Audit Committee

26 January 2026

Part 1 - Public

Recommendation to Cabinet – Council Decision

Cabinet Member	Cllr Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Paul Worden – Head of Finance
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Treasury Management Update and Treasury Management and Annual Investment Strategy for 2026/27

1 Summary and Purpose of Report

1.1 The report provides details of investments undertaken and return achieved in the first eight months of the current financial year and an introduction to the 2026/27 Treasury Management and Annual Investment Strategy. Members are invited to recommend adoption of the Strategy to Cabinet.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 Prudent financial management of Council's investments will generate a yield to assist with the Council's overall budget objectives.

3 Recommendations

3.1 Members are invited to **RECOMMEND** that Cabinet:

1) Note the Treasury Management position as at 30 November 2025.

2) Adopts the Treasury Management and Annual Investment Strategy for 2026/27 set out at [**Annex 5**].

4 Introduction and Background

4.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are 'affordable, prudent and sustainable'.

4.2 The Act also requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy. The latter sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

5 Interest Rate Forecast

5.1 The Bank Rate is gradually reducing with the Bank of England cutting the rate in August, and again in December 2025 when Bank Governor, Andrew Bailey, used his deciding vote to force a rate cut through by the slimmest of margins, 5-4, bring the bank rate down to 3.75%.

5.2 Given the wafer-thin majority for a rate cut 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, MPC members want to assess incoming evidence on labour market activity and wage growth.

5.3 Annual wage growth is 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.

5.4 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 2024 and the largest 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. Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 and 2026 is currently forecast by the Bank of England to be in the region of 1.4% before picking up in 2027.

5.5 Staying with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026 and in November figures showed that GDP for July to September was 0.1% q/q.

5.6 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. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but the headwinds are gathering.

5.7 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, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to October 2025 stood at 723,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.

5.8 MUFG's latest Bank Rate forecast, updated in December 2025, shows the near term rates moving steadily downward, is included in **[Annex 5]** and anticipates the Bank Rate will level out at 3.25% around December 2026.

6 Investment Performance

6.1 The Council's investments are derived from cash flow surpluses, core cash balances and other long term cash balances.

6.2 Cash flow surpluses are available on a temporary basis, and the amount is mainly dependent on the timing of council tax and business rates collected and their payment to precept authorities and government. Less significant cash flows relate to receipt of grants, payments to housing benefit recipients, suppliers and staff. Cash flow surpluses build up during the course of a financial year and are spent by financial year end. Thus far in 2025/26 cash flow surpluses have averaged £30.65m.

6.3 The Authority also has £33m of core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion is usually transferred to cash flow towards the end of the financial year to top-up daily cash balances. Core cash includes the Council's capital and revenue reserves which are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets.

6.4 Cash flow and core cash balances also include sums to meet business rate appeals which are expected to be resolved in 2025/26 and future years.

6.5 Long term investment at the end of November 2025 comprises of £2.60m in property fund investments.

6.6 Medium term investment comprises £4.25m in diversified income fund investments.

6.7 A full list of investments held at 28 November 2025 is provided at **[Annex 1]** and a copy of our lending list of 30 November 2025 is provided at **[Annex 2]**. The table below provides a summary of funds invested and income earned at the end of November.

	Funds invested on 30 November 2025 £m	Average duration to maturity Days	Weighted average rate of return 1 April to 30 November 2025 %	SONIA benchmark November 2025 %	Interest / dividends earned 1 April to 30 November 2025 £	Gross annualised return %
Cash flow	30.65	4	4.03	3.94	791,670	4.18
Core cash	33.00	110	4.04	3.84	1,003,720	4.41
Long term	2.00				70,790	3.54
Long term (LPT)	0.60				3,685	--
Medium term	4.25				123,660	4.35
Total	**70.50**				**1,993,525**	**--**

Table 1

Property funds pay dividends quarterly. The return quoted above is based on dividends received for the period April to September 2025.

6.8 **Cash flow and core cash investments**. The SONIA (Sterling Overnight Index Average) benchmark has continued to follow the trend of reducing in line with the cuts in the Bank of England's interest rate over the past few months.

6.9 Looking ahead, market sentiment suggests that any future interest rate cuts will be slow and gradual throughout 2026 settling at 3.25% by December. This may present further opportunity to secure longer-duration investments (up to 12 months), allowing the Council to lock in favourable rates ahead of any future rate cuts.

6.10 Continuing this strategy could be advantageous if rates remain relatively stable or decline gradually in the coming months, enabling the Council to stay ahead of the curve for longer.

6.11 As of the end of November, investment interest earned was £1,993,525, which is £392,690 above the original budget estimate for the same period. The positive variance is primarily attributed to the bank rate remaining higher for longer than initially anticipated.

6.12 The revised budget has been updated to incorporate the sustained higher bank rate, ensuring that future investment interest income projections are aligned with the current market expectations.

6.13 The Council takes advantage of MUFG's benchmarking service which enables performance to be gauged against their other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 30 September 2025 the Council's return was 4.17% (purple diamond) this was in line with the local benchmarking group average of 4.11%. MUFG's predicted return is between the upper and lower boundary indicated by the diagonal lines. The Council's risk exposure was consistent with the local authority average.

6.14 Only cash flow and core cash returns form part of the benchmarking data. The additional return the Council makes from its property fund, and diversified income fund investments are not included. The data also excludes any short-term borrowing costs authorities may have incurred to meet payment obligations; however, no such costs have been incurred to date, and none are anticipated during the remainder of 2025/26.

6.15 **Long term investment**. £5m was originally invested in property investment funds, spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time.

6.16 During the period 1 April 2025 to 30 September 2025, as property funds are reported quarterly, the £2m attributable to LAPF, and the more recently dis-investment of Hermes Property Fund (£1m), generated dividends of £70,790 which represents an annualised return of 3.54% (4.09% in 2024/25).

6.17 The initial £2m invested in Lothbury Property Fund, sales of assets and the return of capital monies, leaves an outstanding balance of £599,070. While unbudgeted dividends are being received (£3,685 to date), it is on an ad-hoc basis. Further information is set out in paragraphs 6.25 to 6.28. The dividend income from the remaining property fund is expected to be in line with the revised budget for the financial year 2025/26.

6.18 The long-term investment figure set out in table 2 concentrates on the LAPF, while table 3 provides details of the repayment of capital investment from the sale of assets for Lothbury Property Fund (terminated on 30 May 2024).

6.19 Information pertaining to the losses from the dis-investment of Hermes Property Fund has been set out in in paragraphs 6.29 to 6.30.

6.20 Sale values at the end of November 2025 vs initial purchase prices are as follows:

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price a £	Sale value at date of purchase b £	Sale value 30 November 2025 c £	30 November sale value above (below) purchase price (c-a) £
LAPF (Primary, July 2017)	1,000,000	922,200	897,390	(102,610)
LAPF (Primary, June 2018)	1,000,000	922,200	860,410	(139,590)
Total change in principal	**2,000,000**	**1,844,400**	**1,757,800**	**(242,200)**
	Total dividends received to September 2025			**636,940**
Table 2			**Net benefit since inception**	**394,740**

6.21 Since inception, the Council have received dividends from the Local Authority Property Fund investments totalling £636,940, contributing positively to the revenue position and supporting the treasury management strategy objectives.

6.22 Capital values over the period April 2025 to November 2025 continue to reflect a depreciation level of around £242,200, with minimal fluctuation observed, potentially indicating a stabilisation in asset valuations.

6.23 The investment continues to perform in-line with revised expectations, with income returns partially mitigating the impact of the capital depreciation. No further material deterioration in capital values has been identified during this period.

6.24 The proposed acquisition of CCLA, and by extension, the LAPF, by Jupiter Investment Management Group, subject to Financial Conduct Authority (FCA) approval, is expected to enhance the combined entity’s market position and operational capacity, while strengthening CCLA’s long-term strategic resilience, governance framework, and access to broader investment resources, thereby supporting future investment activity and service delivery.

6.25 Following the withdrawal of several investors, Lothbury Property Trust were unable to secure a way forward, and the fund was terminated on 30 May 2024.

6.26 As set out in table 3 below, eight distributions totalling £1,400,930 have been received to date in respect of the Council’s initial investment.

6.27 A further dividend distribution is expected to be declared in January 2026, and the anticipated completion of the final asset sales imminent, however, the winding-up of the fund has been extended to May 2026.

6.28 Taking into account the dividends received from the inception of the fund, the breakeven point would be the recovery of £216,350 against the outstanding assets:

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price a £	Sale value at date of purchase b £	Principal Investment Returned c £	Principal Investment Balance Outstanding £
Lothbury Property Trust	2,000,000	1,900,700	1,400,930	(599,070)
			Total dividends received to November 2025	**382,720**
			Net balance to breakeven point	**(216,350)**

Table 3

6.29 At the merger between the Hermes Property Fund and L&G Pension on 15 August 2025 it prompted the dis-investment of the Council's holdings in the fund. The capital realisation amounted to £908,350 against the initial investment of £1m, resulting in a capital loss of £91,650.

6.30 Dividend income received over the life of the investment totalled £272,470. While this income does not offset the capital loss for accounting purposes, it is prudent to note that the cumulative income generated exceeds the capital loss incurred, resulting in a positive net financial return over the investment period.

6.31 To safeguard the Council's position, an earmarked reserve was established at the outset of entering into medium and long term investments to mitigate potential capital losses. The revised revenue estimates have drawn down against this reserve to ensure the overall revenue budget is protected and that financial impact of the investment losses is appropriately contained.

6.32 Members are reminded that higher yielding investments (e.g. property, equities) have the potential to fluctuate in value, both up and down. It is this feature which makes them unsuitable for short term investment where certainty over value at maturity is a key criteria. The Council's property fund investments are not required to meet day to day spending commitments and will only be realised should a higher yielding opportunity be identified.

6.33 **Medium term investment**. In recent years multi asset (diversified income) funds have grown in popularity. The rational for adopting such a fund was explored in the Audit Committee report of January 2018 and their use for medium-term investment reaffirmed in the January 2021 Audit Committee report which introduced the multi asset (diversified income) funds into the Annual Investment Strategy.

6.34 Like property funds, multi asset (diversified income) funds aim to generate returns over and above inflation and thus preserve spending power.

6.35 A total of £4.25m was invested in 2021/22 between three funds chosen from the rigorous selection process, Fidelity Multi Asset Income Fund, Ninety-One Diversified Income Fund and Aegon Diversified Monthly Income Fund. It is expected that each fund will deliver a return in excess of 3% per annum and preserve capital over the five-year duration of the investment. Additional multi asset fund investments could be made in the future as resources become available from asset disposals and other windfalls.

6.36 During the period April 2024 to November 2025 the £4.25m investment in multi asset funds generated dividends of £123,660 which represents an annualised return of 4.35%.

6.37 **Treasury management function**. An extract from the draft income and expenditure estimates (*due to be presented to the Overview and Scrutiny Committee on 22 January 2026*) attributed to the Treasury Management function are provided at **[Annex 4]**. This shows the aggregate staff resource applied to treasury management is less than one full time equivalent and that income exceeds costs by a significant margin. Income in future years forms part of the Council's medium term financial strategy and is expected to decrease in the short term as Bank Rate pulls back. Expenditure is expected to rise in-line with inflation.

7 Annual Investment Strategy for 2026/27

7.1 The Treasury Management Strategy Statement has undergone a comprehensive review to ensure it remains robust and fit for purpose.

7.2 As part of the review, it has been undated to include detailed policies and strategic considerations relating to any future borrowing requirements, should these arise, thereby providing a clear framework to support informed and prudent decision-making.

7.3 The Council's treasury advisors anticipate the bank rate reduction will continue for the near term before settling at 3.25% by December 2026 and will remain there for the foreseeable future.

7.4 CPI inflation remained at 3.8% in September, whilst core inflation fell to 3.5%. Services inflation stayed at 4.7%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.

7.5 The further easing in wage growth will be welcomed by the Bank of England as a as unemployment stands at 4.6% (September) and the loosening of the labour market is driving softer wage pressures. The three month average earnings growth, excluding bonuses, fell from 5.5% in April to 4.6% in September (year on year). The Bank would ideally like to see further wage moderation to support a continued, gradual easing of monetary policy. Markets are currently pricing in rate cuts in February and June to 3.25%, although heightened volatility could prompt a repricing given the data dependent nature of the outlook.

8 Risk Parameters

8.1 The Strategy sets out the parameters that limit the Council's exposure to investment risks by requiring overnight and term deposits to be placed with highly credit rated institutions and that those investments are diversified across a range of counterparties. Except where indicated by bold italic text, the 2026/27 Annual Investment Strategy **[Annex 5]** adopts the same risk parameters as currently approved. In summary these are:

- 100% of funds can be invested in the UK. Exposure to non-UK institutions is restricted to no more than 20% of funds per sovereign.

- Non-UK counterparties must be regulated by a sovereign rated AA- or higher as recognised by each of the three main rating agencies (Fitch, Moody's or Standard & Poor's).

- Investment in UK institutions is subject to the UK sovereign being rated A- or higher by each of the three main rating agencies. The UK currently receives a rating of AA- from Fitch and Moody's and AA from Standard and Poor's.

- Exposure to individual counterparties / groups of related counterparties must not exceed 20% of funds or ***10% of funds if a housing association***.

- In selecting suitable counterparties for overnight deposits and deposits up to 2 years in duration (3 years with a local authority), the Council has adopted MUFG's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 1 year, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days (based on credit ratings alone). Other than for UK nationalised institutions this broadly equates to a minimum long term credit rating of Fitch A- (high) and a short-term credit rating of Fitch F1 (highest).

- Investment in UK nationalised banks is subject to the bank having a minimum long term credit rating of Fitch BBB (good) and a short-term credit rating of Fitch F2 (good). The Royal Bank of Scotland and National Westminster Bank are currently rated Fitch A+, F1.

- The duration of an investment in a foreign bank must not exceed MUFG's post CDS recommendation. For UK financial institutions MUFG's duration recommendation can be enhanced by up to 6 months subject to the combined duration (MUFG recommendation plus the enhancement) not exceeding 12 months. The Council's Treasury Management Practices have been modified to ensure that where duration is being enhanced by more than 3 months the bank's CDS must be below the average for all other banks at the time the investment is placed.

- Money Market funds will be AAA rated**,** and exposure limited to no more that 20% per fund. LVNAV (low volatility) or VNAV (variable net asset value) funds may be used as an alternative to CNAV (constant net asset value) funds.

- Enhanced cash and Government liquidity funds will be AAA rated, and ***ultra-short duration bond funds rated AA or higher***. Exposure is limited to no more than 10% of investment balances per fund and 20% to all such funds.

- Exposure to non-credit rated property funds is limited to no more than 20% (£3m) of expected long term cash balances. No limit applies where invested funds are derived from or in anticipation of new resources e.g. proceeds from selling existing property.

- Exposure to non-credit rated diversified income (multi-asset) funds ***and or short dated bond funds*** is limited to no more than 20% (£3m) of expected long term cash balances per fund and across all such funds.

- The strategy also limits the type of instrument (e.g. fixed term deposits, certificates of deposit, commercial paper, floating rate notes, treasury bills, etc.) that can be used and establishes a maximum investment duration for Gilts of 5 years, 3 years for deposits with local authorities and 2 years for all other types of investment other than investment in property funds, diversified income funds and ***short dated bond funds.***

8.2 The strategy includes prudential indicators for borrowing. Whilst there is no expectation, ***based on the current capital plan***, that the Council will need to borrow in the near term, borrowing on a temporary basis may be required to meet payment obligations. Borrowing limits are expressed as the operational limit (£4m) and authorised limit (£7m). Our largest monthly outflows relate to business rates (£5.7m) and precept payments (£9.2m). Whilst those payments tend to fall on different days of the month that is not always the case. The limits are a precautionary measure to allow borrowing on a short-term basis should the need arise. In recent years, the Council's cash flows have been managed in such a way that no overdraft fees or temporary borrowing costs have arisen.

8.3 The returns on our **property fund investment**, though representing only 3.69% at the time of writing (5.81% in 2024/25) of the investment portfolio, it is likely to generate investment income of circa 3.6% next year. This is expected to adjust in future years and will represent a high percentage of future income. The property fund investments are long term (10 year) investments. As a consequence of the high entry / exit costs (circa 8%) and potential for significant volatility in capital values, our strategy limits exposure to property funds from existing resources to 20% of expected long term balances, circa £3m per fund.

8.4 The returns on our **diversified income fund investments**, though representing only 6.03% (6.11% in 2024/25) of the investment portfolio, are likely to generate investment income of circa 4.1% next year. This is expected to adjust in future years and will represent a high percentage of future income. The diversified income fund investments are medium term (5 year) investments. As a consequence of the potential for significant volatility in capital values, our strategy limits exposure to diversified income funds from existing resources to 20% of expected long term balances, circa £3m per fund.

8.5 Diversified income fund investment typically implies a 5-year commitment to negate volatility in capital values over the life of the investment.

9 Non-Treasury Management Practices

9.1 The authority is currently debt-free, and no borrowing is forecast to support the Council's ongoing capital expenditure proposals under the current capital plan. This position does not, however, preclude borrowing to fund in whole or in part, investment opportunities that align with the Council's strategic priorities and objectives and delivers value for money. Any such opportunity to be considered on a case by case basis, as appropriate.

9.2 At present the Council has no material non-treasury investments, e.g. expenditure on loans or the acquisition of non-financial assets (property) intended solely to generate a profit. **[Annex 6]** is reviewed and updated accordingly in order to ensure compliance with the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes, and Statutory Guidance on Local Government Investments relating to non-treasury investments**.**

10 Financial and Value for Money Considerations

10.1 The Bank Rate is currently 3.75%. MUFG's current forecast (December 2025) anticipates Bank Rate will fall back to 3.25% by December 2026 and remain there for the foreseeable future.

10.2 Whilst the Council has benefited from the interest rates being held higher for longer, the Bank of England, having initiated the rate cut cycle in August 2024, has reduced the bank rate from 5.25% to 3.75%. The benefit of the former has produced interest earned over the past several months to the end of November 2025 from cash flow surpluses and core cash investments. This has exceeded the original budget for the same period. Investment income for the year as a whole is expected to exceed the original budget which is reflected in the revised estimates for 2026/27.

10.3 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via MUFG's benchmarking service.

10.4 Whilst the annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystalising a loss and as a consequence the investment's duration cannot be determined with certainty.

10.5 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped overtime through capital appreciation.

10.6 The money held in the remaining property fund is expected to be available in perpetuity. Nevertheless, the Council's cash balances will continue to be monitored, and due regard had to the potential for a fund to delay payment of redemption requests by up to 12 months. Funds will seek to minimise their own cash balances in favour of holding property and therefore manage redemption requests for the benefit of all fund participants. The Council is only likely to seek redemption to pursue a higher yielding income opportunity should one be identified.

10.7 Diversified income funds aim to limit risk by spreading investment across a broad range of asset classes (equities, bonds, property and cash). Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.

10.8 Short term bond values are linked to interest rate expectations and long-term bond values are linked to inflation expectations. Funds aim to minimise the risk of issuer default by investing in a broad spread of issuers and across different sectors and geographic regions. Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.

11 Risk Assessment

11.1 MUFG are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.

11.2 Credit ratings remain a key tool in assessing risk. It is recognised that their use should be supplemented with sovereign ratings and market intelligence. Appropriate sovereign, group and counterparty limits are established to ensure an appropriate level of diversification.

11.3 In the light of these safeguards and stringent Treasury Management Procedures it is considered that any risks to the authority implicit in the 2026/27 Strategy have been minimised.

12 Legal Implications

12.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

12.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice 2017 and the 2018 Statutory Guidance on Local Government Investments. Please note, both Codes have been updated in December 2021 and have been taken into account in the 2026/27 Treasury Management and Annual Investment Strategy.

13 Cross Cutting Issues

13.1 Climate Change and Biodiversity

13.1.1 While the Treasury Management Code establishes security, liquidity and yield as the core investment principles, it also recognises the growing importance of environmental, social and governance (ESG) considerations for investors. Accordingly, ESG considerations have now been formally incorporated into the Treasury Management Strategy Statement (TMSS).

13.2 Equalities and Diversity

13.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	MUFG:Interest rate forecast (December 2025) Economic commentary Benchmarking data.
Annexes	(1) TMBC Investment Summary 28 November 2025 (2) TMBC Lending List November 2025 (3) TMBC Benchmarking September 2025 (4) TMBC Treasury Management Estimates 205/26 and 2026/27 (5) TMBC Treasury Management and Annual Investment Strategy 2026/27 (6) TMBC Non-Treasury Management Practices