

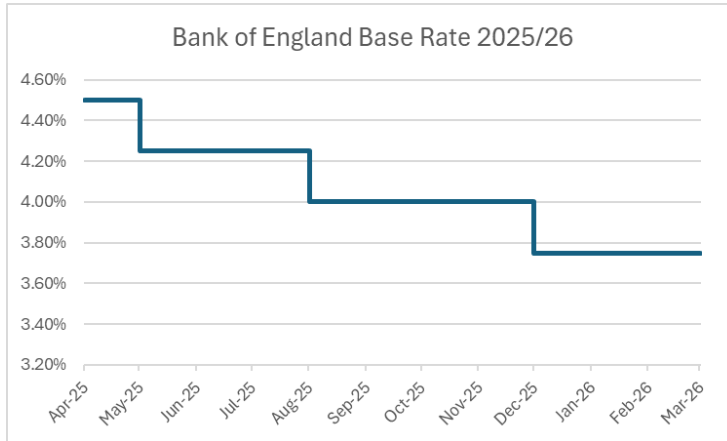
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TREASURY MANAGEMENT OUTTURN REPORT 2024-25

- 1.1 The Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA *Code of Practice on Treasury Management (the Code)* and the CIPFA *Prudential Code for Capital Finance in Local Authorities*.
- 1.2 During 2025-26, the minimum reporting requirements were that the Authority should receive the following reports:
 - (i) an annual Treasury Management Strategy Statement (approved by Authority on 7 February 2025)
 - (ii) a mid-year treasury update report
 - (iii) an annual review following the end of the year describing the activity compared to the strategy (this report)
 - (iv) regular treasury management reports to Authority (via Authority meetings)
- 1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policies and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by Members.
- 1.4 The Authority confirms that it has complied with the requirement under the *Code* to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the Authority.
- 1.5 The main contents of this report are:
 - borrowing activity 2025-26
 - investment activity 2025-26
 - effects on the Authority budget
 - the Authority's treasury position as at 31 March 2026
 - performance measurement
 - compliance with Treasury Limits and Prudential Indicators

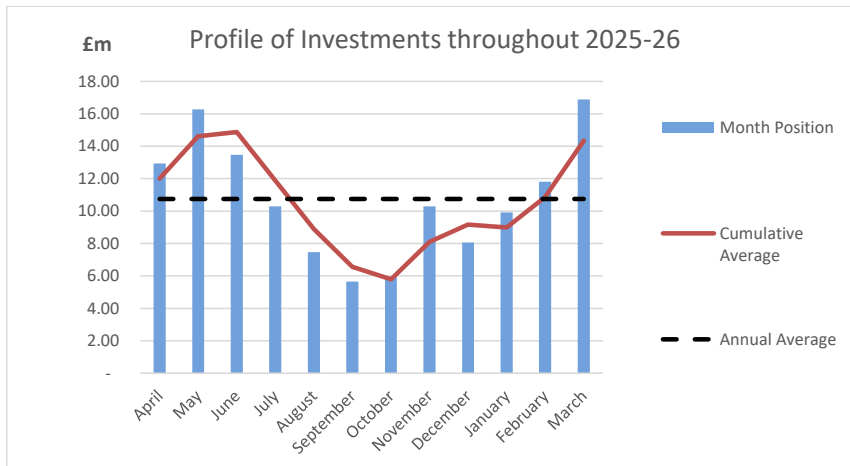
2. INVESTMENT ACTIVITY 2025-26

- 2.1 The Bank Rate was reduced three times in 2025/26 as inflation reduced from previous high levels towards the Bank of England's 2% target. The chart below shows Bank Rate decreases in 2025/26.



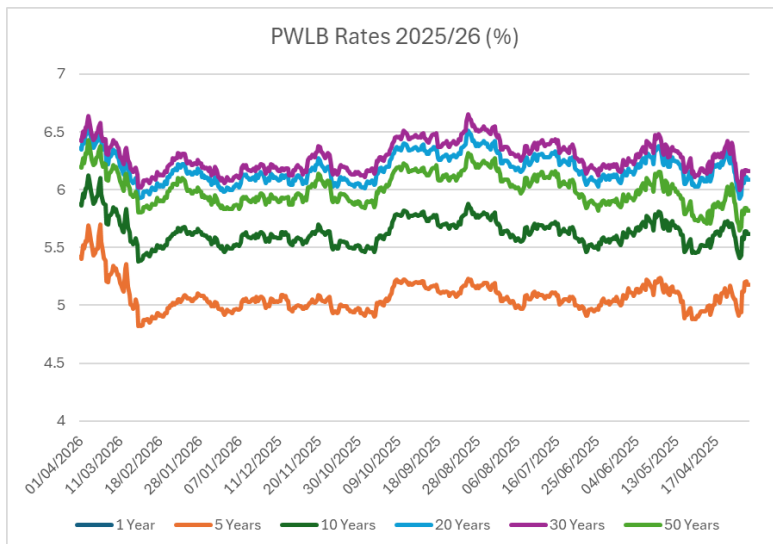
- 2.2 Financial markets remain subject to elevated uncertainty, resulting in a cautious outlook. Ongoing geopolitical tensions in the Middle East have contributed to volatility in global energy markets, with higher fuel prices increasing the risk of sustained inflationary pressures, which may in turn influence the future path of interest rates.
- 2.3 Investments continue to be dominated by low counterparty risk considerations. However, rates of return over the last few years have been markedly higher since 2022 due to increases in Bank Rate, albeit reductions during 2025/26 have led to small reductions in returns.
- 2.4 As detailed in the Annual Investment Strategy, the general policy objective of the Authority is the prudent investment of its surplus funds. The Authority's investment priorities are the security of capital and liquidity of investments. The Authority's investment dealings in the year have been undertaken in order to achieve the optimum return on its investments, commensurate with the proper levels of security and liquidity, and having properly assessed all inherent risks. All investments made during the year have been made in accordance with this strategy.
- 2.5 The Authority maintained an average balance of £10.746m during the year. The chart below profiles the values of investments held each month throughout the year.

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3. BORROWING ACTIVITY 2025-26

- 3.1 The Treasury Management Strategy Statement 2025-26 did not identify any requirement for the Authority to undertake new external borrowing to finance ongoing capital activity. Meaning the capital schemes completed during the financial year were funding from the authority's cash balances.
- 3.2 Over the coming year the Authority will continue to monitor Public Works Loan Board (PWLB) rates to determine whether it is appropriate to borrow to fund upcoming future capital investment. PWLB rates fluctuated during the course of 2025-26 as shown in the chart below:



4. EFFECTS ON THE AUTHORITY BUDGET

4.1 The overall effect on the Authority's revenue budget in 2025-26 is shown in Table 1.

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Table 1 – Treasury Allowed Estimate & Outturn 2025-26			
Description	Allowed Estimate (£000)	Outturn (£000)	Over/ (Under)spend (£000)
Loan Interest Costs	1,400	1,293	-107
PPP Interest Costs	0	14,810	14,810
Investment Income	0	-542	-542
NET TREASURY COSTS	1,400	15,561	14,161

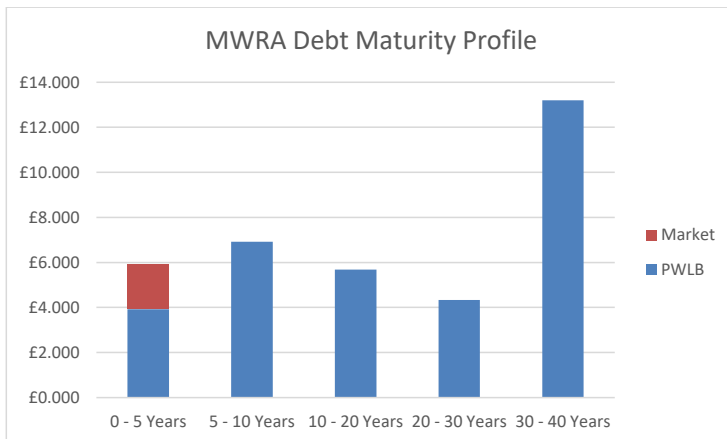
4.2 As mentioned in last year's treasury management outturn report, Debt management costs have increased primarily because payments in respect of PPP contracts were excluded from the initial forecast and instead recorded as part of the service fee. There has been no material change in overall payments in respect of overall interest costs.

4.3 The authority has received higher than expected investment income due to the Authority maintaining its level of cash balances and that investment returns on average were 4.33% for the financial year.

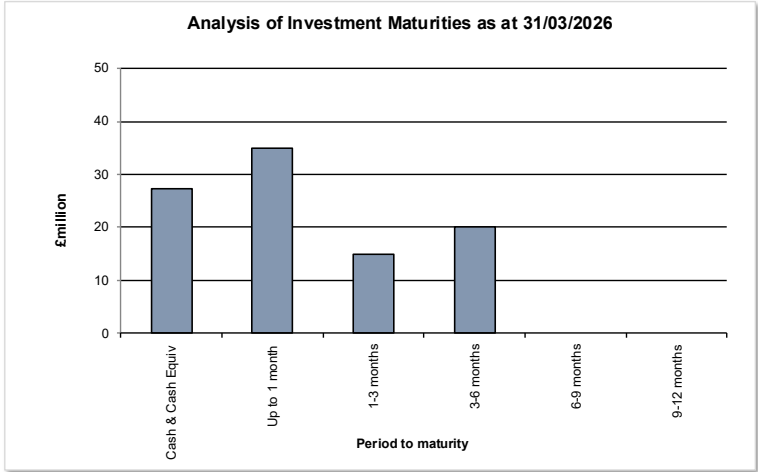
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5. AUTHORITY'S TREASURY POSITION

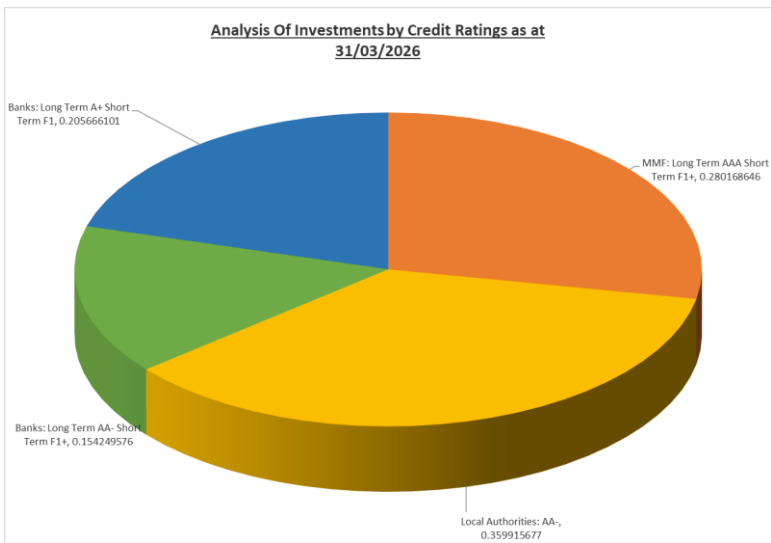
- 5.1 As at 31 March 2026, the Authority's debt portfolio comprised PWLB and market debt totaling £36m. The average interest paid throughout the 2025-26 was 4.218%. The maturity profile of the debt outstanding is highlighted in the chart below.



- 5.2 In accordance with the CIPFA Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a Market Loan (LOBO – Lender Option Borrower Option loan)), then this should be treated as a right to require payment. Due to this guidance, the maturity dates of the Authority's LOBO loan have been profiled as the next call date is in the next calendar year. If never called in, then the LOBO loan would not be repayable until June 2065.
- 5.3 The Authority's investments totaled £16.873m a at 31 March 2026 - all held and managed by St Helens at 31 March. The composition of St Helens' total investments is shown in the chart below - the Authority's share of the investments will have the same composition



5.4 The pie chart below shows how the investments held by the Authority at 31 March 2026 comply with the St Helens' Counterparty Criteria, which are reported within St Helens' Treasury Management Strategy Statement. It reports on the credit ratings of those organisations with whom the Council holds investments and the percentage of investments within each criterion.



5.5 The investments in the pie chart break down as follows:

- 28% of investments are held with the highest graded counterparties, i.e., those with the very best prospects and the lowest risk of failure, with

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extremely strong and stable characteristics.

- 51.4% of investments are held with counterparties who are graded AA-/F1+. 36% being Local Authorities and 15.4% being Banks. These counterparties have strong prospects for ongoing viability, strong and stable fundamentals and a particularly good liquidity profile.
- The remainder of the Authority's investments (20.6%) are with counterparties who are graded A+/F1. These have very strong prospects for ongoing viability and are not significantly vulnerable to foreseeable events.

6. PERFORMANCE MEASUREMENT

6.1 The performance measure for any new borrowing is to compare the average rate secured for the year compared to the average available for the year. However, no new borrowing was taken out in 2025-26.

6.2 When analysing performance of the Authority's investments, there are identifiable indicators available to determine performance, as detailed in Table 2 below:

2025/26	Returns Achieved			Benchmark Returns	Performance relative to Benchmarks
Month	Fixed Term Investments	Call Accounts	Combined Return	Backward Looking 90 Day SONIA	Overall +/- return
April	4.675%	4.403%	4.573%	4.541%	0.032%
May	4.580%	4.274%	4.477%	4.458%	0.020%
June	4.559%	4.242%	4.457%	4.376%	0.081%
July	4.512%	4.168%	4.392%	4.294%	0.098%
August	4.484%	3.996%	4.325%	4.213%	0.112%
September	4.452%	3.957%	4.294%	4.129%	0.165%
October	4.439%	3.959%	4.281%	4.042%	0.239%
November	4.390%	3.917%	4.243%	3.987%	0.256%
December	4.336%	3.963%	4.259%	3.981%	0.278%
January	4.283%	3.790%	4.152%	3.908%	0.244%
February	4.336%	3.775%	4.186%	3.830%	0.357%
March	4.546%	3.763%	4.309%	3.757%	0.551%
Average rate of return *	4.466%	4.017%	4.329%	4.126%	0.203%

6.3 Across the year, investment performance has performed above the accepted benchmark levels. Any sudden changes in rates will impact upon performance against benchmarks as St Helens will need to make investment decisions based upon both the desire to maximise interest returns and, more importantly, managing the liquidity of the authority's investments for cash flow purposes.

7. Capital Financing Requirement (CFR)

7.1 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) and capital

receipts used to replace debt.

- 7.2 The comparison of the Authority's actual debt compared against its capital financing requirement is as follows:

	31 March 2026 Forecast	31 March 2026 Actual	Variance
	£'000	£'000	£'000
Long Term Borrowing	36,047	36,047	0
PPP Liabilities	115,649	114,858	791
Total Gross Debt	151,696	150,905	791
Capital Financing Requirement	188,058	186,774	1,284
(Under) / Over Borrowed	-36,362	-35,869	-493

- 7.3 The table above shows that the level of gross debt is slightly below forecast. This is a result of using actual figures for RPI and CPI rather than the estimates the forecast was based on for the remeasurements of both PPP contracts.
- 7.4 The table also shows that the authority is in an under borrowed position reflecting its use of cash-backed reserves to finance capital expenditure rather than undertaking new borrowing.

8. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 8.1 During 2025-26, the Authority complied with its legislative and regulatory requirements. The revised Treasury Limits and Prudential Indicators are included at Annex (i) and, where appropriate, outturn figures for the indicators have been produced by analysis.

Annex (i)

<u>Treasury Limits and Prudential Indicators 2025-26</u>			2025-26 Estimate £m	2025-26 Outturn £m
1(i)	Proposed capital expenditure that the Authority plans to commit to during the forthcoming and subsequent two financial years.	Capital Expenditure (£m)	2.638	3.318
1(ii)	Additional in-year borrowing requirement for capital expenditure.	In Year Capital Financing Requirement (CFR) (£m)	-11.475	-5.121

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2	The CFR is an aggregation of historic and cumulative capital	Capital Financing Requirement as at 31 March (£m)	-8.837	186.774
3	The "net borrowing" position represents the net of the Authority's gross external borrowing and investments sums held.	Net Borrowing Requirement		
		External Borrowing (£m)	-	36.047
		Investments Held (£m)	-	-16.873
		Net Requirement (£m):	38.816	19.174
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	Ratio of financing cost to net revenue stream	18.58%	16.13%
5	The Authority's Budget Strategy with regards to unsupported borrowing is such that there is no incremental impact to levy income.	Incremental impact of capital investment decisions (increase in levy)	0.00%	NIL
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	Authorised Limit for External Debt (£m)	220.263	Complied within limit

7	This is the limit beyond which external debt is not normally expected to exceed.	Operational Limit for External Debt (£m)	216.175	Complied within limit
8	These limits seek to ensure that the authority does not expose itself to an inappropriate level of interest rate risk and has a suitable proportion of debt.	Upper Limit for Fixed Interest Rate Exposure	100%	Complied within limit
		Upper Limit for Variable Interest Rate Exposure	50%	Complied within limit
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	Upper Limit for Sums Invested over 365 Days	60%	Complied within limit
10	This indicator is used to highlight where an authority may be borrowing in advance of need.	Gross Debt and the CFR (£m)	N/A	N/A