

Report of the Director – Finance and Corporate Services

1 Purpose of report

- 1.1 The purpose of this report is to summarise the transactions undertaken during the 2025/26 financial year reporting against the Council’s Capital and Investment Strategy 2025/26.
- 1.2 The report also provides information on the Council’s commercial investment activity ensuring there is both transparency and scrutiny in terms of both treasury and asset investment decision making.

2 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group considers and scrutinises the Capital and Investment Strategy 2025/26 outturn position.

3 Reasons for Recommendation

- 3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Finance in Local Authorities (the Prudential Code).

4 Supporting Information

TREASURY MANAGEMENT

Prudential Indicators Summary

- 4.1 During 2025/26, the Council complied with its legislative and regulatory requirements. The key prudential and treasury indicators detailing the impact of capital expenditure activities during the year are as follows:

Table 1: Prudential and Treasury Indicators

Prudential and Treasury Indicators	2024/25 Actual £'000	2025/26 Estimate £'000	2025/26 Actual £'000
Capital Expenditure	7,045	14,873	10,862
Capital Financing Requirement	10,010	8,362	8,417
Investments	(76,126)	(73,021)	(72,598)

* Capital expenditure excludes additional lease liability of ROU assets

- 4.2 The approved capital budget was £8.333m. This has been revised to a year-end provision of £14.873m, an increase of £6.529m, mainly due to carry forwards from 2024/25 of £4.309m, acceleration of schemes from 2026/27 (most notably Registered Housing Providers £1.2m), with other adjustments arising from new externally funded schemes including UKSPF and REPF (£0.481m). Actual expenditure totalled £10.862m (73% of the revised budget), a variance of £4.011m. Carry forwards of £3.145m have been requested for approval by Cabinet as part of the Final Outturn Report (for July Cabinet agenda). Further information on 2025/26 year end capital performance is also reported to Corporate Overview Group (16 June 2026) for scrutiny.

Capital Expenditure and Financing

- 4.3 The Council undertakes capital expenditure on both its own long-term assets and on grants that can be capitalised under statute (capital payments to third parties). These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.) which has no resulting impact upon the Council's borrowing need; or
 - If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 4.4 The capital expenditure forms one of the required prudential indicators. Table 2 below shows the actual capital expenditure and how this was financed:

Table 2 Capital Expenditure and Financing

	2024/25	2025/26	2025/26
	Actual	Estimate	Actual
Capital Programme	£'000	£'000	£'000
Capital Expenditure	7,045	14,873	10,862
Less Financed by:			
Capital Receipts	(782)	(4,422)	(4,277)
Capital Grants	(4,860)	(4,468)	(2,820)
Reserves	(1,403)	(5,983)	(3,765)
Increase in borrowing need	0	0	0

* Capital expenditure excludes additional lease liability of ROU assets

All the expenditure can be financed from the Council's capital resources mitigating the need to either internally or externally borrow.

The Council's Overall Borrowing Need

- 4.5 The Council's underlying need to borrow for capital expenditure is called the Capital Financing Requirement (CFR). The CFR represents the net capital expenditure in 2025/26 and prior years that has not yet been paid for by revenue or other resources.
- 4.6 Part of the Council's Treasury Management activity is to organise the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be through utilising temporary cash resources within the Council (internal borrowing) or sourced through borrowing from external bodies, for example, the Public Works Loan Board (PWLB).

- 4.7 Where a positive CFR exists, the Council is required, by statute, to make an annual charge called the Minimum Revenue Provision (MRP) to reduce the CFR based on the life of the relevant assets. This provision effectively raises cash to either help repay loans or replenish internal borrowing.
- 4.8 The total CFR can be reduced by:
- The application of additional resources (such as unapplied capital receipts); or
 - Charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).
- 4.9 In 2017/18 the Council set the MRP at £1m. This comprised £0.250m MRP to finance the Arena based on £10m borrowing over a 40-year life. A further £0.750m was provided by way of VRP to meet the Council's commitment to repay the internal borrowing early. The Council has been releasing an equivalent sum (approximately £1m) from the New Homes Bonus (NHB) Reserve to offset any impact of the borrowing charge to the taxpayer in-year. New schemes which increase borrowing requirements will increase MRP. The Arena will be repaid in full in 2026-27 at which point MRP will reduce and VRP (which only applies to the Arena) will stop.

The Impact of IFRS16 on the CFR

- 4.10 The CFR was restated in 2024-25 to reflect IFRS16 (new leasing standard) which requires recognising the right-of-use (ROU) asset and lease liability on the balance sheet, which impacts the CFR calculation. The CFR calculation is a measure of an authority's capital expenditure capacity (the underlying need to borrow), and the additional assets and liabilities increase the amount of funding required. Under IFRS 16, the resulting ROU asset and lease liability increase the CFR and authorised debt limits. In 2025-26 the lease liability has been recalculated and increased (£66,000), as required by the accounting standard (see table 3 below).
- 4.11 The Council's CFR for 2025/26 represents a key prudential indicator and is shown below. The table shows the revised lease liability adjustment (as mentioned in paragraph 4.10). No internal borrowing was needed in 2025/26 giving a closing balance of £8.417m after deducting the MRP of £1.659m (£1.648m planned plus an additional £0.011m to offset the in year IFRS 16 Adjustment).

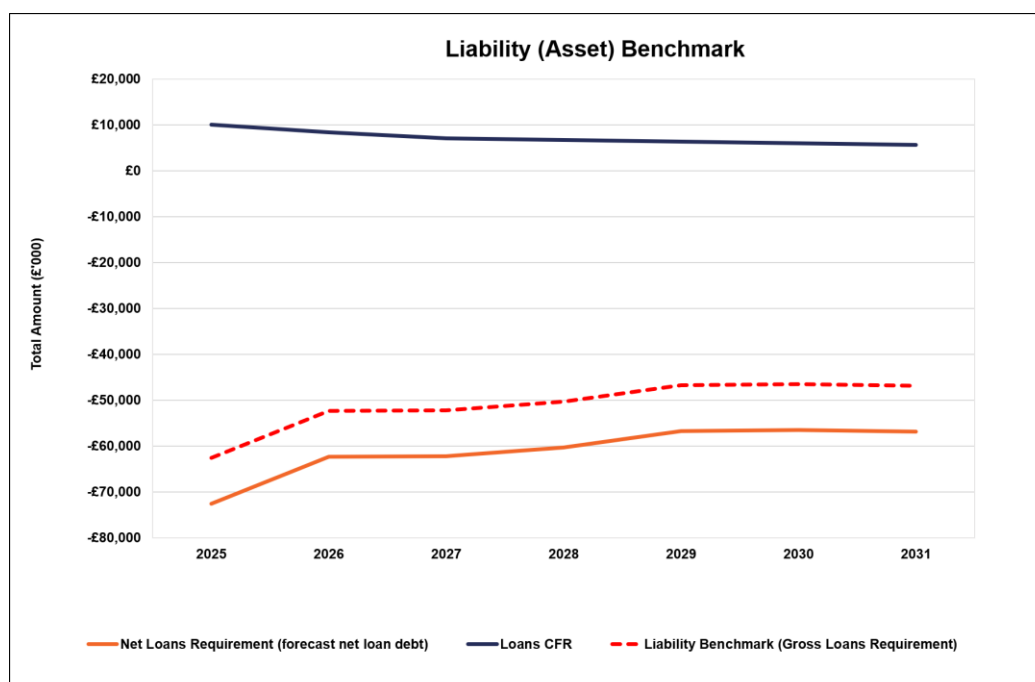
Table 3 Capital Financing Requirement

	2024/25	2025/26	2025/26
	Actual	Estimate	Actual
Capital Financing Requirement (CFR)	£'000	£'000	£'000
Opening Balance	9,889	10,010	10,010
Add: unfinanced capital expenditure (IFRS16)	2,773	0	66
Less MRP/VRP	(1,652)	(1,648)	(1,659)
Less applied Capital Receipts and S106	(1,000)	0	0
Closing Balance	10,010	8,362	8,417

Net Borrowing, CFR, Authorised Limit and Operational Boundary

- 4.12 The borrowing activity is normally constrained by prudential indicators for net borrowing, the CFR and by the Authorised Limit for external debt.
- 4.13 The authorised limit is the “affordable borrowing limit” required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited and was set at £20m in the 2025/26 Strategy.
- 4.14 As the Council had no recourse to borrow externally during 2025/26 these indicators are not applicable.
- 4.15 Similarly, the Council is required to set an operational boundary, which is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit, and actual borrowing can be either below or over the boundary subject to the authorised limit not being breached. The Operational Boundary was set at £15m as a precaution in emergency circumstances. The Authorised limit of £20m gives room for any variations from this. Any borrowing in excess of this would require Full Council approval.
- 4.16 The Liability (or Asset) Benchmark reflects the real need to borrow and is shown graphically (Chart 1). The Council’s CFR is reducing due to MRP repayments. Rushcliffe Arena MRP/VRP payments were spread over 10 years, and the last full year repayment is 2025/26 (part year in 2026-27). MRP payments for Cotgrave Masterplan, Rushcliffe Oaks and Bingham Hub are spread over 40 years so the Council’s CFR will not be zero until at least 2060/61 and possibly later for Right of Use assets. Reserves are being used to fund future capital expenditure whilst working capital/S106 monies are reducing as significant sums were released in the year for Education and Health. The Liability Benchmark shows the Council has no need to borrow over the medium term.

Chart 1 Liability Benchmark



The Ratio of Financing Costs to Net Revenue Streams

This is an indicator of affordability and compares net financing costs (MRP, borrowing costs, less investment income) to net revenue income. This indicator shows how the proportion of net income used to pay for financing costs. The actual is negative figure as a result of higher income from investments due to interest rates throughout the year remaining above expectations, resulting in income exceeding MRP payments.

Table 4 Ratio of Financing Costs to Net Revenue Stream

	2024/25 Actual	2025/26 Estimate	2025/26 Actual
Ratio of Financing costs to net revenue stream	£'000	£'000	£'000
Net Financing Costs	(856)	333	(276)
Net Revenue Stream	17,295	19,889	20,695
Ratio	(4.95%)	1.67%	(1.33%)

- 4.17 Net income from commercial and service investments is expressed as a percentage of net revenue streams. 2025/26 is marginally higher than estimated due to increase in net income from commercial and service investments being proportionally higher than the increase in Net Revenue streams primarily due to higher-than-expected income at Rushcliffe Oaks, a service investment.

Table 5 Net Income to Net Revenue Stream

	2024/25 Actual	2025/26 Estimate	2025/26 Actual
Net Income to Net Revenue Stream	£'000	£'000	£'000
Net Income from commercial and service investments	1,905	2,097	2,251
Net Revenue Stream	17,295	19,889	20,695
Ratio	11.0%	10.5%	10.9%

Upper Limits for Fixed and Variable Rate Exposure

- 4.18 The purpose of these indicators is to allow the Council to manage the extent to which it is exposed to changes in interest rates. Exposure is currently 43% for Fixed Rate and 57% for Variable. The Strategy states that whilst the Council has set a limit of 50% on fixed interest rate exposure, during a time of falling interest rates, as the UK was experiencing during 2025/26, the indicator should not be restrictive preventing the Council from locking into higher interest rates.

Table 6 Upper Limits for Fixed and Variable Rate Exposures

	2025/26 Estimate	2025/26 Actual
Upper Limits for Fixed and Variable Rate Exposures	£'000	£'000
Fixed Interest Rate limit	50%	43%
Variable Interest Rate limit	100%	57%

Upper Limit for Total Principal Sums invested over 1 year

- 4.19 This limit is intended to contain the exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment had to be repaid before its natural maturity date due to cash flow requirements, then, if market conditions were unfavourable, there would be an adverse impact on the Council.

Table 7 Upper Limit for Total Principal Sums invested over 1 year

Upper Limit for Total Principal Sums Invested over one year	2025/26 Estimated £'000	2025/26 Actual £'000
Total Investment balance	73,021	72,598
Limit (50% of total investment)	36,500	36,299
Sums invested over one year	0	0

Treasury Position on 31 March 2026

The Council's debt and investment position is managed by the Treasury team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all Treasury Management activities in line with the approved treasury strategy. Procedures and controls to achieve these objectives are established through reports to Members via the Governance Scrutiny Group and reporting and through officer activity detailed in the Council's Treasury Management Practices. The following table details the Counterparties that the Council had placed investments with at the end of 2025/26. The Council held investments in two ESG funds at the end of the year totalling £7.5m which represents 10.4% of total cash balances.

Table 8 Treasury Position on 31 March 2026

Type	Financial Institution	Amount £	Length of Investment	Maturity Date for Fixed Investments	Interest
Pooled Fund	Royal London Cash Plus Fund	1,018,861	On-going		3.96%
Pooled Fund	CCLA Property Fund	2,007,932	On-going		4.36%
Pooled Fund	CCLA Cautious Fund	1,721,488	On-going		3.25%
Pooled Fund	Aegon Diversified Income fund	4,936,938	On-going		6.80%
Pooled Fund	Ninety One Diversified Income Fund	4,565,607	On-going		6.20%
MMF	Aviva	202,846	Call		3.71%
MMF	Blackrock	14,557	Call		3.77%
MMF	CCLA - PSDF	58,205	Call		3.74%
MMF	Federated Investors (UK)	10,025,963	Call		3.81%
MMF	Goldman Sachs Asset Management	57,347	Call		3.71%
MMF	HSBC Asset Management ESG	5,808,200	Call		3.78%
MMF	Invesco AIM	2,511,917	Call		3.81%
MMF	Aberdeen Asset Management	504,300	Call		3.80%
Government	Cheshire East Council	5,000,000	364 Days	13/07/2026	4.30%
Government	Blackpool Council	5,000,000	181 Days	12/05/2026	4.25%
Government	Leeds City Council	5,000,000	212 Days	24/04/2026	4.25%
Government	Havant Borough Council	5,000,000	30 Days	17/04/2026	5.60%
Government	Lancashire County Council	5,000,000	364 Days	18/06/2026	4.25%
Banks Secured	Standard Chartered	6,000,000	91 Days	20/04/2026	3.70%
Banks Unsecured	HSBC Asset Management Business	326,094	Call		1.29%
Banks Unsecured	Bank of Scotland PLC	833	Call		0.01%
Banks Unsecured	Bank of Scotland PLC32	120,313	32 Days		2.25%
Banks Unsecured	Barclays Bank PLC	259,046	Call		1.25%
Banks Unsecured	Barclays Bank PLC32	4,848,287	32 Days		3.55%
Banks Unsecured	Handlesbanken PLC	12,502	Call		3.60%
Banks Unsecured	Handlesbanken PLC35	2,027,984	35 Days		3.70%
Banks Unsecured	Santander UK PLC1	474,583	Call		1.73%
Banks Unsecured	Santander UK PLC35	93,853	35 Days		3.28%
Average Interest Rate					4.33%
Total Investments		72,597,656			

The Strategy for 2025/26

- 4.20 The expectation, within the strategy for 2025/26, was that interest rates would fall from 4.75% in November 2024 to around 3.75% by the end of the 2025/26 financial year, giving an estimated average rate of 4.06% for 2025/26. The Monetary Policy Committee dropped the base rate to 3.75% in December 2025, where it remains today. The Council continued with the prudent investment of the treasury balances to achieve the objectives of security of capital and liquidity of its investments, whilst achieving the optimum return on investments. Council's investments were, where possible, placed in short-term liquid assets to benefit from increasing rates. Generally, short term investment options have returned rates in line with BoE base rate and have at times yielded a better return than longer term investment options. Notwithstanding that, the Council must invest some of its cash longer term to spread risk in line with the strategy.

Investment Rates and Outturn Position in 2025/26

- 4.21 Whilst the Council continues to ensure investments are secure, the Council is proactively looking to maximise its rate of return. The overall rate of return on investments for the year was 4.33% (4.69% in 2024/25) compared with the budgeted rate of 4.06%, resulting in a net return on investments of £2,051,880 against a budget of £1,434,900. The average rate for SONIA for the 2025-26 financial year was approximately 4.01%.

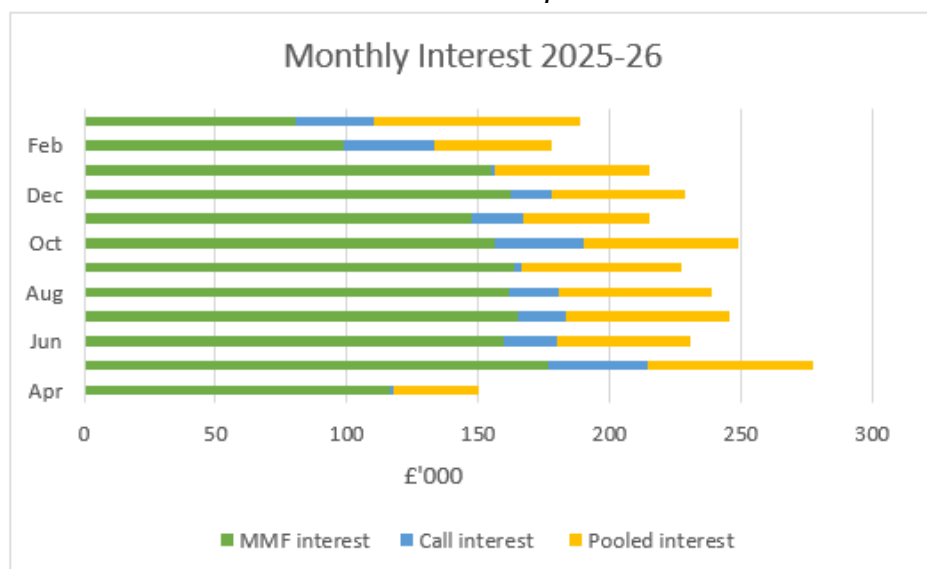
4.22 The fair value (current market value) of the Council's diversified (pooled) funds can fluctuate. The overall variance on 31 March 2026 against the initial investment is £0.749m deficit, although during the year the value increased by £0.322m. To mitigate any losses, the Council holds a reserve of £1.310m. There is currently a statutory override, effective to April 2029, which prevents any accounting loss impacting on the general fund and therefore the taxpayer.

Table 9 Fair Value of diversified (pooled) funds at 31.3.26

Fair Value	Amount			Difference	Difference in valuation from initial investment
	Invested	31/03/2025	31/03/2026		
Aegon-Previously Kames	5,000,000	4,560,790	4,936,938	376,148	(63,062)
Ninety One-Previously Investec	5,000,000	4,518,894	4,565,607	46,713	(434,393)
RLAM	1,000,000	1,015,613	1,018,861	3,248	18,861
CCLA Property	2,000,000	2,008,092	2,007,932	(160)	7,932
CCLA Cautious Fund	2,000,000	1,825,481	1,721,488	(103,993)	(278,512)
Total	15,000,000	13,928,870	14,250,827	321,957	(749,173)

4.23 Although the Council's diversified funds are subject to fluctuations in capital value, they provide attractive rates which are less reactionary to changes in the base rate. The graph below shows monthly returns from different accounts. In 2025/26, the diversified funds returned an average rate of 4.70%, exceeding both Money Market Funds and the base rate. It should be noted that the balances invested in Money Markets fluctuate on a daily basis in line with the Councils operational cash requirements.

Chart 2 -Different investments and respective interest earned



The Council's investment policy is governed by the annual Capital and Investment Strategy approved by Council on 6 March 2025 (and prior to this approved by the Governance Scrutiny Group on 20 Feb 2025). This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, for example, rating outlooks and credit default swaps information.

4.24 The Council's longer-term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations and the

need for working balances and contingencies. The Council's core cash resources are detailed in Table 10. The Council continues to face financial challenges and although reserve levels are predicted to decline over the medium term, they are maintained at a healthy level sufficient to support against risk and uncertainties and continue to deliver the capital programme. The position is reported to, and reviewed by, both Corporate Overview Group and Cabinet in their year-end financial monitoring reports. There has been a net transfer to earmarked reserves of £4.375m. The key points to note are:

- The NHB Reserve balance of £8.383m funds internal borrowing for Capital projects (MRP Minimum Revenue Provision). It is understood that no more New Homes Bonus monies will be received, however, the reserve is sufficient to cover MRP payments for the remainder of the MTFS.
- The Organisation Stabilisation Reserve Balance of £8.121m will partly be used to fund the carry forward requests of £0.482m and the transfers to reserves of £0.608m. The balance provides for current and arising pressures such as inflationary volatility and could be used to support other reserves if required such as Local Government Reorganisation (LGR) and Simpler Recycling for which costs are still unknown.
- The LGR reserve balance of £1.199m is set aside to support LGR implementation and will fund related costs, including training and additional staff.

Overall whilst the level of Earmarked Reserves is stable £28.664m (2024/25 was £24.289m) the ongoing pressure and risks facing the Council and the unknown costs associated with LGR may begin to deplete these. Usable capital receipts balances have decreased as they have been utilised to fund schemes in the capital programme. The General Fund balance of £2.604m accords with the Council's approved MTFS.

Table 10 Balance Sheet Resources

Balance Sheet Resources	31/03/2025	31/03/2026
	£'000	£'000
General Fund Balance	2,604	2,604
Earmarked Reserves	24,287	28,664
Usable Capital Receipts	5,762	2,386
Capital Grants Unapplied	142	73
Total	32,795	33,727

Conclusion – Treasury Management

- 4.25 The financial year was turbulent, largely dominated the US/Israel war with Iran at the end of February 2026. This had an adverse inflationary impact (and remains so), by pushing energy and fuel costs up. This has resulted in the Bank of England holding the base rate higher for longer, until inflationary pressures subside.
- 4.26 Despite this economic turbulence, the Council has been successful in achieving its objectives in line with the Strategy of ensuring security of its investments; ensuring there was sufficient liquidity to operate efficiently and enable the delivery of objectives; and achieve a yield on investment returns given the constraints placed upon the Council (in terms of both financial market risks and the need to retain liquidity and protect capital). The Council continues to pursue Environmental Social and Governance (ESG) investments where these satisfy the principles of security

and liquidity, but it is still an emerging market and therefore the risks need to be carefully balanced.

ASSET INVESTMENT STRATEGY

Overview

- 4.27 Guidance on Treasury Management activity focuses on the role of longer-term investments specifically held to make a commercial return. The Prudential Code includes the principle that the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (see paragraph 3.1). The Council no longer invests in property for commercial gain.
- 4.28 This section of the report reviews the position of existing commercial investments.

Investments 2025/26

- 4.29 2025/26 remained an uncertain year with sweeping trade policy shifts and tariffs introduced in the US, the BoE continuing a gradual rate-cutting cycle, and global inflationary pressures from the war in the middle east all impacting on the economy.

Current Position

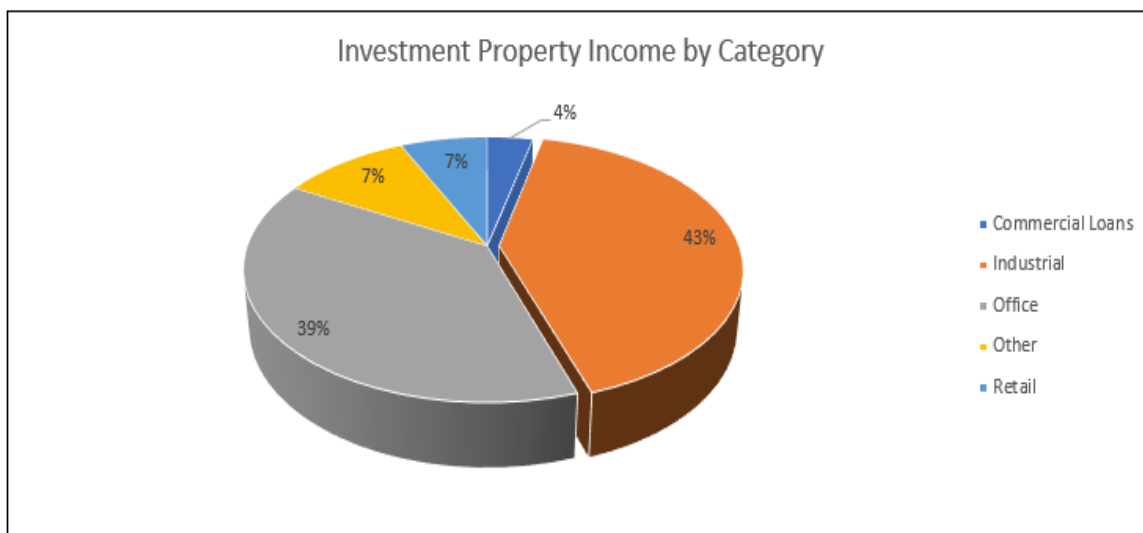
The table below shows the returns being made on previous acquisitions from the Asset Investment Strategy. 2025/26 showed an average return of 6.02% compared with 6.06% in 2024/25. The slight decrease reflecting lower interest payments as the Cricket Club loan is repaid. A separate report, reviewing commercial property, is included on the agenda. The returns on this accompanying biennial report vary slightly as returns are based on current asset valuations, The investment returns below are based on initial investment costs.

Table 11 AIS investment returns 2025/26

Investment Value £	Gross Return	Investment	2024/25 Actual £'000	2025/26 Actual £'000
1,964,500	3.05%	NCCC Loan (interest)	65,892	59,890
1,477,500	5.21%	Trent Boulevard (Co-Op)	77,021	77,021
984,000	7.83%	Finch Close	77,092	77,092
1,917,000	7.41%	Bardon	142,000	142,000
2,500,000	7.29%	Cotgrave Offices	48,385	44,384
		and Cotgrave Industrial Units	131,185	137,957
860,000	7.09%	Boundary Court	63,600	60,950
1,900,000	5.43%	Cotgrave Phase 2	100,739	103,124
2,450,790	5.58%	Unit 3 Edwalton Business Park	136,850	136,850
2,083,364	5.28%	Unit 1 Edwalton Business Park	110,000	110,000
16,137,154	6.02%	Total	952,764	949,267

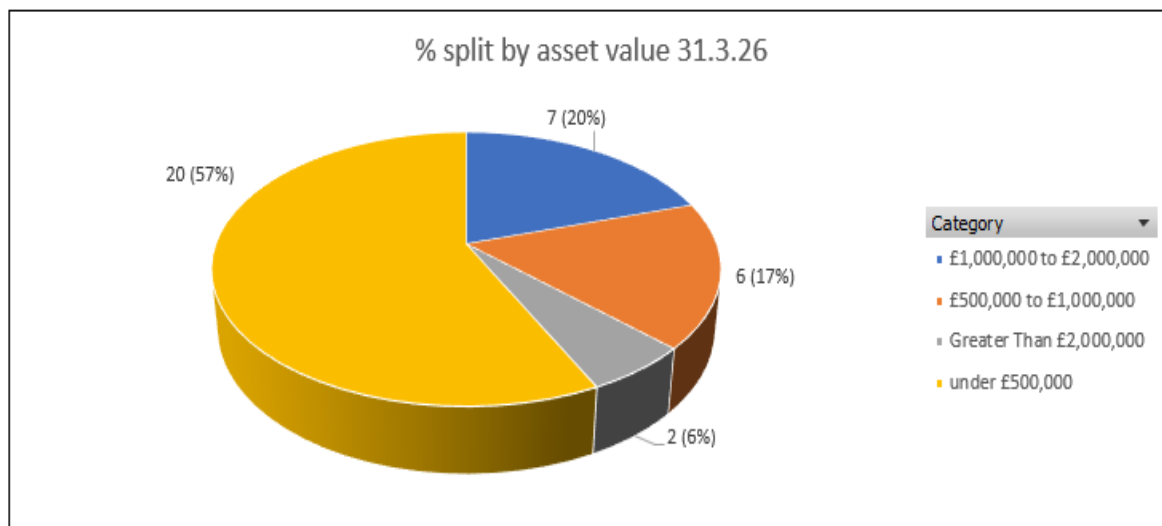
- 4.30 The Council maintains a good spread of risk over its property portfolio (classified by the rental earned) as depicted below:

Chart 3 – Investment Property Income by Category 2025/26



4.31 Chart 4 below shows the Council’s overall property portfolio classified by asset value and number of investments.

Chart 4 percentage split of overall property portfolio by asset value



4.32 Many of the Council’s investments have been in industrial units (given its focus on economic regeneration) and in offices and these have been very successful. Further diversification of investments mitigates the risk of income payment default.

4.33 In terms of risk in relation to the Council’s budget, the following table demonstrates that whilst property income is important for the Council’s budget, there is not an over reliant upon property income and there are other income streams.

Commercial Investment income and costs

Table 12 Commercial Investment income and costs

Commercial Investments	2025/26 Budget £'000	2025/26 Actual £'000
Commercial Property Income	(1,979)	(1,920)
Running Costs	473	518
Net contribution to core functions	(1,506)	(1,402)
Interest from Commercial Loans	(59)	(60)
Total Contribution	(1,565)	(1,462)
Total Income	(12,537)	(14,980)
Total Contribution/Total income	12.5%	9.8%
Sensitivity +/- 10%	(198)	(192)

The Way Forward

- 4.34 The Council's original intention for the Asset Investment Strategy (AIS) was to generate around £1m of additional property rental income to help bridge the anticipated budget deficit. Revised PWLB borrowing rules have been introduced to ensure that no lending they issue is used primarily for commercial investment. While the Council has no plans to borrow during the MTFs the Council remains compliant with these rules. Going forward, investment income as a result of the AIS will only increase with rent increases rather than in growth of the portfolio from acquisitions.

Member and Officer Training

- 4.35 The Code requires a suitable training process for members and officers. There will be specific training for members involved in scrutiny and broader training for all Councillors. Previously these needs have been reported through the Member Development Group, with the Council specifically addressing this important issue by:
- Periodically facilitating workshops for members on finance issues most recently provided in January 2026;
 - Interim reporting and advising members of Treasury issues/updates via Governance Scrutiny Group;
 - Identifying training needs to ensure the development of effective scrutiny, using Cipfa's self-assessment schedule.

With regards to officers:

- Attendance at training events, seminars, and workshops;
- Support from the Council's treasury management advisors; and
- Identifying officer training needs on treasury management related issues through the Performance Development and Review appraisal process.

- 4.36 Given the technical nature of the subject failure to attend relevant training sessions undermines the scrutiny process.
- 4.37 The Council will continue to have its annual Treasury Management training session with Councillors provided by its Treasury advisers and will continue to be informed of any technical updates.
- 4.38 On 7 March 2025 Full Council approved the appointment of an independent person to the Governance Scrutiny Group (GSG). This post will be subject to the same training requirements as other members of GSG.

Conclusion

- 4.39 The position on all Council investments, whether treasury or commercial investments, remains fluid. Clearly risks remain in the financial markets and also with the Council's Capital Programme both from inflationary pressures and the labour market. The economy, monetary measures and fiscal policy remain uncertain and will be monitored closely. A quarterly update will be presented to this group showing the position during 2026/27.

5 Risk and Uncertainties

- 5.1 The report covers many treasury risks including counterparty, interest rate risk, changes in fair value and also property risks both unique to individual properties and the wider strategic view of property. The Council is mindful that it is important that it continues to mitigate risk by having a diversified asset investment portfolio and other income streams, so it is not over reliant on property income (paragraph 4.34).

6 Implications

6.1 Financial Implications

Financial implications are covered in the body of the report.

6.2 Legal Implications

Treasury management activities must conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance. This report demonstrates compliance with the legislative framework.

6.3 Equalities Implications

There are no equalities implications contained within the body of this report.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications contained within the body of this report.

6.5 Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications contained within the body of this report.

6.6 Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7 Link to Corporate Priorities

The Environment	Efficient and effective treasury and asset investment management supports all of the Council's corporate priorities
Quality of Life	
Efficient Services	
Sustainable Growth	

8 Recommendations

It is RECOMMENDED that the Governance Scrutiny Group considers and scrutinises the Capital and Investment Strategy 2025/26 outturn position.

For more information contact:	Name; Peter Linfield Director – Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2025/26; Capital and Investment Strategy 2025/26; Treasury Management Update – Mid-Year Report 2025/26 and quarters 1 to 3 Reports 2025/26
List of appendices (if any):	Appendix 1 - Glossary of Terms

Glossary of Terms

BoE – Bank of England

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Covered Bonds – these investments are secured on the bank’s assets, which limits the potential losses in the unlikely event of insolvency, and means they are exempt from bail-in.

ESG – stands for environmental, social, and governance and refers to how companies score on these responsibility metrics. Environmental criteria gauge how a company safeguards the environment. Social criteria examine how it manages relationships with employees, suppliers, customers, and communities. Governance measures a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

SONIA – a backward-looking rate, reflecting interest rates that banks pay to borrow sterling overnight from other banks.

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

MRP – Minimum Revenue Provision – is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing. This is an annual revenue expense in a Council’s budget.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks.