

QUARTER 3 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2025/26

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q3 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %	
Services									
<u>Environment & Place</u>	ASNL and Nature Reserves	104	113	0	113	(8)	113	0	
	Environmental Protection	276	455	0	455	116	351	+23%	
	Fleet Management	(4)	(9)	0	(9)	61	21	(33%)	
	Food Safety	389	512	0	512	345	476	+7%	
	Hospitality & Events Management	330	223	0	223	154	262	(17%)	
	Parks & Open Spaces	1,381	1,532	0	1,532	1,251	1,430	+7%	
	Pest Control	(36)	(12)	0	(12)	(24)	(13)	1	
	Salt Ayre Leisure Centre	239	636	0	636	517	768	(132) (21%)	
	Service Support	670	565	0	565	621	732	(167) (30%)	
	Street Cleaning	1,784	1,923	0	1,923	1,397	1,857	66 +3%	
<u>Governance</u>	Streetscape	52	73	0	73	37	70	3	
	Trade Refuse	(787)	(818)	0	(818)	(947)	(731)	(87) (11%)	
	Waste Collection	3,239	2,608	0	2,608	1,456	2,315	293 +11%	
<u>Housing & Property</u>	Williamson Park	468	439	0	439	426	669	(230) (52%)	
	Democratic Support & Elections	1,044	1,087	0	1,087	881	1,079	8	
	Legal Services	742	665	0	665	693	790	(125) (19%)	
<u>People & Policy</u>	Licensing	(78)	(45)	0	(45)	(44)	(35)	(10)	
	Commercial Land & Properties	(1,696)	(1,364)	4	(1,360)	(549)	(1,137)	(223) (16%)	
	Customer Services	539	608	0	608	475	614	(6)	
	Facilities Management	593	623	0	623	484	622	1	
	GF Housing Schemes	(39)	(13)	0	(13)	(49)	(54)	41 +315%	
	Municipal Buildings	664	694	0	694	497	725	(31) (4%)	
	Other Land & Buildings	42	42	0	42	56	65	(23)	
	Private Sector Housing	616	1,565	0	1,565	(3,008)	832	733 +47%	
	Property Group	777	1,244	(4)	1,240	702	1,050	190 +15%	
	Public Health Services	109	137	0	137	86	145	(8)	
<u>Planning & Climate Change</u>	Repairs & Maintenance	0	0	0	0	0	0	0	
	Communications	0	230	0	230	118	213	17	
	Community Connectors	166	0	0	0	0	0	0	
	Emergency Planning & CSP	99	117	0	117	66	117	0	
	Exec Support	196	197	0	197	160	198	(1)	
	Health & Safety	74	67	3	70	43	73	(3)	
	HR & OD	1,193	855	0	855	609	842	13	
	Marketing	226	242	5	247	194	290	(43) (17%)	
	Policy and Partnerships	0	285	(8)	277	140	220	57 +21%	
	Projects & Performance	168	118	0	118	90	120	(2)	
<u>Resources</u>	VCFS	300	321	0	321	310	321	0	
	Visitor Information Centres	32	0	0	0	26	35	(35)	
	DM - Building Control	172	270	0	270	109	256	14	
	DM - Planning	644	822	0	822	595	591	231 +28%	
	Energy and Sustainability	294	210	0	210	233	213	(3)	
	Planning & Housing Strategy	894	972	0	972	560	867	105 +11%	
	CCTV	66	62	0	62	83	81	(19)	
	Finance	1,455	1,679	0	1,679	1,105	1,618	61 +4%	
	ICT	1,557	1,789	0	1,789	1,311	1,737	52 +3%	
	Internal Audit	219	172	0	172	149	172	0	
<u>Sustainable Growth</u>	Revenues & Benefits	1,413	1,382	0	1,382	(793)	1,395	(13)	
	Economic Development & Culture	220	226	0	226	109	226	0	
	Markets	(77)	(54)	0	(54)	(51)	276	(330) (611%)	
	Museums	493	490	0	490	330	482	8	
	Parking	(2,700)	(2,733)	0	(2,733)	(1,790)	(2,661)	(72) (3%)	
	Regeneration	483	546	0	546	1,720	526	20	
	Strategic Projects & Engineers	275	547	0	547	115	280	267 +49%	
		19,280	22,295	0	22,295	11,167	21,504	791 +4%	
Corporate Services									
<u>Corporate Accounts</u>	Corporate Accounts	1,838	(87)	0	(87)	247	877	(964) (1108%)	
	Contributions from Reserves	4,517	1,520	0	1,520	0	1,176	344 +23%	
	Government Grants	(1,334)	(774)	0	(774)	(721)	(774)	0	
	Interest Payable	1,145	1,534	0	1,534	1,382	1,294	240 +16%	
	Interest Receivable	(1,302)	(465)	0	(465)	(5,930)	(1,155)	690 +148%	
	Minimum Revenue Provision	2,912	2,924	0	2,924	0	2,703	221 +8%	
	Notional Charges	(55)	0	0	0	0	0	0	
	Pandemic Support	0	0	0	0	0	0	0	
	Revenue Funding of Capital	(222)	71	0	71	0	122	(51) (72%)	
	Capital Funding of Revenue	0	0	0	0	0	0	0	
<u>Other Items</u>	UKSPF	0	0	0	0	0	0	0	
		7,499	4,723	0	4,723	(5,022)	4,243	480 +10%	
<u>Net Recharges to Housing Revenue Account</u>	Net Recharges to Housing Revenue Account	(1,026)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	0	(218)	702	(218)	0	
	Corporate Property Review (Revenue)	0	1,427	(1,275)	152	46	114	38 +25%	
	Corporate Property Review (Appropriation)	0	0	1,275	1,275	0	1,313	(38) (3%)	
	Revenue Reserve funded items included in above analysis (Revenue)	3,185	456	1,904	2,360	986	2,256	104 +4%	
	Revenue Reserve funded items included in above analysis (Appropriation)	(3,134)	(456)	(1,904)	(2,360)	0	(2,256)	(104) (4%)	
	General Fund Revenue Budget	25,604	27,201	0	27,201	6,853	25,930	1,271	+5%
	Core Funding :	Revenue Support Grant	(433)	(460)	0	(460)	(346)	(460)	0
		Additional New Homes Bonus	0	0	0	0	0	0	0
		Supplementary Government Grants	0	0	0	0	0	0	0
<u>Council Tax Requirement</u>	Prior Year Council Tax Surplus	141	(280)	0	(280)	0	(280)	0	
	Net Business Rates Income	(14,384)	(14,911)	0	(14,911)	11,413	(15,180)	269	+2%
Council Tax Requirement									
10,928									

Notes:

1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative () for adverse and positive + for favourable

QUARTER 3 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2025/26

		Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q3 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %
Employees	Direct Employee Expenses	23,446	26,393	109	26,502	18,899	25,628	874	+3% (38%)
	Indirect Employee Expenses	1,521	826	22	848	879	1,172	(324)	
	Cleaning and Domestic Supplies	182	177	(4)	173	143	186	(13)	
	Energy Costs	1,477	1,556	0	1,556	770	1,376	180	+12%
	Fixtures and Fittings	0	1	0	1	1	1	0	
	Grounds Maintenance Costs	59	62	7	69	16	59	10	
	Operational Bldgs Allocation	301	352	0	352	112	181	171	+49% (100%)
Premises Related Exp	Other Premises Costs	0	(37)	0	(37)	0	0	(37)	
	Premises Insurance	341	373	0	373	366	368	5	
	Rates	1,533	1,407	0	1,407	1,524	1,707	(300)	(21%)
	Rents	84	66	0	66	63	62	4	
	Repair and Maintenance	1,176	1,524	8	1,532	656	1,488	44	+3% (18%)
	Water Services	481	479	0	479	418	567	(88)	
	Car Allowances	15	8	1	9	10	10	(1)	
	Contract Hire Operating Leases	41	16	0	16	160	192	(176)	(1100%)
Transport Related Exp	Direct Transport Costs	1,507	1,582	0	1,582	1,042	1,428	154	+10%
	Other Transport Costs	0	0	0	0	0	0	0	
	Public Transport	8	20	0	20	7	14	6	
	Transport Insurance	90	94	0	94	86	86	8	
	Catering	37	58	0	58	28	58	0	
	Clothing Uniform and Laundry	145	101	0	101	89	112	(11)	
	Communications and Computing	1,677	1,737	30	1,767	1,601	1,829	(62)	(4%)
	Contribution to Provisions	1,147	250	0	250	0	540	(290)	(116%)
Supplies and Services	Equip Furniture and Materials	1,629	1,650	(7)	1,643	1,138	1,505	138	+8%
	Expenses	549	555	6	561	416	546		
	General Office Supplies	443	252	0	252	154	252	0	
	Grants and Subscriptions	1,831	1,393	516	1,909	1,294	1,788	121	+6%
	Miscellaneous Expenses	960	1,320	1,975	3,295	477	2,609	686	+21%
	Services	8,325	7,293	953	8,246	6,472	7,885	361	+4%
Transfer Payments	Housing Benefit	25,186	21,977	0	21,977	12,778	21,977	0	
Support Services	Recharges Exp	217	142	31	173	54	160	13	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	0	
	Depreciation	0	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,146	1,535	0	1,535	1,382	1,295	240	+16%
Appropriations	Appropriations	8,858	4,515	0	4,515	0	4,001	514	+11%
	Customer Fees and Charges	(20,696)	(20,141)	(3)	(20,144)	(14,563)	(19,293)	(851)	(4%)
	Government Grants	(29,348)	(25,790)	(2,234)	(28,024)	(20,780)	(27,864)	(160)	(1%)
Income	Interest	(1,389)	(543)	0	(543)	(5,930)	(1,232)	689	+127%
	Other Grants and Contributions	(2,731)	(2,048)	(1,397)	(3,445)	(2,757)	(3,234)	(211)	(6%)
	Recharges Inc	(3,469)	(1,854)	(13)	(1,867)	(860)	(1,729)	(138)	(7%)
Capital Financing Inc	Capital Related Income	0	(300)	0	(300)	0	0	(300)	(100%)
	Net Recharges to Housing Revenue Account	(1,026)	(1,026)	0	(1,026)	(1,026)	(1,026)	0	
	RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	0	(218)	702	(218)	0	
	Corporate Property Review (Revenue)	0	1,427	(1,275)	152	46	114	38	+25%
	Corporate Property Review (Appropriation)	0	0	1,275	1,275	0	1,313	(38)	(3%)
	Revenue Reserve funded items included in above analysis (Revenue)	3,185	456	1,904	2,360	986	2,256	104	+4%
	Revenue Reserve funded items included in above analysis (Appropriation)	(3,134)	(456)	(1,904)	(2,360)	0	(2,256)	(104)	(4%)
General Fund Revenue Budget		25,604	27,201	0	27,201	6,853	25,930	1,271	+5%
Core Funding :	Revenue Support Grant	(433)	(460)	0	(460)	(346)	(460)	0	
	Additional New Homes Bonus	0	0	0	0	0	0	0	
	Supplementary Government Grants	0	0	0	0	0	0	0	
	Prior Year Council Tax Surplus	141	(280)	0	(280)	0	(280)	0	
	Net Business Rates Income	(14,384)	(14,911)	0	(14,911)	11,413	(15,180)	269	+2%
Council Tax Requirement		10,928	11,550	0	11,550	17,920	10,010	1,540	+13%

Notes:

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QUARTER 3 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2025/26

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q3 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Variance +/- £30K %
Housing Revenue Account								
<u>Housing Revenue Account</u>	Policy & Management	2,495	3,071	208	3,279	2,024	3,248	31 +1%
	Repairs & Maintenance	7,048	6,704	30	6,734	4,637	7,023	(289) (4%)
	Welfare Services	(241)	(238)	0	(238)	(196)	(180)	(58) (24%)
	Special Services	221	253	24	277	244	311	(34) (12%)
	Miscellaneous Expenses	1,380	1,158	0	1,158	863	1,205	(47) (4%)
	Income Account	(18,919)	(18,255)	0	(18,255)	(11,555)	(17,947)	(308) (2%)
	Capital Charges	(1,373)	7,424	0	7,424	0	6,872	552 +7%
	Appropriations	8,872	(634)	(262)	(896)	0	(989)	93 +10%
	Gain/Loss on Asset Sales	0	0	0	0	0	0	0
	Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	0
		(517)	(517)	0	(517)	(3,983)	(457)	(60) (12%)
Net Recharges to General Fund		517	517	0	517	517	517	0
Housing Revenue Account Budget		0	0	0	0	(3,466)	60	(60)

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QUARTER 3 FINANCIAL CAPITAL MONITORING - GENERAL FUND SERVICE ANALYSIS 2025/26

	Original Budget 2025/26 £'000	Budget Amendments 2025/26 £'000	Working Budget 2025/26 £'000	Q3 Actual 2025/26 £'000	Projected Outturn 2025/26 £'000	Projected Variance 2025/26 £'000	Budget Adjustments requested as part of 2026/27 budget process £'000	Variance +/- £30K %
Services								
<u>Environment & Place</u>	ASNL - Capital Access Works	0	0	0	(18)	0	0	0
	Commercial Venue Improvements	150	0	150	147	150	0	0
	Environment & Place Devpt Pool	4,346	(4,346)	0	0	0	0	0
	Food Waste Strategy	0	0	0	(1,462)	0	0	0
	National Landscape CORE Capital	0	0	0	(89)	0	0	0
	Playground - The Roods	0	0	0	0	0	0	0
	Public Bins	500	0	500	0	485	15	0
	Purchase Of Vehicles	5,337	(144)	5,193	36	4,898	295	295
	Wheelie Bins	0	2,208	2,208	1,314	2,208	0	0
<u>Housing & Property</u>	Winchester Field & Nature Area playground	71	0	71	64	71	0	0
	1 Lodge Street Urgent Structural Repairs	172	180	352	198	300	52	+15%
	87 King Street Conversion	400	(350)	50	0	50	0	0
	Commercial Property Works	0	62	62	0	0	62	62
	Coopers Fields - BLRF	0	0	0	(183)	0	0	0
	Disabled Facilities Grants	0	0	0	(2,440)	0	0	0
	HIA Purchase of Vehicles	0	0	0	0	0	0	0
	Local Authority Housing Fund	0	0	0	63	0	0	0
	Low Voltage Switchgear & Solar Array - Gateway	974	2	976	0	750	226	226
<u>People & Policy</u>	Mellishaw Park	0	0	0	8	8	(8)	0
	Property Capital Works	1,459	220	1,679	78	609	1,070	1,070
	White Lund Depot Improvements	0	272	272	105	272	0	0
		0	0	0	0	0	0	0
	Burrow Beck Solar	3,600	553	4,153	1,962	3,653	500	500
	Electric Vehicle Charging Hub	0	60	60	(341)	0	60	+100%
	Planning & Climate Change Devpt Pool	400	(60)	340	0	0	340	+100%
	Property De-carbonisation Works	0	0	0	(66)	0	0	0
	Property De-carbonisation Works 2024-25	1,933	500	2,433	22	1,433	1,000	1,000
<u>Planning & Climate Change</u>	SALC Salix Funded Optimised Solar Farm	0	0	0	(134)	0	0	+41%
	I.S. Desktop Equipment	257	1	258	32	258	0	0
	I.T. Strategy	130	107	237	57	237	0	0
	ICT Laptop Replacement & E-campus screens	0	22	22	6	22	0	0
	ICT Nimble	0	252	252	130	252	0	0
	ICT Telephony	5	9	14	0	14	0	0
	Lancaster Local Fibre Network	0	1,070	1,070	246	270	800	800
	Resources Development Pool	400	(400)	0	0	0	0	+75%
		0	0	0	(177)	0	0	0
<u>Resources</u>	Bare Outfall Flooding	0	18	18	0	0	18	18
	Brownfield Land Release Fund	0	0	0	(2,389)	0	0	0
	Caton Road Flood Relief Scheme	0	0	0	(1,578)	0	0	0
	Centenary House Grant Funded Works	0	0	0	(446)	0	0	0
	City Museum Shop	0	14	14	0	2	12	0
	Coastal Revival Fund - Morecambe Co-op	0	0	0	(6)	0	0	0
	Economic Growth & Regen Devpt Pool	500	0	500	0	0	500	500
	Lancaster HS Heritage Action Zone	200	14	214	4	64	150	+70%
	Lancaster Square Routes Project	0	5	5	(18)	(14)	19	0
<u>Sustainable Growth</u>	Morecambe Sea Front Parapet	30	30	60	0	0	60	60
	Our Future Coast	0	0	0	(177)	0	0	0
	REPF 24/25 (Yr2) External Projects	0	0	0	0	0	0	0
	REPF 25/26 (Yr3) External Projects	0	0	0	(72)	0	0	0
	The Streets are Ours Yr2	0	0	0	(5)	0	0	0
	UKSPF - 23-24 (yr2) External Projects	0	0	0	0	0	0	0
	UKSPF-23-24 (yr2) Lodge St Environ Enabling Works	0	0	0	0	0	0	0
	UKSPF 25/26 (yr 4) Affordable Warmth	0	0	0	(3)	0	0	0
	UKSPF 25/26 (yr4) Climate & Nature Study	0	0	0	(12)	0	0	0
<u>Other Items</u>	UKSPF 25-26 (yr4) Local Area Energy Plan	0	0	0	(48)	0	0	0
	UKSPF-25/26 (yr4) External Projects	0	0	0	62	0	0	0
		20,864	299	21,163	(4,953)	15,992	5,171	5,133
								+24%
GRAND TOTAL								
GRAND TOTAL								

Notes:

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Council Housing Capital Programme 2025/26

	2025/26 Original Budget	2025/26 Working Budget	2025/26 P9 Actual	2025/26 Projected Outturn	2025/26 Variance (Working v Projected)	Comments (Working Budget to Projected Outturn)
	£	£	£	£	£	
EXPENDITURE						
Adaptations	300,000	300,000	213,036	300,000	0	
Energy Efficiency / Boiler Replacement	1,501,000	1,834,300	828,542	1,834,300	0	Slippage anticipated due to staff vacancies
Internal Refurbishment	1,078,000	1,078,000	738,996	928,000	150,000	Projection based on current activity to Q3, affected by staff vacancies
External Refurbishment	637,000	855,400	232,885	855,400	0	Slippage anticipated due to staff vacancies
Environmental Improvements	500,000	500,000	213,727	406,000	94,000	Works on hardstanding areas for bins less than anticipated
Re-roofing / Window Renewals	595,000	692,900	111,080	692,900	0	Slippage anticipated for 2025/26 contract
Rewiring	88,000	128,000	60,400	121,500	6,500	Completion of 2024/25 contract
Lift Replacement	0	42,000	46,562	47,000	(5,000)	
Fire Precaution Works	210,000	335,000	209,074	468,000	(133,000)	Completion of 2024/25 contracts, requiring additional works
Housing Renewal & Renovation	957,000	938,500	692,448	966,500	(28,000)	Net additional cost for conversions and redevelopment projects including Alder Grove
Mainway Regeneration Project	0	0	-344,973	0	0	
Acquisitions	250,000	794,900	136,206	794,900	0	Two acquisitions completed, some slippage anticipated
TOTAL EXPENDITURE	6,116,000	7,499,000	3,137,982	7,414,500	84,500	

Note: Variances are expressed as negative () for adverse and positive + for favourable

Reserves Statement (Including Unallocated Balances)

<---- ORIGINAL BUDGET ---->

<---- PROJECTED OUTTURN ---->

	31 March 2025 £	From Revenue	To / (From) Capital	To Revenue	31 March 2026 £	31 March 2025 £	From Revenue	To / (From) Capital	To Revenue	31 March 2026 £
Unallocated Balances	(8,189,200)	(820,000)	0	316,500	(8,692,700)	(10,027,832)	(2,091,000)	0	1,780,498	(10,338,334)
Earmarked Reserves (Usable):										
Amenity Improvements	(29,000)				(29,000)	(29,000)				(29,000)
Corporate Priorities	(68,800)			82,700	13,900	(267,939)			157,100	(110,839)
Capital Support	(73,000)				(73,000)	(72,994)				(72,994)
Corporate Property	(313,500)				(313,500)	(313,548)	(1,312,900)			(1,626,448)
Covid 19 Support Reserve	(9,700)				(9,700)	(9,715)				(9,715)
Homelessness Support	(110,800)				(110,800)	(110,830)				(110,830)
Investment Property Maint	(84,900)				(84,900)	(119,114)				(119,114)
Invest to Save	(105,300)				(105,300)	(162,913)			57,600	(105,313)
Museums Acquisitions	(47,000)	(4,500)			(51,500)	(45,164)	(4,500)			(49,664)
Restructure	(400,000)				(400,000)	(450,628)			50,600	(400,028)
Business Rates Retention	(12,064,400)	(129,900)			(12,194,300)	(12,660,047)	(129,900)			(12,789,947)
Renewals Reserves	(1,880,000)	(491,800)	38,000	0	(2,333,800)	(1,922,051)	(198,500)	0	4,100	(2,116,451)
Total Earmarked Reserves (Usable)	(15,186,400)	(626,200)	38,000	82,700	(15,691,900)	(16,163,943)	(1,645,800)	0	269,400	(17,540,343)
Earmarked Reserves (Ringfenced):										
Elections	(62,300)	(45,000)			(107,300)	(62,302)	(45,000)			(107,302)
Lancaster District Hardship	(600)				(600)	(60,984)			60,400	(584)
Planning Fee Income	(10,600)				(10,600)	0				0
Revenue Grants Unapplied	(146,800)			19,200	(127,600)	(264,686)			145,900	(118,786)
S106 Commuted Sums - Affordable Housing	(218,800)				(218,800)	(218,796)				(218,796)
S106 Commuted Sums - Highways, Cycle Paths etc.	(1,411,400)	(100,000)	71,000		(1,440,400)	(1,545,637)	(100,000)	131,000		(1,514,637)
Welfare Reforms	(324,900)				(324,900)	(324,928)				(324,928)
Reserves Held in Perpetuity:										
Graves Maintenance	(22,200)				(22,200)	(22,201)				(22,201)
Marsh Capital	(47,700)				(47,700)	(47,676)				(47,676)
Total Earmarked Reserves (Ringfenced)	(2,245,300)	(145,000)	71,000	19,200	(2,300,100)	(2,547,210)	(145,000)	131,000	206,300	(2,354,910)
Total Combined Reserves	(25,620,900)	(1,591,200)	109,000	418,400	(26,684,700)	(28,738,985)	(3,881,800)	131,000	2,256,198	(30,233,587)

HRA Reserves Statement (Including Unallocated Balances)

<---- ORIGINAL BUDGET ---->

<---- PROJECTED OUTTURN ---->

	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026	31 March 2025	From Revenue	To / (From) Capital	To Revenue	31 March 2026
	£	£	£	£	£	£	£	£	£	£
HRA Unallocated Balances	(76,000)	(26,700)	0	0	(102,700)	(803,700)	(26,700)		60,300	(770,100)
Earmarked Reserves:										
Business Support Reserve	(119,200)	0	0	0	(119,200)	(389,500)	0	0	200,000	(189,500)
Major Repairs Reserve	(550,100)	(4,774,700)	4,774,700	0	(550,100)	(281,000)	(5,264,200)	5,545,200	0	0
Flats - Planned Maintenance	(309,100)	(33,000)	0	147,900	(194,200)	(283,400)	0	0	177,600	(105,800)
ICT and Systems Improvement	(713,200)	0	0	640,700	(72,500)	(721,900)	0	0	649,400	(72,500)
Sheltered - Equipment	(260,900)	(62,600)	0	75,100	(248,400)	(275,700)	(47,900)	0	75,100	(248,500)
Sheltered - Planned Maintenance	(379,400)	(125,000)	0	80,300	(424,100)	(371,700)	(95,500)	0	105,300	(361,900)
Sheltered Support Grant Maintenance	(339,900)	(62,600)	0	0	(402,500)	(328,400)	(47,900)	0	0	(376,300)
Total Earmarked Reserves	(2,671,800)	(5,057,900)	4,774,700	944,000	(2,011,000)	(2,651,600)	(5,455,500)	5,545,200	1,207,400	(1,354,500)
Total Combined Reserves	(2,747,800)	(5,084,600)	4,774,700	944,000	(2,113,700)	(3,455,300)	(5,482,200)	5,545,200	1,267,700	(2,124,600)

GENERAL FUND - 2025/26 SAVINGS & BUDGET PROPOSALS MONITORING (QUARTER 3)

Initiative	Budget	Actual to Date	Projected Outturn	Projected Variance	Progress
2025/26 APPROVED SAVINGS	£'000	£'000	£'000	£'000	
Environment & Place					
SALC Direct Debit Supplier	5	0	0	(5)	Not achieved in 2025/26 due to timing of change - now in place
SALC Padel	0	0	0	0	On target - discussions underway between officers and prospective providers of service - plan to be in place second half 2026/27.
Housing & Property					
Energy Officer	3	(4)	(9)	(12)	Savings target of £37K is unlikely to be achieved in year due to delays in recruitment
Mailroom	10	0	0	(10)	Delays due to procurement requirements
Planning & Climate Change					
Building Control Fee Income	45	34	45	0	On target
Sustainable Growth					
Museum Charging	(12)	(12)	(12)	0	Achieved - annual budget exceeded by P07
TOTAL SAVINGS	51	18	24	(27)	
2025/26 APPROVED GROWTH	£'000	£'000	£'000	£'000	
People & Policy					
New Council Website	26	7	26	0	Procured & spend underway Q4
TOTAL GROWTH	26	7	26	0	
NET SAVINGS	25	11	(2)	(27)	

GENERAL FUND SERVICE ANALYSIS 2025/26

	Provisional Outturn 2024/25 £'000	Original Budget 2025/26 £'000	Q1 Projected 2025/26 £'000	Q2 Projected 2025/26 £'000	Q3 Projected 2025/26 £'000	Q4 Projected 2025/26 £'000
Services						
Environment & Place						
ASNL and Nature Reserves	104	113	113	113	113	
Environmental Protection	276	455	408	374	351	
Fleet Management	(4)	(9)	(15)	0	21	
Food Safety	389	512	508	491	476	
Hospitality & Events Management	330	223	206	242	262	
Parks & Open Spaces	1,381	1,532	1,500	1,403	1,430	
Pest Control	(36)	(12)	(12)	(12)	(13)	
Salt Ayre Leisure Centre	239	636	1,053	677	768	
Service Support	670	565	1,020	738	732	
Street Cleaning	1,784	1,923	1,880	1,879	1,857	
Streetscape	52	73	73	68	70	
Trade Refuse	(787)	(818)	(768)	(762)	(731)	
Waste Collection	3,239	2,608	2,693	2,741	2,671	
Williamson Park	468	439	565	644	669	
Governance						
Democratic Support & Elections	1,044	1,087	1,060	1,073	1,079	
Legal Services	742	665	746	745	790	
Licensing	(78)	(45)	(32)	(61)	(35)	
Housing & Property						
Commercial Land & Properties	(1,696)	(1,364)	(746)	(1,008)	(1,137)	
Customer Services	539	608	631	612	614	
Facilities Management	593	623	671	613	622	
GF Housing Schemes	(39)	(13)	(38)	(58)	(54)	
Municipal Buildings	664	694	775	742	725	
Other Land & Buildings	42	42	43	64	65	
Private Sector Housing	616	1,565	1,004	864	832	
Property Group	777	1,244	1,307	1,039	1,050	
Public Health Services	109	137	142	139	145	
Repairs & Maintenance	0	0	0	0	0	
People & Policy						
Communications	0	230	496	215	213	
Community Connectors	166	0	0	0	0	
Emergency Planning & CSP	99	117	117	118	117	
Exec Support	196	197	198	202	198	
Health & Safety	74	67	77	74	73	
HR & OD	1,193	855	844	853	842	
Marketing	226	242	249	291	290	
Policy and Partnerships	0	285	249	223	220	
Projects & Performance	168	118	124	126	120	
VCFs	300	321	321	321	321	
Visitor Information Centres	32	0	35	35	35	
Planning & Climate Change						
DM - Building Control	172	270	270	252	256	
DM - Planning	644	822	666	690	591	
Energy and Sustainability	294	210	215	218	213	
Planning & Housing Strategy	894	972	955	933	867	
Resources						
CCTV	66	62	62	81	81	
Finance	1,455	1,679	1,624	1,629	1,618	
ICT	1,557	1,789	1,730	1,764	1,737	
Internal Audit	219	172	172	172	172	
Revenues & Benefits	1,413	1,382	1,382	1,395	1,395	
Sustainable Growth						
Economic Development & Culture	220	226	226	226	226	
Markets	(77)	(54)	181	230	276	
Museums	493	490	510	484	482	
Parking	(2,700)	(2,733)	(2,747)	(2,575)	(2,661)	
Regeneration	483	546	528	530	526	
Strategic Projects & Engineers	275	547	428	412	280	
	19,280	22,295	23,699	22,259	21,860	0
Corporate Services						
Corporate Accounts						
Corporate Accounts	1,838	(87)	359	704	877	
Other Items						
Contributions from Reserves	4,517	1,520	1,520	1,227	1,176	
Government Grants	(1,334)	(774)	(774)	(774)	(774)	
Interest Payable	1,145	1,534	1,353	1,294	1,294	
Interest Receivable	(1,302)	(465)	(611)	(797)	(1,155)	
Minimum Revenue Provision	2,912	2,924	2,703	2,703	2,703	
Notional Charges	(55)	0	0	0	0	
Pandemic Support	0	0	0	0	0	
Revenue Funding of Capital	(222)	71	71	71	71	
Capital Funding of Revenue	0	0	0	0	0	
UKSPF	0	0	0	0	0	
	7,499	4,723	4,621	4,428	4,192	0
Net Recharges to Housing Revenue Account	(1,026)	(1,026)	(1,026)	(1,026)	(1,026)	
RMS Capital Charges (now Housing Revenue Account)	(200)	(218)	(218)	(218)	(218)	
Corporate Property Review (Revenue)	0	1,427	0	152	114	
Corporate Property Review (Appropriation)	0	0	0	1,275	1,313	
Revenue Reserve funded items (Revenue)	2,858	427	1,991	2,167	2,256	
Revenue Reserve funded items (Appropriation)	(2,858)	(427)	(1,991)	(2,167)	(2,256)	
General Fund Revenue Budget	25,553	27,201	27,076	26,870	26,235	0
Core Funding :						
Revenue Support Grant	(433)	(460)	(460)	(460)	(460)	
Additional New Homes Bonus	0	0	0	0	0	
Supplementary Government Grants	0	0	0	0	0	
Prior Year Council Tax Surplus	141	(280)	(280)	(280)	(280)	
Net Business Rates Income	(14,384)	(14,911)	(14,911)	(15,283)	(15,180)	
Council Tax Requirement	10,877	11,550	11,425	10,847	10,315	0

Notes:

1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative () for adverse and positive + for favourable

APPENDIX I

Aged Debt Summary by Service (as at 01 January 2026)

Debtor Sections	Under 28 Days		28 to 59 days		60 to 91 days		92 to 183 days		184 to 364 days		Over 365 days		Credit/Income not applied		Total Debts	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Environment & Place	62	77,026	108	41,140	39	51,653	97	29,834	506	184,120	171	278,377	92	-13,524	1,075	£648,626
Governance	2	4,331	0	0	1	377	2	10,389	1	2,800	13	24,900	0	0	19	£42,796
Housing & Property	196	206,956	34	86,391	46	61,932	110	286,077	338	420,017	1,159	1,430,828	80	-10,145	1,963	£2,482,057
Planning & Climate Change	1	420	0	0	0	0	0	0	6	3,532	50	233,177	3	-1,668	60	£235,461
Resources	0	0	0	0	0	0	0	0	0	0	2	12,032	3	-50	5	£11,982
Sustainable Growth	22	16,984	13	8,919	11	4,839	32	17,857	94	81,088	43	34,505	5	-364	220	£163,828
Total Per Period	283	£305,717	155	£136,451	97	£118,801	241	£344,156	945	£691,557	1,438	£2,013,819	183	(£25,751)	3,342	£3,584,750

Total Debts 3,342 £3,584,750

Treasury Management Update

Quarter ended 31st December 2025

Report of Chief Resources and S151 Officer

2025/26 Treasury Management Update

Quarter Ended 31st December 2025

1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. Economic update (provided by MUFG Corporate Markets)

The third quarter of 2025/26 saw:

- A -0.1% m/m change in real GDP in October, leaving the economy no bigger than at the start of April;
- The 3myy rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year;
- CPI inflation fall sharply from 3.6% to 3.2% in November, with core CPI easing the 3.2%;
- The Bank of England cut interest rates from 4.00% to 3.75% in December after holding in November.
- 10-year gilt yield fluctuate between 4.4% and 4.7%, ending the quarter at 4.5%

From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q (subsequently revised down to 0.2% q/q). October's disappointing -0.1% m/m change in real GDP suggests that growth slowed to around 1.4% in 2025 as a whole.

Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK rose from 51.2 in November to 52.1 in December, suggesting the economy may be benefitting somewhat from pre-Budget uncertainty fading. This may also reflect a diminishing drag from weak overseas demand. While the services PMI rose from 51.3 to 52.1, the improvement in the manufacturing output balance from 50.3 to 51.8 was larger. Indeed, the manufacturing sector has been more exposed to the recent weakness of external demand and has lagged the services sector since the end of last year.

Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. Nonetheless, the 0.1% m/m fall in retail sales volumes in November built on the 0.9% m/m drop in October, suggesting the longer-lasting effects of weak employment and slowing wage growth are impacting. Moreover, the decline in the GfK measure of consumer confidence from -17 in October to -19 in November suggests that consumers are not that optimistic at present.

Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.

Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.

Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.

After the Budget, public net sector borrowing of £11.7bn in November was comfortably below last November's figure of £13.6bn and was the lowest November borrowing figure since 2021, mainly due to tax receipts being £5.4bn higher, largely because of the hike in employer NICs in April 2025. Cumulative borrowing in the first eight months of 2025/26 was still £10bn above last year's total. However, lower inflation and a disposal of assets ahead of the Budget should mean borrowing in 2025/26 comes in below last year's total.

The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, the 38,000 fall in payroll employment in November was the tenth monthly decline in the past 13 months, causing the annual growth rate to slow further, from -0.5% to -0.6%. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022) but the less reliable Labour Force Survey data showed that employment fell by 16,000 in the three months to October, with the unemployment rate rising further, from 5.0% to 5.1%. All this suggests the labour market continues to loosen, albeit at a slow pace.

A looser labour market is driving softer wage pressures. The 3m/yy growth rate of average earnings including bonuses eased from 4.9% in September to 4.7% in October. And excluding bonuses, the 3m/yy rate slowed from 4.7% to 4.6%. Regular private sector pay growth continued to slow from 4.2% to 3.9%. That left it broadly on track to meet the Bank's end of December prediction of 3.5%.

CPI inflation fell sharply in November, easing from 3.6% in October to 3.2%. This was the third consecutive softer-than-expected inflation outturn and suggests that disinflation is well underway. There was a widespread easing in price pressures with inflation slowing

in 10 of the 12 main categories. Core inflation fell from 3.4% to 3.2% and services inflation dipped from 4.5% to 4.4%. However, a great deal will depend on the adjustments to regulated and indexed prices scheduled for next April. Capital Economics forecast CPI inflation to drop from 3.2% in March to 2.0% in April, thereby leaving inflation on track to settle at the 2.0% target, or below, by the end of 2026.

An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to a high of c4.8%, before ending June at 4.50%.

More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although, subsequently, gilt yields fell back after the Budget, supported by a tighter fiscal plan, fewer tax hikes required following a smaller than expected downgrade to the OBR's fiscal forecast, and a favourable shift in bond issuance away from long-dated debt. Gilt yields hovered around 4.5% at the end of the quarter.

There were six Monetary Policy Committee (MPC) meetings held between April and December. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.

In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a gradual and careful" approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.

At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% q/q to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

3. Interest Rate Forecast

The Council has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts and commentary on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

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	5.20	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

- Given the small majority vote for a rate cut in December, it was not unexpected to hear that although rates would continue on a “gradual downward path”, suggesting a further rate cut or cuts in the offing. However, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be “a closer call”, and Governor Bailey observed there is “limited space as Bank Rate approaches a neutral level”.
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.
- Nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed’s monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.
- Accordingly, the updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the

level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a “given”, and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.

- *Revised PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.*
- *Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.*

4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 26th February 2025. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council’s investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council’s risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the MUFG Corporate Markets suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the charts below and the interest rate forecasts in section 2, investment rates have started to taper downwards during the final quarter 2025 and are expected to fall back further if inflation falls through 2026 and the MPC loosens monetary policy further.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of credit worthiness to ensure that only appropriate counterparties are considered for investment purposes.

The current investment counterparty criteria selection approved in the Treasury Management Strategy is meeting the requirement of the treasury management function.

The average level of funds available for investment purposes to the end of quarter 3 was £31.92M. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

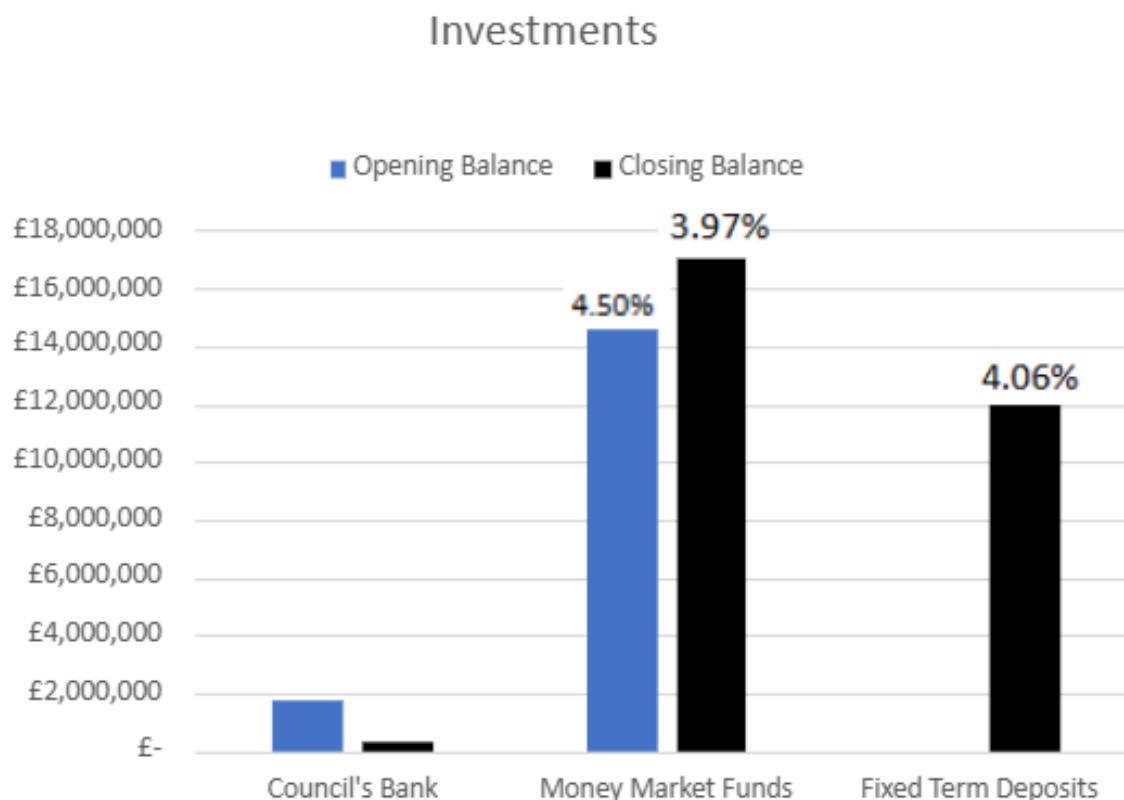
In terms of performance against external benchmarks, the return on investments compared to the 7-day SONIA at the end of the period is shown below. This is viewed as good performance given the need to prioritise the investments and liquidity (i.e. making sure that the Council's cash flow meets its needs).

7 day SONIA	4.14%
Lancaster City Council investments	4.01%

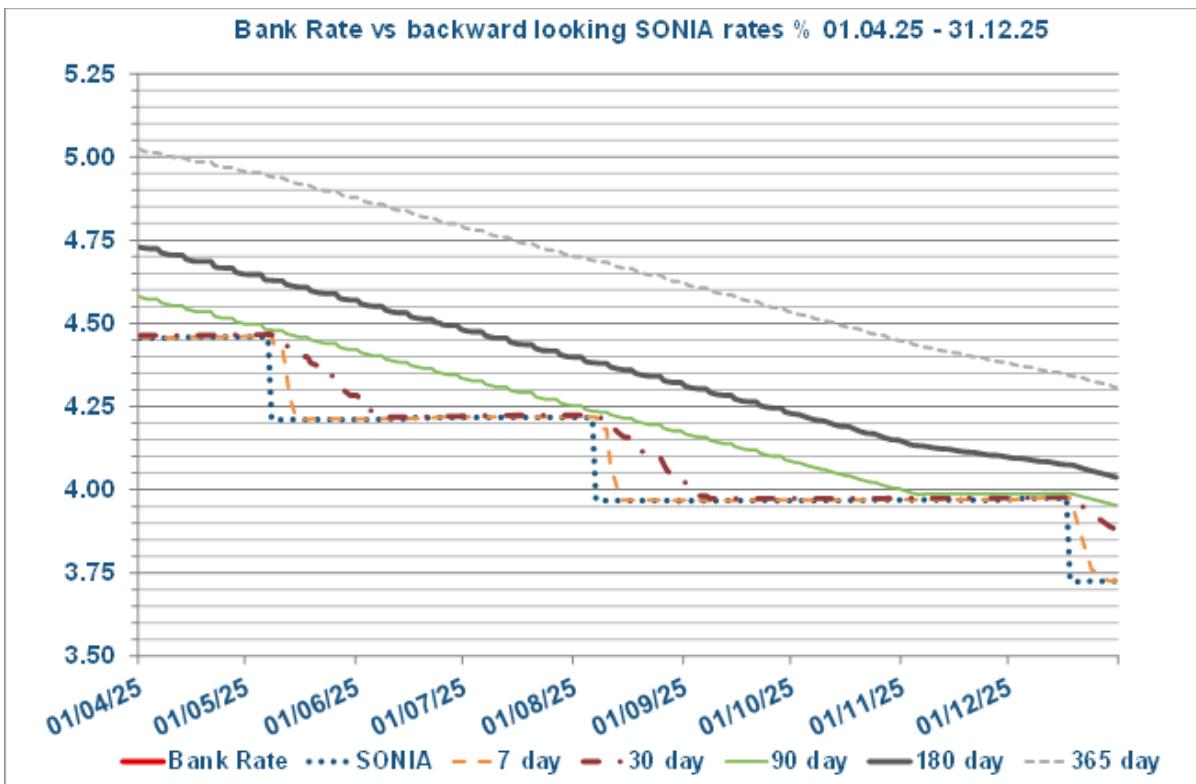
Performance for the year to date is £611K above budget due to higher than forecast cash balances combined with interest rates falling more slowly than anticipated.

Investment Balances – quarter ended 31 December 2025

At the start of the year investments totalled £10.6M rising to £29.0M by 31st December. Fixed term investments with local authorities on 31st December were £10M, fixed term investments with the DMADF on 31st December were £2.0M whilst Money Market Fund balances were £17.0M.



Other Investments	Term	Maturity Date	Opening 1.4.25 £	Closing 31.12.2025 £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £
Call Accounts							
Natwest (Cash Manager Plus)			1,719,368	292,344	0.01%		11,809
Money Market Funds							
Aberdeen Standard Investments			6,000,000	6,000,000	4.19%		189,299
BlackRock Gov			0	0	4.16%		13,631
BlackRock 1st			2,600,000	0	4.26%		87,189
Goldman Sachs			0	0	4.19%		21,725
Insight			0	5,000,000	4.19%		143,434
LGIM			6,000,000	6,000,000	3.73%		188,406
Fixed Term Deposits							
DMADF	various	various	0	0		various	328,471
DMADF	31 days	22/01/2026	0	2,000,000		3.72%	2,038
North Tyneside Council	71 days	27/02/2026	0	5,000,000		4.05%	7,767
London Borough of Barking & Dagenham	72 days	27/02/2026	0	5,000,000		4.20%	8,630
Sub-total			16,319,368	29,292,344			1,002,399
						Budgeted income	390,923
							611,476



5. New Borrowing

No borrowing was undertaken during the quarter ended 31 December 2025. It is anticipated that further borrowing may still be needed during this financial year. Balance sheet projections indicate that up to £15M borrowing may be required before the end of the financial year, whilst cashflow forecasts suggest a lower level of borrowing may be required. However, there is still potential for further slippage within the Capital Programme and unknown timing of the payment of significant invoices in addition to large cashflows relating to the Eden Project which make this difficult to

quantify with certainty. Should borrowing be required, it is anticipated to be temporary borrowing. The ultimate timing will depend on exact working capital cashflows in the run up to year end which are kept under close review. These will continue to be monitored in the forthcoming financial year.

PWLB rates in 2025/26 have been somewhat circular, with the only net movement of substance over the nine months under review occurring at the shortest part of the curve. Nonetheless, there has been a degree of volatility driven by movements in US Treasuries as well as domestic factors, the most negative of which impacted markets in early September.

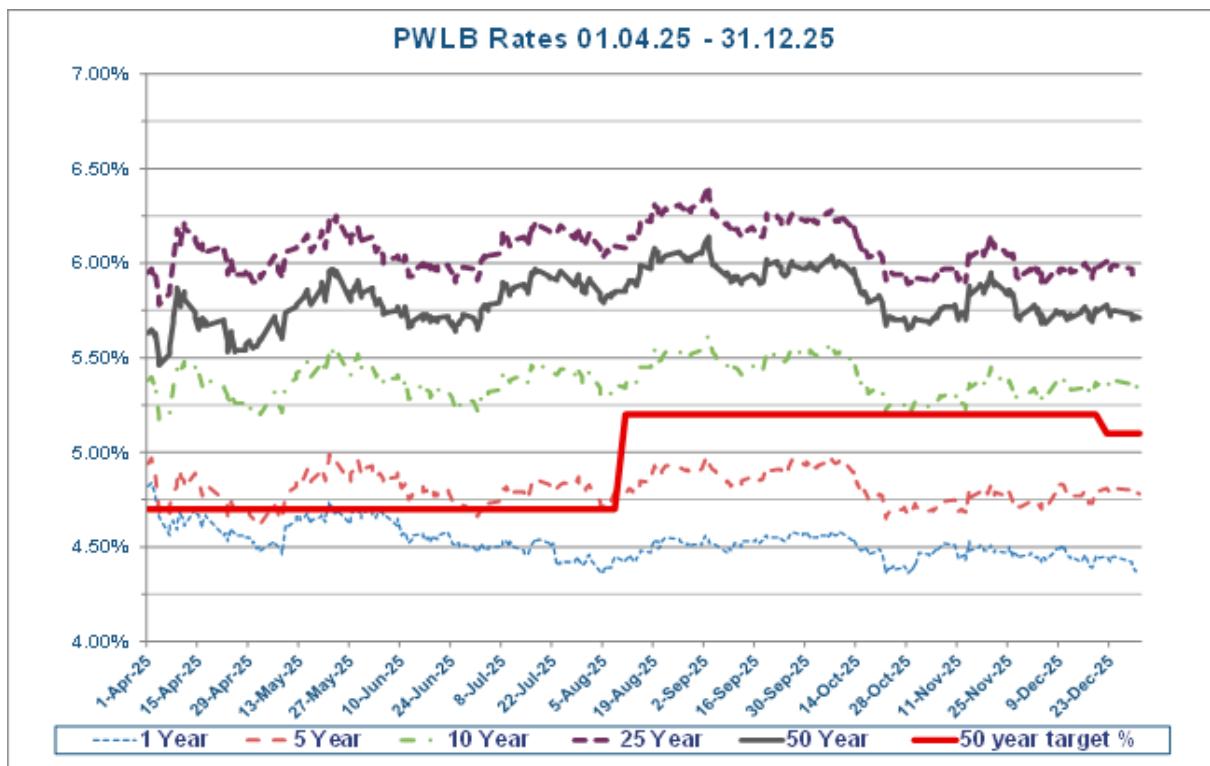
Throughout the period under review, markets have reacted to Government fiscal messaging, yields rising when concerns emerged over the ability of the Government to keep net spending under control ahead of the 26 November Budget, and then easing back to rates similar to those at the start of the financial year once markets felt reassured by the steps the Chancellor had taken to manage public spending and to also bolster her fiscal headroom.

Accordingly, 1-year PWLB Certainty rates started the financial year at 4.82% and finished 2025 at 4.37%, whilst the 5-year part of the curve started at 4.94% and finished at 4.78%. Rates never got above 5% throughout the nine months under review.

It was a different story for the longer part of the curve, and in recent weeks the Debt Management Office has confirmed that it will seek to issue less gilts in the longer part of the curve and seek to focus on the short to medium part of the curve, where investors are more willing to purchase. That may alter in due course if the CPI measure of inflation falls to 2% by the spring of 2026, having been “sticky” at much higher levels for much of 2025.

10-year PWLB Certainty rates started April at 5.38% and finished 2025 at 5.34%. On 3 September, rates hit a peak of 5.62%.

The story was repeated for the 25- and 50-year parts of the curve. 25-year PWLB Certainty rates started April at 5.95% and finished the year at the same level but touched a peak of 6.41% on 3 September. While the 50-year Certainty rate started at 5.63% in April and finished the year at 5.71%, peaking at 6.14% also on 3 September.



6. Debt Rescheduling

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement in future years. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

7. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 31st December 2025, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26. The Chief Resources & S151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

The Prudential and Treasury Indicators for 2025/26 as of 31st December 2025 are set out below:

Treasury Indicators	31.03.25 Actual £M	2025/26 Approved Estimate £M	2025/26 Quarter 3 Estimate £M
Authorised limit for external debt	114.00	134.00	134.00
Operational boundary for external debt	98.00	118.96	118.96
Gross external debt	56.93	78.89	71.89
Investments	(14.60)	(10.67)	(14.18)

Prudential Indicators – Non HRA	31.03.25 Actual £M	2025/26 Approved Estimate £M	2025/26 Quarter 3 Estimate £M
Capital expenditure *	8.83	27.08	28.67
Capital Financing Requirement (CFR) *	64.82	85.96	78.07
Annual change in CFR *	0.32	17.83	13.26
Ratio of financing costs to net revenue stream *	16.20%	17.82%	15.52%

Prudential Indicators – HRA	31.03.25 Actual £M	2025/26 Approved Estimate £M	2025/26 Quarter 3 Estimate £M
Capital expenditure *	6.39	6.12	8.07
Capital Financing Requirement (CFR) *	33.04	32.00	32.00
Annual change in CFR *	(1.05)	(1.04)	(1.04)
Ratio of financing costs to net revenue stream *	15.78%	15.40%	15.64%

8. Other Issues

Changes in risk appetite

The 2021 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g., for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

The Treasury Management Mid-Year Review reported to Cabinet 2nd December 2025 and Council 17th December 2025 saw changes to the investment counterparty criteria and sovereign limits following work to address the "Community concern over bombardment of Gaza and reaffirming Lancaster City Council's commitment to human rights and International Law" motion presented to Council 24th September 2025. Whilst this increase allows for wider access to, and use of Environmental, Social and Governance (ESG) based investment funds, it also significantly increases the level of risk to the Council.