	Audit and Standards Advisory Committee 27 July 2026
	Report from the Corporate Director, Finance and Resources
	Lead Cabinet Member – Deputy Leader & Cabinet Member for Finance & Resources

Treasury Management Outturn 2025/26

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
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 presents the outturn for the Council's Treasury Management activities for 2025/26. The Council undertakes its treasury management activities in accordance with the CIPFA Treasury Management in the Public Services: Code of Practice, as required under the Local Government Act 2003 and associated Regulations. Regular reporting to the relevant Committee forms part of this framework and supports transparency, accountability and prudent financial management.

1.2 This report updates Members on both the borrowing and investment decisions made by the Corporate Director, Finance and Resources under delegated authority 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:

- The Council has complied with its Prudential Indicators for 2025/26.
- Borrowing at 31 March 2026 was £1,074.0m an increase of £174.0m compared to 31 March 2025.
- Cash Investments at 31 March 2026 was £43.8m, a decrease of £3.5m compared to £47.3m at 31 March 2025.
- The Council's Capital Financing Requirement (CFR), representing the underlying need to borrow, increased by £58.5m to £1,412.3m.
- The average rate for the Council's total borrowing was 3.9% as at 31 March 2026, an increase from 3.85% at 31 March 2025, caused by high interest rates.
- The Council's rate of return on cash investments decreased during the year from 4.53% (31 March 2025) to 3.81% (31 March 2026).
- Minimum Revenue Provision (MRP) charge (excluding PFI/Leases) to the General Fund for 2025/26 was £16.5m.

2.0 Recommendation(s)

That Audit and Standard Committee:

2.1 Note and comment on the overall financial performance for 2025/26.

2.2 Note that the Council has complied with the prudential indicators set by Council in February 2025.

2.3 Approve the submission of the report to Cabinet and Full Council 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 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The regular reporting of treasury management activities assists Members to scrutinise officer decisions and monitor progress on the implementation of the borrowing and investment strategy approved by Full Council. Effective governance and scrutiny of treasury management activities supports achievement of the borough plan as it reduces risk and controls costs ensuring resources are available to deliver the Council’s priorities.

3.1.2 Treasury management plays a key role in the delivery of the Council’s ambitious Capital programme as it ensures funds are available and borrowing is affordable. The Capital Programme represents the Council's strategic investment designed to address key Council priorities, from improving the public realm to investing in affordable housing.

3.1.3 The Council’s treasury management activity is underpinned by the CIPFA Code, which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity.

3.2 Background

3.2.1 The Council borrows money over the long term to support investment in the Council’s ambitious capital programme and invests cash balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds, insufficient cash balances to meet payment obligations, and the revenue impact of changing interest rates. The successful identification, monitoring and control of risk are central to the Council’s treasury management strategy.

3.2.2 In line with the CIPFA Code, the Council approves three key Treasury Report:

- Treasury Management Strategy (approved alongside the budget) for the upcoming year;
- Mid-year Treasury Outturn Report which provides a half-year update on Treasury Performance; and
- Treasury Management Outturn Report which updates Members on the full years activity and Treasury performance

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 were approved by full Council at a Budget and Council Tax Setting Council meeting on 10 February 2025.

3.3 Economic Background

3.3.1 Appendix 1 provides a full and detailed economic commentary for the financial year

3.3.2 UK annual Consumer Price Index (CPI) inflation generally eased during the year but remained above the Bank of England's 2% target. The US/Israel-Iran conflict increased inflationary risks through higher oil and commodity prices.

3.3.3 The Bank of England's Monetary Policy Committee (MPC) Bank Rate at the start of the financial year was 4.5% and at the end of the year was 3.75% . It has been held at this level since due to uncertainty following escalating geopolitical tensions.

3.3.4 Credit conditions remained resilient despite market volatility. Arlingclose, the Council's Treasury Advisors, maintained their recommended counterparty duration limits, with the Authority continuing to invest within approved credit risk parameters.

3.4 Local Context

3.4.1 At 31 March 2026, the Council had a net borrowing position of £1,030.3m. 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. Alternatively, the Capital Programme can be funded by internal borrowing. Internal borrowing is the use of an authority's own cash resources, such as revenue balances, reserves, and earmarked funds (including General Fund balances and Community Infrastructure Levy (CIL) receipts), to temporarily finance capital expenditure instead of taking out external borrowing. Internal borrowing reduces interest costs in the short-term because it reduces the need to finance the capital programme through borrowing. Balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31-Mar-25	**31-Mar-26**
	Actual	**Actual**
	£m	**£m**
General Fund CFR	1,010.5	1,044.0
HRA CFR	343.3	368.3

Loan CFR	**1,353.8**	**1,412.3**
PFI & Lease Liabilities	70.6	61.7
Total Loan CFR	**1,424.4**	**1,474.0**
External borrowing (Excluding accrued interest and PFI/Leases) *	900.0	1,074.1
Less Usable Reserves	(496.1)	(453.6)
Less Working Capital	89.6	159.2
Investments (or new borrowing)	47.3	43.8
Internal Borrowing (Loans CFR less external borrowing)	453.8	338.2
Net borrowing (borrowing less investments)	**852.7**	**1,030.3**

3.4.2 The General Fund CFR was reduced by £16.5m following the application of Minimum Revenue Provision (MRP) charges excluding PFI/Leases. MRP is a prudent charge to revenue for the repayment of borrowing in the General Fund. When we charge MRP, we are effectively setting aside money from the revenue budget to repay part of that borrowing need. This reduces our underlying need to borrow, so the CFR reduces as well.

3.4.3 The Housing Revenue Account is a ringfenced account to record income and expenditure related to social housing. As permitted by regulations, the Council appropriates HRA land to the General Fund for the purposes of regeneration and development. During the year, several completed housing schemes appropriated from the General Fund to the HRA. In total, assets with a certified value of £30.0m were appropriated from the General Fund to the HRA and the respective CFRs were adjusted.

3.4.4 The movement in the Loan CFR of £58.5m between 31 March 2025 and 31 March 2026 is detailed below.

3.4.5 In addition, working capital increased from £89.6m at 31 March 2025 to £159.2m at 31 March 2026, primarily due to a £70m increase in debtors during the year. This was partially offset by a £10m reduction in creditors, resulting in an overall increase in net working capital. Working capital represents the difference between current assets and current liabilities and is an important indicator of the Council's short-term liquidity position. An increase in working capital generally reflects a higher level of resources due to the Council relative to obligations falling due in the short term. While these balances are expected to convert into cash in due course, the timing of receipt can influence the Council's cash flow and treasury management activities, including the level of investments held and the need for short-term borrowing. As such, movements in working capital are an important consideration in managing the Council's day-to-day liquidity.

3.4.6 As a result, the Council's net borrowing position (less investments) changed from £852.7m to £1,030.3m. The Council's external borrowing as 31 March 2026 £1,074.1m excluding £61.7m PFI and Leases and was within the

Prudential Indicator for external borrowing. Actual loan CFR as at 31 March 2026 stood at £1,412.3m. This can be split between the General Fund (£1,044.0m) and the HRA (£368.3m). 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 later. The Council's borrowing position is further discussed later in the report in the borrowing section.

Table 2: Movement in CFR

Movement in CFR	£m
Opening Loan CFR 1 April 2025	1,353.8
Closing Loan CFR 31 March 2026	1,412.3
Change in Loan CFR	**58.5**
Capital expenditure 2025/26	209.9
Capital expenditure Financing	(108.8)
MRP	(16.5)
Service Loans Repaid	0.0
Accounting adjustments (PFI/Leases)	(26.1)
Total Movements in CFR	**58.5**

3.4.7 The treasury management position at 31st March 2026 and the change during the year is shown in Table 3 below.

Table 3: Treasury Management Summary

	31-Mar-25 Actual	**Movement**	**31-Mar-26 Actual**
	£m	**£m**	**£m**
Short-term Borrowing	130.4	11.6	152.2
Long-term Borrowing	769.6	152.2	921.9
Total External Debt	**900.0**	**174.1**	**1,074.1**
Money Market Funds	47.3	(3.5)	43.8
Local Authority Cash Investments	0.0	0.0	0.0
Total Cash Investments	**47.3**	**(3.5)**	**43.8**
Net Debt	**852.7**	**177.6**	**1,030.3**

3.4.8 Borrowing increased during 2025/26 to support the Council's long-term capital investment programme as internal cash resources continued to be utilised. The additional borrowing requirement was driven by the delivery of the capital programme where expenditure was not funded through grants, contributions, capital receipts or reserves. New borrowing was undertaken throughout the year in line with the Council's treasury management strategy, adopting a "little and often" approach to manage exposure to continued interest rate volatility. Although market interest rates remained volatile during the year, this approach enabled the Council to secure funding as required while managing borrowing costs and ensuring sufficient liquidity to support the delivery of the capital programme. More detail on borrowing is provided in section 3.5 onwards.

3.4.9 Cash investments decreased over the year following the repayment of maturing debt and ongoing investment in the Council's capital programme. Although the Council's working capital increased during 2025/26, this was primarily driven by higher year-end debtor balances rather than additional cash resources. As a result, the increase in working capital did not translate into higher cash available for investment, with cash balances continuing to be utilised to support the capital programme and debt repayments.

3.4.10 Appendix 2 details the debt and investment portfolio as at 31 March 2026.

3.5 Borrowing Strategy and Activity

3.5.1 As outlined in the Treasury Management Strategy, the Council's main objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. 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 Gilt yields slightly decreased over most of the period; reflecting expectations of lower interest rates, limited economic growth and, to some extent, an improvement in the UK governments fiscal position following tax rises in the autumn budget. Subsequent to the war in the Middle East however, gilt yields rose rapidly.

3.5.3 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. Rates for 50-year maturity loans ranged from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been a little above Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen due to high demand level, rates on inter-authority borrowing rose higher towards the end of the financial year to rates of over 5.0%

3.5.4 The average interest rate on the Council's external borrowing increased marginally from 3.85% at 31 March 2025 to 3.90% at 31 March 2026. This was primarily due to the Council undertaking new borrowing to finance its capital programme. Whilst interest rates fell during the year, the rates available for new PWLB borrowing remained higher than the average rate payable across the Council's existing debt portfolio. Consequently, the addition of new borrowing increased the overall weighted average cost of debt, albeit only marginally. The table below shows the interest rate changes in Bank rate and PWLB rates between financial year ends provided by Arlingclose.

Table 4: Interest rate changes

Interest rate changes	31-Mar-25	31-Mar-26
Bank Rate	4.5%	3.8%
1-year PWLB certainty rate, maturity loans	4.8%	5.0%
5-year PWLB certainty rate, maturity loans	4.9%	5.3%
10-year PWLB certainty rate, maturity loans	5.4%	5.7%
20-year PWLB certainty rate, maturity loans	5.9%	6.2%
50-year PWLB certainty rate, maturity loans	5.6%	6.1%

3.5.5 The CIPFA code of practice (2025/26) defines the Housing Revenue Account as statutory obligation to maintain a revenue account for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989 (England and Wales) (Section 3.5.11 of the Code). The PWLB currently provide a discounted a rate for new HRA loans.

3.5.6 The PWLB HRA rate which is 0.4% below the certainty rate is available up to March 2027. This discounted rate is to support local authorities borrowing for the HRA and for refinancing existing HRA loans. In 2025/26, the Council did not take out any new HRA loans. However, the Council will continue to monitor the opportunity to do so in line with the treasury management strategy and the council's HRA business plan and objectives.

3.5.7 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing or regeneration purposes. The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council and has no plans to do so.

3.5.8 The Council held loans of £1,074.1m as at 31 March 2026, an increase of £174.1m in year. Table 6 provides the breakdown of loan balances.

Table 5: Borrowing Position

Loan Type	01-Apr-25	New Loans	Repaid loans	31-Mar-26
	£m	**£m**	**£m**	**£m**
PWLB	675.5	230.0	(31.0)	874.5
LOBO	59.5	0.0	(20.0)	39.5
Banks & Pension Funds	95.0	0.0	0.0	95.0
Local Authority	70.0	65.0	(70.0)	65.0
Total Debt Outstanding	**900.0**	**295.0**	**(121.0)**	**1,074.1**

3.5.9 External borrowing increased from £900.0m to £1,074.1m during the year, reflecting the raising of £295.0m of new loans and the repayment of £121.0m of existing debt. Of the new borrowing undertaken, £230.0m was raised from the Public Works Loan Board (PWLB) on an Equal Instalment Principal (EIP) basis to support the Council's approved capital programme. EIP borrowing was preferred as it provides a structured repayment profile, with debt reducing progressively over the life of the loan, helping to manage the Council's long-term borrowing requirement and limiting future refinancing risk. No maturity (MAT) loans were raised during the year. Whilst MAT loans defer principal repayment until the end of the loan term, prevailing rates remained relatively high and would have locked the Council into higher long-term borrowing costs. The use of EIP borrowing therefore provided a more balanced approach, supporting capital investment while managing both financing costs and future debt repayment obligations.

3.5.10 In addition, £65.0m of short-term loans were raised from local authorities as part of the Council's treasury management strategy. Maintaining a proportion of borrowing on a short-term basis provides flexibility in managing cash flow requirements and the debt portfolio, while benefiting from lower borrowing rates than those available on longer-term loans. This approach helps balance cost and risk within the overall borrowing strategy. Local authority loans were raised at an average rate of 4.4% with an average duration of 365 days.

3.5.11 **Loan Restructuring:** No loans were restructured during 2025/26. The Council will continue to monitor and evaluate the opportunity to reschedule existing loans.

3.5.12 **LOBO Loans:** LOBO loans give the lender the option of increasing rates at a specified date and the Council the option to either accept the increased rate or repay the loan without penalty. As at 31 March 2026 the Council was holding £39.5m of LOBO loans. The Council repaid two LOBO loans in 2025/26 after the lender exercised their option. As a result, the Council's borrowing requirement increased, with the additional financing being met through borrowing from the Public Works Loan Board (PWLB) during the year within our overall borrowing need. The table below shows further information on the 2 LOBO loans repaid in 2025/26.

Table 6: LOBO Loans repaid:

LOBO loans repaid 2025/26	Amount	Rate	Original Maturity	LOBO Call date 2025/26	New rate proposed	Action taken by Authority
	£m	%				
Loan 1 - Dexia	10.0	4.1%	19/05/2055	19/05/2025	6.41%	Repaid
Loan 2 - Dexia	10.0	5.2%	26/02/2066	27/02/2025	6.24%	Repaid

3.5.13 The authority has one LOBO loan totalling £9.5m that is due for an interest rate review in 2026/27. The Authority has liaised with our treasury management advisors Arlingclose over the likelihood of the options being exercised. If the option is exercised, the Council will undertake an analysis, in consultation with Arlingclose, over whether to repay the loan with available cash or further borrowing or accept the higher interest rates.

3.5.14 **Forward Borrowing:** There were no forward agreed loans as at 31 March 2026.

3.5.15 **Other loans:** The council has explored further opportunity to mitigate against interest rate risk. In early 2026/27, the GLA's Green Finance Fund approved a £12.0m loan at reduced interest rates to support the financing of the South Kilburn District Heat Network.

3.5.16 **Maturity Profile of Debt**

3.5.17 The table below shows the maturity profile for the Council's debt at 31 March 2026.

Table 7: Debt maturity profile

Maturity Profile at 31 March 2026 (£m)	2025/26	Proportion as a percentage %
<1 Year	152.1	14.2%
1-2 Years	114.8	10.7%
2-5 years	106.7	9.9%
5-10 Years	191.1	17.8%
10-20 Years	93.8	8.7%

20-30 Years	198.3	18.5%
30-40 Years	112.3	10.5%
40+ Years	105.1	9.8%
Total Debt	**1,074.1**	**100.0%**

3.5.18 The Councils average debt pool rate at 31 March 2026 was 3.9%. Further detail is shown in Appendix 2.

3.6 Treasury Management Investment Activity

3.6.1 **Investment Activity**

3.6.2 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority'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. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves. Cash balances as at 31 March 2026 was £43.8m held primarily in liquid money market funds. The treasury investment position is shown in table 7 below.

Table 8: Treasury investment position

Treasury Investment Activity	**31-Mar-25**	**Movement**	**31-Mar-26**
	£m	**£m**	**£m**
Money Market Funds	47.3	(3.5)	43.8
Total Cash Investments (Excluding accrued interest)	**47.3**	**(3.5)**	**43.8**

3.6.3 The CIPFA Treasury Management Code requires local authorities to consider their counterparty policies in light of environmental, social and governance (ESG) information. The council makes additional considerations when investing in banks and funds for greater than a year, the Council will prioritise banks that are signatories to the UN Principles for responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

3.6.4 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. As a result, the Council invests in short-term investments with high credit ratings, providing security and liquidity.

3.6.5 The Authority is 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.

3.6.6 The progression of risk and return metrics are shown in the extracts from Arlingclose quarterly investment benchmarking in the table 9 below.

Table 9: 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%
31.03.2026	4.85	A+	100%	1	3.80%
Similar Local Authorities*	4.62	A+	80%	192	4.29%
All Local Authorities*	4.60	A+	64%	10	4.46%

**Arlingclose clients only*

3.6.7 The Council's investment security remains strong and is broadly comparable with both similar London authorities and the wider group of local authorities advised by Arlingclose. Brent continues to maintain a slightly stronger average credit score (4.85) than both comparable London authorities (4.62) and the wider local authority average (4.60), whilst maintaining an average credit rating of A+. The weighted average maturity of investments remained at 1 day, significantly shorter than comparable London authorities (192 days) and the wider local authority average (10 days). The Council’s cash balances naturally fluctuated throughout the year, ranging from £28.0m to £98.5m, reflecting the volatility in the timing of significant cash inflows and outflows. Variations are driven by the receipt of income, such as grants and local taxation, and payments relating to operational services, capital investment and borrowing.

3.6.8 Bail-in exposure is the risk that, if a financial institution experiences financial difficulty, certain liabilities may be written down or converted into equity to absorb losses. For local authorities, this means that investments with institutions subject to the bail-in regime could be at risk if the institution were to fail.

3.6.9 Whilst this highly liquid investment strategy provides maximum flexibility, it also means that 100% of Brent's investments remain subject to bail-in exposure, compared with 80% for similar London authorities and 64% across all Arlingclose local authority clients. Other authorities achieve lower bail-in exposure by diversifying into instruments such as strategic pooled funds, covered bonds and other non- -in investments. Brent's rate of return reduced from 4.53% to 3.80% during the year, reflecting the general decline in short-term investment rates as Bank of England interest rates eased.

3.6.10 Although this return is lower than the benchmark groups (4.29% and 4.46%), it is consistent with the Council's low-risk, highly liquid investment strategy. Although this return is lower than the benchmark groups (4.29% and 4.46%), it is consistent with the Council's low-risk, highly liquid investment strategy. The Council's significant capital programme, coupled with the volatility of daily cash flows and relatively limited surplus cash balances, requires investments to remain readily accessible. Consequently, the Council invests predominantly in same-day access money market funds, in line with the CIPFA Treasury Management Code's requirement to prioritise security and liquidity over yield. As liquidity improves and longer-term surplus cash becomes available, opportunities to diversify into alternative investment products will continue to be kept under review, where this can be achieved without compromising security or liquidity.

3.7 Non-Treasury Investment Activity

3.7.1 The definition of investments in CIPFA’s revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. 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 of the Council’s non-treasury investments are held to further service objectives and are therefore categorised as for service purposes. The non-treasury investments are classified under shareholdings to subsidiaries and loans to subsidiaries, detailed in the paragraph below.

3.7.2 Investment Guidance issued by MHCLG and the Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.

3.7.3 The Council held £287.5m in the following service investments as at 31 March 2026:

- Shareholding in subsidiaries: £43.9m (£36.4m in 2024/25).
- Loans to subsidiaries £212.6m (£216.2m in 2024/25).
- £17.1m loans to Schools academies and colleges
- £13.9m loan to West London Waste Authority.

3.7.4 I4B Holdings Limited is a company wholly owned by Brent Council that was incorporated on 16 December 2016. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce TA costs.

3.7.5 As of 31st March 2026, the Council had provided loan financing of £179.2m to i4B (£182.4m in 2024/25) which is secured against the company's properties. In 2025/26, I4B converted £3.2m of working capital facility into shares, constituting a loan repayment. No other loans were repaid in 2025/26 as the loans are arranged on a maturity structure and repayable at the end of the loan term. The Council received £5.3m (£5.3m in 2024/25) in interest for loans to I4B. The loans are secured against the properties held within the company. The Council also holds an equity investment of £43.9m (£36.4m in 2024/25) that comprises of £1 shares. The increase in equity investment is the result of the £3.2m working capital conversion and an additional £4.3m shares that were issued by I4B to Brent in the year.

3.7.6 First Wave Housing (FWH) is a registered provider of social housing in Brent and is wholly owned by Brent Council. FWH's primary purpose is to provide good quality, affordable, secure, and well managed homes to Brent residents and to contribute to Brent's Housing Strategy. It does this by managing, maintaining and improving its stock of 216 rental properties.

3.7.7 As at 31 March 2026, Brent Council had loaned FWH £33.4m (£33.8m in 2024/25),secured against the properties held within the company. The Council received £0.7m in interest for loans to FWH (£0.7m in 2024/25) and a capital repayment of £0.4m (£0.4m in 2024/25). There were no new loans advanced to FWH.

3.7.8 These investments generated £6.0m of income for the Council in 2025/26 (£6.0m in 2024/25). This investment 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.

3.7.9 Additional information is provided in Appendix 4 for West London Waste Authority and School/Academy service loans.

3.8 Treasury Performance: Capital Financing costs

3.8.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 10 below.

Table 10: 2025/26 Capital financing Costs

Capital Financing Costs at Q4 2025/26 (£m)	2025/26 Actual
Total Interest Payable & Expenses	41.1
Total Interest Receivable	(24.1)
Net Interest	17.0
MRP (Excluding PFI)	16.5
Total Interest & MRP	**33.5**
Total Capital Financing Costs	**33.5**
Transfer to earmarked reserves	5.4
Total outturn	**38.9**
Budgeted costs	**38.9**
Variance	**0.0**
Budgeted rate debt	5.0%
Average rate debt* (full portfolio excluding PFI and Leases)	3.1%
Average rate investments	3.8%

**Additional detail available in Appendix 2*

3.8.2 Treasury performance reflects on capital financing costs which primarily comprises interest payable on borrowing and the Minimum Revenue Provision (MRP), which is the statutory charge for the repayment of borrowing used to fund the Council's capital programme. During 2025/26, global economic uncertainty, limited availability of other sources to fund the capital programme and higher interest rates continued to place pressure on borrowing costs and the Council's medium-term financial position.

3.8.3 Forecasting capital financing costs remains complex due to the sensitivity of interest rates, the timing of borrowing, capital programme delivery, grant receipts and capital receipts. The Council's historic portfolio of LOBO loans also adds uncertainty as lenders retain the option to request refinancing under certain conditions.

3.8.4 The Council continues to actively manage these risks through its treasury management strategy by closely monitoring daily and medium-term cash flow requirements and adopting a "little and often" borrowing approach to take advantage of short-term reductions in interest rates and avoid holding cash for longer than necessary. This approach also provides flexibility to respond to changing market conditions and helps minimise overall borrowing costs. While maintaining sufficient funding to support the delivery of the capital programme.

3.9 Compliance

3.9.1 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.

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

4.0 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.

5.0 Financial Considerations

5.1 The financial implications are noted in the report.

6.0 Legal Considerations

6.1 The legal basis for producing council reports on its Treasury Management Activities is founded on a combination of statutory requirements and professional codes which ensure that local authorities manage their financial resources effectively, maintaining public trust and uphold the principles of good governance.

6.2 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, ensuring transparency, accountability and prudent financial management. 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. As such, this report forms an element of the Council's reporting structure which involves, in due course and following consideration by Cabinet, a report setting out the Council's Treasury Management activity for the year to be submitted to Full Council for approval.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

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

8.0 Climate Change and Environmental Considerations

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

9.0 Communication Considerations

9.1 No additional communication strategies are required for this report.

Report sign off:
Minesh Patel Corporate Director, Finance and Resources