North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

16 November 2026

Item 17, Mid year Treasury Management review

1. Purpose of the report

1.1 To present details of the Authority's 2026/27 treasury management activity to 30 September 2026, together with a mid-year review of the strategy and a Prudential Indicators update.

2. Background

2.1 Treasury management is governed by the CIPFA Code of Practice on treasury management. The Authority has adopted the Code and complies with its requirements. The Code requires the Authority to present a mid-year review of activity and other current policy issues. This report, therefore, reviews the Authority's investment and borrowing activity for the period 1 April to 30 September 2026.

3. Economic update and interest rate forecasts

3.1 The Authority's treasury advisors MUFG Corporate Services (Formerly Link Asset Services – Treasury Solutions) summarised the key points associated with economic activity in Q2 2026/27 up to 30 September 2026:

- Continued resilience in the face of the ongoing energy shock, with real GDP up 0.4% month on month in July, following on from GDP of 0.5% q/q (1.4% year on year) for the quarter ending 30 June 2026;
- The 3-month year on year rate of average earnings growth excluding bonuses remained stable throughout the period under review, initially stagnating at 3.4% in April and more latterly holding steady at 3.5% in July;
- CPI inflation was 2.8% in May, but is now ticking upwards, standing at 3.1% in August and forecast to rise to 4.3% by January 2027;
- The Bank of England left interest rates unchanged at 3.75% although it intimated in its September meeting that rates may be hiked in November or December if a resolution to the conflict in the Middle East is not forthcoming before then;
- The 10-year gilt yield fluctuates between 5.43% and 4.69%, ending September at 5.43%.

-	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29	Jun-29	Sep-29	Dec-29
-	%	%	%	%	%	%	%	%	%	%	%	%	%
Bank rate	4.00	4.00	4.00	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month average earnings	4.00	4.00	4.00	3.80	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month average earnings	4.20	4.10	4.00	3.80	3.70	3.50	3.40	3.40	3.40	3.40	3.40	3.40	3.40
12 month average earnings	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.70	3.70	3.70	3.70	3.70	3.70
5 year PWLB	5.60	5.60	5.30	5.10	4.70	4.50	4.50	4.40	4.40	4.30	4.30	4.30	4.30
10 year PWLB	6.00	5.90	5.60	5.40	5.00	4.80	4.80	4.70	4.70	4.60	4.60	4.60	4.60
25 year PWLB	6.50	6.40	6.10	5.90	5.60	5.30	5.30	5.30	5.30	5.30	5.20	5.20	5.20
50 year PWLB	6.10	6.10	5.80	5.50	5.30	5.10	5.00	5.00	5.00	5.00	4.90	4.90	4.90

4. Annual Treasury Management and Investment Strategy 2026/27

4.1 The annual treasury management and investment strategy for 2026/27 sets out the Authority's approach to managing its treasury management activities for the year ahead.

4.2 The Authority's investment priorities are the security of capital and liquidity of investments. The Authority also aims to achieve the optimum return on investments commensurate with the appropriate levels of security and liquidity.

4.3 Treasury management investment is undertaken on behalf of the Authority by North Yorkshire Council (NYC). NYC pools the monies it invests on behalf of the Authority with its own funds and those of other organisations. In order to facilitate this pooling, the Council's Annual Investment Strategy and Lending List has been aligned to that of NYC.

4.4 Investment activity for the period up to 30 September 2026 was as follows:

- Average Daily Balance £9,006k
- Interest Earned £190k
- Average Interest Rate 4.20%

4.5 The average return to 30 September 2026 of 4.20% compares with the average benchmark returns as follows:

- 3.73 % 7 day
- 3.74% 1 month
- 3.75% 3 months
- 3.79% 6 months
- 3.95% 12 months

4.6 It is also a key requirement of the CIPFA Code of Practice that the annual treasury management strategy should be kept under constant review and reported to

Members as appropriate. Although there continues to be considerable uncertainty and volatility in the UK and global economy, annual investment strategy and prudential indicator limits approved were not breached during the first six months of the year and it is considered that the strategy approved in February 2026 is still fit for purpose in the current economic climate. No changes are therefore considered necessary to the Strategy at this stage.

4.7 The Approved Lending List as at 30 September 2026 is attached as **appendix A**.

5. Prudential indicators

5.1 A list of the Authority's approved prudential indicators are shown in **appendix B**. The indicators reflect the total capital spending plans for the Authority funded by borrowing (if any), National Park grant and other external funding sources and seek to ensure the Authority's capital plans are prudent and affordable.

6. Financial and staffing implications

6.1 There are no direct financial or staffing implications from this report.

7. Contribution to National Park Management Plan

7.1 The Authority has a statutory duty to produce treasury management reports. The underpinning purpose is to ensure the Authority considers the key financial risks associated with managing cash flows, prudent investment decisions, financing of capital spending plans, and to ensure that capital investment is prudent, affordable and sustainable in the long term.

8. Legal and sustainability implications

8.1 There are no legal issues as a result of this report.

8. Recommendation

8.1 That Members note the position on the Authority's Treasury Management activities during the first half of 2026/27.

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Background documents to this report

1. Approved Lending List Q2
2. Prudential Indicators Update for 2026/27 to 2028/29

Appendix A, North York Moors National Park Authority

Approved Lending List Q2

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

-	Country	Specified investments (up to 1 year)	Specified investments (up to 1 year)	Non-specified investments (>1year £40m limit)	Non-specified investments (>1year £40m limit)
-	-	Total exposure £m	Time limit	Total exposure £m	Time limit
UK "Nationalised" banks/Uk banks with UK Central Government involvement	-	-	-	-	-
Royal Bank of Scotland PLC (RFB)	GBR	90.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR	90.0	365 days	-	-
UK "Clearing Banks", other UK based banks and Building Societies	-	-	-	-	-
Santander UK PLC (includes Cater Allen)	GBR	80.0	365 days	-	-
Barclays PLC (NRFB)	GBR	120.0	365 days	-	-
Barclays PLC (RFB)	GBR	120.0	365 days	-	-
Bank of Scotland PLC (RFB)	GBR	100.0	6 months	-	-
Lloyds Bank PLC (RFB)	GBR	100.0	6 months	-	-
Lloyds Bank Corporate Markets PLC (NRFB)	GBR	100.0	6 months	-	-
Godman Sachs International Bank	GBR	100.0	365 days	-	-
Sumitomo Mitsui	GBR	100.0	6 months	-	-
Standard Chartered Bank	GBR	80.0	365 days	-	-
Handlesbanken	GBR	80.0	365 days	-	-
Nationwide Building Society	GBR	40.0	365 days	-	-
Leeds Building Society	GBR	40.0	3 months	-	-
Coventry Building Society	GBR	40.0	3 months	-	-
High Quality Foreign Banks	-	-	-	-	-
National Australia Bank	AUS	40.0	365 days		
Credit Industriet et Commercial	FRA	40.0	365 days	-	-
Landesbank Hessen-Thueringen Girozentrale (Helab)	GER	50.0	365 days	-	-
DBS(Singapore)	SING	50.0	365 days	-	-
Ba-yerische Landesbank	GER	40.0	6 months	-	-
National Bank of Canada	CAN	50.0	365 days	-	-

-	Country	Specified investments (up to 1 year)	Specified investments (up to 1 year)	Non-specified investments (>1year £40m limit)	Non-specified investments (>1year £40m limit)
-	-	Total exposure £m	Time limit	Total exposure £m	Time limit
Local Authorities	-	-	-	-	-
County/Unitary/ Metropolitan/District Councils	-	40.0	365 days	5.0	5 years
Police/Fire Authorities	-	40.0	365 days	5.0	5 years
National Park Authorities	-	40.0	365 days	50.0	5 years
Other Deposit Takers	-	-	-	-	-
Money Market Funds	-	40.0	n/a liquid	-	-
Property Funds	-	5.0	365 days	50.0	10 years
UK Debt Management Account	-	150.0	365 days	-	-

Amendments t the lending lists over the course of Q1 and Q2 are detailed in the table below

Organisation	Original investment limit/term	Date amended	Revised investment limit/term	Reason
Barclays Bank PLC (NRFB)	6 months	13/05/2026	1 year	upgrade in long term credit rating
Barclays Bank PLC (RFB)	6 months	13/05/2026	1 year	Upgrade in long term credit rating
Coventry Building Society	3 months	13/05/2026	6 months	Upgrade in long term credit rating
Credit Industriel et Commercial	6 months	22/04/2026	1 year	Upgrade in long term credit rating
Goldman Sachs International Bank	6 months	06/05/2026	1 year	Upgrade in long term credit rating
Nationwide Building Society	6 months	13/05/2026	1 year	Upgrade in long term credit rating
Santander UK PLC	6 months	13/05/2026	1 year	Upgrade in long term credit rating
Standard Chartered Bank	6 months	13/05/2026	1 year	Upgrade in long term credit rating
Coventry Building Society	6 months	17/09/2026	3 months	Downgrade in long term credit rating

Appendix B, North York Moors National Park Authority

Prudential Indicators update for 2026/27 to 2028/29

The Prudential Indicators set in March 2026 have been updated to reflect the revised capital expenditure forecast as well as the latest forecast interest rates for both potential borrowing and investment income.

It is important to note that these Prudential Indicators reflect the total capital spending plans for the Authority funded by borrowing, National Park Grant and other external funding sources. All the Prudential Indicators that follow are based upon the possible borrowing element of these spending plans only, but do not commit the Authority to using this source of finance.

1. **Capital expenditure plans (actuals and estimated)**

Year	Approved Feb 2026	Approved Feb 2026	Updated Nov 2026	Updated Nov 2026
-	**Basis**	**£000**	**Basis**	**£000**
2024/25	Actual	2,598	Actual	2,598
2025/26	Estimate	2,008	Actual	2,807
2026/27	Estimate	2,922	Estimate	8,545
2027/28	Estimate	2,082	Estimate	1,790
2028/29	Estimate	500	Estimate	1,520

2. **Estimated ratio of capital financing costs to the net revenue budget (affordability)**

Year	Approved Feb 2026	Approved Feb 2026	Updated Nov 2026	Updated Nov 2026
-	**Basis**	**%**	**Basis**	**%**
2024/25	Actual	0.00	Actual	0.00
2025/26	Actual	0.00	Actual	0.00
2026/27	Estimate	0.00	Estimate	0.00
2027/28	Estimate	0.00	Estimate	0.00
2028/29	Estimate	0.31	Estimate	0.45

3. **Capital financing requirement and forecast (CFR)**

Year	Approved Feb 2026	Approved Feb 2026	Approved Feb 2026	Approved Feb 2026	Updated Nov 2026	Updated Nov 2026	Updated Nov 2026	Updated Nov 2026
-	Basis	Borrow	LT liabilities	Total	Basis	Borrow	LT liabilities	Total
-	-	**£000**	**£000**	**£000**	-	**£000**	**£000**	**£000**
2024/25	Actual	0.0	580.8	580.8	Actual	0.0	580.8	580.8
2025/26	Actual	0.0	564.6	564.6	Actual	0.0	588.0	588.0
2026/27	Estimate	800.0	548.0	1,348.0	Estimate	851.0	523.1	1,374.1
2027/28	Estimate	1,755.0	530.9	2,285.9	Estimate	829.7	456.2	1,285.9
2028/29	Estimate	1,710.6	513.3	2,223.9	Estimate	808.5	387.3	1,195.7

4. **Operation boundary for external debt**

Year	Approved Feb 2026	Approved Feb 2026	Approved Feb 2026	Updated Nov 2026	Updated Nov 2026	Updated Nov 2026
-	Borrow	LT liabilities	Total	Borrow	LT liabilities	Total
-	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
2025/26	0.0	564.6	564.6	0.0	588.0	588.0
2026/27	8.00	548.0	1,348.0	851.0	523.1	1,374.1
2027/28	1,755.0	530.9	2,285.9	829.7	456.2	1,285.9
2028/29	1,710.6	513.3	2,223.9	808.5	387.3	1,195.7

5. **Authorised limit of external debut**

Year	Approved Feb 2026	Approved Feb 2026	Approved Feb 2026	Updated Nov 2026	Updated Nov 2026	Updated Nov 2026
-	Borrow	LT liabilities	Total	Borrow	LT liabilities	Total
-	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
2025/26	250.0	614.6	864.6	250.0	638.0	888.0
2026/27	1,050.0	598.0	1,648.0	1101.0	573.1	1,674.1
2027/28	2,005.0	580.9	2,585.9	1079.7	506.2	1,585.9
2028/29	1,960.6	563.3	2,523.9	1058.5	437.3	1,495.7

6. **Actual external debt**

The Authority has no external debt at 30 September 2026 and it is expected that this will be the position at March 2027. This indicator remains unchanged from the original position reported in February 2026.

7. **Maturity structure and borrowing**

Period	Lower limit	Upper limit
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and above	0%	100%

8. **Total principal sums invested for periods longer than 365 days**

A maximum of 20% of the Authority's core cash balances is recommended for investments longer than 365 days.