

<b>Title of Report</b>	Treasury Management Update Report
<b>For Consideration By</b>	Audit Committee
<b>Meeting Date</b>	16 April 2026
<b>Classification</b>	Open
<b>Ward(s) Affected</b>	All Wards
<b>Group Director</b>	Naeem Ahmed, Group Director, Finance & Corporate Resources

## **1. Introduction**

- 1.1. This report provides Members of the Audit Committee with an update on treasury management activities over the period January 2026 to March 2026.

## **2. Recommendations**

- 2.1. There are no immediate recommendations arising from this report as the purpose is to update the Audit Committee on past events.

## **3. Reason(s) for decision**

- 3.1. This report updates the Audit Committee on the Council's investment and borrowing arrangements to maintain an overview on these activities in line with the Chartered Institute for Public Finance Accountants (CIPFA) Code of Practice on Treasury Management.

## **4. Background**

### Policy Context

- 4.1. To help ensure that the treasury management function is governed effectively it is essential for those charged with governance review the operations of treasury management on a regular basis. This report is the fourth of the treasury reports relating to the financial year 2025/26 for the Audit Committee. It sets out the background for treasury management activity from January 2026 to March 2026 and the action taken during this period.

#### Equality impact assessment

- 4.2. There are no equality impact issues arising from this report.

#### Sustainability and climate change

- 4.3. There are no sustainability and climate changes issues arising from this report.

#### Consultations

- 4.4. No consultations are required in respect of this report.

#### Risk assessment

- 4.5. There are no risks arising from this report as it reports on past events. Clearly though the treasury management function is a significant area of potential risk for the Council if the function was not properly carried out and monitored by those charged with responsibility for oversight. Regular reporting on treasury management ensures that the Committee is kept informed.

### **5. Comments of the Group Director, Finance & Corporate Resources**

- 5.1. There are no direct financial consequences arising from this report as it reflects the performance from January 2026 to March 2026. Whilst investment interest is not currently used to underpin the Council's base revenue budget, as in some other authorities, it does impact on the ability to fund additional discretionary expenditure and capital programmes. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations. Officers continue to pay close attention to the Council's cashflow making sure there is enough liquid cash to meet any unexpected situation as a result of a highly volatile economy at present.
- 5.2. Borrowing has been undertaken since the last update due to insufficiency of cash levels to meet cash outflows. For future capital financing requirements, the Council will continue to consider borrowing rates offered by alternative lenders, including other local authorities, alongside PWLB rates in order to minimise, where possible, its costs of borrowing. Officers regularly review Council borrowing requirements based on development in cash forecasts and capital programmes.
- 5.3. The Committee is requested to note this report.

### **6. Comments of the Director of Legal, Democratic and Electoral Services**

- 6.1. The Audit Committee is responsible in accordance with Article 9.3 of the Council's constitution for overseeing internal and external auditing and

helping to ensure efficient and effective assurance arrangements are in place.

- 6.2. The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk.
- 6.3. In addition, the Council within its Annual Treasury Management Strategy has agreed to comply with the CIPFA Code of Practice on Treasury Management. This report sets out the work that Treasury Management is undertaking to ensure that it is meeting these requirements and adapting to changes as they arise.
- 6.4. There are no immediate legal implications arising from the report.

### **Appendices**

Appendix 1 - Treasury Management Update Report

### **Background documents**

None

<b>Report Author</b>	Pradeep Waddon Head of Treasury, Banking and Accounts Payable <a href="mailto:pradeep.waddon@hackney.gov.uk">pradeep.waddon@hackney.gov.uk</a> 020 8356 2757
<b>Comments for the Group Director Finance &amp; Corporate Resources</b>	Deirdre.Worrell Title: Director, Financial Management <a href="mailto:deirdre.worrell@hackney.gov.uk">deirdre.worrell@hackney.gov.uk</a> 020 8356 7350
<b>Comments for the Director of Legal, Democratic and Electoral Services prepared by</b>	Juliet Babb, 020 8356 6183 Assistant Director Legal and Governance <a href="mailto:juliet.babb@hackney.gov.uk">juliet.babb@hackney.gov.uk</a>

## Treasury Management Update Report

### Treasury Management Activities from January 2026 to March 2026

#### 1. Economic Highlights

- 1.1 **Growth:** UK GDP is estimated to have grown by 0.1% in Q4 (October to December) 2025, unrevised from the first estimate.
- 1.2 **Inflation:** CPI rose by 3.0% in the 12 months to February 2026, unchanged from January 2026. On a monthly basis, CPI rose by 0.4% in February 2026, after falling by 0.5% in January.
- 1.3 **Labour Market:** The UK unemployment rate for November 2025 to January 2026 was 5.2%, up from the previous quarter. The UK employment rate for people aged 16 to 64 was 75.1% for November 2025 to January 2026, up from the previous quarter.
- 1.4 **Monetary Policy Committee:** The Bank of England's Monetary Policy Committee voted unanimously to maintain the Bank Rate at 3.75%.

#### 2. Borrowing & Debt Activity

- 2.1 The Council currently has £356m in external borrowing. This is made up of £1.05m through Hackney Green Investment, an initiative on a crowdfunding platform to support climate action projects, £93m in short term borrowing, and £262m borrowed from the Public Works Loan Board for the housing capital programme, particularly in respect of housing regeneration.

#### 3. Investment Policy and Activity

- 3.1 The Council held average daily cash balances of £16 million during the reported period, compared to an average £37 million for the same period last financial year.

### Movement in Investment Balances 01/01/26 to 31/03/26

	<b>Balance as at 01/01/2026 £'000</b>	<b>Average Rate of Interest %</b>	<b>Balance as at 31/03/2026 £'000</b>	<b>Average Rate of Interest %</b>
Short Term Investments	0	-	0	-
Long Term Investments	200	-	200	-
Money Market Funds	39,810	-	23,330	-
	<b>40,010</b>	<b>3.90</b>	<b>33,500</b>	<b>3.80</b>

3.2 Due to the volatility of available creditworthy counterparties, short term investments have been placed in highly rated UK institutions, thus ensuring creditworthiness of investments.

**4. Counterparty Update**

4.1 UK banks publish year-end results (Dec) in Feb/March, giving an early view of creditworthiness, and the Council’s treasury advisors advise that, where permitted, it remains appropriate to place deposits with UK banks and building societies within approved durations. Following regulatory approval from the Financial Conduct Authority, CCLA has been acquired by Jupiter Investment Management. CCLA will continue to operate independently within the Jupiter Group, retaining its existing branding, investment team, governance arrangements and investment processes. There will be no changes to the underlying funds, investment strategies or client arrangements. The Council’s treasury advisors have confirmed that there is no impact on existing investments and no action is required from the Council. Fitch has downgraded Leeds Building Society’s long-term rating to A- (stable outlook), and the Council’s treasury advisors advise that the Council should not place unsecured deposits with the Society. The Council’s treasury advisors have reviewed the suspended local authorities and now support lending to Birmingham and Nottingham (up to one year), while continuing to advise against lending to Croydon, Slough, Thurrock, Warrington and Woking.

4.2 Whilst the ongoing investment strategy remained cautious, counterparty credit quality remains strong, as can be demonstrated by the Credit Score Analysis summarised below.

**5. Credit Score Analysis**

<b>Date</b>	<b>Value Weighted Average – Credit Risk Score</b>	<b>Value Weighted Average – Credit Rating Score</b>	<b>Time Weighted Average – Credit Risk Score</b>	<b>Time Weighted Average – Credit Rating Score</b>
31/01/2026	A+	4.7	A+	4.7
28/02/2026	A+	4.5	A+	4.5
31/03/2026	A+	4.7	A+	4.7

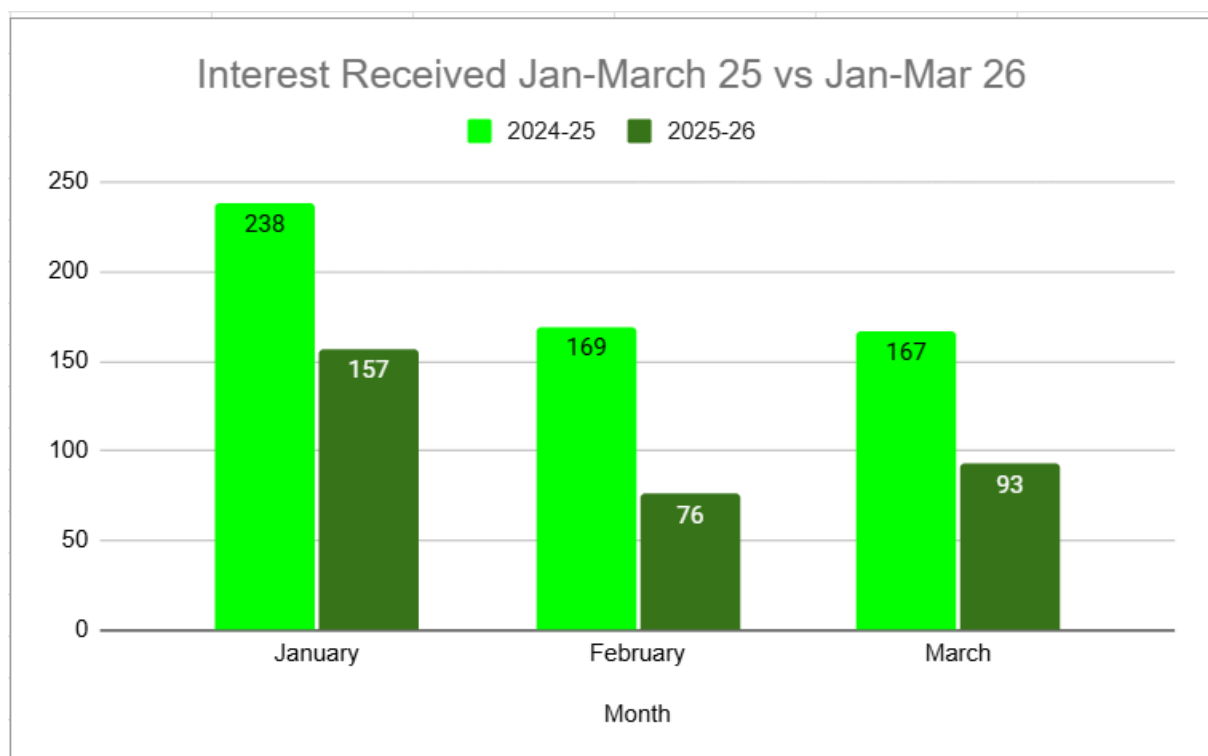
5.1 The Council continues to utilise AAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances. This type of investment vehicle has continued to provide very good security and liquidity, although yield suffers as a result.

5.2 The Council will continue to invest in highly rated UK Government institutions, Building Societies and Housing Associations. These investment vehicles offer a

good level of security and increase diversification for the Council's portfolio whilst achieving a reasonable yield.

## 6. Comparison of Interest Earnings

- 6.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, short term investments have been placed in highly rated institutions, thus ensuring creditworthiness whilst increasing yields through the duration of the deposits.
- 6.2 The graph below provides a comparison of interest earnings for January 2026 to March 2026 against the same period for 2024/25.
- 6.3 Average interest received for the period January 2026 to March 2026 was £107k per month compared to £191k for the same period last financial year. The reduction reflects lower cash balances, with the decline in interest rates also contributing.



## 7. Movement in Investment Portfolio

- 7.1 Investment balances have reduced to £23m at the end of March 2026, compared to £46m at the end of March 2025. It is anticipated that investment levels will continue to fluctuate as the capital programme is delivered, while sufficient liquidity will be maintained to meet day-to-day operational requirements.

