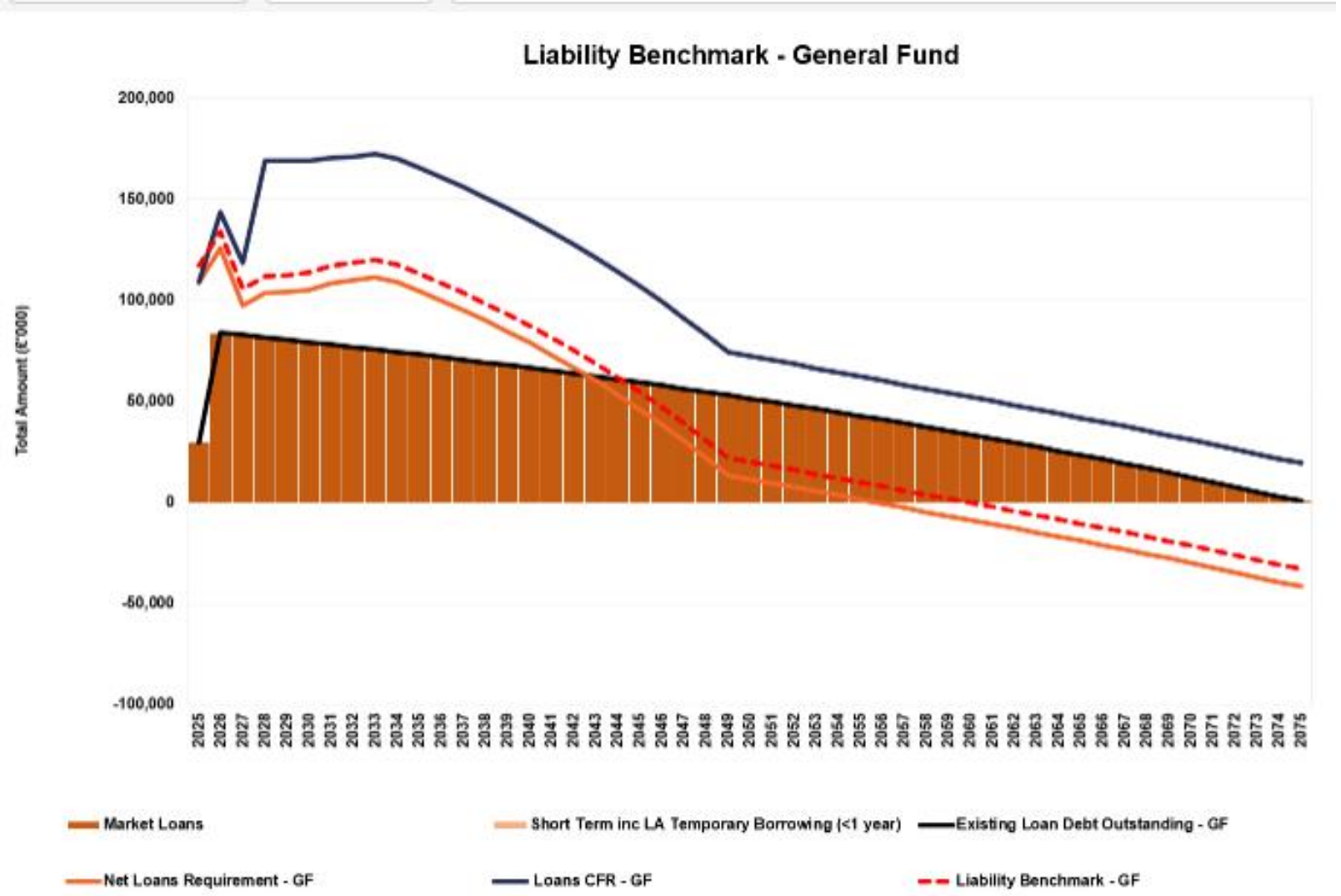
PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS

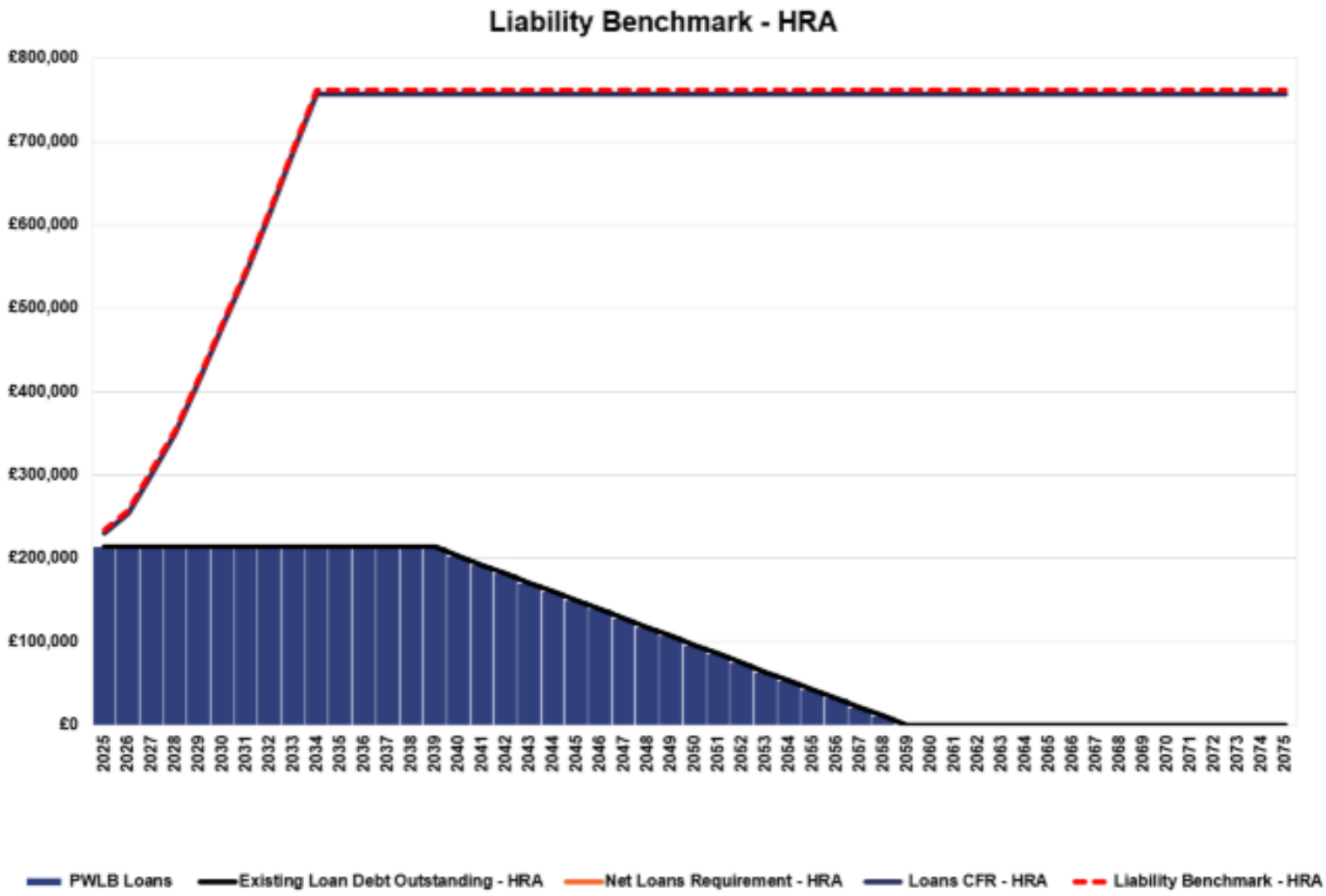
	Actual 2024/25 £'000	Budget[1] 2025/26 £'000	Actual 2025/26 £'000
PRUDENTIAL INDICATORS			
Capital expenditure			
- General Fund	57,890	107,884	51,631
- HRA	57,178	96,266	65,933
Total	**115,068**	**204,150**	**117,564**
Capital Financing Requirement (CFR) as at 31 March			
- General Fund	110,358	155,366	130,153
- HRA	230,352	328,202	253,380
Total	**340,710**	**483,568**	**383,533**
Change in the CFR[2]	54,767	142,858	44,097
Deposits at 31 March	44,791	90,000	53,636
External Gross Debt	243,572	340,793	297,473
Ratio of financing costs to net revenue stream			
-General Fund	(5.67%)	(1.87%)	(10.92%)
-HRA	14.68%	15.30%	13.43%
Net income from commercial and service investments to net revenue stream			
-General Fund	14,725	16,176	10,404
-HRA	0.471	0.472	631
% of net revenue stream			
-General Fund	40.81%	42.33%	64.75%
-HRA	0.84%	0.79%	1.05%

1. As per Treasury Management Strategy report (TMSS) to full Council approved on 24 February 2025, updated for changes to capital programme approved in year
2. After accounting for MRP charge and voluntary revenue provision

	Actual 2024/25 £'000	Budget[1] 2025/26 £'000	Actual 2025/26 £'000
TREASURY INDICATORS			
Authorised limit			
for borrowing	550,000	600,000	600,000
for other long term liabilities	2,000	2,000	2,000
Total	**552,000**	**602,000**	**602,000**
Operational boundary			
for external borrowing	434,867	493,568	340,800
for other long term liabilities	1,500	1,500	1,500
Total	**436,367**	**495,068**	**342,300**
Upper limit for total principal sums deposited for over 364 days & up to 5 years	50,000	50,000	50,000
Upper limit for fixed & variable interest rate exposure			
Net interest on fixed rate borrowing/deposits	9,679	11,290	7,768
Net interest on variable rate borrowing/deposits	(2,810)	(1,675)	(2,943)
Maturity structure of new fixed rate borrowing	Upper Limit	Lower Limit	
10 years and above (PWLB borrowing for HRA Reform)	100%	0%	

[1] Per Annual Treasury Management Strategy Report agreed by Council on 24 February 2025. This is considered the appropriate point of reference since it reflects limits in place from the start of the financial year.


Liability Benchmark - General Fund
Total Amount (£'000)
200,000
150,000
100,000
50,000
0
-50,000
-100,000
2025
2026
2027
2028
2029
2030
2031
2032
2033
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2073
2074
2075
Market Loans
Short Term inc LA Temporary Borrowing (<1 year)
Existing Loan Debt Outstanding - GF
Net Loans Requirement - GF
Loans CFR - GF
Liability Benchmark - GF


Liability Benchmark - HRA
£800,000
£700,000
£600,000
£500,000
£400,000
£300,000
£200,000
£100,000
£0
2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075
PWLB Loans
Existing Loan Debt Outstanding - HRA
Net Loans Requirement - HRA
Loans CFR - HRA
Liability Benchmark - HRA

Appendix D

Current Counterparty List

The full listing of approved counterparties is shown below, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits.

MUFG Group Colour	Council's Current Deposit Period	Category	Limit (£)
UK Banks and Building Societies: -			
Yellow	60 months	UK Banks and Building Societies	35m
Magenta	60 months	UK Banks and Building Societies	35m
Pink	60 months	UK Banks and Building Societies	35m
Purple	24 months	UK Banks and Building Societies	30m
Blue	12 months	UK Banks and Building Societies	30m
Orange	12 months	UK Banks and Building Societies	30m
Red	6 months	UK Banks and Building Societies	20m
Green	100 days	UK Banks and Building Societies	10m
No Colour	Not recommended	UK Banks and Building Societies	0m

Name	Council's Current Deposit Period	Category	Limit (£)
Specified Investments: -			
All UK Local Authorities	N/A	Local Authority	20m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m

Name	Council's Current Deposit Period	Category	Limit (£)
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 3 months and up to 1 year	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 3 months and up to 1 year	Financial Instrument	5m (per fund)
Money Market Funds (AAAf) – CNAV, VNAV & LVNAV	Liquid Rolling Balance	Financial Instrument	15m (per fund) With no maximum limit overall
UK Government Treasury Bills	Up to 6 months	Financial Instrument	15m
Members of a Banking Group	Using MUFG's Credit Criteria	UK Banks and UK Nationalised Banks	40m
Non-Specified Investments: -			
All UK Local Authorities – longer term limit	Over 1 year and up to 5 years	Local Authority	Up to 35m (in total)
Cambridge City Council Housing (CCHC) Working Capital Loan	Up to 1 year	Loan	200,000
Cherry Hinton Community Benefit Society	Up to 1 year	Loan	50,000
CCHC Investment*	Rolling Balance	Loan (Asset Security)	7,500,000
Cambridge Investment Partnership*	Rolling Balance	Loan (Asset Security)	112m
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 15m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	See limits above

Name	Council's Current Deposit Period	Category	Limit (£)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	See limits above
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 1 year and up to 5 years	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 1 year and up to 5 years	Financial Instrument	5m (per fund)
Commercial Property Investments funded from cash balances	Over 1 year	Commercial Property	25m (in total)
Municipal Bonds Agency	N/A	Pooled Financial Instrument Facility	50,000
Secured Local Bond – Allia Limited	N/A	Local Business Bond	Up to 5m in total
Supranational Bonds – AAA	Using Link's Credit Criteria	Multi-lateral Development Bank Bond	15m
UK Government Gilts	Over 1 year & up to 30 years	Financial Instrument	15m

Note: In addition to the limits above, the total non-specified items over 1 year **(excluding balances with related parties*)** will not exceed £50m.

Appendix E

Treasury Management – Glossary of Terms and Abbreviations

Term	Definition
Authorised Limit for External Borrowing	Represents a control on the maximum level of borrowing
Capital Expenditure	Expenditure capitalised in accordance with regulations i.e. material expenditure either by Government Directive or on capital assets, such as land and buildings, owned by the Council (as opposed to revenue expenditure which is on day to day items including employees' pay, premises costs and supplies and services)
Capital Financing Requirement	A measure of the Council's underlying borrowing need, i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources
Certificates of Deposit (CDs)	Low risk certificates issued by banks which offer a higher rate of return
CIP	Cambridge Investment Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
Corporate Bonds	Financial instruments issued by corporations
Counterparties	Financial institutions with which funds may be placed
Credit Risk	Risk of borrower defaulting on any type of debt by failing to make payments which it is obligated to do
Enhanced Cash Funds	Higher yielding funds typically for investments exceeding 3 months
Eurocurrency	Currency deposited by national governments or corporations in banks outside of their home market
External Gross Debt	Long-term liabilities including Private Finance Initiatives and Finance Leases

Term	Definition
FOMC	Federal Open Market Committee - the Federal Reserve Committee responsible for setting U.S. monetary policy
Government CNAV	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
HRA	Housing Revenue Account - a ringfenced account for local authority housing where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
Liquidity	A measure of how readily available a deposit is
Low Volatility Net Asset Value (LVNAV)	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Minimum Revenue Provision (MRP)	Revenue charge to finance the repayment of debt
Non Ring Fenced Bank (NRFB)	Government and Bank of England rules apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities and other prescribed bodies may borrow at favourable interest rates

Term	Definition
Quantitative Easing (QE)	A financial mechanism whereby the Central Bank creates money to buy bonds from financial institutions, which reduces interest rates, leaving businesses and individuals to borrow more. This is intended to lead to an increase in spending, creating more jobs and boosting the economy
Ring Fenced Bank (RFB)	Government and Bank of England rules apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks
Sterling Over Night Index Average (SONIA)	SONIA is a widely used benchmark based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer term Government securities with maturities over 6 months and up to 30 years
UK Government Treasury Bills	Short term securities with a maximum maturity of 6 months issued by HM Treasury
Variable Net Asset Value	MMF values based on daily market fluctuations to 2 decimal places known as mark-to-market prices
Weighted Average Life (WAL)	Weighted average length of time of unpaid principal
Weighted Average Maturity (WAM)	Weighted average amount of time to maturity
Yield	Interest, or rate of return, on an investment