

# COUNCIL

20 MAY 2025

## REFERENCE FROM CABINET

### **A.5 ADOPTION OF THE ANNUAL CAPITAL AND TREASURY STRATEGY FOR 2025/26 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)**

(Report prepared by Ian Ford)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

The Council is asked to consider the recommendation submitted to it by the Cabinet in respect of the approval of a Capital and Treasury Strategy for 2025/26.

##### **EXECUTIVE SUMMARY**

At its meeting held on 11 April 2025 (Minute 161 refers), the Cabinet had considered a report of the report of the Corporate Finance and Governance Portfolio Holder (A.3) which had sought Cabinet's agreement of the Annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators) for submission to this meeting of Full Council.

Cabinet had been reminded that the Local Government Act 2003 and supporting regulations required the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both documents had come into force in 2023/24.

It had been reported that the Capital Strategy continued to be combined with the Treasury Strategy into one document, which was required to be updated / approved annually. The proposed Annual Capital and Treasury Strategy for 2025/26 had been set out in Appendix A to the Portfolio Holder's report (A.3) and it continued to reflect the various changes set out in the latest Codes mentioned above.

Members of the Cabinet had been informed that the Capital Strategy element of the combined document covered the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against.

The Treasury Strategy element of the combined document covered the various elements that satisfied the requirements of the various codes that governed the borrowing and investment activities of the Council and had been prepared in the light of advice received from the Council's Treasury advisors and reflected the latest codes and guidance.

Cabinet had been made aware that Prudential and Treasury indicators had been included as an Annexe to the combined strategy and had therefore been included within Appendix A.

Members of the Cabinet had been advised that, under the Prudential Code, the Council had freedom over capital expenditure if it was prudent, affordable and sustainable. The

Prudential Indicators either measured the expected activity or introduced limits upon the activity and reflected the underlying capital appraisal systems and enabled the Council to demonstrate that it was complying with the requirements of the Prudential Code.

Cabinet had been reassured that the Council's investments would be undertaken in accordance with its Treasury Management Practices (TMPs). Those included the use of non-specified investment in property to yield both rental income and capital gains. The Codes referred to above required clear separation of commercial investments from treasury investments. As the Council only had one such investment, which was clearly identified within the Strategy and the TMPs, in continuing the approach adopted last year, it had not been proposed to produce a separate suite of Investment Management Practices for that purpose.

As was always the case, other 'quality' investment opportunities would always be explored during the year in consultation with the Council's external advisors to maximise returns on investments within a continuing and overall risk-averse approach.

Cabinet had been reminded that in terms of the reporting process associated with the attached strategy, this would ordinarily be based on obtaining the agreement of the Portfolio Holder for Corporate Finance and Governance for consultation with the Resources and Services Overview and Scrutiny Committee, following which it would be submitted to Cabinet and then onto Full Council. However, due to the timetable of meetings and the continuing work pressures, including those associated with clearing the backlog of outstanding Statement of Accounts that had been due to external audit delays, a revised timescale had been proposed.

It had therefore been proposed to seek Cabinet's agreement to the strategy along with a recommendation for it to be presented to this Full Council meeting for approval and adoption. In terms of consulting with the Resources and Overview and Scrutiny Committee, it had been proposed to undertake this as early as possible in 2025/26, subject to this being included within that Committee's Work Programme.

It had been felt that the above reflected a pragmatic approach to ensure that the strategy could be approved ahead of the financial year it related to or as soon as possible thereafter. However, it also recognised that if the Resources and Overview and Scrutiny Committee had any comments, which could also require further exploration / investigation, then they could be considered and reported to Full Council later, where potential in-year revisions to the Strategy could be considered.

Cabinet had been informed that although at a limited level at the current time, the strategy now acknowledged the potential impact from local government reorganisation, which included the requirement to take such matters into consideration as necessary, which also complemented the wider decision making proposals agreed by Full Council at its meeting on 25 March 2025 and the highlight priorities agreed by Cabinet on 17 March 2025.

Cabinet had *"RESOLVED that the Annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators) be recommended to Full Council for its approval, acknowledging that consultation with the Resources and Services Overview and Scrutiny Committee will be undertaken during 2025/26, subject to inclusion within that Committee's Work Programme."*

A copy of the published Corporate Finance & Governance Portfolio Holder's report (and its appendix) to the Cabinet meeting held on 11 April 2025 is attached to this report.

## RECOMMENDATIONS

That Council, having considered this reference report from Cabinet, approves and adopts the annual Capital and Treasury Strategy for 2025/26 (including Prudential and Treasury Indicators), as set out in Appendix A hereto.

## MONITORING OFFICER'S ADVICE

Nothing further to add to the contents of the report.

## BACKGROUND PAPERS FOR THE DECISION

Published Minutes of the meeting of the Cabinet held on 11 April 2025.

## APPENDICES

**APPENDIX A** = Annual Capital and Treasury Strategy 2025/26 (including Prudential and Treasury Indicators) for adoption

**APPENDIX B** = Published A.3 Report (and Appendix) of the Corporate Finance & Governance Portfolio Holder for the meeting of the Cabinet held on 11 April 2025