

Report to: Council



Date of Meeting 25<sup>th</sup> February 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## **Capital Strategy 2026/27 and Treasury Management Strategy 2026/27 (incorporating Minimum Revenue Provision Policy Statement and Annual Investment Strategy)**

### **Report summary:**

#### **Capital Strategy 2026/27**

Appended is the Capital Strategy 2026/27 to 2029/30 for Council to consider and adopt, this forms part of the annual budget setting process.

#### In summary:

- The Capital Strategy provides a single framework for how the Council plans, prioritises and manages capital expenditure, financing and investment activity, in line with CIPFA's (Chartered Institute of Public Finance & Accountancy) Prudential and Treasury Management Codes.
- It sets out how capital decisions support the Council Plan, deliver statutory obligations, and ensure investment is affordable, prudent and sustainable over the long term.
- Capital expenditure is governed through a structured gateway-based appraisal process, with schemes prioritised according to statutory need, risk, value for money, corporate priorities, and availability of external funding.
- The Strategy maintains a prudent under-borrowed position, with full assessment of the Minimum Revenue Provision (MRP) and revenue implications of capital schemes to protect the Medium Term Financial Strategy.
- Key programme priorities include the Affordable Housing *Build and Buy Plan* (supported by up to £60m of prudential borrowing), LATCo mobilisation, SANG funding requirements, and future large-scale developments including Marlcombe.
- Budget monitoring and strengthened governance through SLT and the Budget Setting & Capital Allocations Panel ensure robust oversight of delivery, risks, and financial performance.
- Risk management is embedded throughout, with medium and large projects required to maintain active risk registers and align with the corporate risk framework.
- The Strategy confirms that the Council has the necessary governance, skills and financial controls to deliver a sustainable, well-managed capital programme that supports long-term service and community outcomes

## Treasury Management Strategy 2026/27

Appended is the Treasury Management Strategy 2026/27 (incorporating Minimum Revenue Provision Policy Statement and Annual Investment Strategy) for Council to consider and adopt.

CIPFA produces a Code of Practice for treasury management for Public Services, a key recommendation of the Code is for annual Treasury Management Strategy to be adopted by Council. There is also a requirement to set prudential indicators relating to all treasury activities that the authority will undertake in the forthcoming financial year.

### In summary:

This report presents the **Treasury Management Strategy Statement (TMSS)**, **Minimum Revenue Provision (MRP) Policy**, and **Annual Investment Strategy (AIS)** for **2026/27**, prepared in line with **CIPFA's 2021 Codes** and statutory guidance.

- The Authority's **capital expenditure and prudential indicators** demonstrate that the proposed programme remains **affordable, sustainable and prudent**, with the Capital Financing Requirement (CFR) staying within statutory limits.
- The **MRP Policy** continues to apply the **Asset Life (Annuity) Method** for unsupported borrowing, with no MRP required for HRA assets where prudent provision is already made through depreciation charges.
- The Authority continues to operate in the main an **under-borrowed position**, using internal cash to delay external borrowing while longer-term interest rates remain elevated. Borrowing decisions will remain responsive to market movements, avoiding borrowing in advance of need.
- Investment priorities remain **security, liquidity and yield**. The Authority will maintain a diversified portfolio using high-quality counterparties and retain a set limit on non-specified investments.
- Interest rate forecasts indicate a **gradual decline in Bank Rate during 2026**, with PWLB rates expected to fall modestly but remain sensitive to inflation and economic conditions.
- Governance continues to be strengthened, with enhanced **training requirements** for members and officers and ongoing use of professional advice from the Authority's treasury advisors.

### Is the proposed decision in accordance with:

Budget                      Yes  No

Policy Framework      Yes  No

### **Recommendation:**

#### **Council adopts:**

- 1) **The Capital Strategy 2026/27 – 2029/30**
- 2) **Treasury Management Strategy including the Prudential Indicators for 2026/27**
- 3) **Council approves the Minimum Revenue Provision Policy Statement for 2026/27**
- 4) **Council approves the Annual Investment Strategy, creditworthiness criteria and updated list of counterparties**

**Reason for recommendation:**

The Council is required to adopt formally a Treasury Management Strategy and set prudential indicators before the beginning of the new financial year. In order to comply with good practice there is a requirement for the Council to have in place an adopted Capital Strategy.

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Portfolio(s) (check which apply):

- Assets and Economy
- Communications and Democracy
- Council, Corporate and External Engagement
- Culture, Leisure, Sport and Tourism
- Environment - Nature and Climate
- Environment - Operational
- Finance
- Place, Infrastructure and Strategic Planning
- Sustainable Homes and Communities

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk; The Council would fail to comply with CIPFA recommended “best practice” for treasury management.

**Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

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- A supported and engaged community
  - Carbon neutrality and ecological recovery
  - Resilient economy that supports local business
  - Financially secure and improving quality of services
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**Financial implications:**

Contained within the report

**Legal implications:**

As indicated in the accompanying report, the Treasury Management Strategy must be prepared in line with the statutory framework and related guidance, and the finance team has confirmed that this has been done. Otherwise, there are no legal implications requiring comment.