ITEM No …10………..

REPORT TO: **CITY GOVERNANCE COMMITTEE – 21 APRIL 2025**

REPORT ON: **TREASURY MANAGEMENT STRATEGY 2025/2026**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **118-2025**

1.0 PURPOSE OF REPORT

This report introduces the Dundee City Council Treasury Management Strategy Statement and Annual Investment Strategy for 2025-2026, the preparation of which is a requirement of the Council's Treasury Policy Statement and the revised 2021 CIPFA Treasury Management Code, and Prudential Code.

2.0 RECOMMENDATIONS

The Committee are asked to:

1. note that in terms of the Treasury Policy Statement, the Executive Director of Corporate Services is obliged to present the annual Treasury Management Strategy at the start of each financial year;

2. approve the strategy proposed by the Executive Director of Corporate Services as set out in the attached document "Treasury Management Strategy 2025/2026".

3.0 FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the recommendations in this report. However, decisions made within the Treasury Management function will affect the cost of the Council's long and short-term borrowing in 2025/2026 and future years. The 2025/2026 Revenue Budget has been set including a provision of £30.863m for General Fund and £20.684 for HRA capital financing costs, both are based on an average Loans Fund interest rate of 4.30%.

4.0 BACKGROUND

The Council's Treasury Policy Statement (Article IV of the Minute of Meeting of the City Governance Committee of 4 March 2024, report no 61-2024 refers) requires that the City Governance Committee will receive and consider the Treasury Management Strategy at the start of each new financial year.

5.0 TREASURY MANAGEMENT STRATEGY 2025/2026

The Council's Treasury Management Strategy for 2025/2026 is set out in detail in the attached document. The net new borrowing required in 2025/2026 is £36m. In light of this, there is expected to be phased borrowing during the year. This will be based on cash flow and interest rate monitoring to determine the term and value of each loan taken.

Considering the continuing uncertainties in the finance market, lending transactions will be closely monitored to achieve maximum security of capital. This will involve using all available sources of information to assess the financial strength of any counterparties.

There is a notable addition to the Treasury Management Strategy 2025/26 with an additional prudential indicator. This is the introduction of liability benchmark, to support the financing risk management of the capital financing requirement and can be found in section 2.3 of the strategy document.

6.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7.0 CONSULTATION

The Council Leadership Team have been consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

None.

PAUL THOMSON	2 APRIL 2025
EXECUTIVE DIRECTOR OF CORPORATE SERVICES	

DUNDEE CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2025/2026

Executive Director of Corporate Services
March 2025

I N D E X

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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 that 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. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including 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."

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers two main areas:

Capital Planning

- the capital plans and the prudential indicators
- the policy for statutory repayment of loans fund advances

Treasury Management

- current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- borrowing strategy;
- debt rescheduling;
- investment strategy;

These elements cover requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government Investment Regulations not included in the Treasury Policy.

2. CAPITAL PRUDENTIAL INDICATORS 2025/26 - 2029/30

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The figures below are based on the latest approved version of the Capital Plan 2025-2030 (Article V of the City Governance Committee of 17 February 2025, report 44-2025 refers).

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Programme Thematic Summary - Capital Plan 2025-2030 (£000's)								
Capital Investment Theme	**Overall Project Cost**	**Prior to 31/3/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Reduce Child Poverty and Inequalities in incomes, Education and Health	136,925	39,250	58,275	13,962	7,918	17,500	-	-
Delivery Inclusive Economic Growth (including Community Wealth Building)	37,861	8,337	17,497	4,298	2,712	4,317	400	300
Tackle Climate Change and reach Net Zero carbon emissions by 2045	133,865	42,343	17,125	25,783	14,634	10,035	12,418	11,527
Build Resilient and Empowered Communities	170,921	26,394	22,593	35,451	25,945	18,406	20,879	21,253
Design a Modern Council	78,042	15,461	11,179	10,968	18,540	9,635	5,753	6,506
Total Gross Expenditure	**567,614**	**131,785**	**126,669**	**90,482**	**69,749**	**59,893**	**39,450**	**39,586**

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Resources Summary - Capital Plan 2025-2030 (£000's)					
Resource	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Capital expenditure funded from borrowing	59,531	49,270	44,693	25,390	26,280
Capital element of General Capital Grant (net of Private Sector Housing Grant)	11,830	13,187	13,000	12,578	11,551
Capital grants & contributions - corporate	165	165	165	165	165
Capital grants & contributions - project specific	9,989	4,576	482	867	1,140
Capital Receipts - Sale of Assets	2,460	2,288	1,103	-	-
Capital Fund					
Capital financed from current revenue & programme slippage	5,150	450	450	450	450
Total	**90,482**	**69,749**	**59,893**	**39,450**	**39,586**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets financed by borrowing. As agreed within the Loans Fund Policy Review (Article VII of the Minute of the Meeting of the City Governance Committee of 30 September 2019, Report No. 279-2019 refers), the Council has revised the method of calculation of loan repayments to ensure that its underlying debt liability reflects the consumption of the assets associated with that debt, and also reflects the period to which benefits are provided to the community now and in the future.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The following table annotates the CFR projections*:

Capital Financing Requirement (£000's)			
Year	**Non-HRA**	**HRA**	**Total**
2024/25	544,000	178,000	722,000
2025/26	561,000	198,000	759,000
2026/27	511,000	214,000	785,000
2027/28	585,000	221,000	806,000
2028/29	575,000	232,000	807,000
2029/30	566,000	243,000	809,000

* The table above excludes PFI and finance leases

2.3 Liability Benchmark

A third and new prudential indicator for 2025/26 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, although CIPFA recommends a ten-year analysis.

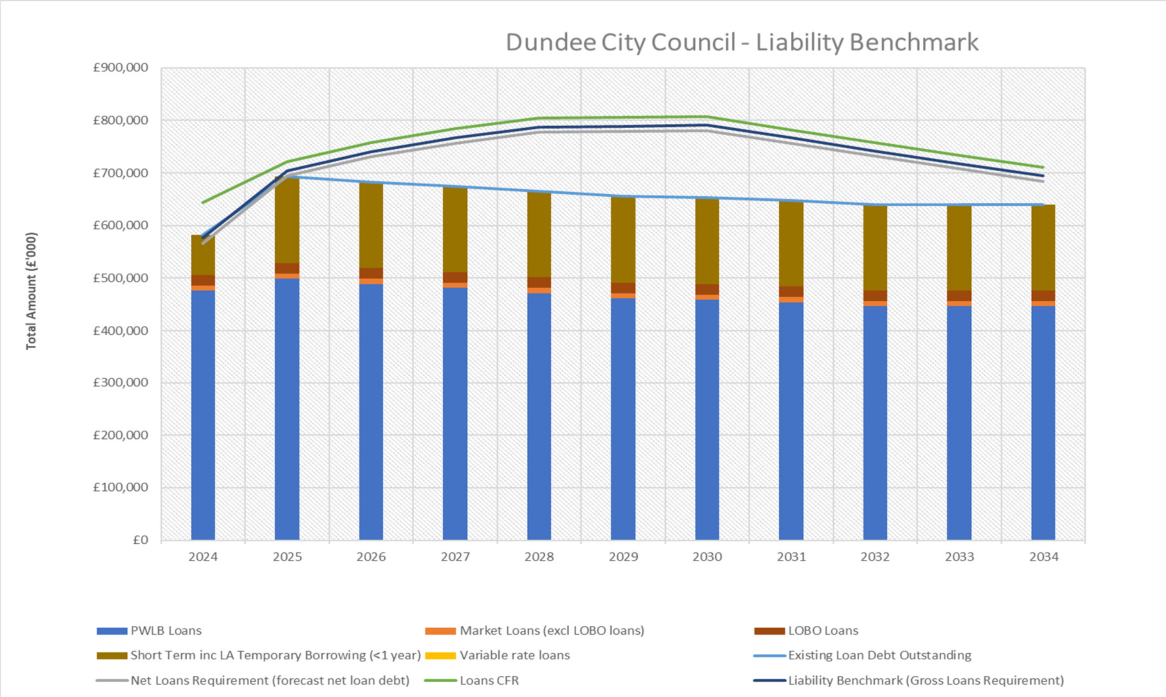
There are four components to the LB:

1. **Existing loan debt outstanding**: the Council's existing loans that are still outstanding in future years.

2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.

3. **Net loans requirement**: this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.

4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The Council currently operates an under-borrowed position which means capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. See Borrowing strategy (section 3.4) for more information.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2024, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000s	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
External Debt					
Debt at 1 April	680,257	751,123	839,709	870,011	890,284
Expected change in Debt	(26,496)	94,304	36,215	26,455	20,525
Expected change in Other long-term liabilities	(4,652)	(5,718)	(5,913)	(6,182)	(6,375)
Total Gross debt (31 March)	751,123	839,709	870,011	890,284	904,434
Capital Financing Requirement	643,886	722,000	759,000	785,000	806,000
Under Borrowed	107,237	117,709	111,011	105,284	98,434

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but 7ensures that borrowing is not undertaken for revenue purposes.

The Executive Director of Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

Operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational Boundary (£000's)			
Year	**Borrowing**	**Other**	**Total**
2024/25	687,000	154,000	841,000
2025/26	723,000	148,000	871,000
2026/27	749,000	142,000	891,000
2027/28	770,000	135,000	905,000
2028/29	771,000	129,000	900,000
2029/30	773,000	123,000	896,000

Authorised limit for external debt

A further key prudential indicator represents a control over the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

(a) This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35 (1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

(b) The Council is asked to approve the following authorised limit:

Authorised Limit (£000's)			
Year	**Borrowing**	**Other**	**Total**
2024/25	717,000	154,000	871,000
2025/26	753,000	148,000	901,000
2026/27	779,000	142,000	921,000
2027/28	800,000	135,000	935,000
2028/29	801,000	129,000	930,000
2029/30	803,000	123,000	926,000

3.3 Prospects for interest rates

A more detailed interest rate forecast and economic commentary are set out in appendix 5.2.

The Council has appointed MUFG Corporate Markets, (previously Link Asset Services) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The table below gives their central view.

MUFG Corporate Markets Interest Rate View 10/2/2025							
	Mar '25	**Jun '25**	**Sep '25**	**Dec '25**	**Mar '26**	**Jun '26**	**Sep '26**
Bank Rate View	4.50	4.25	4.00	4.00	3.75	3.75	3.75
3m av. earnings	4.50	4.30	4.00	4.00	3.80	3.80	3.50
6m av. earnings	4.40	4.20	3.90	3.90	3.70	3.70	3.50
12m av. earnings	4.40	4.20	3.90	3.90	3.70	3.70	3.50
5yr PWLB Rate	5.00	4.90	4.70	4.70	4.50	4.50	4.40
10yr PWLB Rate	5.30	5.20	5.00	5.00	4.80	4.80	4.70
25yr PWLB Rate	5.80	5.70	5.50	5.50	5.40	5.30	5.20
50yr PWLB Rate	5.50	5.40	5.20	5.20	5.10	5.00	4.90
	Dec '26	**Mar '27**	**Jun '27**	**Sep '27**	**Dec '27**	**Mar '28**	
Bank Rate View	3.50	3.50	3.50	3.50	3.50	3.50	
3m av. earnings	3.50	3.50	3.50	3.50	3.50	3.50	
6m av. earnings	3.50	3.50	3.50	3.50	3.50	3.50	
12m av. earnings	3.50	3.50	3.50	3.50	3.50	3.60	
5yr PWLB Rate	4.40	4.30	4.20	4.20	4.10	4.00	
10yr PWLB Rate	4.70	4.60	4.50	4.50	4.40	4.40	
25yr PWLB Rate	5.10	5.00	5.00	4.90	4.90	4.80	
50yr PWLB Rate	4.80	4.70	4.70	4.60	4.60	4.50	

MUFG's last interest rate forecast update was undertaken on 11 November 2024, in the wake of the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November.

In the interim period, there has been some general concern over the robustness of the Chancellor's spending policies, the impact of the various tariff policies of President Trump on global inflation, and earlier in February, the Bank of England provided forecasts for the CPI measure of inflation to jump to 3.7% in Q3 2025 before falling below the 2% inflation target, albeit in three years' time.

Also in early February, the Bank of England's Monetary Policy Committee voted 7-2 to cut the Bank Rate from 4.75% to 4.5%. The vote was a split vote, with seven members voting for the 25bps cut, and two voting for a 50bps cut. Governor Bailey confirmed any further easing in monetary policy would reflect a gradual and careful approach. Moreover, the Bank set out a distinctly gloomy backdrop for the economy, with GDP expected to grow only 0.75% in 2025 before improving to 1.5% in 2026 and 2027 respectively.

The anticipated major investment in the public sector, according to the Bank, is however expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing and tax rises, and a tepid GDP performance.

MUFG's central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent.

PWLB RATES

Overall, although January proved particularly volatile from a gilt market perspective, MUFG's previous forecast has remained resilient. The MPC did cut its Bank Rate to 4.5% as forecast, the 5-year PWLB Certainty Rate is exactly at previous forecast level for Q1 2025, whilst the 10-year, 25-year and 50-years' PWLB Certainty Rates are only slightly higher than their previous Q1 2025 forecast, so accordingly, they have not felt it necessary to make any material changes to their forecast.

Having said that, they acknowledge that there may be a presentational problem for the Bank to cut rates in Q3 2025 when inflation is at its peak (based on their forecast), so they anticipate a further rate cut in May but then a pause before further rate cuts are made at the back end of 2025 and in 2026.

Additionally, with there being a fair degree of uncertainty over how tariff policies will evolve not just in the US, but globally, MUFG have lifted their PWLB forecasts by some 20-30bps in some areas, and will also take note of what the Chancellor says when considering the Office for Budget Responsibility's forecast updates on 25th March, and the budgetary headroom that remains.

Their revised PWLB rate forecasts above are based on the Certainty Rate (the standard rate.

minus 20 bps) which has been accessible to most authorities since 1 November 2012.

3.4 Borrowing strategy

The Council currently maintains an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Executive Director of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a further FALL in long and short-term rates then long-term borrowings will be postponed, and potential rescheduling from fixed rate funding into short-term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper RISE in long and short-term rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. All relevant activities will be reported to Committee.

3.5 Debt rescheduling

As short-term borrowing rates vary against longer-term fixed interest rates, there may be potential opportunities to generate savings by moving between long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy;

- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt. All relevant activities will be reported to Committee.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations: The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to have peaked at 4.5% in Q1 2025.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2024/25 (residual)	4.60%
2025/26	4.10%
2026/27	3.70%
2027/28	3.50%
2028/29	3.50%
Years 6 to 10	3.50%
Years 10+	3.50%

For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to100 days) in order to benefit from the compounding of interest.

4.2 Investment interest risk

The Council holds relatively low levels of cash which helps limit borrowing costs. The table below details projections for investment cash balance (31 March), the average investment cash balance, investment interest.

£000s	Actual 2023/24	Outturn 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
Investment cash balance (31 March)	15,275	5,000	5,000	5,000	5,000
Average investment cash balance	13,884	16,300	15,000	15,000	15,000
Investment interest	674	788	615	555	525
Average interest rate	4.85%	4.83%	4.10%	3.70%	3.50%

The above investment interest is generated from Money Market Funds. We are currently budgeting for £615,000 of income in 2025/26 based on an average interest rate of 4.10% and an average cash balance of £15m.

5 APPENDICES

5.1 CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2025/26 - 2029/30

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

Capital expenditure values used to prepare indicators are based on the latest approved Capital Plan 2025-2030 (Article V of the City Governance Committee of 17 February 2025, report 44-2025 refers) as shown in section 2.1 of this report.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Non-HRA	6.2%	7.1%	7.1%	7.2%	7.0%	6.9%
HRA	35.1%	34.9%	36.4%	37.7%	37.7%	37.7%

The estimates of financing costs include current commitments and the proposals in this budget report.

Ratio of commercial and service income to net revenue stream

This indicator identifies the trend in commercial and service income against the net revenue stream.

	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Non-HRA	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%

Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing			
		Lower	**Upper**
Under 12 months		0%	10%
12 months to 2 years		0%	15%
2 years to 5 years		0%	25%
5 years to 10 years		0%	25%
10 years plus		50%	95%
Upper limit for total principal sums invested for longer than 365 days		n/a	No sums will be invested longer than 365 days

5.2 INTEREST RATE FORECASTS 2025-2028

The table below shows MUFG's view on UK Interest Rates on 10 February 2025.

MUFG Corporate Markets Interest Rate View 10.02.25													
	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28
BANK RATE	4.50	4.25	4.25	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.50	4.30	4.30	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.50	3.50	3.50
6 month ave earnings	4.40	4.20	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.40	4.20	4.20	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50	3.50	3.60
5 yr PWLB	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.40	4.30	4.20	4.20	4.10	4.00
10 yr PWLB	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.50	4.50	4.40	4.40
25 yr PWLB	5.80	5.70	5.60	5.50	5.40	5.30	5.20	5.10	5.00	5.00	4.90	4.90	4.80
50 yr PWLB	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.70	4.60	4.60	4.50

5.3 MATURITY PROFILE OF EXTERNAL BORROWING

The tables below shows a maturity profile of the Council's external borrowing portfolio as at 31 March 2024. The profile comprises of loans from Public Works Loan Board (PWLB), Lender Option Borrower Option loans (LOBOs) from Banks and temporary loans from other Local Authorities.

Current Maturity Profile