Glasgow City Council

Item 4

19th November 2025

Report to the Finance and Audit Scrutiny Committee

Report by the Executive Director of Financial Services

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Treasury Management and Investment Annual Report 2024/25 and Treasury Management and Investment Strategy Mid-year Review 2025/26

Purpose of report:

To advise members of the treasury management and investment activity for 2024/25, in comparison to the approved strategy, and to provide an update on the 2025/26 position.

Recommendations:

The committee is invited to note:

(a) The Treasury Management and Investment Annual Report 2024/25; and
(b) The Treasury Management and Investment Strategy Mid-year Review 2025/26.

Ward No(s):	Citywide: ☐
Local member(s) advised: Yes ☐ No ☐	Consulted: Yes ☐ No ☐

Finance and Audit Scrutiny Committee

Treasury Management and Investment Annual Report 2024/25 and Treasury Management and Investment Strategy Mid-Year Review 2025/26

Introduction

1. The Local Government in Scotland Act 2003, and supporting regulations, requires the council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the CIPFA Code of Practice on Treasury Management (the Treasury Management Code). The reporting requirements in this respect include an annual treasury management strategy statement, including the annual investment strategy, for the year ahead; a mid-year update report; and an annual report following the year end, outlining activity compared to the approved strategy.

2. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of both the 2024/25 final outturn and 2025/26 mid-year position for treasury activities and highlights compliance with the previously approved strategies. Member training on treasury management issues was undertaken during February 2023 in order to support members' scrutiny role.

3. Prudential and Treasury Indicators are designed to ensure capital investment plans are affordable, prudent and sustainable. In addition, the clear linkages between the council's capital plan and treasury management strategy are evident within financial planning models, with the affordability of financing costs arising from capital investment plans controlled as part of the overall revenue budget forecasts.

Treasury Management and Investment Annual Report 2024/25

4. The Treasury Management Strategy and Annual Investment Strategy 2024/25 was approved by the City Administration Committee on 7 March 2024, whilst a mid-year review report was considered by the Finance and Audit Scrutiny Committee on 20 November 2024.

Capital expenditure and financing requirement 2024/25

5. The Prudential Code defines capital expenditure as expenditure on the creation or enhancement of fixed assets which includes relevant long-term liabilities, such as leases. Capital expenditure undertaken by the council may be financed through the application of capital and revenue resources, including capital grants and other capital receipts. The balance of funding requires to be met through borrowing. The 2024/25 actual capital expenditure, and how it was financed, is outlined in the table overleaf.

Capital expenditure and sources of finance	2024/25 £000
Capital expenditure	95,488
Sources of finance:	
Asset sales	8,096
Government grants and other capital contributions	86,459
Revenue contributions	3,091
Net borrowing	**(2,158)**

6. The above net borrowing is reflected in the Capital Financing Requirement (CFR), which represents the council's underlying need to borrow for 2024/25 along with prior years' capital expenditure. Part of the treasury activities of the council is to fund this borrowing requirement, and to ensure that cash is available to meet capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as, the government, through the Public Works Loan Board (PWLB), money markets or internal borrowing by utilising council reserve balances.

Treasury position as at 31 March 2025

7. At 31 March 2025 the council had total debt of £1,682m and investments of £107m. A summary debt and investment position is outlined in Appendix 1.

The economic outlook and interest rates

8. The outlook for 2024/25 suggested that the UK economy would continue to show signs of growth following the first budget of the new UK Government. Inflation rates were expected to continue to fall as a result of the measures implemented to tighten monetary policies in the past couple of years although these were still forecast to remain above the Monetary Policy Committee (MPC) target of 2%. The ongoing major global conflicts as well as the impact of the US elections continued to have an impact on growth and inflation in the year. Despite being forecast to fall in the year, cost of borrowing remained high and continued to rise across the year from 5.26% to 5.85% (using PWLB 50 year rates as an example).

9. In response to the marginal growth and falling rates of inflation, the Monetary Policy Committee (MPC) began to decrease the bank rate from 5.25% in April 2024 to 5.00% in August 2024. Further cuts were applied in November 2024 to 4.75% and in February 2025 to 4.50% where they remained for the remainder of 2024/25.

2024/25 strategy

11. The key priorities of the overall strategy were to minimise debt interest costs, safeguard investments and meet cash flow requirements.

12. The expectation that short-term borrowing would be the cheaper form of borrowing over the period continued. For longer-term borrowing, PWLB rates were expected to increase during 2024/25 before beginning to fall in future years.

13. Continued uncertainty in financial markets promoted a cautious approach, whereby investments would continue to be dominated by counterparty risk considerations, with priority given to security of investments. The council would aim to achieve the optimum return on its investments, commensurate with the proposed risk strategy and liquidity requirements.

14. Against this backdrop, consideration was to be given to deferring external borrowing by utilising internal council reserve fund balances, thereby both avoiding the cost of holding higher levels of investments and reducing counterparty risk. However, as with short-term borrowing, short-term savings from delaying long-term borrowing would require to be balanced with potential additional long-term costs.

15. Investments would be managed both internally and externally, with external fund managers managing the investment of specific fund balances. In respect of internally managed investments, used principally to manage day-to-day cash flow requirements, a number of investment instruments, with specified limits, and within a defined creditworthiness policy, may be utilised, as outlined in the 2024/25 strategy. The performance of external fund managers in respect of specific fund balances would be regularly reported to the Executive Director of Financial Services.

16. The Executive Director of Financial Services, in conjunction with the treasury advisors, would continue to monitor interest rate forecasts and the economic environment, and adopt a pragmatic approach to changing circumstances.

Borrowing activity

17. During 2024/25 the council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt as cash supporting the council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were lower than borrowing costs and minimising counterparty risk on placing investments also needed to be considered.

18. During the year, the council repaid PWLB loans of £43m on maturity, with an average interest rate of 6.64%. Short-term PWLB and internal borrowing were utilised during the year. Long-term PWLB rates were considerably higher than short-term rates in the year, and therefore short-term borrowing was preferred to long-term borrowing. To address forecast shortfalls in cash balances across the year and refinance maturing and repaid debt within the year, new PWLB borrowing of £225 million was taken out in 2024/25. Appendix 2 provides details of new PWLB borrowing and PWLB loans repaid during 2024/25.

19. The strategy of deferring new borrowing by utilising cash balances has served the council well over a number of years. However, due to reducing cash balances over the past few years, the council is now in a position that requires regular new borrowing to finance capital expenditure and/or refinance maturing debt. With long-term PWLB borrowing rates remaining high in 2024/25 and into 2025/26, new borrowing has been taken on a short-term basis with the aim of replacing this with more favourable long-term borrowing when the rates drop. Recent forecasts suggest that it may be into 2028/29 before the long-term rates would drop to a level that the council would consider to lock in any new long-term borrowing however this will be subject to continued monitoring.

20. Opportunities for debt restructuring in order to generate revenue savings and improve the debt maturity profile were monitored throughout the year. During 2024/25, there were no such opportunities for debt restructuring.

Investment activity

21. During the year, all investment activity was in line with the approved strategy. No institutions, with which investments were held, had any difficulty in repaying principal and accrued interest in full during the year.

22. In light of continuing uncertainty in financial markets and counterparty risk concerns, priority was given to security and liquidity of investments. As outlined in paragraph 14, the opportunity was also taken to limit new external borrowing throughout the year by utilising internal resources in order to further reduce exposure to counterparty risk and provide interest savings.

23. In addition to internally managed investments, the council also holds externally managed investments in respect of Sundry Trusts and the City Funds (Insurance Fund and Common Good Fund). As at 31 March 2025, the council held investments of £32.3m with investment brokers, Ruffer Limited Liability Partnership (LLP) in respect of Sundry Trusts (£16.3m), the Insurance Fund (£1.0m) and Common Good Fund (£15.0m).

Performance indicators

24. Whilst debt performance is difficult to measure, the traditional average debt portfolio interest rate or Loans Fund Pooled Interest Rate acts as the main guide. In the 2023/24 Annual and 2024/25 Update Report, the forecast interest rate for 2024/25 was 3.81%. The final outturn rate achieved for 2024/25 was higher than expected at 4.77%.

25. The average rate of return for internally managed investments was forecast at 5.14%, reflecting the higher interest rates at the time. The final outturn rate achieved for 2024/25 was lower than expected at 5.06% mainly as a result of the decrease in bank rates across the year.

26. The rate of return on externally managed investments can be compared to appropriate industry benchmarks. The benchmark rate of return in respect of investments managed by Ruffer LLP is related to the prevailing Bank Rate: 4.94% for Sundry Trusts and 10.14% for the City Funds. During 2024/25, the rate of return achieved in respect of Sundry Trusts and the City Funds was +3.26% and +3.24% respectively. Although positive returns within the year, the below target rates of return in the year were due to the protective approach adopted by Ruffer ahead of the expected recession in the prior year. The 5-year returns on both are still above the target returns but this will continue to be closely monitored due to the recent drop in performance.

27. Non-treasury investments are defined in the following categories:

    - All shareholding, unit holdings and bond holdings, including those in a local authority owned company

- Loans to a local authority company or other entity formed by a local authority to deliver services

- Loans made to third parties, and

- Investment properties.

28. As at 31 March 2025, the council held shareholdings in a number of its Arm's Length External Organisations and these are reported within the statutory 2024/25 Annual Accounts. The council also has a number of loans to third parties. Such loans are primarily granted in order to support the fulfilment of council objectives, rather than as a treasury investment decision. The value of such loans totalled £1.3m as at 31 March 2025.

Compliance with prudential and treasury indicators

29. The Local Government in Scotland Act 2003 requires the council to prepare Prudential and Treasury Indicators to ensure that the council's capital investment plans are affordable, prudent and sustainable. During 2024/25, the council complied with its legislative and regulatory requirements and adhered to the limits set out in the council's 2024/25 Treasury Management Strategy. The 2024/25 actual prudential and treasury management indicators, detailing the impact of capital expenditure activities during the year are outlined in Appendix 3. The purpose of each indicator is outlined in Appendix 4 for information.

Treasury Management and Investment Strategy Mid-year Review 2025/26

30. The Treasury Management Strategy and Annual Investment Strategy for 2025/26 was approved by the City Administration Committee on 13 March 2025. It is considered that the approved strategy remains fit for purpose with no policy changes required at this time. This mid-year report will now provide an update on the economic position, and treasury management activities to 30 September 2025, in comparison to the approved strategy.

Treasury position as at 30 September 2025

31. At 30 September 2025 the council had total debt of £1,560m and investments of £164m. A summary debt and investment position is outlined in Appendix 5.

The economic outlook and interest rate update

32. Following on from the marginal growth and reducing inflation rates of last year, the UK economy continues to perform better than expected in 2025 and continues to show marginal signs of growth despite GDP initially decreasing by 0.3% in April as a result of the US tariffs. This was the first fall in GDP since October 2024. Weak overseas environment as well as speculation about further tax rises in the forthcoming Autumn budget are forecast to add further drag to the GDP growth however this is still forecast to show an overall growth of 1.3% for 2025. Inflation increased to 3.8% in September 2025, mainly as a result of high food, beverage and service costs, and is forecast to remain above the MPC target level of 2.0% for the year. The ongoing major global

conflicts, trade tensions and the continued impact of the US tariffs are all likely to limit growth in the near future.

33. Bank rates fell to 4.00% in September 2025 from their peak of 4.50% at the start of the year and are expected to continue to fall throughout the remainder of 2025 & 2026 before levelling off around 3.25% in 2027.

34. The 2025/26 strategy included market assumptions for long-term 5, 10, 25 and 50 year PWLB interest rates marginally decreasing to 4.6%, 4.8%, 5.3% and 5.1% respectively during 2024/25, with short-term interest rates (Bank Rate of 5.25%) forecast to decrease to 4.00% during 2025/26.

35. The current position for long-term PWLB rates and short-term borrowing is noted below. The PWLB rates quoted take account of the application of the certainty rate.

(a) Long-term PWLB rates 2025/26 to 2027/28:

PWLB rates	2025/26 Current %	2026/27 Low %	2026/27 High %	2027/28 Low %	2027/28 High %
5 year	4.8	4.3	4.4	4.2	4.2
10 year	5.3	4.8	4.9	4.7	4.7
25 year	6.1	5.5	5.7	5.3	5.4
50 year	5.8	5.3	5.4	5.1	5.2

(b) Short-term borrowing

Bank rates	2025/26 Current %	2026/27 Low %	2026/27 High %	2027/28 Low %	2027/28 High %
BoE	4.00	3.50	3.75	3.25	3.50

Capital expenditure and financing requirement update

36. The 2025/26 strategy estimated gross capital expenditure at £340m with a borrowing requirement of £180m for the year. In addition, there would be a refinancing requirement in respect of PWLB loans maturing in the year totalling £119m. These estimates have now been updated to reflect revised assumptions within the council's current capital investment plan. The probable outturn gross capital expenditure (including leases) and new net borrowing requirement has been revised to £280m and £110m respectively. This position is monitored on an ongoing basis, as part of the investment programme monitoring reported to committee and reflected in the probable pooled interest rate outlined at paragraph 44.

37. The level of projected capital expenditure also impacts on the CFR, the underlying need to borrow for capital purposes. In approving its strategy for 2025/26, the committee noted an estimated CFR of £3,020m as at 31 March 2026. The current projected CFR as at 31 March 2026 has been revised to £2,840m to reflect the movement in the current capital programme.

Borrowing activity

38. So far this financial year, no new long-term borrowing has been secured however a borrowing need has been identified due to a reduction in internal balances, the repayment of PWLB loans and the likelihood of repaying a number of LOBO (Lender option, borrower option) loans in the year-to-date. Long-term borrowing rates are still above our weighted average rate for current debt and therefore, with the forecast of falling interest rates in the next year, any new borrowing will be taken on a short-term basis to limit the exposure to the current high interest rates.

39. PWLB loans totalling £119m have been repaid on maturity in the 6 month period to 30 September 2025 with a further £5m due to be repaid by 31 March 2026. No LOBO loans have been repaid in the 6 month period to 30 September 2025 however there is still exposure to £105m to the end of the financial year due to "calls" being made by the loan providers. Any LOBOs "called" will typically be repaid in full at the call dates due to the new interest rates being unfavourable to the council. All of these loans will require replacement borrowing to maintain the Council's cashflow position. The council will continue to actively monitor potential restructuring opportunities in order to generate cash savings at a minimum risk and improve the balance of the loan debt maturity profile.

40. Whilst there is an overall net need to borrow to fund the movement on the CFR and the replacement of maturing debt, this may involve arranging short or long-term loans from external PWLB or market sources, or borrowing from internal reserve fund balances on a temporary basis, dependent on fund balance forecasts, in lieu of external borrowing. As outlined within the approved strategy, consideration will be given to forward contracts for long-term fixed rate market loans, where available. This may allow new borrowing to be secured and drawn down at a specified date in the future. This has the advantage of providing an element of future budget certainty, with no cost of carry (in respect of the differential between borrowing and investment rates for the period of advance borrowing) or investment risk.

Investment activity

41. The council's approved Annual Investment Strategy outlines the key investment priorities as security of capital and liquidity, and to obtain the optimum level of return, commensurate with these priorities. The risk appetite of the council is low prioritising the security of investments. The limit of investments will reflect the level of available council reserve balances and borrowing in advance to meet capital financing requirements, together with provision for managing the council's day to day cash flow requirements. The Executive Director of Financial Services confirms that the principles of the investment strategy have been adhered to.

42. Investments are only made in line with the approved limits for specific investment instruments, and in accordance with the council's creditworthiness strategy. Investment limits for specific investment instruments, commensurate with risk, are set out in the approved strategy, in order to provide flexibility to deliver best value in terms of interest costs, and to assist with day-to-day cash flow management. The counterparty investment criteria and specified limits for all investment instruments, identified for use in the financial year, are outlined in Appendix 6. The counterparty investment list is updated on a daily basis, however, a snapshot of this list as at 26 September 2025 is outlined in Appendix 7 for information.

43. In addition to internally managed investments, externally managed investments continue to be held in respect of Sundry Trusts and the City Funds. Investments in respect of these funds are managed by Ruffer Limited Liability Partnership. These funds are all invested on a longer-term basis, with performance monitored throughout the year.

Performance indicators

44. The estimated pooled interest rate for 2025/26, as outlined in the 2025/26 strategy, was 3.81%. The current forecast is slightly above this at 4.25% and is reflective of the reducing cash balances and the need to borrow, potential LOBO repayments and maturing PWLB in the year-to-date.

45. For internally managed investments it was anticipated that the rate of return would be limited in 2025/26 to the prevailing Bank Rate forecast of 4.00% and the over-riding principle of risk aversion. As at 30 September 2025 the actual rate of return on internally managed investments is 4.04%.

46. The rate of return on externally managed investments can be compared to appropriate industry benchmarks. In respect of investments managed by Ruffer LLP, the benchmark rate of return is related to the prevailing Bank Rate. The investment strategy is essentially the same for all funds, with security of the principal investment being the key priority. The fund manager’s key objective is the preservation of the principal investment over a 12 month rolling period. The rate of return achieved in the 12 months to 30 September 2025 was 4.60% in respect of both Sundry Trusts and City Funds. This is a significant improvement on the poor returns in previous years and indicates the longer term protective approach adopted by Ruffer appears to be working.

Compliance with prudential and treasury indicators

47. During 2025/26 to date, the council complied with all other legislative and regulatory requirements and adhered to the limits set out within the 2025/26 Treasury Management Strategy and Annual Investment Strategy.

Policy and resource impacts framework

48. Resource implications:

Financial:	Financial implications of this report are reflected in the revenue estimates for 2025/26.
Legal:	No new legal issues
Personnel:	No direct personnel issues
Procurement	No relevant procurement issues

Council Strategic Plan:	Prudent treasury management and investment will support the council to deliver its strategic plan commitments
Equality impacts:	Prudent treasury management and investment will support the council to deliver its strategic plan commitments
Sustainability impacts:	No impact

Privacy and Data Protection impacts	No impact

Recommendations

49. The Finance and Audit Scrutiny Committee is invited to note

(a) The Treasury Management and Investment Annual Report 2024/25; and
(b) The Treasury Management and Investment Strategy Mid-year Review 2025/26.

Appendix 1

Glasgow City Council

Summary debt and investment position as at 31 March 2025

	Nominal amount at 31/3/25 £000	Annual average interest rate %	Share of total debt %
Debt			
Public Works Loans Board	1,319,937	4.28%	78.50%
Market loans	351,875	4.58%	20.93%
Temporary loans (note 1)	9,712	3.96%	0.58%
Total Debt	**1,681,524**	**4.34%**	**100.00%**

	Nominal amount or valuation at 31/3/25 £000	Rate of return %
Investments		
Internally managed investments (note 2)	75,230	5.06%
Externally managed investments:		
Ruffer LLP - City Funds (note 3)	15,986	3.24%
Ruffer LLP - Sundry Trusts	16,255	3.89%
Total Investments	**107,471**	**4.61%**

Notes:

(1) This represents short-term borrowing from various institutions (mainly public bodies). It also includes investments totalling £2.630m, held with the loans fund in respect of Sundry Trust Funds (£0.317m) and Common Good Fund (£2.313m).

(2) This represents short-term investments held with various financial institutions as at 31 March 2025.

(3) This represents investments held in respect of Insurance Fund (£1.009m) and Common Good Fund (£14.977m).

Appendix 2

Glasgow City Council

PWLB loans raised and repaid 2024/25

New loans raised:

Loan reference	Amount £	Interest rate %
799303	25,000,000	4.90
798229	25,000,000	4.90
801644	25,000,000	4.86
804056	25,000,000	4.94
812333	25,000,000	4.91
804892	25,000,000	4.87
802552	25,000,000	4.92
804504	25,000,000	4.95
806324	25,000,000	4.93
Total new loans raised 2024/25	**225,000,000**	**4.91**

Loans repaid on maturity:

Loan reference	Amount £	Interest rate %
PW477921	12,894,138	8.25
PW476261	4,740,917	8.38
683058	25,000,000	5.48
Total loans repaid on maturity 2024/25	**42,635,054**	**6.64**

Glasgow City Council

2024/25 Prudential Indicators Final Outturn

		2024/25 Actual		2024/25 Estimate	
Prudential Indicators					
1)	Gross capital expenditure	£95m		£220m	
2)	Capital Financing Requirement (CFR) as at 31/03/25	£2,728m		£2,830m	
3)	Authorised limit for external debt:	Within limit		£3,300m	
	Authorised limit for borrowing	Within limit		£1,960m	
	Authorised limit for long-term liabilities	Within limit		£1,340m	
4)	Operational boundary for external debt:	Within limit		£3,200m	
	Operational boundary for borrowing	Within limit		£1,900m	
	Operational boundary for long-term liabilities	Within limit		£1,300m	
5)	Gross debt and the CFR as at 31/03/2025				
	Gross debt	£2,523m		£2,480m	
	CFR	£2,728m		£2,830m	
	Gross debt less the CFR	-£206m		-£350m	
6)	Ratio of financing costs to net revenue stream	7.63%		11.70%	
Treasury indicators - borrowing limits					
7)	Maturity structure of fixed rate borrowing			Upper	Lower
a)	Under 12 months	8.07%	135,703	20%	0%
b)	12 months and within 24 months	5.43%	91,230	20%	0%
c)	24 months and within 5 years	23.29%	391,706	50%	0%
d)	5 years and within 10 years	14.50%	243,794	75%	0%
e)	10 years and above	48.71%	819,091	90%	15%
			1,681,524		
f)	Analysis of borrowing 10 years and above				
	10 years and within 20 years	3.11%	52,280	n/a	n/a
	20 years and within 30 years	6.13%	103,000	n/a	n/a
	30 years and within 40 years	26.96%	453,400	n/a	n/a
	40 years and within 50 years	10.91%	183,411	n/a	n/a
	50 years and within 60 years	1.61%	27,000	n/a	n/a
			819,091		
Treasury indicator - investment					
8)	Principal sums invested for over 365 days	£nil		£100m	

Liability Benchmark

The Treasury Management Code 2021 set out a requirement for a new Liability Benchmark (LB) prudential indicator to be included in the Treasury Management Strategy from 2023/24. The Code requires Glasgow City Council (GCC) to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, however CIPFA strongly recommends that the LB is produced for at least 10 years. The GCC indicator therefore includes the LB for the next 10 years in line with the CIPFA recommendation.

The Purpose of the Liability Benchmark is to:

Compare an Authority's existing loan portfolio to its future need for loan debt

There are four components to the LB: -

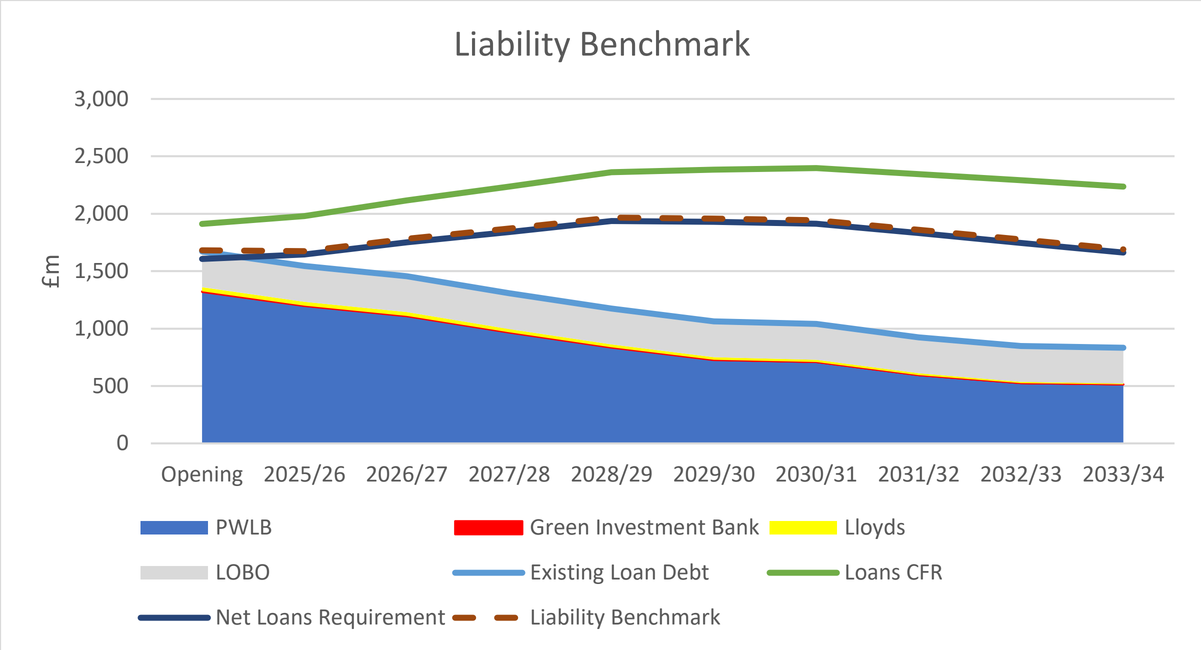
1 **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.

2 **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.

> ***Note: the Loans CFR peaks after five years as only approved prudential borrowing is included whereas all other inputs are projected forward for 10 years.***

3 **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.

4 **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. Short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed (due to short-term cash flow variations, for example).



Analysis of Liability Benchmark

The chart above details the Liability Benchmark forecast for GCC over the next 10 years.

Mismatches between actual loan debt outstanding and the liability benchmark can be be explained as follows...

- Any years where actual loans are less than the benchmark indicate a future borrowing requirement.
- Any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement).

The treasury strategy explains how the treasury risks inherent in these mismatched positions will be managed

Appendix 4

Prudential and Treasury Indicators

The Local Government in Scotland Act 2003 requires the council to prepare prudential indicators to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Prudential Code 2021 also requires that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the council. The prudential and treasury indicators, reported initially as an estimate, and later as an actual, are as follows:

Prudential indicators

1. Total capital expenditure
A prudential indicator that estimates the total capital expenditure and other relevant long-term liabilities to be incurred during the forthcoming financial year and at least the following two financial years.

2. Capital financing requirement (CFR)
A prudential indicator that estimates the total financing requirement at the end of the forthcoming financial year and following two financial years. Taken directly from the balance sheet, it represents the underlying level of long-term debt required to finance the total value of past and anticipated capital investment.

3. Authorised limit for external debt
The authorised limit should be regarded as an upper limit for combined borrowing for capital and temporary cash flow purposes. Although set at a level that can be afforded, it would be expected that actual borrowing will not reach the authorised limit on a regular basis. To do so may represent an indication of a variation from underlying budgetary assumptions.

4. Operational boundary for external debt
The operational boundary is set at a level below the authorised limit, at a level that provides a realistic and credible warning of underlying variations from budgetary assumptions.

5. Gross debt and the CFR
Gross debt includes all external borrowing as well as outstanding liabilities in connection with PPP and finance leases. The CFR is calculated directly from the balance sheet and represents the underlying level of long-term debt required to finance the total value of past capital investment. Comparison of the CFR to external debt should ensure that, over the medium term, external borrowing is only used for capital purposes.

6. Ratio of financing costs to net revenue stream
An indicator of affordability that focuses on the extent to which the council's net budget is used for servicing debt, expressed as a percentage.

7. Liability Benchmark

The purpose of this indicator is to Compare an Authority's existing loan portfolio to its future need for loan debt and is comprised of the following four components: -

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.
- **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
- **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. Short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed (due to short-term cash flow variations, for example).

Treasury indicators

8. Maturity structure of borrowing – fixed and variable

These indicators are designed to be a control over large concentrations of fixed and variable rate debt needing to be replaced at times of uncertainty. The indicator is in effect a limit on longer term interest rate exposure and provides more transparency on the need and opportunities for debt rescheduling.

9. Upper limits on sums invested for periods of more than 365 days

This indicator sets limits on amounts that can be invested for a period of 1 year or more. The purpose is to limit exposure to the possibility of loss that may arise as a result of having to seek early redemption. In other words, it seeks to ensure that money is available when required and not tied up for lengthy periods.

Glasgow City Council

Summary debt and investment position as at 30 September 2025

	Nominal amount at 30/09/25 £000	Annual average interest rate %	Share of total debt %
Debt			
Public Works Loans Board	1,200,456	4.08%	76.95%
Market loans	350,992	4.73%	22.50%
Temporary loans (note 1)	8,693	4.04%	0.56%
Total debt	**1,560,141**	**4.23%**	**100.00%**

	Nominal amount or valuation at 30/09/25 £000	Rate of return %
Investments		
Internally managed investments	130,300	4.04%
Externally managed investments:		
Ruffer LLP - City Funds (notes 2 and 3)	16,696	4.60%
Ruffer LLP - Sundry Trusts (note 3)	16,984	4.60%
Total investments	**163,980**	**4.16%**

Notes

(1) This represents short-term borrowing from various institutions (mainly public bodie

(2) This represents investments held in respect of the Insurance Fund and Common Good Fund.

(3) The rate of return has been presented as the rate of return achieved in the 12 months to 30 September 2025.

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Counterparty investment criteria

Fitch rating (minimum)

Long-term	A and above (i.e. A+, AA-)
Short-term	F1

Moody's rating (minimum)

Long-term	A2 and above (i.e. A1, Aa3)
Short-term	P-1

MUFG Corporate Markets – Creditworthiness services overlay

A sophisticated modelling approach with credit ratings from all three rating agencies (Fitch, Moody's and Standard and Poor's) forming the core element, supplemented by Credit Default Swap (CDS) spreads, sovereign ratings and other market information, providing suggested duration of investments.

Maximum investment period

Based on MUFG Corporate Markets creditworthiness services suggested duration bands.

Maximum investment limit	£m
Debt Management Agency deposit facility	Unlimited
Deposits with counterparties in receipt of government support / ownership	50
Non-government backed deposits	25
Other permitted investments:	
Money market funds	25
Government liquidity funds	30
Securities issued or guaranteed by governments	30

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Counterparty investment list

Weekly credit list: Friday, 26/09/25	Fitch		Moody's		Suggested duration (CDS adjusted)
	Long-term	Short-term	Long-term	Short-term	
Australia	**AAA**		**Aaa**		
Australia and New Zealand Banking Group Ltd.	AA-	F1+	Aa2	P-1	O
Commonwealth Bank of Australia	AA-	F1+	Aa2	P-1	O
Macquarie Bank Ltd.	A+	F1	Aa2	P-1	O
National Australia Bank Ltd.	AA-	F1+	Aa2	P-1	O
Westpac Banking Corp.	AA-	F1+	Aa2	P-1	O
Belgium	**A+**		**Aa3**		
BNP Paribas Fortis	A+	F1	A1	P-1	R
KBC Bank N.V.	A+	F1	Aa3	P-1	O
Canada	**AA+**		**Aaa**		
Bank of Montreal	AA-	F1+	Aa2	P-1	O
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	O
Canadian Imperial Bank of Commerce	AA-	F1+	Aa2	P-1	O
National Bank of Canada	A+	F1	Aa2	P-1	O
Royal Bank of Canada	AA-	F1+	Aa1	P-1	O
Toronto-Dominion Bank	AA-	F1+	Aa1	P-1	O
Denmark	**AAA**		**Aaa**		
Danske A/S	A+	F1	A1	P-1	R
Finland	**AA**		**Aa1**		
Nordea Bank Abp	AA-	F1+	Aa3	P-1	O
France	**A+**		**Aa3**		
BNP Paribas	A+	F1	A1	P-1	R
Credit Agricole Corporate and Investment Bank	A+	F1	A1	P-1	R
Credit Agricole S.A.	A+	F1	A1	P-1	R
Credit Industriel et Commercial	A+	F1	A1	P-1	R
Germany	**AAA**		**Aaa**		
Bayerische Landesbank	A+	F1+	Aa2	P-1	O
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa2	P-1	O
Landesbank Baden-Wuerttemberg	A+	F1+	Aa2	P-1	O
Landesbank Berlin AG			Aa3	P-1	O
Landesbank Hessen-Thueringen Girozentrale	A+	F1+	Aa2	P-1	O
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	P
Norddeutsche Landesbank Girozentrale	A+	F1+	Aa2	P-1	O
NRW.BANK	AAA	F1+	Aa1	P-1	P
Netherlands	**AAA**		**Aaa**		
ABN AMRO Bank N.V.	A	F1	Aa3	P-1	R
BNG Bank N.V.	AAA	F1+	Aaa	P-1	P
Cooperatieve Rabobank U.A.	A+	F1	Aa2	P-1	O
ING Bank N.V.	AA-	F1+	Aa3	P-1	O
Nederlandse Waterschapsbank N.V.			Aaa	P-1	P
Norway	**AAA**		**Aaa**		
DNB Bank ASA			Aa1	P-1	O
Qatar	**AA**		**Aa2**		
Qatar National Bank	A+	F1	Aa3	P-1	O
Singapore	**AAA**		**Aaa**		
DBS Bank Ltd.	AA-	F1+	Aa1	P-1	O
Oversea-Chinese Banking Corp. Ltd.	AA-	F1+	Aa1	P-1	O

Weekly credit list: Friday, 26/09/25	Fitch		Moody's		
	Long-term	Short-term	Long-term	Short-term	Suggested duration (CDS adjusted)
United Overseas Bank Ltd.	AA-	F1+	Aa1	P-1	O
Sweden	**AAA**		**Aaa**		
Skandinaviska Enskilda Banken AB	AA-	F1+	Aa3	P-1	O
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	O
Swedbank AB	AA-	F1+	Aa2	P-1	O
Switzerland	**AAA**		**Aaa**		
UBS AG	A+	F1	Aa2	P-1	O
United Arab Emirates	**AA**		**Aa2**		
First Abu Dhabi Bank PJSC	AA-	F1+	Aa3	P-1	O
United Kingdom	**AA-**		**Aa3**		
Al Rayan Bank Plc			A2	P-1	R
Bank of Scotland PLC (RFB)	AA-	F1+	A1	P-1	O
Barclays Bank PLC (NRFB)	A+	F1	A1	P-1	R
Barclays Bank UK PLC (RFB)	A+	F1	A1	P-1	R
Clydesdale Bank PLC	A	F1	A1	P-1	R
Goldman Sachs International Bank	A+	F1	A1	P-1	R
Handelsbanken Plc	AA	F1+			O
HSBC Bank PLC (NRFB)	AA-	F1+	A1	P-1	O
HSBC UK Bank Plc (RFB)	AA-	F1+	A1	P-1	O
Lloyds Bank Corporate Markets Plc (NRFB)	AA-	F1+	A1	P-1	O
Lloyds Bank Plc (RFB)	AA-	F1+	A1	P-1	O
National Bank Of Kuwait (International) PLC	A+	F1			R
NatWest Markets Plc (NRFB)	AA-	F1+	A1	P-1	O
Santander Financial Services plc (NRFB)	A+	F1	A1	P-1	R
Santander UK PLC	A+	F1	A1	P-1	R
Standard Chartered Bank	A+	F1	A1	P-1	R
Nationwide Building Society	A	F1	A1	P-1	R
United States	**AA+**		**Aa1**		
Bank of America N.A.	AA	F1+	Aa2	P-1	O
Bank of New York Mellon, The	AA	F1+	Aa1	P-1	P
Citibank N.A.	A+	F1	Aa3	P-1	O
JPMorgan Chase Bank N.A.	AA	F1+	Aa2	P-1	O
Wells Fargo Bank, NA	AA-	F1+	Aa2	P-1	O
Debt Management Office	**AA-**		**Aa3**		Y
Government Supported/Owned Banks					
National Westminster Bank PLC (RFB)	AA-	F1+	A1	P-1	O
The Royal Bank of Scotland Plc (RFB)	AA-	F1+	A1	P-1	O

Notes:

1) RFB and NRFB refers to 'Ringfenced' and 'Non-ringfenced' banks
2) In addition to utilising Money Market Funds and the Debt Management Office for investments, the council also currently utilises Royal Bank of Scotland for cash flow purposes

Key to suggested maximum investment periods:

Y (Yellow) - 60 months
P (Purple) - 24 months
B (Blue) - 12 months and government backed
O (Orange) - 12 months
R (Red) - 6 months
G (Green) - 3 months