Brent	**Cabinet** 19 January 2026
	Report from the Corporate Director, Finance and Resources
	Lead Member - **Deputy Leader & Cabinet Member for Finance & Resources** **(Councillor Mili Patel)**

Treasury Management Mid-Year Report 2025-26

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	Four: Appendix 1: Economic Commentary Appendix 2: Debt and Investments Portfolio Appendix 3: Average Rate vs Credit Risk Appendix 4: Prudential Indicators
Background Papers:	None
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1.0 Executive Summary

1.1 This report updates Members on Treasury activity for the first half of the financial year 2025/26 (quarters one and two). The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 require that regular reports be submitted to the relevant Council Committee detailing the Council's treasury management activities.

1.2 This report updates Members on both the borrowing and investment decisions made by the Corporate Director, Finance and Resources under delegated authority in the context of prevailing economic conditions and considers the Council's Treasury Management performance. The Council can only borrow for capital investment, it cannot borrow to fund operational, day to day expenditure. The borrowing supports the Council's capital investment programmes for both Council Housing (HRA) and General Fund.

1.3 Key emerging points are as follows:

1.3.1 The Council has complied with its Prudential Indicators as at quarter two of 2025/26 (also published as an appendix to the council's Q2 outturn report on 13 October 2025).

1.3.2 Borrowing outstanding at 30 September 2025 was £951.2m and has increased from £900.0m at the beginning of the financial year, a change of £51.1m. The change in debt was due to a combination of new loans to fund the capital programme and repayment of loans - both short term and long term borrowing.

1.3.3 Cash Investments at 30 September 2025 were £38.6m compared to £47.1m at the beginning of the financial year, a change of £7.1m. The change relates to the repayment of maturing debt and ongoing investment in the Council's capital programme.

1.3.4 Forecast net interest costs for 2025/26 are £20.7m consisting of interest costs of £52.1m and interest income of £31.4m.

1.3.5 The Council had generated interest income of £1.27m on cash investments as at 30 September 2025. This income reflects the Council's cash position and the current level of the Bank of England's Bank Rate. Bank Rate was maintained at 4% in September 2025.

1.3.6 The economic environment remains highly volatile with sluggish economic growth and inflation remaining above the Bank of England's 2% target, peaking at 3.8% in August. The Bank of England cut interest rates from 4.5% to 4.0% with further cuts expected but these have not been fully reflected in rates, particularly long-term rates, available to local authorities because of the uncertain economic environment.

2.0 Recommendation(s)

That Cabinet:

2.1 Note and comment on the overall financial performance up to quarter two of 2025/26 and note the Council has had complied with the prudential indicators as set by Council on 10 February 2025.

2.2 Approve the submission of the report to Cabinet for approval in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice.

3.0 Detail

3.1 Cabinet Member Forword

3.1.1 This Treasury Management Mid-Year Report sets out clearly and transparently how Brent Council continues to steward public money carefully and responsibly in an exceptionally challenging financial environment. Treasury management is not technical for its own sake: it goes to the heart of our ability to invest in homes, infrastructure and services while protecting residents from unnecessary financial risk.

3.1.2 Throughout the first half of 2025 26, the Council has remained fully compliant with the CIPFA Treasury Management Code and government guidance. Our approach continues to be grounded in prudence, discipline and long-term sustainability. Security and liquidity are always prioritised and borrowing decisions are taken only to support our approved capital programme, never for speculative return.

3.1.3 I am particularly reassured that the Council's investment activity continues to reflect our values. In line with the CIPFA Treasury Management Code, the report outlines how officers consider environmental, social and governance factors when selecting counterparties, including alignment with initiatives such as the UN Principles for Responsible Investment, the UK Stewardship Code and the Net Zero Asset Managers Initiative. This ensures our cash balances are managed responsibly as well as prudently.

3.1.4 The report also highlights the reality of today's interest rate environment and the scale of the Council's borrowing position. Borrowing outstanding at 30 September 2025 was £951.2 million, an increase from £900.0 million at the beginning of the financial year. This reflects a net change of £51.1 million, driven by the need to fund the approved capital programme and manage maturing debt within the limits set by the Council's prudential indicators.

3.1.5 I am pleased that the Council has continued to take active steps to manage risk and secure better value for money. This includes paying down LOBO loans where options arise and refinancing them on more favourable terms.

3.1.6 Reducing exposure to these complex instruments is the right long-term decision, and officers will continue to keep the remaining portfolio under close review. At the same time, it remains a disappointment that the PWLB charges a premium to Council's on the Government's cost of borrowing despite the certainty discount.

3.1.7 Taken together, this report demonstrates a balanced and responsible approach to treasury management. It shows how officers are navigating volatility, managing historic liabilities and supporting a significant capital programme while keeping risk under control and ensuring every decision represents careful stewardship of public money. I commend the report to the Cabinet and welcome the continued scrutiny and assurance it provides.

3.1.8 The regular reporting of treasury management activities assists Members in scrutinising officer decisions and monitor progress on the implementation of its borrowing and investment strategy as approved by Full Council.

3.1.9 The Council's treasury management activity is underpinned by Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity.

3.1.10 The link to Council policies can be found here:

https://www.brent.gov.uk/the-council-and-democracy/strategies-priorites-and-policies

3.2 Background

3.2.1 The Council has borrowed money over the long-term period to support investment in the Council's infrastructure and invests cash balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue impact of high interest rates. The successful identification, monitoring and control of risk are central to the Council's treasury management strategy.

3.2.2 The Council has adopted the CIPFA Code which requires the Council to approve, as a minimum, treasury management reports twice per year as well as an annual strategy.

3.2.3 The 2021 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy and Treasury Management Strategy, complying with CIPFA's requirement, was approved by full Council at a Budget and Council Tax Setting Council meeting on 10 February 2025.

3.3 Economic Background

3.3.1 Key points emerging for the first two quarters of 2025/26:

3.3.1.1 UK Inflation and Monetary Policy Response: Inflation remained persistently above the Bank of England's 2% target, with CPI peaking at 3.8% in August. In response to weakening economic growth, the Bank of England cut the Bank Rate twice during 2025/26 from 4.5% to 4.0% with further reductions expected in the year ahead as part of a cautious monetary easing cycle.

3.3.1.2 Economic Growth and Labour Market Softening: UK GDP growth slowed from 0.7% in Q1 to 0.3% in Q2, with zero growth recorded in July. Labour market indicators showed rising unemployment and falling vacancies, suggesting a cooling economy despite some resilience in employment rates.

3.3.1.3 Market Volatility and Gilt Yield Surge: Financial markets remained volatile, with UK gilt yields rising sharply particularly the 30-year yield, which reached its highest level in nearly 30 years amid fiscal concerns. Investor sentiment improved later in the period, but risk premiums remained elevated.

3.3.2 Appendix 1 provides a full economic commentary for the financial year.

3.4 W2Balance Sheet Summary

3.4.1 As at 30 September 2025, the Council had a net borrowing position of £911.2m arWESising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1- Balance Sheet Summary- CFR

Balance Sheet Summary CFR	**31 Mar 25**	**30 Sep 25**
	Actual £m	**Forecast £m**
General Fund CFR	1015.1	1144.1
HRA CFR	342.0	376.2
Loan CFR	**1357.1**	**1520.4**
PFI & Lease Liabilities	28.5	24.7
Total CFR	**1385.6**	**1545.0**
External borrowing (Excluding accrued interest)	900.0	1081.0
Internal Borrowing (Loans CFR less external borrowing)	457.1	439.4
Less Usable Reserves	(496.7)	(495.7)
Less Working Capital	7.7	(36.4)
Investments (or new borrowing)	47.3	20.0

3.4.2 The treasury management position at 30 September 2025 and the change during the first half of the year is shown in Table 2 below.

Table 2- Balance sheet summary – Treasury portfolio

	01-Apr-25 Actual £m	**Movement**	**30-Sep-25 Actual £m**
Short-term Borrowing	70.0	(5.0)	65.0
Long-term Borrowing	830.0	56.1	886.2
Total External Debt (excluding accrued interest)	**900.0**	51.1	**951.2**
Money Market Funds	47.1	(7.1)	40.0
Local Authority Cash Investments	0.0	0.0	0.0
Total Cash Investments	**47.1**	(7.1)	**40.0**
Net Debt	**852.9**	58.2	**911.2**

3.4.3 Overall Borrowing has increased by £51.1m over the first two quarters of 2025/26 as new loans were taken out to fund the council's capital programme and existing loans were repaid. Further details are provided in Table 3.

3.4.4 Cash investments decreased by £7.1m in the first two quarters of 2025/26 as a result of repayment of debt and ongoing investment in the Council's capital programme.

3.4.5 Appendix 2 to this report outlines the full debt and investment portfolio as at 30 September 2025.

3.5 Borrowing

3.5.1 The council continues to prioritise security, liquidity and yield in this order when considering the full treasury portfolio. The main objective when borrowing is ensuring a balance between low interest costs and cost certainty over the duration for which the funds have been required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. In 2025/26 the council has faced an increasingly high-interest rate environment, therefore monitoring interest rates regularly has become critical. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.5.2 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that Councils should only make investment or spending decisions that are directly and primarily related to the functions of the Council.

3.5.3 The Council has complied with these requirements not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in future.

3.5.4 Gilt yields were volatile over the 6-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields which PWLB loan rates are priced off.

3.5.5 The Council had a borrowing position of £900.0m as at 1 April 2025. This had increased to £951.2m as at 30 September 2025. Table 3 provides the breakdown of loan balances.

Table 3- breakdown of debt

Loan Type	01-Apr-25	New Loans	Repaid Loans	30-Sep-25
	£m	**£m**	**£m**	**£m**
PWLB	675.5	80.0	(13.9)	741.7
Private Placement	95.0	0.0	0.0	95.0
Local Authority	70.0	25.0	(30.0)	65.0
LOBO	59.5	0.0	(10.0)	49.5
Total Debt Outstanding	**900.0**	**105.0**	**(53.9)**	**951.2**

3.5.6 The Council had raised £105m of new loans since the beginning of the financial year 2025/26. Of this £105m new loans, this includes £25m new loans from other local authorities with an average rate of 4.3% and £80m new PWLB loans with an average rate of 4.8% (includes a 0.2% certainty rate discount from the PWLB). These been driven by a combination of daily cashflow requirements, the council's internal borrowing position and the requirement to borrow to fund the Council's capital programme due to limited availability of other sources.

3.5.7 The 4.3% interest rate achieved on new inter authority loans is lower than achieved last year, reflecting reductions in short-term borrowing rates. Across the total debt portfolio (previous loans raised before April 2025 and new loans taken out post April 2025) loans from other local authorities have an average interest rate of 4.8% with an average duration of 364 days.

3.5.8 By 30 September 2025, the Council had repaid £53.4m of loans. These include loans from the PWLB (£13.9), LOBOs (£10.0m) and loans from other local authorities (£25.0m).

3.5.9 Overall, the total debt movement was a net increase of £51.2m.

3.6 **Loan Restructuring:** No loans were restructured during the first two quarters of 2025/26. The Council will continue to monitor and evaluate the opportunity to restructure existing loans as and when opportunities arise.

3.7 **LOBO Loans:** As at 30 September 2025 the Council was holding £49.5m of LOBO loans. Following a formal notice of change to interest rates in May 2025, the council decided to repay £10.2m (£10m loan principal and £213k loan interest) in relation to a LOBO loan with Dexia with an original maturity of May 2055. The original rate on the loan was 4.10% and proposed rate was 6.10%.

Following an options appraisal, the LOBO was refinanced and replaced by PWLB in May 2025 where the council borrowed £10m maturity loan at 4.87% which is lower than the proposed LOBO call rate and offered better value. As at 30 September 2025 the council has a further four option dates within 25/26 with the value of the loans totalling £25m The Council will continue to keep the LOBO portfolio under review and consider any opportunities that arise to repay or restructure to mitigate against interest rate risk.

3.8 **Forward Borrowing:** As at 30 September 2025, officers have arranged £29m of short-term loans from other local authorities to start in October and November 2025, with an average rate of 4.37%. The Council's cashflow forecast has identified a need to borrow cash to support forecasted cashflow activity. In line with proper cashflow monitoring and advice from the treasury advisors Arlingclose, the council has taken a little and often approach to forward borrowing in longer term space to mitigate against interest rate risk. The loans were also raised to avoid the capital market liquidity squeeze that is consistently observed in the months January-March, a period when Councils nationally borrow resulting in demand for cash outstripping supply causing short term loan rates to spike.

3.9 **Maturity Profile of Debt**

3.9.1 The forecast for 31 March 2026 is that the Council will have 77 loans spread over 50 years. The maturity profile allows the Council to spread the risk of high interest rates when debt matures in any one year.

Table 4 - Debt maturity profile

Maturity Profile at 31 March 2026 (£m)	**2025/26**
<1 Year	40.0
1-2 Years	91.5
3-5 years	5.0
5-10 Years	123.9
10-15 Years	111.9
15-20 Years	163.3
20-25 Years	96.9
25-30 Years	53.8
30-35 Years	159.9
35-40 Years	0.0
40-45 Years	5.0
45+ Years	100.0
Debt outstanding	**951.2**

3.9.2 The maturity loan profile includes existing debt and forward starting loans as agreed at 30 September 2025 and excludes any planned future borrowing.

3.10 Interest Rates

3.10.1 For context, the changes in interest rates during the half year were as follows:

Table 5 - comparison of interest rates

Interest Rate	31-Mar-25	30-Sep-25
Bank Rate	4.50%	4.00%
1-year PWLB certainty rate, maturity loans	4.82%	4.58%
5-year PWLB certainty rate, maturity loans	4.94%	4.95%
10-year PWLB certainty rate, maturity loans	5.38%	5.53%
20-year PWLB certainty rate, maturity loans	5.88%	6.14%
50-year PWLB certainty rate, maturity loans	5.63%	5.98%

3.11 Capital Financing Requirement

3.11.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). This is the amount of the Capital Programme, past and present, that is funded by borrowing and has not been paid for by revenue or other resources.

3.11.2 Assuming that the Council's capital programme is delivered in line with the quarter two forecast, the Council's external borrowing is forecasted to be £1081.0m at 31 March 2026. This is within the Prudential Indicator for external borrowing. The forecasted loan CFR as at 31 March 2025 is expected to be £1520.4m, compared to an original forecast at the start of the year of £1,544.2m. The forecasted CFR can be split between the General Fund (£1,144m) and the HRA (£376.2m). The difference between the Loan CFR and external loans is internal borrowing. Internal borrowing occurs due to timing differences when capital expenditure that is meant to be financed through external debt is instead paid for through cash resources that are intended for other purposes. Cash is replenished at a later date. Internal borrowing at 31 March 2025 is expected to be £439.4m as shown in Table 6.

3.11.3 The General Fund CFR is forecasted to reduce by £18.6m following the application of Minimum Revenue Provision (MRP) charges and service loan repayments. MRP is discussed further below.

3.11.4 The expected movement in the Loan CFR of £163.2m between 1 April 2025 and 31 March 2026 is explained in Table 6.

Table 6 - Capital Financing Requirement

Capital Financing Requirement (CFR) (£m)	31 Mar 25 Actual	30 Sep 25 Forecast
General Fund	1,015.1	1,144.1
Housing Revenue Account	342.0	376.2
Loan CFR	**1,357.1**	**1,520.4**
Other Debt Liabilities	28.5	24.7
Total CFR	**1,385.6**	**1,545.0**
Less external Borrowing	(900.0)	(1,081.0)
Internal Borrowing	457.1	439.4
Council Approved Limits (Capital Strategy)	**2024/25**	**2025/26**
Approved Operational Boundary Limit	1,500.0	1,600.0
Approved Authorised Limit	1,700.0	1,800.0

Table 7 - Movement in CFR

	£m
Opening Loan CFR 1 April 2025	**1,357.1**
Capital expenditure 2025/26	335.8
Capital expenditure Financing	(153.0)
MRP	(18.6)
Service Loans Repaid	(1.0)
Closing Loan CFR 30 September 2025	**1,520.4**

3.12 Minimum Revenue Provision

3.12.1 The Minimum Revenue Provision (MRP) is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. The statutory guidance provides options for calculating a charge that is considered prudent. The approach for this calculation is approved as part of the budget setting process each February by Full Council in the Minimum Revenue Provision Statement.

3.12.2 As at 30 September 2025, the 2025/26 forecasted MRP charge is expected to be £18.6m and consists of capital programme borrowings (historical supported borrowings and unsupported borrowings).

3.12.3 MRP will be continued to be kept under review throughout the financial year to ensure that the Council accounts for a prudent charge for the year.

3.13 **Cost of Borrowing**

3.13.1 Total net interest costs are forecast to be £20.7m (£17.5m in 2024/25), reflecting the high-interest rate environment and the cost of servicing loans required for servicing the Council's ambitious capital programme.

Table 8- Debt costs

	2024/25	**2025/26**
Capital Financing Costs at Q2 (£m)	**Actual**	**Estimated**
Total Gross External Debt Interest	32.4	50.4
Total Interest Payable & Expenses	35.3	52.1
Total Interest Receivable	(17.8)	(31.4)
Net Interest	**17.5**	**20.7**
MRP (Excluding PFI)	13.7	18.6
Total Interest & MRP	**31.2**	**39.3**

3.13.2 The total capital financing cost forecast includes:

3.13.2.1 borrowing £182.8m of new loans (the council has taken out £105m new loans as illustrated in table 3) to fund the Council's capital programme borrowing need as well as to finance maturing debt at an assumed interest rate of 5.2%.

3.13.2.2 Interest on treasury cash investments with an average cash balance of £58.4m earning an assumed rate of 4.26%.

3.13.2.3 Expected interest on subsidiary loans related to I4B and First Wave Housing, two wholly owned Council companies, and service loan advances to Brent schools; the West London Waste Authority and Alperton Academy are also included in the forecast.

3.13.3 The forecast total interest of £20.7m is higher than the previous financial year due to a rise in UK Government Gilt rates that subsequently impact PWLB loan rates, thus making borrowing loans from the PWLB (and capital markets) more expensive. The Council's borrowing need has also increased since 2024/25 in line with approved plans to fund the borrowing requirement of the current capital programme and management of the depleting internal borrowing position. Furthermore, the Council has a rising MRP obligation that is associated with past borrowing decisions. The Council uses the annuity method to determine the MRP charge which is set out in the annual MRP policy approved by full cabinet each financial year, which results in a lower charge in the earlier period of the repayment schedule but increases over time.

3.14 **Investment Activity**

3.14.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

3.14.2 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves. As at 30 September 2025, the Council was holding investment balances of £40.0m and had decreased from £47.1m, a change of £7.1m. The investment position is shown in table 8 below.

Table 9 - Treasury investment activity

	31 Mar 25	Movement	30 Sep 25
	£m	£m	£m
Local Authority and DMADF Deposits	0.0	0.0	0.0
Money Market Funds	47.1	(7.1)	40.0
Total Cash Investments (Excluding accrued interest)	**47.1**	**(7.1)**	**40.0**

3.14.3 The CIPFA Treasury Management Code requires local authorities to consider their counterparty policies considering environmental, social and governance (ESG) information. The Council has regard to funds who have signed up to ESG related initiatives, including the UN Principles for responsible investment, the UK Stewardship Code and the Net-Zero Asset Managers Initiative.

3.14.4 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

3.14.5 Investment interest rates on short-term cash holdings remain relatively high but lower than a year ago. As at 30 September 2025, the Council has achieved an average of 4.26% interest income from cash investment holdings, which compares to compares to 5.0% a year earlier. Appendix 2 summarises the council's portfolio as at 30 September 2025 and the average rates. In addition, Appendix 3 details the average rate earned on investments against credit risk exposure.

3.14.6 The Council needs to hold cash for day-to-day requirements so holds deposits in short term investments. These provide the Council with improved security through high credit ratings and liquidity through the accessibility function of redeeming funds on the same day.

3.14.7 The Council continues to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of money market funds will be maintained to allow access to cash to fund daily cashflow outgoings.

3.14.8 The progression of risk and return metrics are shown in the extracts from Arlingclose quarterly investment benchmarking in the table 10 below.

Table 10 - Investment benchmarking

	Credit Score	**Credit Rating**	**Bail-in Exposure**	**Weighted Average Maturity (days)**	**Rate of Return**
31.03.2025	4.88	A+	100%	1	4.53%
30.09.2025	4.88	A+	100%	1	4.08%
Similar Local Authorities*	4.53	A+	75%	10	4.52%
All Local Authorities*	4.38	A+	62%	11	4.47%

*Arlingclose clients only

3.15 **Non-Treasury Investment Activity**

3.15.1 Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return). All non-Treasury investments are held for service purposes. They include equity stakes and loans to subsidiaries.

3.15.2 As at 30 September 2025 the Council held £252.1m of investments for service purposes:

- Equity in subsidiaries of £36.4m
- Loans to subsidiaries of £215.8m

3.15.3 I4B Holdings Limited is a company wholly owned by Brent Council that was incorporated on 16 December 2016. The primary purpose of the company is to deliver the housing options defined in the Temporary Accommodation Reform Plan. As at 30 September 2025, the Council had provided total investment of £218.7m in I4B (£218.7m in 2024/25), which is secured against the company's properties. The investment is split between £182.4m loans and £36.4m equity financing. Based on current loans, the Council is expected to receive £5.3m in interest for loans advanced to I4B by 31 March 2026.

3.15.4 The Council expects to issue a new relation to the Phase 3 loan facility to I4B in the latter half of 2025/26 consisting of £32m capital loan and £8m equity. This was formally approved by Cabinet on 5 February 2024 in the 2024/25 Budget and Council Tax paper, paragraph 2.12. The £32m capital loan increases the forecast interest income from loans to I4B to £6.6m by 31 March 2026.

3.15.5 First Wave Housing (FWH) is a registered provider of housing in Brent and is wholly owned by Brent Council. FWH was formally known as Brent Housing Partnership (BHP). The Council is expecting to receive £0.7m in interest by 31 March 2026 for loans to FWH and is expecting to receive capital repayment of £0.5m. As at 30 September 2025, there were outstanding loans to FWH of £33.4m (£33.8m in 2024/25), which are secured against the properties held within the company.

3.15.6 Loans to subsidiaries are expected to generate £7.3m of income for the Council in 2025/26 (£6.0m in 2024/25). This interest income covers the borrowing cost of investing in housing through wholly owned subsidiaries. These borrowing costs would be incurred by the Council regardless of the method through which the Council develops new housing; however, this is the vehicle of choice for such investments.

3.16 **Treasury Management Training**

3.16.1 The needs of the Council's treasury management staff for training in investment and debt management are kept under review. These are considered as part of the staff appraisal process and additionally when the responsibilities of individual members of staff change.

3.16.2 Training for Members is also kept under review and formal treasury training sessions are provided on an annual basis.

3.17 **Compliance**

3.17.1 The Corporate Director, Finance and Resources reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

3.17.2 Compliance with the approved prudential indicators, and in particular the authorised limit and operational boundary for external debt is demonstrated within Appendix 4 (Q2 September 2025/26 Prudential Indicators) as required by the 2021 CIPFA Treasury Management Code.

4 Stakeholder and Ward Member Consultation and Engagement

4.1 Given the nature of this report, there has been no stakeholder and ward member consultation and engagement.

5 Financial Considerations

5.1 The financial implications are noted in the report.

6 Legal Considerations

6.1 The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators to ensure that the Council's capital investment plans are affordable, prudent, and sustainable. This requires that regular reports be submitted to the relevant Council Committee. Brent Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this code and as such, following consideration by Audit and Standards Advisory Committee (sent t, a report setting out the Council's Treasury Management activity and Treasury Management Strategy for the year should be submitted to Full Council for approval.

7 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no equity, diversity and inclusion considerations arising from this report.

8 Climate Change and Environmental Considerations

8.1 As part of the Council's Treasury Management Strategy, the Council ensures an assessment is made with regards to environmental, social and governance (ESG) matters for the council's long-term investments.

9 Human Resources/Property Considerations (if appropriate)

9.1 There are no Human Resources/Property considerations arising from this report.

10 Communication Considerations

10.1 No additional communication strategies are required for this report.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources