

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>25 FEBRUARY 2026</b>
<b>Report Title:</b>	<b>TREASURY MANAGEMENT STRATEGY 2026-27</b>
<b>Report Owner: Responsible Chief Officer / Cabinet</b>	<b>CABINET MEMBER FOR FINANCE AND PERFORMANCE  CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>Paragraph 23.2 of the Finance Procedure Rules (FPRs) within the Council’s Constitution requires that the Chief Finance Officer is responsible for preparing and presenting an annual Treasury Management Strategy to Council for approval, in advance of the start of each financial year. Paragraph 23.3 of the FPRs requires that all investments and borrowing transactions shall be undertaken in accordance with the Council’s Treasury Management Strategy as approved by Council.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• The Treasury Management Strategy 2026-27 incorporates the Borrowing Strategy, Investment Strategy and Treasury Management Indicators.</li> <li>• The Council’s treasury activities are governed by regulation and the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Treasury Management in the Public Services: Code of Practice. The Council operates within these requirements.</li> <li>• Council is required to approve the Treasury Management Strategy in advance of the financial year.</li> </ul>

## 1. Purpose of Report

- 1.1 The purpose of this report is to present to Council the proposed Treasury Management Strategy 2026-27 (**Appendix A**), which includes the:
- Borrowing Strategy 2026-27
  - Treasury Investment Strategy 2026-27
  - Treasury Management Indicators for the period 2026-27 to 2028-29.

## 2. Background

- 2.1 The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the power to borrow and invest as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develops the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (TM Code). This includes a requirement for the Council to approve a Treasury Management Strategy before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements.
- 2.2 In addition, Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019, which requires the Council to approve an Investment Strategy prior to the start of each financial year.
- 2.3 Treasury investments covers all of the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) includes a requirement for local authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Capital Strategy and Treasury Management Strategy are interlinked as borrowing and investments are directly impacted by capital plans.

## 3. Current situation / proposal

- 3.1 The Treasury Management Strategy 2026-27 at **Appendix A** confirms the Council's compliance with the CIPFA Treasury Management in the Public Services: Code of Practice, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 3.2 The Treasury Management Strategy has been updated to reflect the current economic context. Interest rates have dropped slowly but steadily since the peak

of 5.25% in August 2024 and currently stands at 3.75% following its latest cut on 18 December 2025.

- 3.3 The maturity of long-term debt has been included, and the forecast is that the Council may need to borrow over the next 3 years to support the capital programme. However, this is based on the capital programme position as at quarter 3 (31 December 2025), and the anticipated use of earmarked reserves at that time. It is possible that the capital programme will show slippage before year end and as a result, the timing of when there is a need to borrow will also slip. As the capital programme includes a number of schemes that are still in development stages, it is likely that forecast expenditure will slip as will the forecast use of reserves. The Council has been able to use reserves to support its capital expenditure, known as internal borrowing. The use of reserves to fund capital expenditure is a short-term position and as reserves are used and balances reduced, it will be necessary to borrow. This will be closely monitored during the year as changes to the capital programme influence the use of reserves.
- 3.4 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) states that, in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold, however, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. The Council's investment properties are valued annually, to ensure that their values are reflected fairly within the Statement of Accounts. It is considered that the level of these investments is reasonable, and the Council does not intend to invest further purely for financial return.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives because of this report.

## **6. Climate Change and Nature Implications**

- 6.1 The Climate Change and Nature implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

## **7. Safeguarding and Corporate Parent Implications**

- 7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

## **8. Financial Implications**

- 8.1 The financial implications are reflected within **Appendix A** to this report.

## **9. Recommendation**

- 9.1 It is recommended that Council:
- Approve the Treasury Management Strategy 2026-27 including the Treasury Management Indicators 2026-27 to 2028-29 at Appendix A.

## **Background documents**

None