CITY OF LONDON

Investment Committee – Main Agenda

Date: **MONDAY, 9 FEBRUARY 2026**

Time: **11.00 am**

Venue: **COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL**

Members:
Shahnan Bakth (Chair)
Deputy Madush Gupta (Deputy Chair)
Nicholas Bensted-Smith
Claudine Blamey (External Member)
David Brooks Wilson (External Member)
Deputy Henry Colthurst
Simon Duckworth OBE DL
Deputy Peter Dunphy MBE
Alderman Alison Gowman CBE
Alderman Prem Goyal CBE
Deputy Christopher Hayward (Ex-Officio Member)
Shravan Joshi MBE
Gerald Kaye (External Member)
Rebecca MacDonald (External Member)
Andrew McCaffery (External Member)
Deputy Andrien Meyers
Deputy Henry Pollard
Deputy James Thomson CBE
Philip Woodhouse

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A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

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Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

3. **MINUTES**

   To approve the public minutes and non-public summary of the meeting held on 1st December 2025.

   For Decision
   (Pages 7 - 12)

4. **FORWARD PLAN**

   Joint Report of the Chamberlain, the City Surveyor, and the Town Clerk.

   For Information
   (Pages 13 - 14)

5. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY (RELATING TO TREASURY MANAGEMENT) 2026/27**

   Report of the Chamberlain.

   For Decision
   (Pages 15 - 58)

6. **TREASURY MANAGEMENT UPDATE AS AT 31 DECEMBER 2025**

   Report of the Chamberlain.

   For Information
   (Pages 59 - 82)

7. **DRAFT HIGH-LEVEL BUSINESS PLAN 2026 - 2031 - CITY SURVEYOR'S DEPARTMENT**

   Report of the City Surveyor.

   For Decision
   (Pages 83 - 98)

8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

9. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

10. **EXCLUSION OF THE PUBLIC**

MOTION, that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act or relate to functions of the Court of Common Council which are not subject to the provisions of Part VA and Schedule 12A of the Local Government Act 1972.

For Decision

Part 2 - Non-Public Agenda

11. **NON-PUBLIC MINUTES**

To approve the non-public minutes of the meeting held on 1st December 2025.

For Decision
(Pages 99 - 106)

12. **PERFORMANCE MONITORING TO 30 NOVEMBER 2025: CITY'S ESTATE**

Report of the Chamberlain.

For Information
(Pages 107 - 124)

13. **CITY'S ESTATE INVESTMENT STRATEGY UK GROWTH FUND UPDATE**

Report of the Chamberlain.

For Information
(Pages 125 - 128)

14. **PRI 2025 ASSESSMENT RESULTS**

Report of the Chamberlain.

For Information
(Pages 129 - 144)

15. **DRAFT TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT TO 31 MARCH 2025**

Report of the Chamberlain.

For Information
(Pages 145 - 176)

16. **CITY FUND: ANNUAL UPDATE REPORT**

Report of the City Surveyor.

For Decision
(Pages 177 - 186)

17. **CITY'S ESTATE: ANNUAL REPORT**

Report of the City Surveyor.

For Decision
(Pages 187 - 196)

18. **CITY FUND & CITY'S ESTATE CASHFLOW AND CAPITAL REALISATION - QUARTERLY UPDATE**

Joint Report of the Chamberlain and the City Surveyor.

For Information
(Pages 197 - 204)

19. **CITY FUND & CITY'S ESTATE INVESTMENT PROPERTY MONITORING REPORT: RENT ESTIMATES**

Report of the City Surveyor.

For Information
(Pages 205 - 208)

20. **CITY FUND & CITY'S ESTATE REVENUE WORKS PROGRAMME - UPDATE (HALF YEARLY REPORT)**

Report of the City Surveyor.

For Information
(Pages 209 - 216)

21. **IPG CAS UPDATE - CITY FUND AND CITY'S ESTATE**

Report of the City Surveyor.

For Information
(Pages 217 - 226)

22. **HEAT NETWORK INVESTMENT OPPORTUNITY**

Report of the City Surveyor.

For Information
(Pages 227 - 258)

23. **DELEGATIONS REQUEST**

Report of the City Surveyor.

For Decision
(Pages 259 - 260)

24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Part 3 - Confidential Agenda

26. **FM STAFFING**

Report of the City Surveyor.

For Decision

INVESTMENT COMMITTEE
Monday, 1 December 2025

Minutes of the meeting of the Investment Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 1 December 2025 at 11.00 am

Present

Members:
Shahnan Bakth (Chair)
Deputy Madush Gupta (Deputy Chair)
Nicholas Bensted-Smith
David Brooks Wilson (External Member)
Deputy Peter Dunphy
Alderman Alison Gowman CBE
Alderman Prem Goyal CBE
Shravan Joshi MBE
Gerald Kaye (External Member)
Rebecca MacDonald (External Member)
Andrew McCaffery (External Member)
Deputy Andrien Meyers
Deputy Henry Pollard
Deputy James Thomson CBE
Philip Woodhouse

In attendance (observing online):
Simon Duckworth OBE DL

Officers:

Caroline Al-Beyerty	-	Chamberlain
Robert Murphy	-	Investment Property Director
Peter Young	-	Corporate Property Director
John James	-	Chamberlain’s Department
Kate Limna	-	Chamberlain’s Department
Sarah Port	-	Chamberlain's Department
Harinder Thandi	-	Chamberlain’s Department
Andrew Cross	-	City Surveyor’s Department
John Galvin	-	City Surveyor’s Department
Oliver Bolton	-	Town Clerk’s Department
Doris Chan	-	Town Clerk’s Department
Chris Rumbles	-	Town Clerk’s Department
Steve Turner	-	Mercer

1. **APOLOGIES**
Apologies for absence were received from Deputy Chris Hayward, Deputy Henry Colthurst, Claudine Blamey and Simon Duckworth

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
There were no additional declarations.

3. **MINUTES**
RESOLVED: - That the public minutes and non-public summary of the Investment Committee meeting held on 6 October 2025 were approved as an accurate record.

4. **INVESTMENT COMMITTEE'S FORWARD WORK PLAN**
Members received a Joint Report of the Town Clerk, the Chamberlain and the City Surveyor, concerning the Investment Committee's Forward Plan.

RESOLVED: - that the Committee noted the report.

5. **TREASURY MANAGEMENT MID YEAR REVIEW AS AT 30 SEPTEMBER 2025**
Members received a report of the Chamberlain providing a mid-year review for the Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) for 2025/26.

RESOLVED: - that the Committee noted the report.

6. **TREASURY MANAGEMENT UPDATE AS AT 31 OCTOBER 2025**
The Committee received a Report of the Chamberlain concerning the City of London Corporation's Treasury Management Portfolio (investments) as at 31 October 2025.

The Chamberlain advised that the update reflected expected movements in line with prevailing market conditions and that there were no significant variances or risks requiring escalation at this time.

RESOLVED: - that the Committee noted the report.

7. **CITY SURVEYOR'S BUSINESS PLAN 2025-30 - QUARTER 2 2025/26 UPDATE**
The Committee received a report of the City Surveyor providing details of key performance indicators through the first half of the reporting year (April to September 2025) against the 2025-30 Business Plan.

RESOLVED: - that the Committee noted the report.

8. **RISK REGISTER UPDATE FOR INVESTMENT COMMITTEE**
The Committee considered a Joint Report of the Chamberlain and the City Surveyor concerning the management of risks relevant to the Investment Committee.

Members noted that the item was for information and not decision as indicated on the agenda. The Chamberlain confirmed that the risks presented were those which officers hold responsibility and that, in line with practice across other

Committees, the risk register was being submitted for scrutiny and assurance rather than decision.

During discussion of the item, clarity was sought on the implications of moving two risks, SUR SMT 009 Recruitment and Retention of Property Professionals and SUR SMT 016 Investment Property Group Staffing and Capacity from departmental to group level. It was questioned whether risks moved to group level would remain visible to the Committee.

The Chamberlain explained that group-level risks were monitored by officers, with there being the option to escalate these back up to departmental level if there were any significant concerns. Further clarification was sought by Members on the criteria applied by officers to determine whether a risk was sufficiently material to warrant escalation to departmental-level reporting. It was confirmed that the significance of risks was regularly assessed by officers against likelihood and impact, with a commitment given to providing written confirmation regarding the current assessment of the two staffing-related risks under consideration.

A Member enquired regarding the number of properties currently unlet within the City Corporation's investment property portfolio, and also the potential loss of income resulting from these voids. The City Surveyor advised that void and vacancy information was routinely included within the performance monitoring report submitted to the Committee on a quarterly or six-monthly basis. Further, it was noted that there was a substantive paper in the non-public part of the agenda (item 20, City Fund & City's Estate Investment Property Monitoring – Rent Review / Lease Renewals, Voids and Arrears) which covered this point in detail. The City Surveyor reported that overall vacancies across investment properties was less than 5% of rental value, with a portion of the voids attributable to properties intentionally vacated to facilitate refurbishment.

RESOLVED, that the Committee

- Noted the overarching risks and mitigations relating to the overall investment portfolio overseen by the Investment Committee (Appendix A).
- Noted the actions taken across the organisation to effectively monitor and manage risks in the City Surveyor's operations (Appendix B) and reviewed the existing risks and actions on the IC Financial Investments risk register (Appendix C) and noted that appropriate control measures were in place.

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no public questions on matters relating to the work of the Committee.

10. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**
There were no additional items of public business that the Chair considered urgent.

11. **EXCLUSION OF THE PUBLIC**

RESOLVED: - that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act or relate to functions of the Court of Common Council which are not subject to the provisions of Part VA and Schedule 12A of the Local Government Act 1972.

12. **NON-PUBLIC MINUTES**
RESOLVED: - That the non-public minutes of the Investment Committee meeting held on 6 October 2025 were approved as an accurate record.

13. **PERFORMANCE MONITORING**

a) Quarterly Report to 30 September 2025
The Committee received Mercer's Quarterly Monitoring Report for Q3 2025.

b) Performance Monitoring to 30 September 2025: City's Estate
The Committee received a Report of the Chamberlain concerning the investment performance of the City's Estate financial investment portfolio and of the various investment managers as of 30 September 2025.

14. **CITY'S ESTATE DASHBOARD AS AT 30 SEPTEMBER 2025**
The Committee received a report of the Chamberlain providing a quarterly summary dashboard for the City's Estate combined portfolio covering asset allocation, risk and performance prepared by the outsourced CIO team, Stanhope Capital as at 30 September 2025.

15. **SIR WILLIAM COXEN TRUST FUND PERFORMANCE MONITORING TO 30 SEPTEMBER 2025**
The Committee considered a report of the Chamberlain providing information on performance of the Sir William Coxen Trust Fund to 30 September 2025.

16. **HAMPSTEAD HEATH TRUST INVESTMENT PERFORMANCE MONITORING TO 30 SEPTEMBER 2025**
The Committee received a report of the Chamberlain providing information on the investment performance of the Hampstead Heath Trust Fund to 30 September 2025.

17. **CHARITIES POOL INVESTMENT PERFORMANCE MONITORING TO 30 SEPTEMBER 2025**
The Committee received a report of the Chamberlain providing information on the investment performance of the City of London Charities Pool as at 30 September 2025.

18. **CITY FUND AND CITY'S ESTATE CASHFLOW AND CAPITAL REALISATION - QUARTERLY UPDATE**
The Committee received a joint report of the Chamberlain and the City Surveyor providing a quarterly update on the cashflow and capital realisation strategy within City's Estate and City Fund.

19. **CITY SURVEYOR REVENUE BUDGETS (CITY FUND AND CITY'S ESTATE) - BUDGET ESTIMATES 2026/27**
The Committee considered a joint Report of the Chamberlain and the City Surveyor presenting budget estimates for services under the Investment Committee for 2025/26 and 2026/27.

20. **CITY FUND & CITY'S ESTATE: INVESTMENT PROPERTY MONITORING - RENT REVIEW / LEASE RENEWALS, VOIDS, AND ARREARS**
The Committee received a report of the City Surveyor concerning the City Fund & City's Estate: Investment Property Monitoring - Rent Review / Lease Renewals, Voids, and Arrears.

21. **PUDDLE DOCK AREA - POTENTIAL DEVELOPMENT SITE UPDATE**
The Committee received a report of the City Surveyor concerning the Puddle Dock Area - Potential Development Site Update.

22. **(CITY'S ESTATE DESIGNATED SALES POOL) - 10-12 BREWERY ROAD - MAJOR REFURBISHMENT**
The Committee considered a report of the City Surveyor concerning (City's Estate Designated Sales Pool) - 10-12 Brewery Road - Major Refurbishment.

23. **DELEGATIONS REQUEST**
The Committee considered a report of the City Surveyor concerning a request for the Committee to delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chair as under Standing Order 41b, to approve investment property transactions over the coming period.

24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions on matters relating to the work of the Committee.

25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There were three additional items as follows: -

- Investment Committee Working Group
- 1 Queen Victoria Street
- Crime Campus—Potential use of the Commercial Building of the Salisbury Square Development

The meeting ended at 12.44pm

Chairman

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INVESTMENT COMMITTEE FORWARD PLAN
2026

	9 February 2026	18 May 2026	20 July 2026	5 October 2026
Overall Investment Portfolio (Chamberlains and City Surveyors)	City Fund & City’s Estate Cashflow position and capital realisation – monitoring	City Surveyor’s & Corporate Treasury Risk Report City's Estate Dashboard (OCIO) – quarterly City Fund & City’s Estate Cashflow position and capital realisation – monitoring	City Surveyor’s & Corporate Treasury Risk Report City Fund & City’s Estate Cashflow position and capital realisation – monitoring	City Surveyor’s & Corporate Treasury Risk Report City's Estate Dashboard (OCIO) – quarterly City Fund & City’s Estate Cashflow position and capital realisation – monitoring
Investment Property	City Fund Estate: Annual Update Report City’s Estate: Annual Update Report City’s Estate and City Fund Rental Estimates Monitoring Report – December Forecast (6 monthly report)	City Fund and City’s Estate: Investment Property Monitoring 6 monthly report • Vacant Accommodation Update • Rent Reviews/Lease Renewals and Arrears	City Fund, City’s Estate and Strategic Property Estate – Annual Valuation Report City Fund & City’s Estate: Performance Monitoring of Property Investment Portfolios to March 2026 (MSCI report) City’s Estate and City Fund Rental Estimates Monitoring Report – June Forecast (6 monthly report)	City Fund and City’s Estate : Delegated Authorities – Decisions Update report
	CSD Draft New Business Plan 2026 – 2031 City Fund & City’s Estate Revenue Works Programme – 24/25 Progress Report (half yearly report)		CS Revenue Outturn 2025/26 Appendix: Revenue Works Programme 25/26 Progress	Climate Action Update
	Climate Action Update		All Estates – Review of Metrics Used in Making Major Decisions – Annual Review	
	Delegation Request Report	Delegation Request Report	Business Plan – 4th Quarter Progress. Climate Action Update Delegation Request Report	Delegation Request report

Financial Investments	Performance Monitoring report for City's Estate Financial Investments City's Estate – Investment Strategy UK Growth Fund Update PRI 2025 Assessment Update Draft Task Force on Climate Related Financial Disclosures (TCFD) report to 31 March 2025	Performance Monitoring report for City's Estate Financial Investments Quarterly Investment report from Mercer (Investment Consultant)	Performance Monitoring report for City's Estate Financial Investments Quarterly Investment report from Mercer (Investment Consultant) Hampstead Heath Trust Investment Performance Monitoring to 31 March 2026 Charities Pool Investment Performance Monitoring to 31 March 2026 Sir William Coxen Trust Fund Performance Monitoring to 31 March 2026	Performance Monitoring report for City's Estate Financial Investments
Treasury Management	Treasury Management Update Annual Treasury Management Strategy Statement	Treasury Management Update	Treasury Management Update Treasury Management Outturn 2025-26	Treasury Management Update
Town Clerk's Department	Annual Terms of Reference Review			

City of London Corporation Committee Report

Committee(s):	Dated:
Committee(s): Investment Committee (For Decision) Finance Committee* (For Information) Investment Committee of the City Bridge Foundation Board (For Decision) Audit & Risk Management (For Information)	**Dated:** 09 February 2026 17 February 2026 26 February 2026 23 March 2026
Subject: Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) 2026/27	**Public report:** For Decision/Information
This proposal: • **delivers Corporate Plan 2024-29 outcomes** • **provides statutory duties** • **provides business enabling functions**	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	The Chamberlain
Report author:	Kate Limna

* *This report is for information for the Finance Committee. The Treasury Management Strategy Statement and Annual Investment Strategy 2026/27 in included as an appendix to the City Fund 2026/27 Budget report, which will be for approval.*

Summary

The attached document sets out the Corporation's Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) (TMSS) for 2026/27. The Treasury Management Strategy and Annual Investment Strategy Statement (relating to Treasury Management) for 2026/27 has been updated taking account of the latest information concerning the organisation's capital plans and external factors, such as the prospects for interest rates.

The document includes various Treasury and Prudential Indicators required to be set for the City Fund to ensure that the Corporation's capital investment plans are affordable, prudent and sustainable and to help the organisation identify and control the risks around its treasury management activity.

As has historically been the case, this report covers the treasury management activity carried out across the organisation, including City's Estate (previously City's Cash) and City Bridge Foundation (previously Bridge House Estates). As City's Estate borrowing is not covered by the regulatory framework established for local authorities, the City adopted its own formal policy in 2018/19 via the City's Estate Borrowing Policy Statement which is included in the TMSS at Appendix 8.

The main proposals within the document are incorporated within the separate report entitled *'City Fund 2026/27 Budget'* being considered by the Finance Committee on 17 February 2026 and by the Court of Common Council on 5 March 2026.

Responsibility for approving the Corporation's borrowing plans remains with the Court of Common Council, not the Investment Committee.

The Investment Committee of the City Bridge Foundation Board is responsible for approving the TMSS on behalf of City Bridge Foundation. A Supplemental Royal Charter was approved in June 2023, with various new powers being adopted. These included the power to borrow for the purposes of raising funds towards the cost of replacement, reconstruction and re-building of any of its Bridges. This may be undertaken without security or on the security of the permanent endowment fund or any part of it or its income. However, there are no current plans for borrowing to take place in the short to medium term, and thus the most relevant section for the City Bridge Foundation Board is section 5, of the Annual Investment Strategy (for Treasury Management), which sets out how surplus cash balances will be managed in the forthcoming year (it does not apply to the Charity's longer term investments which are subject to City Bridge Foundation's Investment Strategy Statement). By adopting in the Corporation's treasury management policies, the City Bridge Foundation Board can ensure that treasury risks associated with the Charity's surplus cash balances are managed efficiently and effectively.

The key areas to highlight are:

Capital financing and borrowing

- The Corporation's capital plans create a borrowing requirement across both the City Fund and City's Estate. City's Estate partially addressed this borrowing requirement through the issuance of £450m market debt in recent years. In addition, Investment Committee have approved investment strategies for both City Fund and City's Estate, including risk and return measures to secure the differing rates of return required for each fund. For City's Estate asset allocation target ranges have been set for the allocation between property and financial investments. Both the City Fund and City's Estate capital programme over the next few years to 2029/30 will be supported by Investment Property disposals, whilst City's Estate will also be supported by Financial Investment liquidations (n.b. these are not held in Treasury Management portfolio) in the short term, pending a disposal programme over the 3-5 year horizon.
- The City Fund borrowing requirement is expected to increase to £225.0m during 2025/26 where it will remain until 2029/30 supported by planned Investment Property disposals. Therefore, for the City Fund, there is no immediate requirement to take on external borrowing as it is expected that the City Fund can also continue to temporarily use its own cash balances (internal borrowing) for the foreseeable future. Any new external borrowing would serve to increase cash balances and create additional revenue pressures through a "cost of carry", as the rate payable on external borrowing is currently higher than the interest receivable from treasury management investment activity. Therefore, the proposed treasury management strategy recommends that the City Fund borrowing requirement is managed through the prudent use of internal resources during 2026/27, as supported by the planned Investment property disposals.
- The benefits of this strategy (lower financing costs and reduced counterparty risk) need to be carefully evaluated against the risk of incurring higher borrowing costs in future. Following the 26 November Budget and the decision by the Bank of England's Monetary Policy Committee (MPC) to further reduce Bank Rate from 4.00% to 3.75% at their meeting in December, the City's treasury investment consultants, MUFG Corporate Markets, are forecasting a rate cut in Q2 2026 to 3.50%, and then a further rate cut to 3.25% in Q4, as the Governor of the Bank of England made it clear that

any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. That is not a 'given', and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK following local elections, but the US mid-term elections are scheduled for November.

- Interest rates are monitored daily and should circumstances change, the Chamberlain will maintain the flexibility to meet some or all of the City Fund borrowing requirement through external borrowing. As such the operational boundary and authorised limit for external debt (Appendix 2 of the TMSS) have been revised to enable the Corporation to secure external debt to meet some or all of the borrowing requirement.
- Local authorities are legally required to set aside a prudent amount for the provision of the repayment of prudential borrowing from revenue each year. It should be noted that this requirement applies for all unfunded City Fund capital expenditure (i.e. spending that is not immediately financed through capital grants, capital receipts etc.) not just for actual external borrowing. The Minimum Revenue Provision (MRP) Policy Statement for 2026/27 sets out this policy for the forthcoming year and is included at Appendix 2 in the TMSS.

Investments

- As at 31 December 2025, the Corporation has "cash" balances totalling £1,080.9m, the majority of which is invested in money market funds and fixed income instruments. Cash is expected to decrease in 2026/27 as the Corporation progresses spending on its ambitious capital programme including the major projects. Most of the treasury cash balances pertain to the City Fund and comprise of liabilities on City Fund's balance sheet (cash that needs to be paid out to third parties or used for a specific purpose at some point in the future) together with cash backed reserves.
- The Corporation currently manages significant short term investment cash balances. Although these balances are expected to decline in the next few years as the capital programme progresses, the programme across City's Estate will be supported by Financial Investment liquidations (those not held in Treasury) and Investment property disposals, with the City Fund programme only having available the support of property disposals and lease premiums. Under these circumstances, a level of core cash will persist for the next ten years based on current financial plans. One of the most acute challenges within the treasury management strategy is preventing the gradual erosion of the real value of these long-term cash balances from the effects of inflation.
- However, the City needs to consider the medium term outlook beyond 2026/27 as under the Fair Funding 2.0 reforms the City will have a bespoke funding allocation as it currently only has a one year settlement – discussions are ongoing with the Ministry of Housing, Communities and Local Government (MHCLG). Furthermore, City Fund has committed to support HRA capital expenditure to improve its Housing stock with significant funding over the next 10 years, and therefore financial resources will need to be continually managed to ensure sustainability is a priority.
- It is proposed that the City continues to be prepared to lend monies for up to three years' duration based on risk assessments for each opportunity undertaken by Treasury Officers and discussed with the Chamberlain. No changes to the Corporation's creditworthiness policy (as set out in section 5 of the TMSS) are proposed. Officers judge that the current criteria allow the Corporation to achieve adequate diversification amongst a range of high-quality counterparties.
- The main changes to the document from last year's version are highlighted in yellow and underlined.

Recommendations

It is recommended that the **Investment Committee** reviews and approves the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2026/27 and submits it to the Finance Committee and the Court of Common Council as part of the City Fund 2026/27 Budget Report for formal adoption.

It is recommended that the **Investment Committee of the City Bridge Foundation Board** reviews and approves the Treasury Management Strategy Statement and Annual Investment Strategy for 2026/27 on behalf of **City Bridge Foundation**.

Appendix - Treasury Management Strategy Statement and Annual Investment Strategy (relating Treasury Management) 2026/27 (*for Finance Committee this appendix is within the City Fund 2026/27 Budget report*).

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TREASURY MANAGEMENT STRATEGY STATEMENT

AND

ANNUAL INVESTMENT STRATEGY (RELATING TO TREASURY MANAGEMENT)

2026/27

Issue Date: 09/02/2026
Agreed by Court of Common Council: XX/XX/2026

Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) 2026/27

1. Introduction

1.1. Background

The City of London Corporation (the City) is required in its local authority capacity to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of capital expenditure plans. These capital plans provide a guide to the borrowing needs of the City, essentially the longer-term cash flow planning, to ensure that the organisation can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans where permitted for individual Funds of the City, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

1.2. The Treasury Management Policy Statement

The City defines its treasury management activities as:

> *The management of the organisation's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

The City regards the security of its financial investments through the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The City acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.3. Reporting Requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010, and is applied to all Funds held by the City. There have been subsequent revisions to the codes in 2017 and 2021.

The primary requirements of the Code are as follows:

(i) The City of London Corporation will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

(ii) This organisation will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

(iii) The Court of Common Council delegates responsibility for the implementation and regular monitoring of its treasury management policies to the Finance Committee and the Investment Committee with the Investment Committee of the City Bridge Foundation Board having responsibility on behalf of the charity; the execution and administration of treasury management decisions is delegated to the Chamberlain, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

(iv) The Court of Common Council nominates the Audit and Risk Management Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

The CIPFA 2021 Prudential Code for Capital Finance in Local Authorities and Treasury Management Code of Practice require all local authorities to prepare a capital strategy. The capital strategy provides a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services as well as an overview of how the associated risk is managed and the implications for future financial sustainability. The Treasury Management Strategy Statement is reported separately from the Capital Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles from the policy and commercial investments usually driven by expenditure on an asset. It is considered good practice by the City to include all of its Funds within these strategies.

1.4. CIPFA Treasury Management and Prudential Codes

CIPFA published revised versions of both the Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities on 20 December 2021.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:-

- All investments and investment income must be categorised into one of three types:

  Treasury management
  Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

  Service delivery
  Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

  Commercial return
  Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a local authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires an authority to implement the following: -

1. **Adopt a liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; the authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year, and the following two financial years as a minimum; this is to be shown in chart form, with material differences between the liability benchmark and actual loans to be explained;

2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;

6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are:

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Capital Strategy or Annual Investment Strategy should include:

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;

2. An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);

3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;

4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);

5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);

6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

As this Treasury Management Strategy Statement and Annual Investment Strategy deals ***soley*** with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

Furthermore it should be noted that any new requirements are mandatory for the City Fund only.

1.5. Treasury Management Strategy for 2026/27

The Local Government Act 2003 (the Act) and supporting regulations require the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable. The City's Prudential Indicators are set in its annual Budget Report and Medium-Term Financial Strategy, while Treasury Indicators are established in this report (Appendix 2).

The Act requires the Court of Common Council to set out its treasury strategy for borrowing (section 4 of this report) and to prepare an Annual Investment Strategy (section 5 of this report). The Investment Strategy sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2026/27 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, MUFG Corporate Markets ~~(previously known as Link Group, Link Treasury Services Ltd)~~.

The strategy covers:

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy
- the current treasury position

- treasury indicators which limit the treasury risk and activities of the City
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the MHCLG (Ministry of Housing, Communities, and Local Government) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

1.6. Current Portfolio Position

The City's treasury portfolio position at 31 December 2025 compared to the position at 31 March 2025 comprised:

Table 1: Treasury Portfolio				
	Actual 31/03/2025		**Current 31/12/2025**	
Treasury investments	**£m**	**%**	**£m**	**%**
Banks	£315.0	33%	£430.0	40%
Building societies (rated)	£0.0	0%	£0.0	0%
Local authorities	£165.0	17%	£50.0	5%
Liquidity funds	£161.5	17%	£276.0	25%
Ultra-short dated bond funds	£154.5	16%	£160.0	15%
Short dated bond funds	£160.6	17%	£164.9	15%
Total treasury investments	**£956.6**	100%	**£1,080.9**	100%
Treasury external borrowing				
LT market debt (City's Estate)	£450.0	100%	£450.0	100%
Total external borrowing	**£450.0**	100%	**£450.0**	**100%**

2. Capital Expenditure Plans and Prudential Indicators

2.1. City Fund

The City's capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

The City's capital expenditure plans in respect of its local authority functions (the City Fund) are detailed in the 2026/27 Budget Report and Medium-Term Financial Strategy, which also contains the City's Prudential Indicators. The Prudential Indicators summarise the City Fund's annual capital expenditure and financing plans for the medium term. Table 2 summarises the capital expenditure and financing plans for City Fund for 2025/26 to 2029/30.

Estimate of Capital Expenditure and Financing (City Fund)

Table 2	2024/25 Actual £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Capital Expenditure:						
Non-HRA	253.0	444.4	433.6	174.1	145.1	89.6
HRA	46.8	48.7	16.9	24.7	29.7	35.8
Total	**299.8**	**493.1**	**450.5**	**199.1**	**174.8**	**125.4**
Financed by:						
Capital grants	156.3	176.3	99.0	38.6	15.4	10.0
Capital reserves	1.5	209.1	338.4	145.1	137.8	93.7
Revenue	55.7	68.8	13.1	15.4	21.6	21.7
Total	**213.5**	**454.2**	**450.5**	**199.1**	**174.8**	**125.4**
Net Financing Need	**86.3**	**38.9**	**0.0**	**0.0**	**0.0**	**0.0**

The Prudential Indicators also establish the City Fund's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the City Fund's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource (the net financing need in Table 2), will increase the CFR which is summarised in table 3 below.

City Fund has an ambitious capital programme, including significant grant support to the Housing Revenue Account (HRA) over the next 10 years for improving the housing stock, which will be ~~intended to be~~ supported by planned investment property disposals as an alternative to any external borrowing, enabling a balanced CFR over the next five year period.

Estimate of the Capital Financing Requirement (City Fund)

Table 3	2024/25 Actual £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Non-HRA	186.1	225.0	225.0	225.0	225.0	225.0
HRA	-	-	-	-	-	-
Total	**186.1**	**225.0**	**225.0**	**225.0**	**225.0**	**225.0**

The City is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. The prudential indicator for the liability benchmark is only relevant for City Fund, and therefore does not include City's Estate external borrowing.

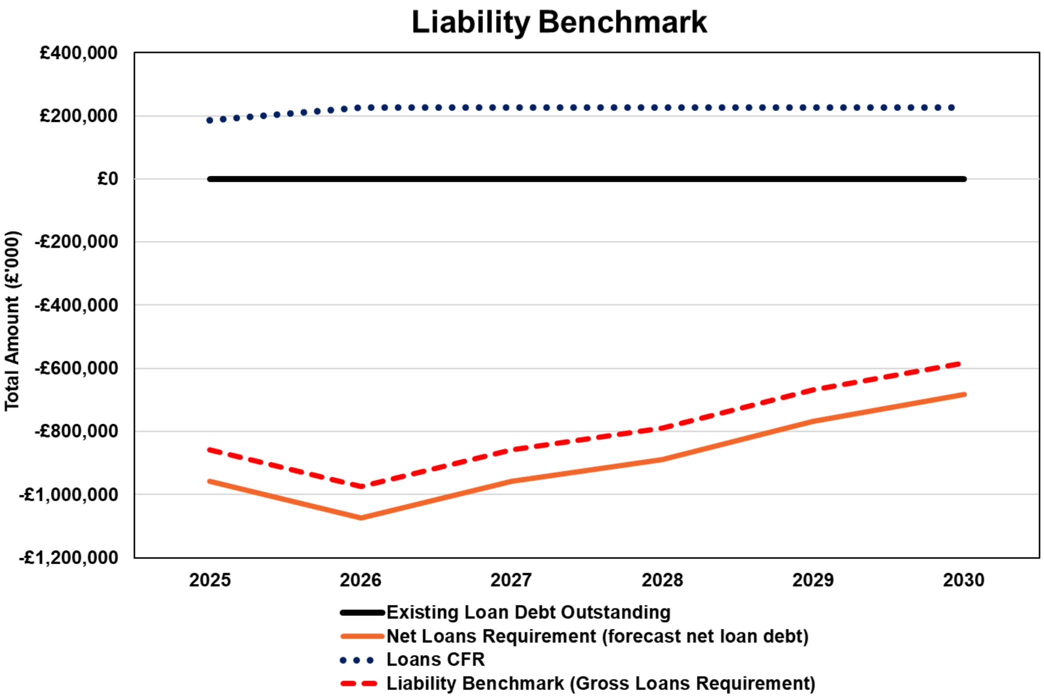
There are four components to the Liability Benchmark which should be represented in a chart. These are:

1. **Existing Loan Debt Outstanding**: The City's existing loans that are outstanding into future years. This City Fund currently has no external loans, so this will not need to be shown.

2. **Capital Financing Requirement**: calculated in accordance with the Prudential Code and projected into the future based on approved prudential borrowing and planned Minimum Revenue Provision.

3. **Net Loans Requirement**: The City Fund gross loan debt less treasury management investments, projected into the future and based on approved prudential borrowing, planned MRP and any other major cash flow forecasts. As the City plans to not undertake external borrowing the net loan requirement is shown as a negative and plots the expected cash balances across the years.

4. **Liability benchmark** (or **Gross Loans Requirement**): equals Net Loans Requirement plus a short-term liquidity allowance to allow for a level of excess cash to provide liquidity if needed.



<u>Minimum Revenue Provision (City Fund)</u>

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The City's MRP Policy is detailed in Appendix 2.

2.2. City's Estate

As with the City Fund, any capital expenditure incurred by City's Estate which has not immediately been paid for through a revenue or capital resource, will increase the City's Estate borrowing requirement. The medium term financial plan for City's Estate includes an increase in capital expenditure in the coming years, primarily relating to the major projects programme. All projected capital expenditure in 2026/27 will be financed from revenue contributions, earmarked reserves, and supported by the liquidation of financial investments and ~~additional~~ property disposals.

Table 4 summarises City's Estate outstanding debt of £450m (£250m was received in 2019/20 and the remaining £200m was received in 2021/22) over the next few years.

Table 4	**2024/25 Actual £m**	**2025/26 Estimate £m**	**2026/27 Estimate £m**	**2027/28 Estimate £m**	**2028/29 Estimate £m**
Borrowing	£450m	£450m	£450m	£450m	£450m

A debt financing strategy will be established to ensure borrowing for City's Estate is reduced gradually over time as set out in the City's Estate Borrowing Policy Statement (Appendix 8).

2.3. City Bridge Foundation

City Bridge Foundations' (CBF) ~~financial plans focus on the charity's~~ primary object~~, namely~~ is the support and maintenance of the five Thames bridges that the charity owns. Surplus income not required for the primary purpose, as reassessed each year, is available for its ancillary purposes, namely charitable funding. The charity's revenue expenditure plans over the short and medium term are currently funded from ongoing income and the returns on investments ~~held within the unrestricted income fund~~. Capital spend on the charity's investment property portfolio is currently funded largely within the permanent endowment fund.

A Supplemental Royal Charter was approved in June 2023, with various new powers being adopted as a result. These included the power to borrow in limited circumstances (see section 4.3) and the power to apply the total return approach to the permanent endowment fund. Put simply, this approach allows any increase in the value of an investment within the permanent endowment to be utilised as income. CBF has an approved policy that applies to the use of returns held within the permanent endowment fund, which ensures that the trustee considers the requirements of beneficiaries both now and in the future within its expenditure plans.

Treasury Indicators for 2026/27 – 2029/30

Treasury Indicators (as set out in Appendix 2) are relevant for the purposes of setting an integrated treasury management strategy.

3. Prospects for Interest Rates

The City of London has appointed MUFG Corporate Markets ~~(previously known as Link Group (Link))~~ as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of forecasts for both short term (Bank Rate – also known as "the Bank of England base rate") and longer term interest rates. The following table and accompanying text below gives the MUFG central view.

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 years	25 year	50 year
Mar 2026	3.75	4.60	5.20	5.80	5.60
Jun 2026	3.50	4.50	5.00	5.50	5.50
Sep 2026	3.50	4.30	4.90	5.40	5.40
Dec 2026	3.25	4.20	4.80	5.30	5.30
Mar 2027	3.25	4.10	4.80	5.30	5.30
Jun 2027	3.25	4.10	4.70	5.20	5.20
Sep 2027	3.25	4.10	4.70	5.10	5.10
Dec 2027	3.25	4.10	4.70	5.10	5.10
Mar 2028	3.25	4.10	4.70	5.10	5.10
Jun 2028	3.25	4.10	4.60	5.00	5.00
Sep 2028	3.25	4.10	4.60	5.10	5.10
Dec 2028	3.25	4.10	4.60	5.00	5.00
Mar 2029	3.25	4.10	4.70	5.00	5.00

MUFG Corporate Market's central forecast for interest rates was updated on 22 December 2025.

Following the 26 November Budget and the Office for Budget Responsibility's revised forecasts published alongside it, together with the Bank of England Monetary Policy Committee's decision on 18 December to cut Bank Rate from 4.00% to 3.75%, MUFG Corporate Markets has revised its forecast. This now incorporates a further rate cut in Q2 2026 to 3.50%, followed by an additional reduction to 3.25% in Q4. The Governor of the Bank of England has emphasised that any further easing will be contingent on strong supporting economic data, with the pace of future rate cuts expected to be slower than in recent months.

MUFG Corporate Markets remain confident in the robustness of their forecasts for Bank Rate and the 5-year PWLB Certainty Rate, and have marginally brought forward the expected timing of the next rate cut(s). However, at the longer end of the curve, specifically the 10-, 25- and 50-year maturities, the scale and timing of gilt issuance will be critical to sustaining a benign trading environment. That outcome is far from assured. In addition, the inflation outlook and political developments, both domestically, and crucially in the United States, are likely to be key influencing factors. Greater clarity is expected in the UK by June following the local elections, while the US mid-term elections are scheduled for November.

3.1. Investment and borrowing rates

- The next reduction in Bank Rate is expected in April 2026, following a forecast sharp decline in CPI inflation from 3% in March to 2% in April. This is likely to be followed by a pause over the summer as additional data is assessed, before a further rate cut to 3.25% later in 2026
- However, there are risks to this central scenario. Domestically, labour shortages remain acute in several sectors, most notably social care and construction, which could keep wage growth stubbornly elevated. In addition, the local elections in May 2026 should provide greater clarity on the political outlook, including whether the Starmer-Reeves leadership is likely to complete the current Parliament or face an internal leadership challenge, and how gilt markets may respond to any resulting uncertainty. Internationally, further geopolitical and macroeconomic risks also need to be factored in, particularly the Federal Reserve's monetary policy stance in 2026 and the challenge of easing policy while inflation remains close to 3%.
- The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of MUFG forecasts, but the risks are generally to the upsides.
- MUFG's long-term, i.e. beyond 10 years, forecast for the Bank Rate remains at 3.5%, and as all PWLB certainty rates are still above this level, borrowing strategies need to be reviewed in that context. Temporary borrowing rates will, generally, fall in line with bank rate cuts.
- Borrowing rates have also been impacted by changes in Government policy. In November 2020, the Chancellor introduced a prohibition to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme.
- Because borrowing rates are generally expected to be higher than investment rates, any new borrowing undertaken by the City will have a "cost of carry" (the difference between higher borrowing costs and low investment returns) to any new borrowing that causes a temporary increase in cash balances.

3.2. Interest Rate Exposure

The City is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

4. Borrowing Strategy

The borrowing strategy is developed from the capital plans and prospect for interest rates outlined in sections 2 and 3 above, respectively.

For both the City Fund and City's Estate, the capital expenditure plans create borrowing requirements and the borrowing strategy aims to make sure that sufficient cash is available to ensure the delivery of the City's capital programme as planned. The City Bridge Foundation, as stated in section 2.3, now has the power to borrow in limited circumstances following the approval of the Supplemental Royal Charter in June 2023.

The City can choose to manage the borrowing requirements through obtaining external debt from a variety of sources; through the temporary use of its own cash resources ("internal borrowing"); or via a combination of these methods.

4.1. City Fund

The City Fund has a positive Capital Financing Requirement, and this is expected to stabilise over the next five years (see table 2 in section 2.1) including ~~the proposed~~ planned Investment Property disposals. As the City Fund currently has no external debt, it is therefore maintaining an under-borrowed position which is forecast to increase if the City Fund does not acquire external debt. This means that the capital borrowing need is being managed within internal resources, i.e. cash supporting the City Fund's reserves, balances and cash flow is being used as a temporary measure. This strategy is prudent because it helps the City Fund to minimise borrowing costs in the near term and because it leads to lower investment balances which reduces counterparty risk. Against these advantages the City is conscious of the increased exposure to interest rate risk that is inherent in internal borrowing (i.e. the risk that the City Fund will need to replace internal borrowing with external borrowing in the future when interest rates are high).

Therefore, against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Chamberlain will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example,

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates,* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the Finance Committee and the Court of Common Council at the next available opportunity.

The City must set two treasury indicators representing the upper limits for the total amount of external debt for City Fund. These limits are required under the Prudential Code in order to ensure borrowing is affordable and is consistent with the City Fund's capital expenditure requirements.

- The **operational boundary for external debt** should represent the most likely scenario for external borrowing. It is acceptable for actual borrowing to deviate from this estimate from time to time. The proposed limit is set to mirror the estimated CFR for the forthcoming year and the following two years.

- The **authorised limit for external debt** is the maximum threshold for external debt for over 2026/27, 2027/28, 2028/29 and 2029/30. This limit is required by the Local Government Act 2003 and is set above the operational boundary to ensure that the City is not restricted in the event of a debt restructuring opportunity.

The proposed limits for 2026/27 are set out in Appendix 2.

International Financial Reporting Standard (IFRS)16: Leases - became effective 1 April 2024 and requires that leases previously expensed through expenditure are now recognised as a right of use asset with an equal value liability, where the lease is longer than 12 months and not insignificant. ~~The estimated balance as at 31 March 2025 includes £11.6 million of leases included~~ The actual value of other long term liabilities held on the balance sheet as at 31 March 2025, including those as a result of the impact of IFRS16, was £38.6m which has been incorporated into these forecasts, with the *operational boundary* and *authorised limit* debt ceilings set at a level to accommodate these (as set out in Appendix 2).

The City is also required to set a treasury indicator in respect of the maturity structure of external debt to ensure that the external debt portfolio remains appropriately balanced over the long term. Under the revised Treasury Management Code of Practice, the City is required to set limits for all borrowing (i.e. both fixed rate and variable debt), and the proposed limits are detailed in Appendix 2.

4.2. City's Estate

The capital expenditure plans for City's Estate also create a borrowing requirement. City's Estate has issued fixed rate market debt totalling £450m to fund its capital programme. Of this total, £250m was received in 2019/20 and the remaining £200m was received in 2021/22. City's Estate is likely to have a further temporary borrowing requirement arising in 2026/27, which is currently planned to be funded from the liquidation of financial investments and investment property disposals, as opposed to additional external borrowing. However, the Chamberlain will keep this position under review and in doing so will have regard for liquidity requirements, interest rate risk and the implications for the revenue budget.

The regulatory framework established through the CIPFA professional codes and MHCLG guidance pertains to the City's local authority function, the City Fund. To facilitate effective management of the City's Estate borrowing requirement, this organisation has adopted the City's Estate Borrowing Policy Statement

(Appendix 8), which sets out the principles for effectively managing the risks arising from borrowing on behalf of City's Estate. Under this framework, the City has resolved to establish two further treasury indicators, which will help the organisation to ensure its borrowing plans remain prudent, affordable and sustainable:

- **Estimates of financing costs to net revenue stream.** This indicator is given as a percentage and establishes the amount of the City's Estate net revenue that is used to service borrowing costs.
- **Overall borrowing limits.** This indicator represents an upper limit for external debt which officers cannot exceed.

The proposed indictors for 2026/27 are set out in Appendix 2 alongside the City Fund treasury indicators.

4.3. City Bridge Foundation

The City Bridge Foundation has the power to borrow in limited circumstances following the approval of the Supplemental Royal Charter in June 2023. That is, City Bridge Foundation may borrow for the purposes of raising funds towards the cost of replacement, reconstruction and re-building of any of its Bridges. This may be undertaken without security or on the security of the permanent endowment fund or any part of it or its income. There are no current plans for borrowing to take place in the short to medium term.

4.4. Policy on borrowing in advance of need

The City will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the City can ensure the security of such funds.

4.5. Debt rescheduling

The City does not anticipate any debt rescheduling in the near term. However, should any opportunities for debt rescheduling arise (through a decrease in borrowing rates, for instance), such cases will need to be considered in the context of the current treasury position and the size of the cost of debt repayment (i.e. any penalties incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to the Court of Common Council, at the earliest meeting following its action.

4.6. Sources of borrowing

Historically, the main source of borrowing for UK local authorities has been the PWLB. Any new loans issued by the PWLB are subject to the PWLB's revised lending arrangements with effect from 26 November 2020. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for new loans. The PWLB guidance was updated on 15 June 2023, in particular publishing a new Housing Revenue Account (HRA) rate, at 40 basis points above prevailing gilts, available from 15 June 2023 ~~for 1 year~~, with its continuation subject to review. The availability of this rate is set to prevail until at least the end of March 2026. This rate is solely intended for use by HRA and primarily for new housing delivery.

Local authorities have recourse to other sources of external borrowing including financial institutions, other local authorities and the ~~Municipal Bonds Agency~~ UK Infrastructure Bank, which has been rebranded as the National Wealth Fund. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

5. Annual Investment Strategy (relating to Treasury Management)

The Annual Investment Strategy (relating to Treasury Management) sets out how the City will manage its surplus cash balances for the forthcoming year (i.e. investments held for treasury management purposes). It does not apply to other long-term investment assets, which are dealt with variously by other strategy documents (for instance the Capital Strategy for City Fund, or the Investment Strategy Statement for The City Bridge Foundation).

5.1. Investment Policy

The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This strategy deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The City of London's investment policy will have regard to the MHCLG's Guidance on Local Government Investments ("the Guidance"), the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes 2021 ("the CIPFA TM Code") and CIPFA Treasury Management Guidance Notes 2021.

The City's investment priorities are:

(a) security; and

(b) liquidity.

The City will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the City is low in order to give priority to the security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the City will not engage in such activity.

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the City applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the City will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix 3 under the ‘specified’ and ‘non-specified’ investments categories.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

The City Fund will have exposure to Specified and Non-specified Invstments. All other participants in the Treasury Management Strategy Statement and Annual Investment Strategy 2025/26 will have exposure to Specified Investments only.

The City will also set a limit for the amount of its investments which are invested for longer than 365 days (see Appendix 2).

5.2. Expected investment balances

The City's medium term financial plans for City Fund and City's Estate imply that total investment balances within the treasury investment portfolio are expected to decline over the next few years as the capital programme is progressed (City Bridge Foundation's cash balances are expected to remain consistent) but to remain above/at a minimum constant level of £610m.

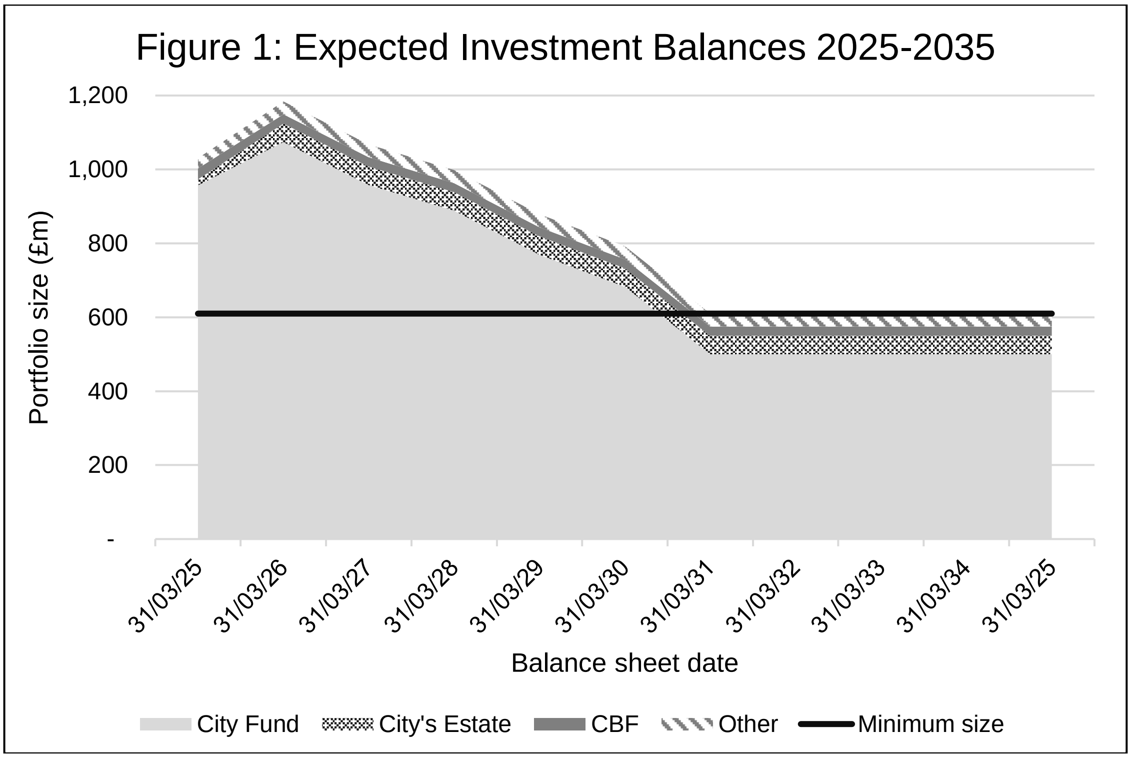


Figure 1 shows projected investment balances across the three funds and others over the coming years as at the end of each financial year.[1] Most of the investment balances relate to City Fund and it should be noted that generally investment balances are expected to be higher between reporting dates.

As the City, and the City Fund in particular, is expected to maintain cash balances over the forecast horizon following financial investment liquidations and investment property disposals, the treasury management strategy will duly consider how best to protect the capital value of resources, particularly during periods of elevated inflation. The City's liquidity requirements and will be subject to ongoing monitoring practices as the capital programme progresses as specified in paragraph 5.3 below.

5.3. Creditworthiness policy

The primary principle governing the City's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the City will ensure that:

[1] "Other" refers to other entities for whom the City provides treasury management services.

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the City's prudential indicators covering the maximum principal sums invested.

The Chamberlain will maintain a counterparty list in compliance with the following criteria and will revise these criteria and submit them to the Investment Committee for approval as necessary. These criteria are separate to those which determine which types of investment instruments are classified as either specified or non-specified as it provides an overall pool of counterparties considered high quality which the City may use, rather than defining what types of investment instruments are to be used.

Regular meetings are held involving the Chamberlain, the Financial Services Director, Corporate Treasurer and members of the Treasury team, where the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

Credit rating information is supplied by MUFG Corporate Markets, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty would result in a temporary suspension, which will be reviewed in light of market conditions.

All credit ratings will be monitored daily**.** The City is alerted to credit warnings and changes to ratings of all three agencies through its use of the Link creditworthiness service.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 – good credit quality – the City will only use banks which:

  (i) are UK banks; and/or
  (ii) are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA+ (Fitch rating)

  and have, as a minimum the following Fitch, credit rating:

  (i) Short-term – F1
  (ii) Long-term – A-

- Banks 2 – The City's own banker (Lloyds Banking Group) for transactional purposes and if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.

- Bank subsidiary and treasury operation - The City will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above. This ~~criteria~~ criterion is particularly relevant to City Re Limited, the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.

- Building Societies – The City may use all societies which:

  (i) have assets in excess of £10bn; or
  (ii) meet the ratings for banks outlined above

- Money Market Funds (MMFs) Constant Net Asset Value (CNAV)* – with minimum credit ratings of AAA/mmf

- Money Market Funds (MMFs) Low-Volatility Net Asset Value (LVNAV)* – with minimum credit ratings of AAA/mmf

- Money Market Funds (MMFs) Variable Net Asset Value (VNAV)* – with minimum credit ratings of AAA/mmf

- Ultra-Short Dated Bond Funds with a credit rating of at least AAA/f (previously referred to as Enhanced Cash Plus Funds)

- Short Dated Bond Fund – These funds typically do not obtain their own standalone credit rating. The funds will invest in a wide array of investment grade instruments, the City will undertake all necessary due diligence to ensure a minimum credit quality across the funds underlying composition is set out within initial Investment Manager Agreements and actively monitor the on-going credit quality of any fund invested.

- Multi-Asset Funds – these funds have the potential to provide above inflation returns with a focus on capital preservation, thus mitigating the erosion in value of long-term cash balances by investing in a range of asset classes that will typically include equities and fixed income. The value of these investments will fluctuate and they are not suitable for cash balances that are required in the near term. Before any investment is undertaken a rigorous due diligence process will be undertaken to identify funds that align with the City's requirements.

- UK Government – including government gilts and the debt management agency deposit facility.

- Local authorities

A limit of £400m will be applied to the use of non-specified investments.

*****Under EU money market reforms implemented in 2018/19, three classifications of money market funds exist:

- Constant Net Asset Value ("CNAV") MMFs – must invest 99.5% of their assets into government debt instruments and are permitted to maintain a constant net asset value.
- Low Volatility Net Asset Value ("LVNAV") MMFs – permitted to maintain a constant dealing net asset value provided that certain criteria are met, including that the market net asset value of the fund does not deviate from the dealing net asset value by more than 20 basis points.
- Variable Net Asset Value ("VNAV") MMFs – price assets using market pricing and therefore offer a fluctuating dealing net asset value

5.4. Environmental, Social and Governance Risks

The City of London Corporation is committed to being a responsible investor. It expects this approach to protect and enhance the value of the assets over the long term. The City recognises that the failure to identify and manage financially material environmental, social and governance risks can lead to adverse financial and reputational consequences. The City will incorporate ESG risk monitoring into its ongoing counterparty monitoring processes, alongside traditional creditworthiness monitoring. This risk analysis will be consistent with the City's investment horizon, which in many cases will be short term (under one year) in nature.

5.5. Use of additional information other than credit ratings.

Additional requirements under the Code require the City to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

5.6. Time and monetary limits applying to investments.

The time and monetary limits for institutions on the City's counterparty list are as follows (these will cover both specified and non-specified investments):

	Minimum Creditworthiness Criteria	Money Limit	Time Limit
Banks 1 higher quality	Fitch Rating Long Term: A+ Short Term: F1	£100m	3 years
Banks 1 medium quality	Fitch Long Term Rating Long Term: A Short Term: F1	£100m	1 year
Banks 1 lower quality	Fitch Long Term Rating Long Term: A- Short Term: F1	£50m	6 months
Banks 2 – City's banker (transactions only, and if bank falls below above criteria)	N/A	£150m	1 working day
Building Societies higher quality	Fitch Long Term Rating A *or* assets of £150bn	£100m	3 years
Building Societies medium quality	Fitch Long Term Rating A- *or* assets of £10bn	£20m	1 year
UK Government (DMADF, Treasury Bills, Gilts)	UK sovereign rating	unlimited	3 years
Local authorities	N/A	£25m	3 years
External Funds*	**Fund rating**	**Money and/or % Limit**	**Time Limit**
Money Market Funds CNAV	AAA	£100m	liquid
Money Market Funds LVNAV	AAA	£100m	liquid
Money Market Funds VNAV	AAA	£100m	liquid
Ultra-Short Dated Bond Funds	AAA	£100m	liquid
Short Dated Bond Funds	N/A	£100m	liquid
Multi Asset Funds	N/A	£50m	liquid

*An overall limit of £100m for each fund manager will also apply.

A list of suitable counterparties conforming to this creditworthiness criteria is provided at Appendix 4. The Chamberlain will review eligible counterparties prior to inclusion on the approved counterparty list and will monitor the continuing suitability of existing approved counterparties.

5.7. Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ (Fitch) or equivalent. The country limits list, as shown in Appendix 5, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. The UK (which is currently rated as AA-) will be excluded from this stipulated minimum sovereign rating requirement.

5.8. Local authority limits

The City will place deposits up to a maximum of £25m with individual local authorities. In addition, the City imposes an overall limit of £250m for outstanding lending to local authorities as a whole at any given time. Although the overall credit standing of the local authority sector is considered high, officers perform additional due diligence on individual prospective local authority borrowers prior to entering into any lending.

5.9. Investment Strategy

In-house funds: The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a longer period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations: Based on our Treasury Consultant's latest forecasts, the Bank Rate is forecast to decrease in 2026 to 3.25%, with no further cuts expected in 2027. In these circumstances it is likely that investment earnings from money-market related instruments will decrease compared to the earnings in 2025/26~~, however they remain above the very low levels experienced in previous years~~. Bank Rate forecasts for financial year ends (March) are: -

- 2025/26 3.80%
- 2026/27 3.40%
- 2027/28 3.30%

5.10. Investment Treasury Indicator and Limit

Total principal funds invested for greater than 365 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end, and this is set out in table 5 below.

Table 5: Maximum principal sums invested for more than 365 days (up to three years)			
	2025/26 £M	2026/27 £M	2027/28 £M
Principal sums invested >365 days	300	300	300

5.11. Investment performance benchmarking

The City will monitor investment performance against Bank Rate and 3- and 6-month compounded SONIA (Sterling Overnight Index Average).

5.12. End of year investment report

At the end of the financial year, the City will report on its investment activity as part of its Annual Treasury Report.

5.13. External fund managers

A proportion of the City's funds, amounting to £600.9m as at 31 December 2025 are externally managed on a discretionary basis by the following fund managers:

- Aberdeen Standard Investments
- CCLA Investment Management Limited
- Deutsche Asset Management (UK) Limited
- Federated Investors (UK) LLP
- Invesco Global Asset Management Limited
- Legal and General Investment Management
- Payden & Rygel Global Limited
- Royal London Asset Management

The City's external fund managers will comply with the Annual Investment Strategy, and the agreements between the City and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The credit criteria to be used for the selection of the Money Market fund manager(s) is based on Fitch Ratings and is AAA/mmf. The Ultra-Short Dated Bond Fund managers (including the Payden & Rygel Sterling Reserve Fund, Federated Sterling Cash Plus Fund and Aberdeen Standard Liquidity Fund (Lux) Short Duration Sterling Fund) are all rated by Standard and Poor's as AAA.

The City also uses two Short Dated Bond Funds managed by Legal and General Investment Management and Royal London Asset Management. Both funds are unrated (as is typical of these instruments). The funds offer significant diversification by being invested in a wide range of investment grade instruments, rated BBB and above and limiting exposure to any one debt issuer or issuance. Exposure to these funds is ring-fenced to City Fund.

Since 2018/19, a statutory accounting override ("the override") has been in place that allows councils to disapply part of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9), which would otherwise require councils to make provision in their budgets for changes in value (gains or losses) of certain types of financial investments (i.e. pooled investment funds).

Due to the current IFRS 9 statutory override, only the income portion of the total return on pooled investment funds (i.e. Bond Funds for the City of London Corporation) impacts the City Fund (i.e. General Fund) revenue outturn, whilst the more volatile capital component (i.e. Fair Value (FV) movement) is absorbed by an unusable reserve. As at 31 December 2025 the City had £324.9m invested in external funds (excluding MMF's), through its allocation to ultra-short dated and short-dated bond funds representing 30% of the portfolio. Whilst market volatility has seen the capital value (FV) fluctuate, they provide an income return and are held with a long term view.

The IFRS 9 Statutory Override, which mandates that fluctuations in the fair value of pooled fund investments are taken to an unusable reserve on the balance sheet, ~~may cease on 31 March 2025 pending response to the current 'Local Government Finance Settlement' consultation~~ has been extended to 31 March 2029 to apply to existing local authority investments in pooled investment funds that were made before 1st April 2024. The government has extended this specific override for these existing 'Legacy Investments' until 1st April 2029, to provide local authorities with additional time to manage their investment strategies. However, any new investments in pooled investment funds made on or after 1st April 2024 are subject to the standard IFRS 9 accounting requirements.

From 1 April ~~2025~~2029~~, if the statutory override ceases,~~ fluctuations in the fair value will therefore be reflected in the revenue account as at 31 March ~~2026~~2030. To mitigate against any reduction in value, a ringfenced IFRS9 reserve will be created ~~in 2024/25~~ with funding from the overachievement of investment income - the initial transfer to this reserve will be determined ~~based on the outcome of the consultation and the 2024/25 outturn position~~ in consultation with the Chamberlain.

If the fair value of the funds is below the purchase price at the balance sheet date, funds will be released from the reserve to ensure that there is no/minimal net impact to the revenue account. Similarly, if the fund fair value is above the purchase price at the balance sheet date, any unrealised gain will be transferred to the IFRS9 reserve. It would only be appropriate to release such gains to the revenue account if/when the funds are divested from and gains are crystalised.

The City fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund managers. In order to aid this assessment, the City is provided with a suite of regular reporting from its managers. This includes monthly valuations and fund fact sheets as well as quarterly and annual reports. In addition to formal reports, officers also meet with representatives of the fund manager on a regular basis. These meetings allow for additional scrutiny of the manager's activity as well as discussions on the outlook for the fund as well as wider markets.

6. Policy on the use of external service providers

The City uses MUFG Corporate Markets ~~(previously known as Link Group, Link Treasury Services Ltd)~~ as its external treasury management advisers.

The City recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The City will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

7. Scheme of Delegation

Please see Appendix 6.

8. Role of the Section 151 officer

Please see Appendix 7.

9. Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, the Code states that they expect *"all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making*".

The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and committee/council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

a) Record attendance at training and ensure action is taken where poor attendance is identified.
b) Prepare tailored learning plans for treasury management officers and committee/council members.
c) Require treasury management officers and committee/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).

d) Have regular communication with officers and committee/council members, encouraging them to highlight training needs on an ongoing basis.

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

In November 2023 two training sessions were held, aimed at Members of the Investment Committee and Finance Committee, as each year it is the responsibility of these two committees to review and approve the Treasury Management Strategy before review by the Court of Common Council.

The first session was held on 13 November 2023 and provided an appreciation of what Treasury management involves, how it is undertaken, the roles of Members and Officers, and the risks in Treasury Management and how they should be managed, to develop the skills and knowledge for Member scrutiny of Treasury Management decisions.

The second session was held on 27 November 2023 and covered developing the Treasury Management Strategy - notably prudential indicators, cashflow forecasts, investment strategy, credit worthiness, counterparty list, ESG considerations – and a review of the investment portfolio and an economic outlook.

Both sessions were led by the Managing Director of ~~Link Treasury Services (now known as~~ MUFG Corporate Markets~~)~~ and were well attended by Members. Further training will be arranged as required to ensure that the members with responsibility for Treasury Management continue to have the required knowledge and skills. The training needs of treasury management officers are periodically reviewed.

APPENDICES

1. Interest Rate Forecasts 2026 - 2029
2. Treasury Indicators 2025/26 - 2029/30 and Minimum Revenue Provision Statement
3. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
4. Current Approved Counterparties
5. Approved Countries for Investments
6. Treasury Management Scheme of Delegation
7. The Treasury Management Role of the Section 151 Officer
8. City's Estate Borrowing Policy Statement

APPENDIX 1

LINK INTEREST RATE FORECASTS 2026 – 2029 (as at 22/12/2025)

MUFG Corporate Markets Interest Rate View 22.12.25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

Interest Rate Forecasts

Bank Rate	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
MUFG CM	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Cap Econ	3.50%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%
Cap Econ	4.70%	4.60%	4.60%	4.50%	4.50%	4.40%	4.40%	4.40%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%
Cap Econ	5.30%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
25Y PWLB RATE								
MUFG CM	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%
Cap Econ	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%	5.50%
50Y PWLB RATE								
MUFG CM	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%
Cap Econ	5.60%	5.50%	5.30%	5.20%	5.20%	5.20%	5.20%	5.20%

Note: The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective since 1st November 2012.

TREASURY INDICATORS 2025/26 – 2029/30 AND MINIMUM REVENUE PROVISION STATEMENT

TABLE 1: TREASURY MANAGEMENT INDICATORS	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Probable Outturn	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Authorised Limit for external debt (City Fund) -						
Borrowing	286.1	325.0	325.0	325.0	325.0	325.0
other long-term liabilities*	38.6	35.0	31.4	27.8	24.2	20.6
TOTAL	**324.7**	**360.0**	**356.4**	**352.8**	**349.2**	**345.6**
Operational Boundary for external debt (City Fund) -						
Borrowing	186.1	225.0	225.0	225.0	225.0	225.0
other long-term liabilities*	38.6	35.0	31.4	27.8	24.2	20.6
TOTAL	**224.7**	**260.0**	**256.4**	**252.8**	**249.2**	**245.6**
Actual external debt (City Fund)*	0	0				
Upper limit for total principal sums invested for over 365 days	£300m	£300m	£300m	£300m	£300m	£300m
(per maturity date)						

**Other long term liabilities include the impact of IFRS16*
***Actual external debt at the end of the financial year*

TABLE 2: Maturity structure of borrowing during 2026/27	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

TABLE 3: CITY'S ESTATE BORROWING INDICATORS	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Probable Outturn	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%
Estimates of financing costs to net revenue stream	12.4%	13.9%	15.4%	15.7%	16.2%	15.8%
	£m	£m	£m	£m	£m	£m
Overall borrowing limits	450	450	450	450	450	450

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2026/27

To ensure that capital expenditure funded by borrowing is ultimately financed, the City Fund is required to make a Minimum Revenue Provision (MRP) when the Capital Financing Requirement (CFR) is positive. A positive CFR is indicative of an underlying need to borrow and will arise when capital expenditure is funded by 'borrowing', either external (loans from third parties) or internal (use of cash balances held by the City Fund).

MHCLG regulations have been issued which require the Court of Common Council to approve **an MRP Statement** in advance of each year. The regulatory guidance recommends four options for local authorities. Options 1 and 2 relate to government supported borrowing prior to 2008. As the City Fund does not have any outstanding borrowing from this period, these options are not relevant. For any prudential borrowing undertaken after 2008, options 3 and 4 apply:

- **Option 3: Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- **Option 4: Depreciation method** – MRP will follow standard depreciation accounting procedures;

For any new borrowing under the prudential financing system, the City Fund will apply the asset life method over the useful economic life of the relevant assets. MRP commences in the financial year following the one in which the expenditure was incurred. When borrowing to provide an asset, the asset life is deemed to commence in the year in which the asset first becomes operational. Therefore, MRP will first be made in the financial year following the one in which the asset becomes operational. 'Operational' here means when an asset transfers from Assets under Construction to an Assets in Use category under normal accounting rules.

As in previous years, the City will continue to apply a separate MRP policy for that portion of the CFR which has arisen through the funding of capital expenditure from cash received from long lease premiums which are deferred in accordance with accounting standards. This deferred income is released to revenue over the life of the leases to which it relates, typically between 125 and 250 years.

The City's MRP policy in respect of this form of internal borrowing is based on a mechanism to ensure that the deferred income used to finance capital expenditure is not then 'used again' when it is released to revenue. The amount of the annual MRP for the main capital programme is therefore to be equal to the amount of the deferred income released, resulting in an overall neutral impact on the bottom line. The implementation of IFRS 16 and capitalisation of all leases does result in additional MRP but this entirely funded through the lease payments and does not impact the MRP for the wider capital programme.

MRP will fall due in the year following the one in which the expenditure is incurred, or the year after the asset becomes operational.

The MRP liability for 2025/26 is £1.4m and is estimated at £1.4m for 2026/27 for the main capital programme, and there is an additional estimated MRP for the lessees of £2.8m annually.

TREASURY MANAGEMENT PRACTICES (TMP 1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where appropriate.

	Minimum 'High' Credit Criteria	**Use**
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A-,	In-house via Fund Managers
Money Market Funds CNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds LVNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds VNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Ultra-Short Dated Bond Fund	AAA/f (or equivalent)	In-house via Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	In-house & Fund Managers
Sovereign Bond issues (other than the UK government)	AA+	Fund Managers

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £400m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the categories set out below.

	Minimum Credit Criteria	**Use**	**Maximum**	**Maximum Maturity Period**
Term deposits – other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits – banks and building societies (with maturities in excess of one year)	Long-term A+, Short-term F1,	In-house and Fund Managers	£300m overall	Three years
Certificates of deposits issued by banks and building societies with maturities in excess of one year	Long-term A+, Short-term F1,	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Government Gilts with maturities in excess of one year	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Index Linked Gilts	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
Short Dated Bond Funds	--	In-house via Fund Managers	£100m per Fund	n/a*
Multi Asset Funds	--	In-house via Fund Managers	£50m overall	n/a*

*Short Dated Bonds Funds and Multi Asset Funds are buy and hold investments with no pre-determined maturity at time of funding, liquidity access is typically T + 3 or 4.

APPENDIX 4

APPROVED COUNTERPARTIES AS AT 31 DECEMBER 2025

UK BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES

FITCH RATINGS		BANK*	LIMIT PER GROUP	DURATION
A+ A+	F1 F1	Barclays Bank PLC (NRFB) Barclays Bank UK PLC (RFB)	£100M	Up to 3 years
A+	F1	Goldman Sachs International Bank	£100M	Up to 3 years
AA	F1+	Handelsbanken PLC	£100m	Up to 3 years
AA- AA-	F1+ F1+	HSBC UK Bank PLC (RFB) HSBC Bank PLC (NRFB)	£100M	Up to 3 years
AA- AA- AA-	F1+ F1+ F1+	Lloyds Bank Corporate Markets PLC (NRFB) Lloyds Bank PLC (RFB) Bank of Scotland PLC (RFB)	£150M	Up to 3 years
AA- AA- AA-	F1+ F1+ F1+	NatWest Markets PLC (NRFB) National Westminster Bank PLC (RFB) The Royal Bank of Scotland PLC (RFB)	£100M	Up to 3 years
A+	F1	Santander UK PLC (RFB)	£100M	Up to 3 years
A+	F1	Standard Chartered Bank	£100M	Up to 3 years

*Under the ring-fencing initiative, the largest UK banks are now legally required to separate the core retail business into a ring-fenced bank (RFB) and to house their complex investment activities into a non-ring-fenced bank (NRFB).

BUILDING SOCIETIES

FITCH RATINGS		BUILDING SOCIETY	ASSETS	LIMIT PER GROUP	DURATION
A	F1	Nationwide	£377Bn	£100M	Up to 3 years
A-	F1	Yorkshire	£66Bn	£20M	Up to 1 year
A-	F1	Coventry	£87Bn	£20M	Up to 1 year
A-	F1	Skipton	£40Bn	£20M	Up to 1 year
A-	F1	Leeds	£32Bn	£20M	Up to 1 year

FOREIGN BANKS

(with a presence in London)

FITCH RATINGS		COUNTRY AND BANK	LIMIT PER GROUP	DURATION
		AUSTRALIA (AAA)		
AA-	**F1**	Australia and New Zealand Banking Group Ltd	£100M	Up to 3 years
AA-	**F1**	National Australia Bank Ltd	£100M	Up to 3 years
		CANADA (AA+)		
AA-	**F1+**	Bank of Montreal	£100M	Up to 3 years
AA-	**F1+**	Royal Bank of Canada	£100M	Up to 3 years
AA-	**F1+**	Toronto-Dominion Bank	£100M	Up to 3 years
		GERMANY (AAA)		
A+	**F1+**	Landesbank Hessen-Thueringen Girozentrale (Helaba)	£100M	Up to 3 years
		NETHERLANDS (AAA)		
A+	**F1**	Cooperatieve Rabobank U.A.	£100M	Up to 3 years
		SINGAPORE (AAA)		
AA-	**F1+**	DBS Bank Ltd.	£100M	Up to 3 years
AA-	**F1+**	United Overseas Bank Ltd.	£100M	Up to 3 years
		SWEDEN (AAA)		
AA-	**F1+**	Skandinaviska Enskilda Banken AB	£100M	Up to 3 years
AA-	**F1+**	Swedbank AB	£100M	Up to 3 years
AA	**F1+**	Svenska Handelsbanken AB	£100M	Up to 3 years

MONEY MARKET FUNDS

FITCH RATINGS	MONEY MARKET FUNDS Limit of £100M per fund	DURATION
AAA/mmf	CCLA - Public Sector Deposit Fund	Liquid
AAA/mmf	Federated Hermes Short-Term Sterling Prime Fund*	Liquid
AAA/mmf	Aberdeen Sterling Liquidity Fund*	Liquid
AAA/mmf	Invesco Liquidity Funds Plc - Sterling Liquidity Portfolio	Liquid
AAA/mmf	DWS Deutsche Global Liquidity Series Plc – Sterling Fund	Liquid

ULTRA SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	ULTRA SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
AAA/f	Payden Sterling Reserve Fund	Liquid
AAA/f	Federated Hermes Sterling Cash Plus Fund*	Liquid
AAA/f	Aberdeen Standard Investments Short Duration Managed Liquidity Fund*	Liquid

*A combined limit of £100m applies to balances across the Money Market Fund and Ultra Short Dated Bond Fund both managed by Federated Hermes and Aberdeen Standard

SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
-	Legal and General Short Dated Sterling Corporate Bond Index Fund	Liquid
-	Royal London Investment Grade Short Dated Credit Fund	Liquid

LOCAL AUTHORITIES

LIMIT OF £25M PER AUTHORITY AND £250M OVERALL
Any UK local authority

APPENDIX 5

APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AAA and AA+ from Fitch Ratings as at 23 December 2025.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- United States

AA

- Finland

AA-

- United Kingdom

TREASURY MANAGEMENT SCHEME OF DELEGATION

The roles of the various bodies of the City of London Corporation with regard to treasury management are set out below.

(i) Court of Common Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy.

(ii) Investment Committee and Finance Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit & Risk Management Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

(iv) Investment Committee of the City Bridge Foundation

- Review of the Treasury Management Strategy Statement on behalf of the Charity.

APPENDIX 7

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The Chamberlain

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers.

APPENDIX 8

CITY'S ESTATE BORROWING POLICY STATEMENT

1. The City Corporation shall ensure that all of its City's Estate capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the overall fiscal sustainability of City's Estate.
2. Borrowing shall be undertaken on an affordable basis and total capital investment must remain within sustainable limits. When assessing the affordability of its City's Estate investment plans, the City Corporation will consider both the City's Estate resources currently available and its estimated future resources, together with the totality of its City's Estate capital plans, income and expenditure forecasts.
3. To ensure that the benefits of capital expenditure are matched against the costs, a debt financing strategy will be established.
4. To the greatest extent possible, expected finance costs arising from borrowing are matched against appropriate revenue income streams.
5. The City Corporation will organise its borrowing on behalf of City's Estate in such a way as to ensure that financing is available when required to manage liquidity risk (i.e. to make sure that funds are in place to meet payments for capital expenditure on a timely basis). The City Corporation will only borrow in advance of need on behalf of City's Estate on the basis of a sound financial case (for instance, to mitigate exposure to rising interest rates).
6. The City Corporation will ensure debt is appropriately profiled to mitigate refinancing risk.
7. The City Corporation will monitor the sensitivity of liabilities to inflation and will manage inflation risks in the context of the inflation exposures across City's Estate (e.g. the City Corporation will be mindful of the potential impact of index-linked borrowing on the financial position of City's Estate).
8. The City Corporation will seek to obtain value for money in identifying appropriate borrowing for City's Estate. Where internal borrowing (i.e. from City Fund or City Bridge Foundation) is used as a source of funding, the City Corporation will keep under review the elevated risk of refinancing.
9. All borrowing is expected to be drawn in Sterling. Where debt is raised in foreign currencies, the City Corporation will consider suitable measures for mitigating the risks presented by fluctuation in exchange rates.
10. Interest rate movement exposure will be managed prudently, balancing cost against likely financial impact.
11. The City Corporation will maintain the following indicators which relate to City's Estate borrowing only:
    - Estimates of financing costs to net revenue stream
    - Overall borrowing limits

City of London Corporation Committee Report

Committee(s): Investment Committee – For Information	**Dated:** 09 February 2026
Subject: Treasury Management Update as at 31 December 2025	**Public report:** For Information
This proposal: • **delivers Corporate Plan 2024-29 outcomes** • **provides statutory duties** • **provides business enabling functions**	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	The Chamberlain
Report author:	Adam Buckley, Senior Accountant - Treasury

Summary

This report provides a summary of the City of London Corporation's treasury management portfolio (investments) as at 31 December 2025. The report includes an update on the current asset allocation of the short-term investment portfolio and its performance. A monthly investment review report produced by the Corporation's treasury management consultants, MUFG Corporate Markets, is included at Appendix 2.

The treasury position was last reviewed by the Investment Committee at the meeting on 01 December 2025, when they received a report outlining the treasury position as at 31 October 2025.

The treasury management investment portfolio had a market value of £1,080.9m as at 31 December 2025, which is an increase of £79.0m from the balance previously reported as at as at 31 October 2025 (£1,001.9m).

The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to November 2025, down from 3.6% in October and 3.8% in September. The Bank of England's Monetary Policy Committee (MPC) voted to cut the bank rate from 4.00% to 3.75% at its December meeting, after keeping rates unchanged in November. The market expectation is for a further rate cut in April 2026, with the potential of a further cut by the end 2026. However, this sentiment remains volatile and may change in the near-term on the back of fresh central bank events, as well as both domestic and international data releases.

Reflecting market expectation that the MPC will continue to reduce the bank rate over the next 12 months, officers expect yields to continue to decrease in the last quarter of 2025/26 across the Corporation's assets allocated in short term money market instruments, as higher yielding deposits mature and are replaced with new investments.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Investment Committee receive an update on the treasury management portfolio at each meeting. Officers have compiled this report to provide additional context to the short-term investment portfolio as at 31 December 2025.

Current Position

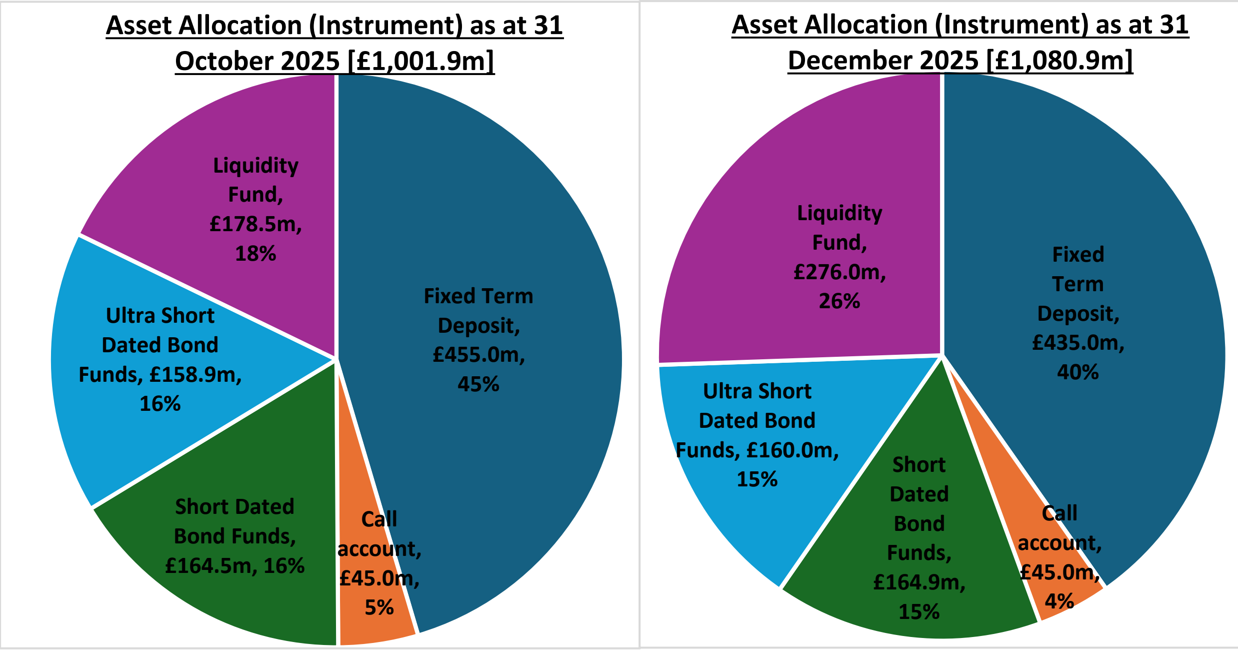
2. The treasury management investment portfolio had a market value of £1,080.9m as at 31 December 2025, which is an increase of £79.0m from the balance previously reported as at as at 31 October 2025 (£1,001.9m). This increase is principally due the following significant transactions in the period:
    - property disposal receipts in the period totalling £143.2m;
    - drawdowns from Financial Investments totalling £11.4m; offset by
    - expenditure on Major Projects of £46.8m; and
    - Museum of London drawdown payment totalling £11.1m.

Asset Allocation

3. In accordance with the current Treasury Management Strategy Statement 2025/26, surplus cash is invested first and foremost with the aim of securing the Corporation's financial assets and secondly in line with the organisation's liquidity requirements (i.e. ensuring the cash is available when needed to meet the Corporation's spending obligations). Once these two objectives have been satisfied, the Corporation targets the best returns available in the sterling money markets.

4. A summary of the asset allocation by instrument type as at 31 October 2025 and 31 December 2025 is set out in Figure 1 below.

Figure 1: Asset allocation as at 31 October 2025 and 31 December 2025.

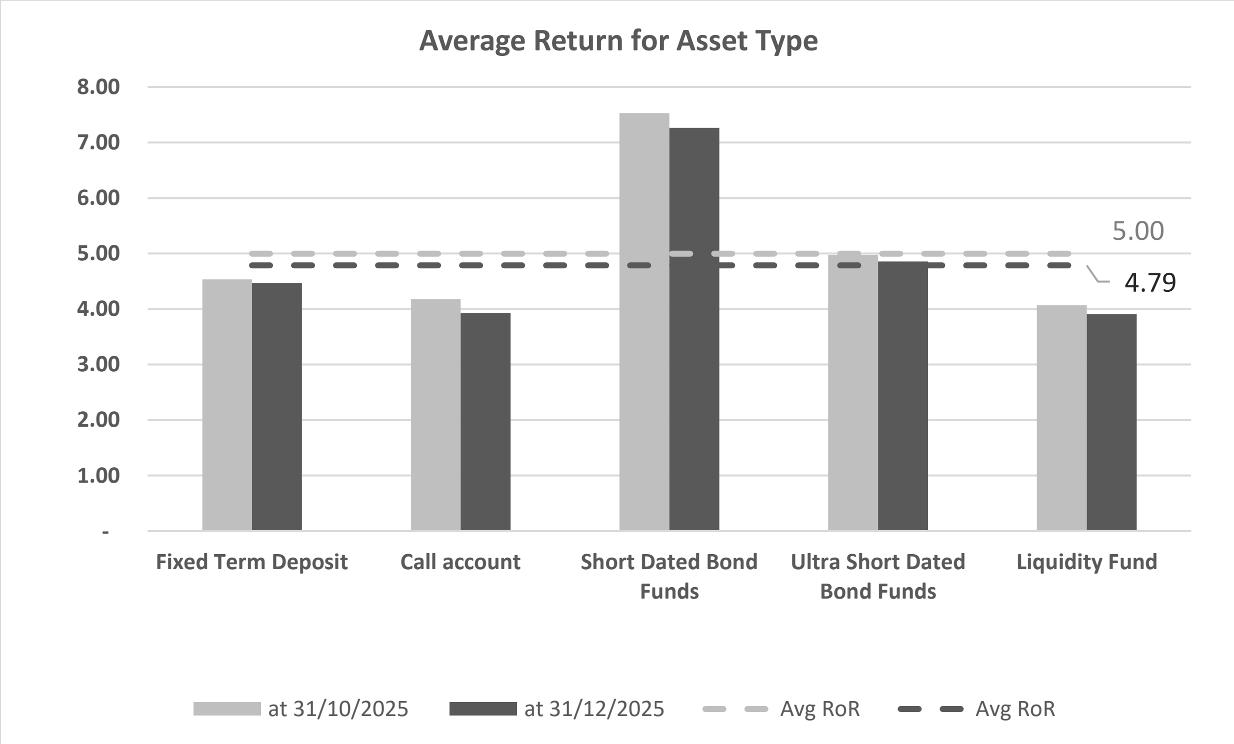


5. As of 31 December 2025, the majority of the Corporation's cash balances are invested on a short-term (under one year) basis with eligible banks, primarily through fixed-term deposits, which account for 40% of the total. This represents a £20m decrease from the previous reporting date, though does not include £40m of fixed term deposits agreed in December 2025 with start dates in January 2026. Liquidity funds now make up around 26%, these balances are very liquid and can be accessed on the day. There have been no changes in the amount of funds that are invested in notice accounts, which make up 4% of the portfolio.

6. The ultra-short dated bond funds account for 15% of the treasury portfolio. These instruments are also very liquid (funds can be redeemed with two to three days' notice) but their market value is more volatile than liquidity funds. Ultra-short dated bond funds are suitable for surplus cash balances with an investment horizon of six months or more. The remaining portion of the portfolio (15%) continues to be invested in short dated bond funds. These funds are invested in investment grade credit instruments and currently have a duration (weighted average time to maturity) of around 3 years. The value of the short dated bond funds can be volatile in the short term and should only be used for surplus cash balances with an investment horizon of at least three years. (In light of this volatility, the Treasury Management Strategy Statement (TMSS) was amended with effect from 1 April 2022, so that only City Fund would maintain exposure to the short dated bond funds).

7. A summary of the average return by asset type, as well as the overall average rate of return (RoR), as at 31 October 2025 and 31 December 2025 is shown in Figure 2. Further analysis on the composition of the portfolio as at 31 December 2025 is provided in the Monthly Investment Report at Appendix 2, which demonstrates the average rate of return for the portfolio as at 31 December 2025 is 4.79% (31 October: 5.00%). A summary of counterparty exposure is also included at Appendix 1, as well as an *Economic, Social, & Governance (ESG)* checklist of Treasury Management Counterparties (excluding local authorities) at Appendix 3.

Figure 2: Average Return for Asset Type as at 31 October 2025 and 31 December 2025



<u>Performance</u>

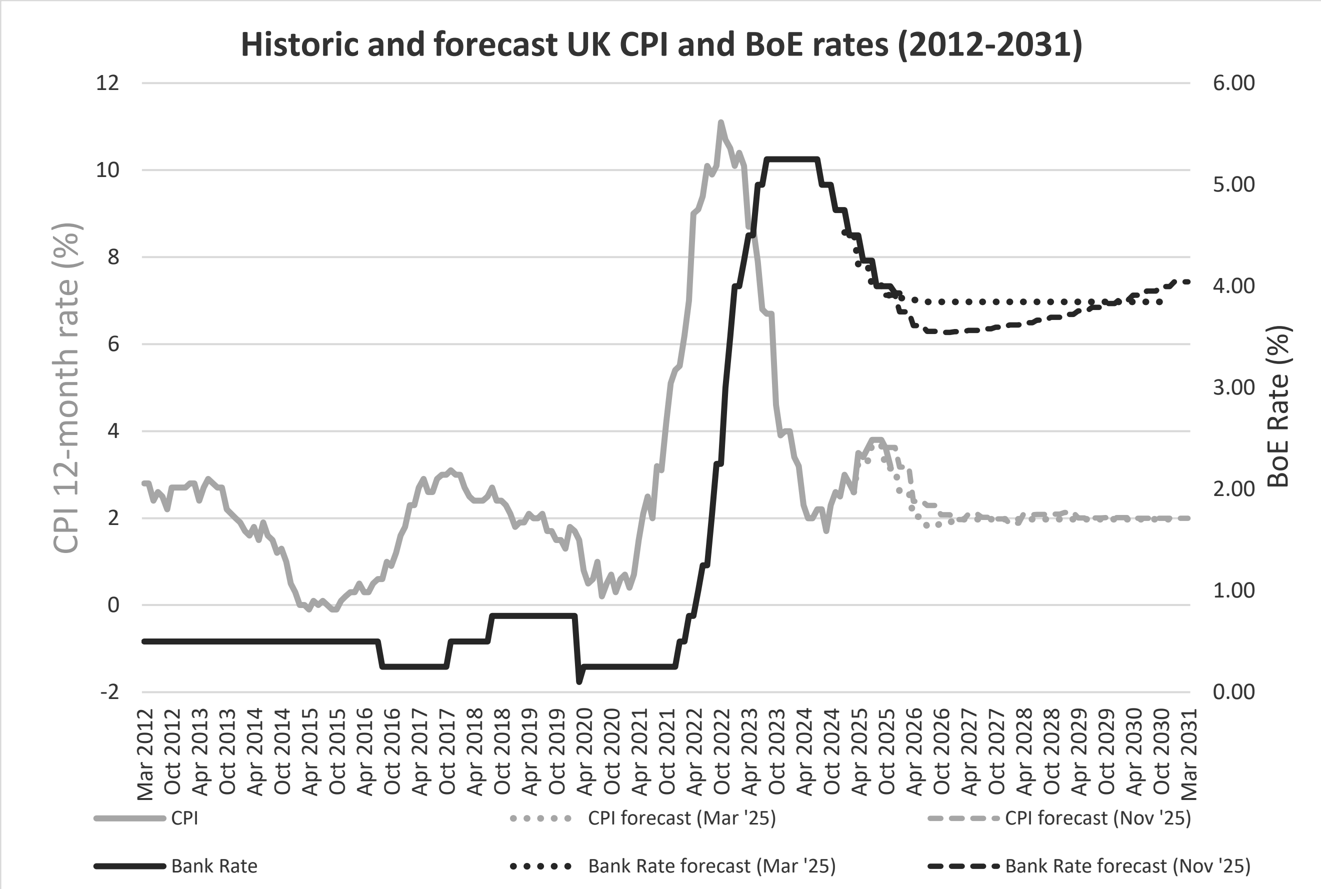
8. The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to November 2025, down from 3.6% and 3.8% in the 12 months to October and September, respectively. This was the third consecutive softer-than-expected inflation outturn and suggests that disinflation is well underway. The updated Bank of England forecast sees the 3.8% inflation rate of September as the peak, with inflation likely to fall to close to 3.0% early in 2026 and to settle around its 2% target by the second quarter of 2027.

9. The Bank of England's Monetary Policy Committee (MPC) cut the bank rate from 4.00% to 3.75% at its December meeting, after keep rates unchanged in November. The decision was in line with market expectations, with the fall in inflation in November persuading Governor Bailey to vote for a rate cut in a 5-4 split. The accompanying statement kept the line that rates would continue on a "*gradual downward path*", inferring this will not be the last rate cut. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect bank rate to next be cut in April 2026, with the potential of a further cut by the end 2026.

10. MUFG Corporate Markets (previously called Link), our treasury management consultants, are currently forecasting the bank rate to be maintained at 3.75% in Q1 2026, with cuts to 3.50% in Q2 2026 and 3.25% in Q4 2026, where it will plateau. However, this sentiment remains volatile and may change in the near-term on the back of fresh central bank events, as well as both domestic and international data release.

11. A graph showing the historic and forecast UK CPI 12-month rate and Bank of England base rate (forecast based on the Office for Budget Responsibility (OBR) 'Economic and fiscal outlook' March 2025 and November 2025) from 2012 to 2031 is shown below in Figure 3.

Figure 3: UK CPI 12-month rate / Bank of England base rate



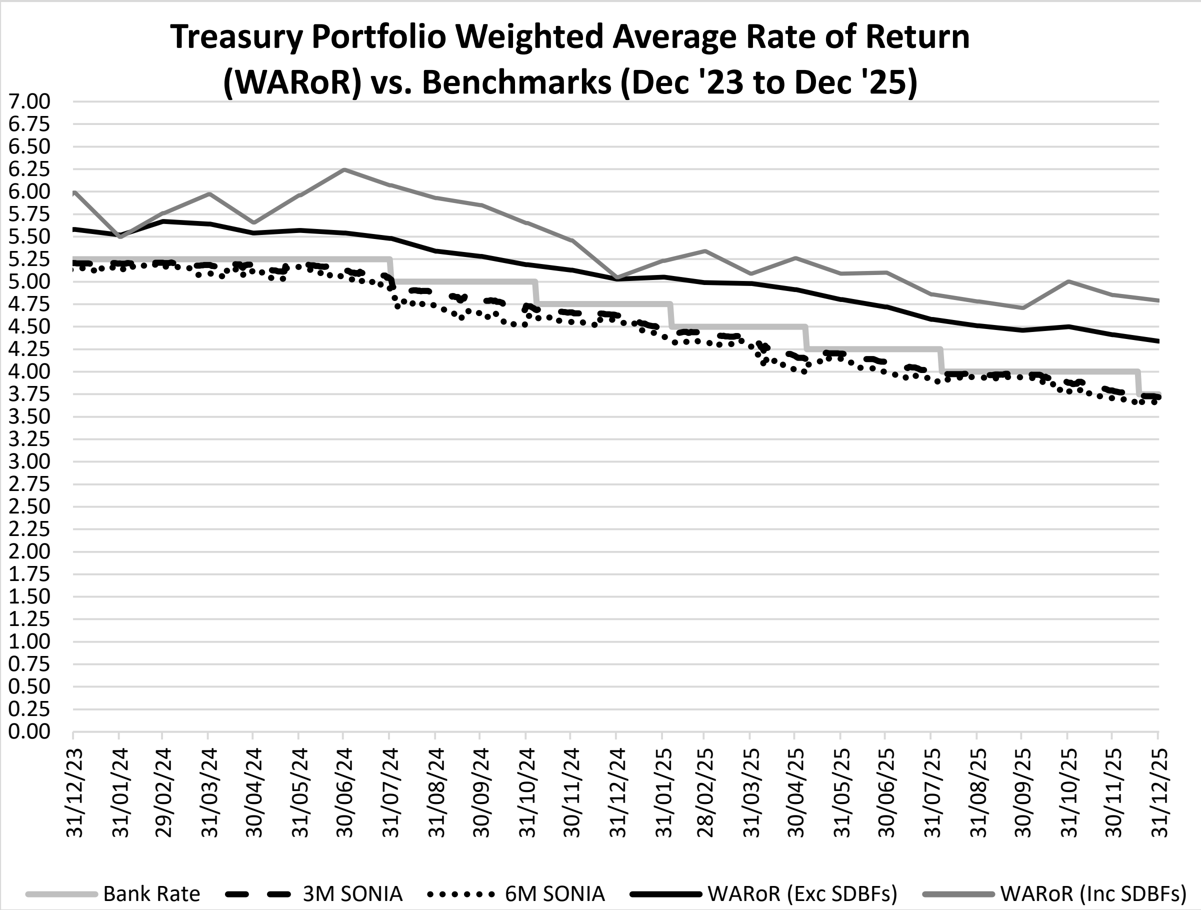
12. As the Bank Rate is the primary determinant of short-term interest rates in the UK, these changes impact the treasury investment portfolio, broadly in two ways:

  a. As yields decrease, the capital value of the Corporation's bond fund investments will usually increase (i.e. when interest rates decrease, bond prices increase and vice versa). These investments are exposed to interest rate risk which the Corporation manages by ensuring the allocations are consistent with a longer-term investment horizon for this minority portion of the portfolio.

  b. For the majority of the portfolio – which is invested in short term money market instruments – an increase in interest rates would result in enhanced returns on new deposits and shorter term liquidity funds. However, the recent and forecast decrease in interest rates will result in reduced future returns from short term money market instruments.

13. These effects can be seen in the weighted average rate of return (WARoR) for the portfolio over the past 2 years and is shown in figure 4 below. In this chart, the two WARoR lines represent the level of returns achieved by the Corporation while the "dashed", and solid Bank Rate, lines represent suitable performance comparators.

Figure 4: Treasury Portfolio Weighted Average Rate of Return vs. Benchmarks



14. Money market rates steadied in the first half of 2024, as shown in Figure 4 for 3-month and 6-month Sterling Overnight Index Average Rate (SONIA), as expectations on future price cuts were pushed back further, though decreased in the second half of 2024 and into 2025 as the Bank of England initiated the loosening cycle, with the MPC's decision to cut interest rates for the first time since March 2020 in August 2024 by 0.25% to 5.00%, from a peak of 5.25% in August 2023. The loosening cycle continued in November 2024 with a 25bps cut to 4.75% following the Autumn Statement and US Presidential Election, and further cuts in the cycle to 4.50% in February 2025, 4.25% in May 2025, 4.00% in August 2025, and now a sixth cut in December 2025 to 3.75% continuing to gradually remove policy restriction.

15. Returns on the Corporation's short term investment portfolio excluding short dated funds are now trending downwards as the restrictive monetary policy is eased, as higher yielding deposits mature and are replaced with new investments. This is visible in the weighted average return excluding short dated bond funds above (which omits the two longer-term short dated bond fund investments in the portfolio). Officers expect this trend to continue in 2025/26, as maturing deposits are likely to be reinvested at rates below those achieved in 2024/25 and the start of 2025/26, reflecting the current market expectation that the MPC will make further cuts to bank rate over the next 12 months.

16. As month-to-month returns from the ultra-short and short dated bond fund investments can be volatile, for these instruments, officers have used the trailing 12-month total return to 31 December 2025 in calculating the portfolio returns displayed in figure 4 (i.e. the WARoR (Weighted Average Rate of Return)).

Returns on these investments faced periods of volatility throughout 2024 primarily driven by geopolitical tensions, central bank decisions, and fluctuating interest rate expectations in the face of inflationary pressures. Following a tough end to 2024, with notable sell-offs in major government bond markets with various factors influencing investor sentiment across the globe, the first quarter of 2025 started off strongly as bond yields fell (meaning prices rose) reflecting lower interest rate expectations. This momentum was derailed by the announcement of tariffs, and credit spreads widened, reflecting increased risk aversion among investors, however bond markets steadied in the second quarter of 2025 as inflation expectations fell and central banks signalled a more dovish stance. The third quarter began with rising global bond yields due to fiscal concerns in advanced economies, however markets rebounded in August as inflation fears eased and central banks signalled potential rate cuts. During the fourth quarter of 2025, bond market returns were generally positive, with yields falling across shorter maturities as central banks eased policy. Although a prolonged US government shutdown and lingering tariff concerns contributed to volatility, markets remained resilient, albeit toward year-end fiscal pressures and persistent long-term inflation uncertainty pushed long-dated yields higher steepening the yield curve. Despite these headwinds bond markets delivered steady performance overall, supported by improving sentiment and policy outlooks.

17. To aid an effective assessment of performance, table 1 shows the historical return of the ultra-short and short dated bond fund investments on a total return basis over various time horizons under one year.

Table 1: Bond Fund Total Returns as at 31 December 2025

Fund	1 Month Return (30/11/2025 to 31/12/2025)	2 Month Return (31/10/2025 to 31/12/2025)	12 Month Return (31/12/2024 to 31/12/2025)
Federated Hermes Sterling Cash Plus Fund	0.35%	0.69%	4.51%
Aberdeen Standard Liquidity Fund Ultra Short Duration Sterling	0.39%	0.70%	4.62%
Payden Sterling Reserve Fund	0.37%	0.69%	5.19%
L&G Short Dated Sterling Corporate Bond Index Fund	0.48%	0.78%	6.79%
Royal London Investment Grade Short Dated Credit Fund	0.50%	0.85%	7.75%

18. The most conservative fund (Federated) is listed first in table 1 and the longer-term investments (L&G and Royal London) are listed at the bottom to the table.

19. As noted above, the capital values of the bond funds – particularly the short-dated bond funds – can be volatile over the short term but they are expected to produce higher returns over the longer term. The Corporation deliberately allocates a small portion of the overall portfolio to these investments - an amount that can sustainably be invested over the medium term.

20. It should also be noted that fluctuations in the market value of these pooled fund investments do not impact the City Fund's revenue position owing to the existence of the IFRS 9 statutory override, which was intended to be in place until 31 March 2025, which English local authorities are required to implement, and which requires unrealised capital (fair value) gains and losses to be charged to an unusable reserve on the balance sheet rather than reported via income and expenditure.

21. Following feedback from the Local Government Finance Settlement consultation at the end of February 2025, the IFRS9 statutory override will remain in place until 31 March 2029 for existing pooled fund investments held as of 1 April 2024 ('legacy investments'), but any new investments taken out after 1 April 2024 will be subject to IFRS 9 compliance and will require fair value movements to be recognised directly within City Fund income and expenditure.

22. As interest rates have risen the bond managers are generally able to reinvest the maturing bonds at a higher yield, thus raising the level of income in the portfolio, that is, income, rather than capital gains, has generally made up a greater part of the total return generated by these funds. The income (distribution) yield on the bond funds with Royal London and L&G are 5.05% and 4.7% respectively as at the end of December 2025. As we now rotate to a decreasing interest rate environment, price appreciation should see the capital value of the funds increase. The interest from these investments is distributed quarterly for Royal London and half yearly for L&G.

<u>Interest on average cash balances</u>

23. A summary of the interest on *average cash balances* (i.e. the returns on the treasury management investment portfolio) for the 2025/26 financial year (1 April 2025 to 31 March 2026) as applicable to City Fund and City's Estate is shown in Table 2 below.

Table 2: Interest on average Cash Balances - forecast as at 31 December 2025

	2025/26 Original Budget	**2025/26 Forecast outturn**	**2025/26 Better / (Worse)**
	£'000	**£'000**	**£'000**
City Fund	**22,603**	**38,419**	**15,816**
City's Estate	**2,050**	**844**	**(1,206)**
Total City Fund & City's Estate Interest on average cash Balances	**24,653**	**39,263**	**14,610**

24. Income from interest on *average cash balances* is currently forecast to exceed budget by £14.61m overall, principally due to changes in the level of average cash balances held, and hence available for investment, and upon which interest is applied, compared to that anticipated when the budget was set in November 2024. This is largely as a result of the re-phasing of capital and major project expenditure, and the timing of receipts from the planned property disposals.

Cash Flow Forecast

25. The City Fund's medium-term cash flow forecast, including all the capital projects, and major projects, is monitored & updated regularly to ensure the funding strategy remains appropriate.

Conclusion

26. This report has provided a summary of the City of London Corporation's treasury management portfolio (investments) as at 31 December 2025. Cash is invested across a range of counterparties and instruments in accordance with the Corporation's current Treasury Management Strategy Statement 2025/26.

27. Since the Investment Committee last reviewed the treasury position as at 31 October 2025, the Bank of England's Monetary Policy Committee (MPC) voted to cut interest rates to 3.75% at its December meeting, having kept rates unchanged at its November meeting. The market expectation is for another rate cut in Q2 2026, with the potential of a further cuts by the end of 2026, with MUFG Corporate Markets, our treasury management consultants, forecasting rates to decrease to 3.25% by December 2026.

28. Returns on the Corporation's short term investment portfolio excluding short dated funds and are now trending downwards. Officers expect this trend to continue in 2025/26, reflecting the current market expectation that the MPC's previous restrictive policy stance continues to loosen in 2025/26 and at the start of 2026/27.

29. The returns on the Corporation's short dated bond fund investments remain positive, despite a number of periods of volatility. These investments are appropriate for surplus cash balances that can be invested sustainably over the medium term given the expectation for higher returns over this time horizon, and they continue to generate strong income returns. The interest from these investments is distributed, quarterly for Royal London and twice yearly for L&G.

Appendices

- Appendix 1 – Counterparty Exposure as at 31 December 2025
- Appendix 2: Monthly Investment Analysis Review December 2025
- Appendix 3: Treasury Management Counterparties 2025/26: Economic, Social & Governance (ESG) Checklist

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COUNTERPARTY EXPOSURE AS AT 31 DECEMBER 2025

APPENDIX 1

	Counterparty Limit £M	Total Invested as at 31-Dec-25 £M	Average Rate of Return %
TOTAL INVESTED		**1,080.9**	**4.79%**
FIXED TERM DEPOSITS			
UK BANKS			
Goldman Sachs	100.0	70.0	4.13%
NatWest	100.0	90.0	5.37%
Standard Chartered	100.0	45.0	4.01%
		205.0	
FOREIGN BANKS			
Australia & New Zealand	100.0	30.0	4.38%
DBS	100.0	10.0	4.11%
Helaba	100.0	40.0	4.34%
Toronto Dominion	100.0	10.0	3.95%
United Overseas Bank	100.0	90.0	4.25%
		180.0	
LOCAL AUTHORITIES			
Lancashire CC	25.0	20.0	4.50%
Rochdale Council	25.0	20.0	4.30%
Walsall Council	25.0	10.0	4.75%
		50.0	
LIQUIDITY FUNDS			
Aberdeen SLI Liquidity Fund	100.0	39.0	3.91%
CCLA - Public Sector Deposit Fund	100.0	49.7	3.85%
Deutsche Global Liquidity Fund	100.0	55.9	3.88%
Federated Prime Liquidity Fund	100.0	48.4	3.92%
Invesco Sterling Liquidity Fund	100.0	83.0	3.95%
		276.0	
ULTRA SHORT DATED BOND FUNDS			
Payden Sterling Reserve Fund	100.0	71.2	5.19%
Aberdeen SLI Short Duration Fund	100.0	59.2	4.62%
Federated Sterling Cash Plus Fund	100.0	29.6	4.51%
		160.0	
SHORT DATED BOND FUNDS			
L&G	100.0	82.9	6.79%
Royal London	100.0	82.0	7.75%
		164.9	
NOTICE ACCOUNTS			
Australia and New Zealand 185 Days Account	100.0	45.0	3.93%
		45.0	
TOTAL		**1,080.9**	

City Of London Corporation

Client Desginated MMF, SDBF & USDBF Rates

Monthly Investment Analysis Review

December 2025

Monthly Economic Summary

General Economy
The UK Manufacturing PMI rose to 50.6 in December, up from 50.2 in November, revised down from the preliminary estimate of 51.2 but ahead of expectations of 50.4. It was the second consecutive expansion after a year of contraction. Output rose for a third month with broad increases in consumer, intermediate, and investment goods sectors, supported by new work intakes, which expanded for the first time in 15 months. The UK Services PMI rose to 52.1 in December from 51.3 in November, exceeding forecasts of 51.6 and marking the 9th straight month of growth. However, employment fell for the 15th consecutive month amid cost pressures. Input costs rose at the fastest pace since May, pushing prices charged to their highest since August.

Combining the above, the UK Composite PMI picked up to 52.1 in December from November's 51.2, surpassing forecasts of 51.6. This was the eighth consecutive month of private sector expansion. On a less positive note, the UK Construction PMI fell to 39.4 in November (released on a one-month lag) from 44.1 in October, pointing to the steepest downturn in five-and-a-half years amid challenging conditions. New orders decreased to the greatest extent since May 2020, with respondents citing weak client confidence and delayed spending decisions linked to uncertainty ahead of the late-November Budget. Employment declined at the steepest rate since August 2020 and optimism was the weakest since December 2022.

UK GDP fell 0.1% in October, following a similar decline in September and missing expectations for a 0.1% expansion, marking the fourth consecutive month without growth. Services output declined 0.3% after a 0.2% gain in September, and construction fell 0.6% from a 0.2% rise. Conversely, production rose 1.1%, rebounding from a 2% plunge. The trade deficit widened to £4.82 billion in October from £1.09 billion in September, its largest gap since February. Exports fell 0.3% m/m to £77.00 billion, while imports rose 4.5% to £81.82 billion. Goods exports fell 0.8% to £30.96 billion, while goods imports rose 6.8% to £53.51 billion.

Employment fell by 16k in October after a 22k decrease in September, driven by fewer full-time positions. Average weekly earnings including bonuses rose 4.7% y/y to £739 in the three months to October, slowing from 4.9% but beating expectations of 4.4%. Private sector wage growth fell to 4.0% from 4.4%, the weakest since Dec 2020–Feb 2021, while public sector pay accelerated to 7.7%, the highest since Jul–Sep 2023. Adjusted for inflation, total earnings rose 0.6%, down from 0.7%, the lowest since May–Jul 2025.

Consumer prices fell 0.2% m/m in November, the first decrease since January and the biggest since July 2024, versus forecasts of flat. Annual inflation eased to 3.2%, the lowest in eight months, from 3.6% in October and below forecasts of 3.5% and the BoE’s 3.4% prediction. The largest downward contribution came from food and non-alcoholic items, particularly bread and cereals. Prices also slowed for alcohol and tobacco, transport, and housing and utilities. Services inflation eased to 4.4% from 4.5%, below the BoE forecast. Clothing and footwear costs fell, while recreation and culture prices rose 2.9%, unchanged from October. Core inflation eased to 3.2% from 3.4%.

The GfK Consumer Confidence Index rose to -17 in December from -19 in November, beating forecasts of -18. Public sector net borrowing eased to £11.7 billion in November from £21.2 billion in October, below last year’s £13.6bn and the lowest November reading since 2021. Receipts rose £5.9 billion y/y on higher tax revenues and National Insurance contributions, while expenditure rose £4.0 billion on public services and social benefits. Public sector net debt excluding banks stood at 95.6% of GDP.

As expected, the Bank of England cut Bank Rate by 25bps from 4.00% to 3.75% at its December meeting. The voting split was 5-4, with falling inflation persuading Governor Bailey to support a cut.

US Economy
Nonfarm payrolls rose by 64k in November, compared with a 105k loss in October and market expectations of a 50k increase. Headlining gains were health care and construction sectors, while federal government continued to lose jobs as the shutdown weighed with declines also seen in transportation and warehousing. US GDP advanced an annualised 4.3% in Q3 2025, the most in two years compared to 3.8% in Q2, and forecasts of 3.3%, the delayed estimate showed. The growth mainly reflected increases in consumer spending, exports, and government spending. Meanwhile the annual inflation rate in the US came in at 2.7% in December 2025, the lowest since July, below forecasts of 3.1% and 3% reported for September as energy prices rose 4.2% on the year, while food was a more modest 2.6% higher and shelter costs up 3%. Annual core inflation fell to 2.6% in November 2025, the lowest since March 2021 and below market expectations of 3%.

The FOMC cut the Federal Funds rate by 25bps at its December meeting, bringing it to the 3.50 - 3.75% range, albeit with three dissenting voters (two voted for no change, and one for a 50bps cut) as the committee remains divided. The accompanying statement signalled a pause for the near-term, in line with Governor Powell's press conference whereby he confirmed the Fed is "well positioned to wait and see how the economy performs from here."

EU Economy
The annual inflation rate in the Eurozone was revised down to 2.1% in November from a preliminary of 2.2%, matching the October reading. Services inflation accelerated to 3.5% from 3.4%, marking its highest level since April, while energy prices declined at a slower pace. The annual core inflation rate, which excludes prices of food, energy, and tobacco, was at 2.4% for the third consecutive month. Overall, the report was aligned with commentary from European Central Bank (ECB) Governing Council members suggesting that the central bank is unlikely to deliver more rate cuts under the current macroeconomic backdrop, with the members also voting to keep policy rates unchanged at their December meeting – as widely expected. The Eurozone economy grew 1.4% y/y in Q3 of 2025, compared to the 1.6% expansion recorded in both the first and second quarters, and broadly in line with the initial estimate. Spain led the major economies, expanding 2.8%, followed by the Netherlands at 1.6%. Among the bloc’s other largest economies, GDP expanded 0.9% in France, 0.6% in Italy but just by 0.3% in Germany.

Housing
The Halifax House Price Index in the UK was flat from a month earlier in November 2025, following a 0.5% rise in October and missing expectations of a 0.2% gain. Meanwhile, the UK Nationwide House Price index unexpectedly fell 0.4% from a month earlier in December 2025, defying market expectations of a 0.1% increase and reversing a 0.3% rise in the prior period, marking the first monthly decline in four months, due to seasonal effects.

Currency
Sterling appreciated against the Dollar and the Euro.

December	Start	End	High	Low
GBP/USD	\$1.3253	\$1.3451	\$1.3508	\$1.3203
GBP/EUR	€1.1395	€1.1453	€1.1472	€1.1375

Interest Rate Forecast
MUFG Corporate Markets revised its forecast down 25bps from Q2 2026 to Q2 2027, maintaining an expected Bank Rate trough of 3.25% by Q4 2026. Capital Economics also revised its forecast down 25bps for Q2 2026 and Q3 2026, maintaining an expected trough of 3% by Q4 2026.

Bank Rate	NOW	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
MUFG Corporate Markets	3.75%	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Capital Economics	3.75%	3.50%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-

City Of London Corporation

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
MMF Aberdeen Standard Investments	39,000,000	3.91%		MMF	AAAm		
MMF CCLA	49,700,000	3.85%		MMF	AAAm		
MMF Deutsche	55,900,000	3.88%		MMF	AAAm		
MMF Federated Investors (UK)	48,400,000	3.92%		MMF	AAAm		
MMF Invesco	83,000,000	3.95%		MMF	AAAm		
USDBF Aberdeen Standard Investments	59,193,888	4.62%		USDBF	AAAf		
USDBF Federated Sterling Cash Plus Fund	29,574,307	4.51%		USDBF	AAAf		
USDBF Payden Sterling Reserve Fund	71,271,119	5.19%		USDBF	AAAf		
United Overseas Bank Ltd	20,000,000	4.28%	07/05/2025	07/01/2026	AA-	0.000%	85
NatWest Markets Plc (NRFB)	20,000,000	4.79%	10/01/2025	12/01/2026	A	0.002%	303
United Overseas Bank Ltd	20,000,000	4.25%	17/07/2025	19/01/2026	AA-	0.001%	231
Australia and New Zealand Banking Group Ltd	20,000,000	4.37%	29/04/2025	29/01/2026	AA-	0.002%	352
Lancashire County Council	20,000,000	4.50%	29/09/2025	29/01/2026	AA-	0.002%	0
DBS Bank Ltd	10,000,000	4.11%	12/08/2025	12/02/2026	AA-	0.003%	261
NatWest Markets Plc (NRFB)	20,000,000	4.47%	13/02/2025	12/02/2026	A	0.005%	1087
United Overseas Bank Ltd	20,000,000	4.30%	18/06/2025	18/02/2026	AA-	0.003%	595
Goldman Sachs International Bank	20,000,000	4.15%	31/07/2025	27/02/2026	A+	0.007%	1466
United Overseas Bank Ltd	20,000,000	4.20%	28/07/2025	27/02/2026	AA-	0.004%	705
Australia and New Zealand Banking Group Ltd	10,000,000	4.40%	03/06/2025	03/03/2026	AA-	0.004%	377
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.37%	05/06/2025	05/03/2026	A+	0.008%	1618
United Overseas Bank Ltd	10,000,000	4.17%	12/08/2025	12/03/2026	AA-	0.004%	431
Walsall Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	13/03/2026	AA-	0.004%	0
Goldman Sachs International Bank	20,000,000	4.16%	04/07/2025	05/05/2026	A+	0.016%	3160
NatWest Markets Plc (NRFB)	20,000,000	5.30%	28/05/2024	28/05/2026	A	0.019%	3742
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.31%	09/06/2025	09/06/2026	A+	0.020%	4045
Australia and New Zealand Banking Group Ltd	45,000,000	3.93%		Call185	AA-	0.011%	5056
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	15/07/2026	A+	0.025%	3717
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	16/07/2026	A+	0.025%	3735
NatWest Markets Plc (NRFB)	30,000,000	6.40%	07/08/2023	07/08/2026	A	0.028%	8305

City Of London Corporation

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
Standard Chartered Bank	20,000,000	3.99%	17/11/2025	17/08/2026	A+	0.029%	5790
Toronto Dominion Bank	10,000,000	3.95%	24/11/2025	24/09/2026	A+	0.034%	3375
Standard Chartered Bank	25,000,000	4.03%	29/10/2025	28/10/2026	A+	0.038%	9513
Rochdale Metropolitan Borough Council	10,000,000	4.30%	08/12/2025	07/12/2026	AA-	0.021%	0
Rochdale Metropolitan Borough Council	10,000,000	4.30%	10/12/2025	09/12/2026	AA-	0.021%	0
Borrower - Funds	**Principal (£)**	**Interest Rate**	**Start Date**	**Maturity Date**			
L&G	82,850,176	6.79%					
ROYAL LONDON	81,968,538	7.75%					
Total Investments	**£1,080,858,027**	**4.79%**					
Total Investments - excluding Funds	**£916,039,314**	**4.34%**				0.013%	**£57,950**
Total Investments - Funds Only	**£164,818,714**	**7.27%**					

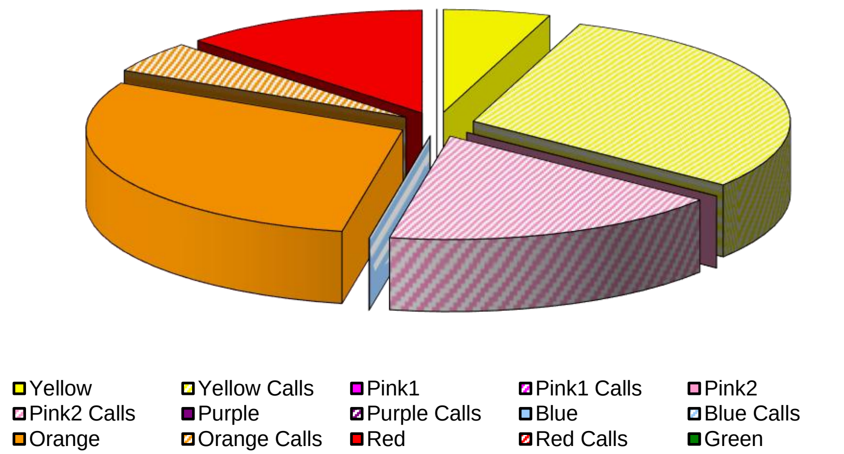
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2024 for Fitch, 1983-2024 for Moody's and 1981-2024 for S&P.

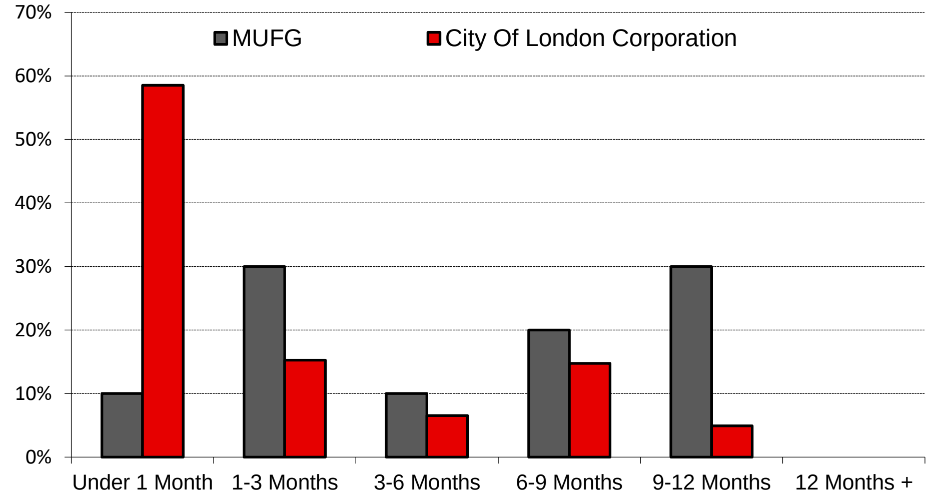
Where MUFG Corporate Markets have provided a return for a property fund, that return covers the 12 months to September 2025, which are the latest returns currently available.

City Of London Corporation

Portfolio Composition by MUFG's Suggested Lending Criteria



Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour



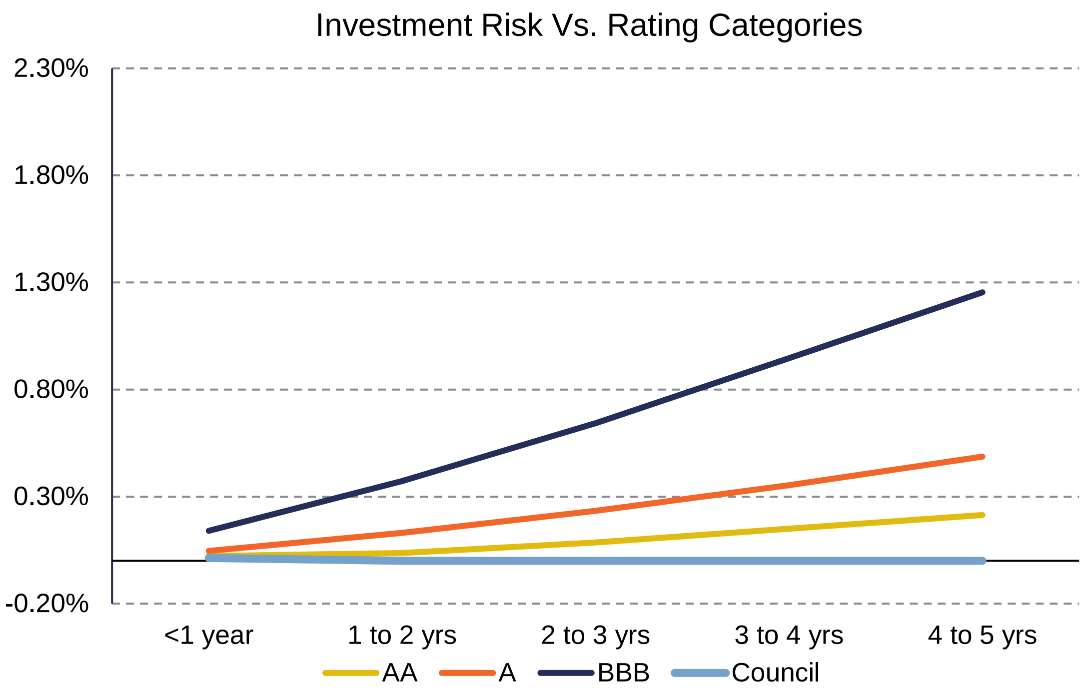
Portfolios weighted average risk number = 2.62

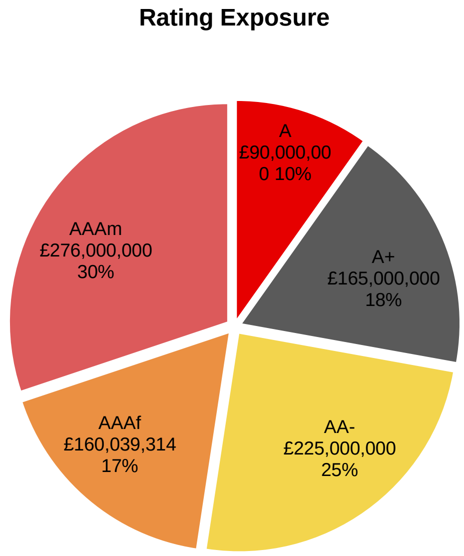
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	35.59%	£326,000,000	84.66%	£276,000,000	30.13%	3.99%	25	41	163	267
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	17.47%	£160,039,314	100.00%	£160,039,314	17.47%	4.86%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	34.39%	£315,000,000	14.29%	£45,000,000	4.91%	4.53%	99	369	84	400
Red	12.55%	£115,000,000	0.00%	£0	0.00%	4.09%	188	311	188	311
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£916,039,314**	**52.51%**	**£481,039,314**	**52.51%**	**4.34%**	**66**	**181**	**121**	**361**

City Of London Corporation

Investment Risk and Rating Exposure





Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.15%	0.21%
A	0.05%	0.13%	0.23%	0.35%	0.49%
BBB	0.14%	0.37%	0.64%	0.95%	1.25%
Council	0.01%	0.00%	0.00%	0.00%	0.00%

Historic Risk of Default
This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk
This is the authority's risk weightings compared to the average % risk of default for “AA”, “A” and “BBB” rated investments.

Rating Exposures
This pie chart provides a clear view of your investment exposures to particular ratings.

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio’s historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

City Of London Corporation

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
05/12/2025	2109	Credit Industriel et Commercial	France	The Outlook on the Long Term Rating was changed to Negative from Stable.

City Of London Corporation

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
05/12/2025	2110	Commerzbank AG	Germany	The Outlook on the Long Term Rating was changed to Positive from Stable.
05/12/2025	2111	Deutsche Bank AG	Germany	The Outlook on the Long Term Rating was changed to Positive from Stable.
12/12/2025	2112	ABN AMRO Bank N.V.	Netherlands	The Outlook on the Long Term Rating was changed to Positive from Stable.

City Of London Corporation

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
				There were no rating actions to report.

City Of London Corporation

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APPENDIX 3

TREASURY MANAGEMENT COUNTERPARTIES 2025/26: ESG CHECKLIST

	Counterparty Name	UK (UK) or Foreign (f)	Net Zero Target Y/N	Date Net Zero Target	Interim Target	Signatory to PRI/TCFD	Which ones(s)?	Do they Publish ESG data? Y/N
	UK Banks and their wholly owned subsidiaries							
1	Barclays Bank PLC (NRFB)	UK	Y	2050	50% by 2030	Y	Both	Y
2	Barclays Bank UK PLC (RFB) - **Same as parent company above**							
3	Goldman Sachs International Bank	UK	Y	2050	N/A	Y	Both	Y
4	Handelsbanken PLC	Foreign	Y	2040	50% by 2030	Y	Both	Y
5	HSBC	UK	Y	2050	N/A	Y	Both	Y
6	HSBC Bank PLC (NRFB) - **Same as parent company above**							
7	Lloyds Bank Corporate Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
8	Lloyds Bank PLC (RFB) - **Same as parent company above**							
9	Bank of Scotland	UK	Y	2050	50% by 2030	Y	TCFD	Y
10	NatWest Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
11	National Westminster Bank PLC (RFB) - **Same as parent company above**							
12	The Royal Bank of Scotland PLC (RFB) - **Same as parent company above**							
13	Santander	UK	Y	2050	N/A	Y	Both	Y
14	Standard Chartered Bank	UK	Y	2050	Individual temperature-based interim targets for each of the highest emitting asset classes.	Y	TCFD	Y
	Building Societies							
15	Nationwide	UK	Y	2050	Separated by Scope	Y	TCFD	Y
16	Yorkshire	UK	Y	2050	Separated by Scope	Y	TCFD	Y
17	Coventry	UK	Y	2040	Separated by Scope	Y	TCFD	Y
18	Skipton	UK	Y	2050	Separated by Scope	Y	TCFD	Y
19	Leeds	UK	Y	2050	N/A	N	N/A	Y

	Counterparty Name	UK (UK) or Foreign (f)	Net Zero Target Y/N	Date Net Zero Target	Interim Target	Signatory to PRI/TCFD	Which ones(s)?	Do they Publish ESG data? Y/N
	Foreign Banks							
20	Australia and New Zealand Banking Group	Foreign	Y	2050	N/A	Y	Both	Y
21	National Australia Bank Ltd	Foreign	Y	2050	N/A	Y	TCFD	Y
22	Bank of Montreal	Foreign	Y	2050	N/A	Y	TCFD	Y
23	Royal Bank of Canada	Foreign	Y	2050	N/A	Y	TCFD	Y
24	Toronto-Dominion Bank	Foreign	Y	2050	N/A	Y	TCFD	Y
25	Landesbank Hessen-Thueringen Girozentrale (Helaba)	Foreign	N	NA	N/A	N		N
26	Cooperatieve Rabobank U.A.	Foreign	N	NA	N/A	N		N
27	DBS Bank Ltd	Foreign	Y	2050	N/A	Y	TCFD	Y
28	United Overseas Bank Ltd.	Foreign	Y	2050	N/A	Y	TCFD	Y
29	Skandinaviska Enskilda Banken AB	Foreign	Y	2050	N/A	Y	TCFD	Y
30	Swedbank AB	Foreign	Y	2050	N/A	Y	TCFD	Y
31	Svenska Handelsbanken AB - Same a parent company (4)							
	Money Market Funds - Parent Companies Used (MMFs don't have net-zero targets)							
32	CCLA - Public Sector Deposit Fund	UK	N	2050	N/A	Y	PRI	N
33	Federated Hermes Short-Term Sterling Prime Fund*	Foreign	Y	2050	N/A	Y	Both	Y
34	Aberdeen Sterling Liquidity Fund	UK	Y	2050	N/A	Y	Both	Y
35	Invesco Liquidity Funds Plc - Sterling Liquidity Portfolio	Foreign	N	2050	N/A	Y	Both	Y
36	DWS Deutsche Global Liquidity Series Plc – Sterling Fund	Foreign	Y	2050	N/A	Y	Both	Y
	Ultra Short Dates Bonds							
37	Payden Sterling Reserve Fund	UK	Y	2050	Based on engagement and other factors	Y	Both	Y
38	Federated Hermes Sterling Cash Plus Fund* - **Same as Parent company (33)**							
39	Aberdeen Standard Investments Short Duration Managed Liquidity Fund** - **Same as parent company (34)**							
	Short Dated Bond Funds							
40	Legal and General Short Dated Sterling Corporate Bond Index Fund	UK	Y	2050	50% by 2030	Y	Both	Y
41	Royal London Investment Grade Short Dated Credit Fund	UK	Y	2050	50% by 2030	Y	Both	Y

City of London Corporation Committee Report

Committee(s)	Dated:
Markets Board Resource Allocation Sub (Policy and Resources) Committee Investment Committee	21January 2026 27 January 2026 09 February 2026
Subject: Draft High-Level Business Plan 2026 – 2031 – City Surveyor's Department	**Public report:** For Decision
This proposal: • **Delivers Corporate Plan 2024-29 outcomes** • **Provides business enabling functions**	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth, Vibrant Thriving Destination.
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	The City Surveyor and Executive Director of Property (CS.003/26)
Report author: Jane Poulton, John Galvin – City Surveyor's Department	City Surveyor's Department

Summary

This report presents for approval the high-level Business Plan for the City Surveyor's Department for 2026 – 2031. This plan includes work overseen by Resource Allocation Sub (Policy and Resources) Committee, Investment Committee and the Markets Board.

Recommendation

Members are asked to:

i. Note the factors taken into consideration in compiling the City Surveyor's Departmental Business Plan; and

ii. Approve, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan 2026 – 2031.

Main Report

Background

1. As part of the new framework for corporate and business planning, departments were asked to produce standardised high-level, Business Plans for the first time in 2017 for the 2018/19 year. In 2024/25, the Business Plans evolved further to describe the funding and people resources associated with each priority workstream, which continues for 2026/27 with the addition of timescales and KPIs for each workstream. From 2026–27 onwards, Departments and Institutions will be required to provide multi-year Business Plans, ensuring a longer-term view of priorities and delivery against corporate objectives.

2. High-level Business Plans for financial year 2026/27 are aligned to our Corporate Plan 2024-2029. As a high-level plan, this document does not capture the granularity of departmental work but gives the overall picture of departmental activity, customer feedback, trends where applicable and direction of travel.

Draft final high-level Business Plan for 2026 – 2031

3. This report presents, at Appendix 1, the draft final high-level Business Plan for 2026 – 2031 (which will be reviewed and refreshed each year) for the City Surveyor's Department.

4. The City Surveyor's Department has extended the scope of the Business Plan to have a five-year horizon – which will be reviewed and refreshed each year. This encompass key departmental activities, notably the Real Estate Investment Strategy, the delivery of the Cyclical Works Programme, and the Corporate Property Asset Management Plan, alongside major Corporate activities to which the department is a key contributor, such as the Climate Action Strategy, and the progress of the demarketisation Bill. The Business Plan will be subject to an annual review, and this will be presented to Members for approval in future years.

5. The department has continued to engage staff from across the service in the development of this plan. This has included the department's Equity, Equalities, Diversity and Inclusion Group, Health and Safety Group, and the departmental Senior Management Team (SMT). Further, considerable engagement has been undertaken with the Corporate Strategy and Performance Team in the Town Clerk's Department, ensuring that the plan aligns with organisational guidance and best practice.

Performance Measurement:

6. The department's key performance indicators (KPIs) are contained on page 4 - 7 of Appendix 1. The department's 2026 – 2031 KPIs have been created to track and monitor progress in delivering its key workstreams. Members will note that the majority of these measures are aligned with those reported in prior years, allowing for year-on-year comparisons.

7. The department reports on a sub-set of these measures to each of Investment Committee, Resource Allocation Sub (Policy and Resources) Committee and Markets Board. Measures reported to these that are tailored to each Committee's terms of reference. The department's business plan update is reported alongside our risk register. This is such that factors that may prevent attainment of objectives is reported alongside current progress.

Measuring Impact and Value for Money (VfM)

8. The Business Plan demonstrates the department's commitment to delivering value for money though the generation of income, releasing capital, and delivering against operational objectives with efficiency. The City Surveyor his management team regularly review performance, refining strategies and approach as required.

Departmental Operational Property Assets Utilisation Assessment Findings

9. Aligned with the requirements of Standing Order 56, the department undertook a utilisation assessment of those corporate spaces that the department has been using. Most of the space occupied is at the Guildhall, with a smaller operational provision at the Central Criminal Court and the 3 wholesale markets. The City Surveyor's Guildhall space assessment was undertaken in December 2025.

10. The current average utilisation for the department was deemed appropriate, with no surplus space identified. This review highlighted both challenges and opportunities for improving workplace efficiency and alignment with corporate standards.

11. The department will be reviewing all its assets again in December 2026.

Corporate & Strategic Implications

12. The City Surveyor's Department is dedicated to supporting and advancing the objectives outlined in the Corporate Plan.

13. Our collective aspirations for the medium-term are reflected within the departmental business plan and each workstream maps to one or more of the six strategic outcomes and is supported by key performance measures.

14. This department plays a crucial role in realising the City's vision by executing major construction initiatives, such as Salisbury Square, London Museum, and Barbican Renewal, while also preserving our heritage estate for the benefit of all Londoners and generating substantial revenue from both investment and operational property portfolios, which underpins all our activities.

15. The department actively collaborates with corporate leaders to ensure the effective implementation of our strategic priorities, particularly in relation to Destination City, the Climate Action Strategy, Equity, Equality, Diversity, and Inclusion (EEDI) initiatives and the City's Corporate Property Asset Management Strategy for 2024-29. Further, the department is providing significant support to the delivery of the Operational Property Review and the Natural Environment Charities Review.

Security implications

16. The business plan highlights the department's management of security across the City of London Corporation (CoLC) and the City of London Police property portfolios.

Financial implications

17. The financial information presented within the Business Plan reflects the departmental rather than the Committee budget.

18. There are no financial implications arising directly from this report and this plan aligns with the 2026/27 budget estimates and estimated resource allocations. Whilst the department's local risk position is challenging and inflation pressures persist; it continues to generate significant income and capital receipts to support the City Corporation's financial sustainability.

Public sector equality duty

19. Where appropriate the department will complete an Equality Impact Assessment (EQIA) for upcoming changes.

Equalities implication

20. The department has an active volunteer EEDI Group. This is seeking to enhance these areas within the department. The business plan highlights the areas of focus of this Group for 2026 – 2031.

Resourcing implications

21. There are no resourcing implications arising directly from this report.

22. The department has carefully considered the balance of resources allocated across the various workstreams. It works throughout the year to dynamically adjust assignment to account for emerging needs and requirements.

Risk Implications

23. Key risks managed by the department are included in the Risk Update Report presented regularly to Members. These reports present risks aligned to the Committee's Terms of Reference.

Climate Implications

24. The department supports the delivery of the Climate Action Strategy targets (achieving EPC C by 2027 and EPC B by 2030 and Carbon Net Zero (CNZ) by 2040) related to our financial and property investments and CNZ by 2027 for operational properties.

Conclusion

25. This report presents the proposed high-level Business Plan for 2026 – 2031 for the City Surveyor's Department for Members to consider and approve.

Appendices

- Appendix 1 – Draft High-Level Business Plan 2026 – 2031 – CSD

Departmental Performance & Services Team
City Surveyor's Department

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CITY SURVEYOR'S 2026 - 2031 BUSINESS PLAN

About us:

The City Surveyor's Department (CSD) is accountable for the management of the City of London Corporation's (CoLC) property investment portfolio and property/construction projects (minor & major). It is responsible for oversight of City's operational property portfolio, the heritage estate, and providing day-to-day outsourced facilities management services to both investment and operational portfolios via a third-generation integrated model. It also manages the property portfolio of the City Bridge Foundation (CBF) on its behalf. Additionally, it operates three wholesale food markets and ensures the smooth operation of the Central Criminal Court.

Key Achievements / Impacts 2025/26:

Property Services (Operations Group):

- Improved performance of all Integrated Facilities Management (IFM) contracts evidenced by consistently achieving >90% statutory compliance scores, and Net Promoter Scores (client feedback) averaging 8 out of 10 for the year.
- IFM Executive dashboard on performance provided to internal clients monthly, creating greater transparency, collaboration, and sharing of information.
- Contract and Performance Management Function recognised as best in class by an audit by external consultants.
- The projects instigated by the Energy Team completing in 2025/26 will deliver projected savings of circa £580,000/annum and carbon reduction of 626t CO^2. Since 2020/21, £800k of utility costs have been avoided through these projects, and reduced carbon by 793t CO^2.
- A record £22.9m in project delivery spend across combined Cyclical Works Programmes though 2025/26. Enhanced stakeholder engagement and collaboration including dashboard reporting has supported this programme.
- Successfully standardised the delivery of security services for both in-house and outsourced security functions, incorporating requirements for the 2027 implementation of Martyn's Law.

Investment Portfolio Management:

- Management of a property portfolio delivering over £100m income to support the CoLC's operation.
- Delivery of the capital realisation programme to support the City's major programmes and projects.
- Management of commercial properties on behalf of CBF delivering circa £24.4m of annual income.

Strategic Asset Management (Operational Property Portfolio Non-Housing):

- Generated £1.5m in additional property income and achieved £4.4m in rates savings over six years, benefiting the CoLC's budgets beyond CSD.
- Corporate Asset Management Strategy (2025-29) developed and approved.

Property Project Group (PPG):

- Management of over 35 construction projects at any point in time, including delivery for the City of London Police, Housing, Schools and Open Spaces. Successful completion of Finsbury Park Reinstatement Project, 99 Social Housing Units in Sydenham, City of London Freemen's School New Dinning Facilities and Creation of the New Financial Services Hub in the Guildhall.
- Championing and advancing best practice processes for use across the entire organisation – including the review of 40 consultant contracts, embedding industry best practice and aligning with regulatory changes (Building Safety Act, Procurement Act 2023, new Sustainability Design Standards, and the City's updates governance framework and championing Artificial Intelligence in our interactions).
- Completed the Sustainability Design Guidelines in line with the Climate Action Strategy.

Central Criminal Court (CCC) (Old Bailey):

- Overseeing building security, maintenance, and operational infrastructure, supporting HM Courts & Tribunals Service such that they can efficiently ensure case delivery.

- The facility includes 18 courtrooms and hosts approximately 1,400 criminal trails annually. On a typical weekday, around 2500 individuals (judges, legal professionals, jurors, witnesses, defendants, and staff) pass through the building.

Markets:

- Mitie awarded the waste and cleaning contract at New Spitalfields and Billingsgate Market.
- Zero tolerance policy approved and being rolled out across the Markets.
- Management and maintenance of three wholesale Markets that serve London and the southeast.

Regeneration & Development Group (R&DG):

- Regeneration & Development Group approved, and the Market Sites Regeneration Programme established with governance in place.
- Considerable progress through Parliament regarding the City of London's Private Bill to de-marketise the Smithfield and Billingsgate sites.
- New London Museum soft opening in 2025 and Annexe disposal agreed.

Major Programmes:

- Through the major programmes the department is helping shape the City well into the future. This has included our work on the new London Museum site, and the new Police and Courts facilities at Salisbury Square.

Our key objectives, priority workstreams and major projects

Property Services (Operations Group):
Deliver best in class property services to the Corporation's varied and complex property portfolios, ensuring our buildings are fit for their purpose. Drive enhanced efficiencies through the provision of facilities management, building surveying and engineering, security and reception services and energy and sustainability management.

Investment Portfolio Management:
Manage the investment property portfolios (City Fund, City's Estate and City Bridge Foundation) to maximise rental income and realise capital efficiently, deliver long-term performance pursuant to the Real Estate Investment Strategy.

Strategic Asset Management (Operational Property Portfolio Non-Housing):
Develop and implement asset management plans that align with the Corporate Property Asset Management Strategy supporting City services and the outcomes of the Corporate Plan. Maximise income and /or capital receipts arising from our operational property portfolio to support the Medum Term Financial Plan, optimise the efficiency of our operational property portfolio allocated to departments and Institutions and decarbonise to achieve carbon net zero. Further, the department is providing significant support to the delivery of the Operational Property Review and the Natural Environment Charities Review.

Property Projects Group:
Delivery of new build construction, fit-out, infrastructure upgrade and refurbishment projects ensuring our customer expectations are met or exceeded by ensuring focus on innovation, social responsibility, sustainability, industry standards, and achieving best-in-class value.

Central Criminal Court:
Maintain an iconic, high quality, London court complex, that supports the Court Services and associated departments to run smoothly, working collaboratively across all operational functions in delivering facilities management (security, maintenance, cleaning, catering). Support the Shrievalty to promote the City of London to make a positive contribution to the UK. Generate further commercial event income.

Markets:
Provide a vital link in the food supply chain for London and the South by operating three thriving wholesale food markets, with national and international reach. Manage and provide a safe and compliant trading environment for our tenants.

Regeneration & Development Group (R&DG):
Responsible for the disposal of strategic sites from across the City Corporation's portfolios via sales, development agreements and joint ventures with developers; as well as the preservation of our heritage estate

portfolio, comprising over 800 assets, through conservation management. Part of the portfolio includes the *Market Sites Regeneration Programme*, which includes supporting the passage of the Markets Private Bill, facilitating the relocation of traders to modern premises, and the disposal of the Smithfield and Billingsgate sites, the Annexe buildings, London Wall West, and the Barking Reach site. Masterplanning the emerging 'Cultural Quarter' of the Square Mile, taking a place-based investment approach as a major contributor to 'Destination City'. The Group also has responsibility for major programmes such as oversight of the new London Museum in West Smithfield.

Corporate Strategies:
Supporting the delivery of major corporate priorities, including City Bridge Foundation Strategy, Climate Action Strategy (CAS) delivery, Destination City, and Equality, Equity, Diversity and Inclusion (EEDI) initiatives.

Action Plan and Measuring Success

Priority workstream	Funding resource %	People resource %	Corporate Plan Outcomes	Performance measures	Outcomes / Impacts
1.Property Services (Operations Group) **IFM Model** ➢ Embed and further develop the IFM model across the organisation (ongoing) ➢ Commence SSD proposal (Jan 2027) ➢ Identify disparate areas of FM with a view to add into IFM (ongoing) ➢ Optimise the usage of the project procurement framework and the IFM delivery model **CWP** ➢ Delivery of the backlog of Cyclical Works Programme (CWP) over 5-year period. ➢ Commence delivery as part of year 2 of the programme addressing priorities (Q1 25/26 and then ongoing until 28/29) **Standardise Security** ➢ Corporate Security - to ensure safe and secure environments & buildings (ongoing) ➢ Standardisation of service across (in-house and outsourced) ➢ Compliance with Terrorism (protection of premises) Act 2025 **Support Climate Action Strategy (CAS)** ➢ Decarbonisation of operational assets. ➢ Include backlog CWP energy related items as a priority ➢ Procure a Development Partner under the Advanced Zoning Programme (AZP) to	14%	39%	Providing Excellent Services Leading Sustainable Environment	**IFM** ➢ Property Contract Performance compliance (80% or greater) KPI 1 ➢ Net Promoter Score for end-users (>8 or greater) KPI 2 **CWP** ➢ CWP delivery against programme** ➢ CWP programme adherence to Budgetary Spend Profile KPI 3 **Security** ➢ 95% of Security Staff completed ACT Awareness training KPI 4 ➢ Each relevant in scope premises to be assessed and a compliant Security Industry Authority statement completed ** **Energy** ➢ Delivery of energy milestones- operational estate utility cost and consumption (measure TBC) KPI 5 ➢ AZP progress against milestones (to 2027) **	➢ Improved management of facilities management across the CoLC and CoLP property portfolios ➢ Achievement of IFM savings to support the delivery of the Medium-Term Financial Plan ➢ Significant improvements to internal/external fabric of CoLC property portfolio (excluding Housing) ➢ Reduction of maintenance and utility costs, threat of legal action by tenants or asset failure ➢ Management of security across the CoLC and CoLP property portfolios ➢ Customers, colleagues and building users will all experience the same level of service ➢ To support the implementation of the CAS across the City's operational and investment estates by continuing to convert CAS interventions into live projects to realise carbon reduction return

grow heat networks in the central and west zone of the square mile					
2.Investment Portfolio Management ➢ Deliver Investment Strategy ➢ Capital realisation to support organisations wider aspirations (ongoing) ➢ Manage City Fund and City's Estate and to achieve investment targets (ongoing) ➢ Manage commercial properties to achieve investment targets on behalf of City Bridge Foundation (ongoing) ➢ Reshape the portfolios to achieve higher growth income (ongoing) ➢ Drive the implementation of CAS policies in support of corporation objectives (ongoing) ➢ Improve capital and management efficiency (ongoing) ➢ Support delivery of major projects (ongoing) ➢ Review and evolve the team, ensuring that the appropriate specialists are positioned to meet the evolving requirements of the division.	29%	7%	Dynamic Economic Growth Leading Sustainable Environment	➢ Achieve Budgeted Rental Forecasts KPI 6 ➢ Outperform Morgan Stanley Capital Index (MSCI) over 5 -year rolling periods KPI 7 ➢ Total Return CPI + 3.0% net of costs over ten-year rolling periods (City Fund) KPI 8 ➢ Total Return CPI + 4.0% net of costs over ten-year rolling periods (City's Estate) KPI 9 ➢ Total Return CPI + 4.0% net of costs over ten-year rolling periods (City Bridge Foundation) KPI 10 ➢ Energy Use Intensity (EUI) Kwh/m2 reduction Investment Estate (<2%@ Q2 and <4% @Q4) KPI 11	➢ Generation of rental income in line with inflation to support delivery of the Medium-Term Financial Plan ➢ To realise capital or reinvestment to support major projects and initiatives ➢ Diversification Strategy delivery (City Fund) ➢ Contribute to the CAS by achieving Energy Performance Certificate (EPC) C ratings for directly managed properties in the portfolios by 2027 and EPC B by 2030 and net zero emissions across the investment portfolio by 2040
3.Strategic Asset Management (Operational Property Portfolio Non-Housing) ➢ Develop new property income, savings and capital receipts arising from the operational property portfolio (ongoing) ➢ Management of Guildhall and Walbrook Wharf complexes and Central Criminal Court (ongoing) ➢ Support the Environment Dep with findings of the review concerning all their assets. (new workstream)	Corporate Property Group – 19% Old Bailey – 9%	Corporate Property Group – 6% Old Bailey – 17%	Dynamic Economic Growth Vibrant Thriving Destination Flourishing Public Spaces	➢ Capital Receipts, additional income & savings (> 90% of the total forecast value) KPI 12 ➢ Adherence to Budgetary Spend Profile (Within 2% of profile) KPI 13-15 ➢ Written up-date on progress on assets (Environment) ** ➢ Maintain event income generated circa £200,000 (CCC) KPI 16	➢ Generation of rental income in line with inflation to support delivery of the Medium-Term Financial Plan ➢ Supporting the efficient delivery of services by building occupiers ➢ Utilising the CoLC Assets ➢ Assist in offsetting local risk budget expenditure

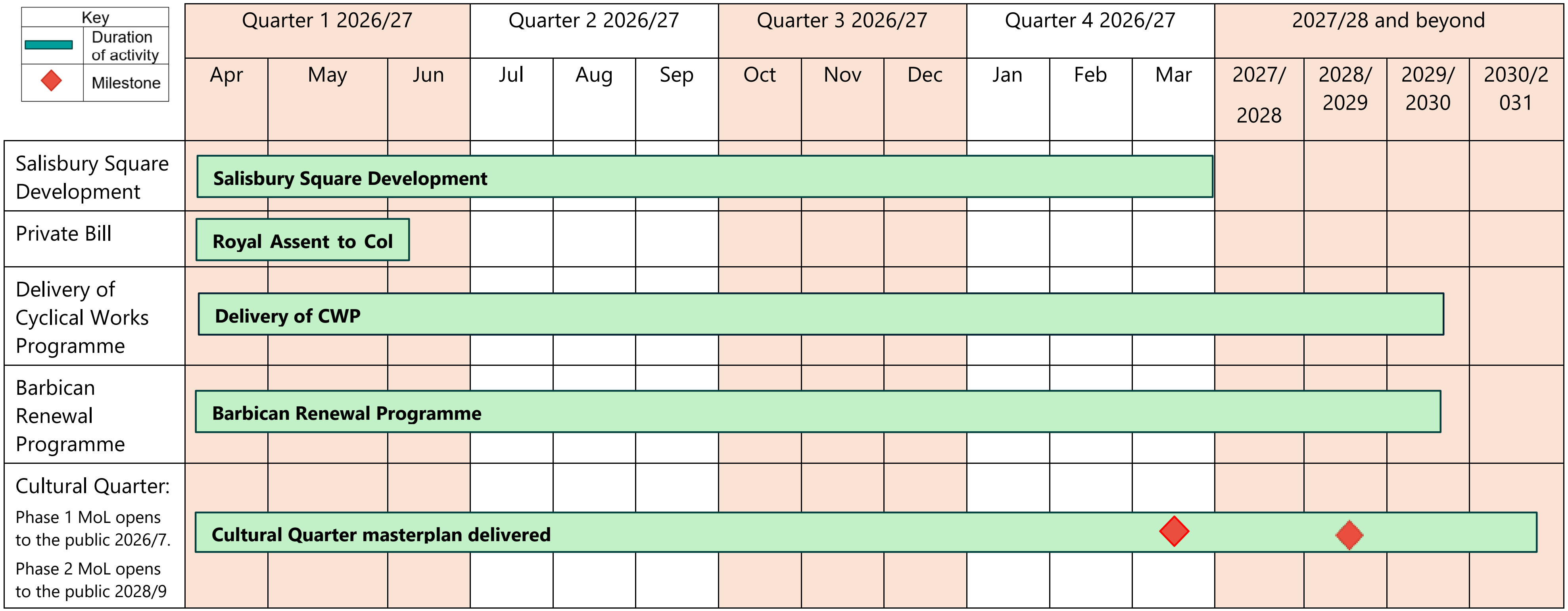
➢ Support priorities arising from the Policy & Resource Committee Away Day (January). Details TBC ➢ Maintain and develop commercial event income at Central Criminal Court			Providing Excellent Services		
4.Property Project Group ➢ Deliver property projects in line with the cost, programme, and quality expectations, including completion of Eastern Base City of London Police (CoLP) (Sept 26) ➢ Embed the (recently completed) Sustainability Design Guide in all development projects ➢ Conduct thorough market research to identify emerging trends, opportunities, and potential risks to the City Corporation's property projects and refurbishment plans such as Mansion House Refurbishment	2%	4%	Providing Excellent Services Flourishing Public Spaces Dynamic Economic Growth	➢ Capital Projects - Project Risk Delivery (<30%) KPI 17 ➢ Capital Projects Delivery – Health and Safety (>80%) KPI 18 ➢ Projects Delivery – Site Sustainability and Waste Management (>90%) KPI 19 ➢ Adherence to Budgetary Spend Profiles (Projects) KPI 20 ➢ Written up-date on progress against market research **	➢ Projects are delivered on time, to budget and to the standard required and compliance with regulations and where possible meet sustainability targets. ➢ Contribute to the CAS by achieving Energy Performance Certificate (EPC) B ratings, BREEAM (excellent ratings on refurbishment) and 60% emissions reduction by 2040
5.Markets ➢ Ensure the efficient management of all market sites (ongoing) ➢ CAS initiatives at New Spitalfields ➢ Review of staffing provision ➢ Saba Parking contract at Smithfield carpark.	26%	25%	Providing Excellent Services Leading Sustainable Environment	➢ Maintain a minimum market occupancy (95% or greater) KPI 21 ➢ Each market's outstanding debt as a percentage of their total invoice income (1.5% or lower) KPI 22	➢ Efficient management of sites, supporting tenants in the delivery of their services ➢ Support the organisation's Medium-Term Financial Plan ➢ Reduce general waste tonnage while increasing recycling and reuse tonnage
6.Regeneration & Development Group ➢ Market Sites Regeneration Programme (MSRP)* ➢ New London Museum (MoL) ➢ Salisbury Square Development ➢ Barbican Renewal Programme	MSRP Budget £54m to 2031 (non-local risk budget)	MSRP Dedicated internal team (10) and external resource	Flourishing Public Spaces Dynamic Economic Growth	➢ Salisbury Square completion Feb 2027 ** ➢ Phase 1 MoL opens to public - 2026/27 ** ➢ Phase 2 MoL opens to public - 2028/9 **	➢ Royal Assent to City of London Corporation's Markets Private Bill ➢ Site located for Smithfield and Billingsgate traders ➢ Support to the Destination City Programme

			Vibrant Thriving Destination	➢ Traders move into new market location. ** ➢ Barbican - Restore and refurbish 2029/30 **	➢ Support the Medium-Term Financial Plan. ➢ Restore
* Dependency on the Private Bill concluding its passage through Parliament, site located for Smithfield and Billingsgate traders to move to, c.70 acres of prime land within Greater London with a considerable sales target in the marketplace. ** Non KPI Performance measures will have a written up-date.					

Priorities being considered in the medium term

What Medium Term action is required? (e.g. New legislation, services, projects, automation)	Timeframes	Funding
Parliamentary Private Bill – Royal Assent to Col Markets	2028/29	yes
20 to 21 Aldermanbury	2026-28	Options to be considered
Future of the Guildhall Complex	TBC	Options to be considered
Support for London Archives	TBC	Options to be considered
Loughton Golf Course	TBC	Capital raising
Puddledock opportunities	TBC	Options to be considered
Bishopsgate Police Station and the CoL Mayor's and Magistrates Courts	Dependency on Sailsbury Square, 2028	Capital raising
Support to Policy development and Asset Assessment for the Natural Environment Charities Review (NECR).	Currently on-going	Capital raising
Thames Tideway	TBC	TBC

Our timeline planner of priority workstream activities and milestones



Enablers

People (November 2025)

The department comprises of:

Headcount: 350 / FTE: 347

- Gender: 27.0% female and 73.0% male
- Median age (51 years)
- Part Time (4.0%) Full Time (96.0%)
- Average length of service (11 years)
- 36% Ethnic Minority
- 6.6% Disability
- 4% LGBTQ+

Equity, Equality, Diversity and Inclusion

The City Surveyor's EDDI Group meet regularly and the group along with support from senior departmental managers have identified the following priorities:

- Encourage and promote wellbeing of staff
- Volunteering
- Recruitment and progression
- Outreach work

Finance

Proposed budget 2026/27 (including CBF)	£ 000
Local Risk	
Expenditure	66,000
Income	(30,160)
Total Local Risk	35,840
Central Risk	(118,448)
Total Local and Central Risk	(82,608)
Recharges	23,247
Total net expenditure	(59,361)

Included in the above is rent and service charge generated on investment property assets (central risk, including CBF) and Government grant for the Central Criminal Court.

Risks (November 2025)

Risk Title	Score
CR 37 – Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	Amber 12
SUR SMT 006 Construction Consultancy Management	Red 16
SUR SMT 017 Extended operation of Smithfield & Billingsgate Market	Red 16
SUR SMT 003 Investment Strategy Risk	Amber 12
SUR SMT 005 Construction and Service Contract Price Inflation	Amber 12
SUR SMT 015 UKPN – Condition and maintenance of substations	Amber 6

Health & Safety

Health & Safety Priorities
Minimum 65% compliance with Safe365
Overarching Health & Safety and Wellbeing framework
Set of Health & Safety KPI's

Operational Property

All departmental operational properties have been reviewed through December 2025. No surplus space was identified.

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Agenda Item 11

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