Report Title	Treasury Management Strategy Statement 2026/27
Meeting	Full Council
Meeting Date	26th March 2026
Report Author	Karen Spencer (Director of Resources)
Directorate	Resources (Finance)
Lead Executive Member(s)	Leader's Portfolio, Cllr D Whipp
Wards Affected	All
Public. Part Exempt, or Fully Exempt	N/A
Appendices (if any)	Appendix A – Treasury Management Strategy Statement 2026/27.

1. Executive Summary

1.1 The purpose of this report is to present the Annual Treasury Management Strategy Statement for 2026/27. The report will be presented to Council for approval on 26th March 2026.

2. Recommendations

For the reasons set out in this report, the COUNCIL is recommended to:

2.1 Approve the Annual Treasury Management Strategy Statement (TMSS) incorporating the Minimum Revenue Provision (MRP) Policy Statement, the Annual Investment Strategy (AIS) and Prudential Indicators for 2026/27 to comply with the CIPFA Treasury Management Code of Practice, the Council's Treasury Management Policy and good practice generally.

3. Information: the Rationale & Evidence for the Recommendations

3.1 CIPFA's 2021 Treasury Management Code has adopted the following as its definition of treasury management activities:

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

3.2 Attached at **Appendix A** is the Council's Annual Treasury Strategy Statement for 2026/27. The Strategy document sets out how the investment and borrowing operations of the Council are to be managed within the framework established

by the Treasury Management Policy Statement. The Treasury Strategy Statement should be read in conjunction with the Council's Capital Programme which was approved by the Council on 2nd March 2026.

3.3 The Treasury Strategy Statement also reflects the requirements of the Local Government Act 2003 which places a duty on Local Authorities to: -

a) determine affordable borrowing limits which are calculated in accordance with the Prudential Code for Capital Finance in Local Authorities. Section 2 and 3 of the Strategy provides more detail of the Prudential Code and the relevant limits proposed for the Council, for 2026/27 and over the medium-term period to 2028/29.

b) comply with Section 15 of the Act which requires local authorities to have regard to such guidance as may be issued by the Secretary of State for Housing, Communities and Local Government.

Annual Minimum Revenue Provision (MRP) Policy Statement

3.4 The Minimum Revenue Provision (MRP) is the annual charge to the Council's revenue accounts for the repayment of debt. Prior to the new regulations, the annual MRP was the result of complex calculation based on notional amounts of debt. The regulations simplified and introduced a degree of flexibility to the calculations and attempted, in the case of unsupported borrowing, to link the MRP charge to the estimated life of the borrowing for specific assets.

3.5 Since 2008, the calculation of the annual MRP charge has consisted of 2 elements as follows: -

a) Pre-2008 legacy debt – calculated at 2.5% on a straight-line basis so that the debt is repaid over a period of 40 years.

b) Post-2008 debt – calculated on an annuity basis such that the debt is repaid over the life of the capital expenditure financed by borrowing.

Statement of Prudential Limits

3.6 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) underpins the system of capital finance. Local authorities determine their own programmes for capital investment in non-current assets that are central to the delivery of quality local public services. The 2021 Prudential Code has been developed as a professional code of practice to support them in taking these decisions. Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.

3.7 In setting or revising its prudential indicators, the local authority is required to have regard to the following matters:

- service objectives, e.g. strategic planning for the authority
- stewardship of assets, e.g. asset management planning
- value for money, e.g. option appraisal
- prudence and sustainability, e.g. risk, implications for external debt and whole life costing
- affordability, e.g. implications for council tax/district rates
- practicality, e.g. achievability of the forward plan.

3.8 Within the range of prudential indicators for 2026-27 is the Council's Liability Benchmark indicator, Section 2.3 Pages 8/9 of the report. The liability benchmark is the optimum position for external borrowing (i.e., all balance sheet resources should be used to maximise internal borrowing). The graph on page 9 shows that Pendle's external loans are less than the liability benchmark thus indicating a potential future borrowing requirement. The Council is currently utilising internal cash reserves to fund the capital programme. The use of these reserves is expected to remain part of the Council's balances during 2026-27, however the liability benchmark suggests that the Council will need to borrow from 2026/27 for a period of up to 13 years.

4. Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)

4.1 The report seeks to inform councillors of the Council's position with regards to its annual treasury management strategy statement for 2026-27 to fulfil Priority 1 in the Action Plan 2026-27 (High-Quality Services and Facilities) – financial resilience.

5. Implications

5.1 Financial Implications

The financial implications associated with the Annual Treasury Strategy are incorporated in the Council's General Fund Revenue Budget for 2026/27 as approved by Council on 2nd March 2026.

The financial implications for 2026/27 primarily reflect the external interest cost of £500k associated with the Council's outstanding long-term debt and the Minimum Revenue Provision (a mechanism to provide for the repayment of loan principal) of £884k. Investment income for the year has been budgeted at £850k.

5.2 Legal and Governance Implications

In accordance with the Local Government Act 2003, Councillors are required to approve the Annual Treasury Management Strategy incorporating the Annual

Investment Strategy, the prudential indicators, and the authorised limit for external debt, which are provided in the Annual Treasury Strategy attached at **Appendix A**.

There are no direct risk management implications arising from the contents of this report. Treasury activities are undertaken within the Council's Treasury Management Policy and risk is managed through the application of the requirements of Treasury Management Practice notes.

The Strategy includes details of some of the risks associated with the Council's treasury management operations and how these will be managed.

5.3 **Climate and Biodiversity Implications**

There are no Climate and Biodiversity implications arising directly from the contents of this report.

5.4 **Human Resources Implications**

There are no Human Resources implications arising directly from the contents of this report.

5.5 **Equality and Diversity Implications**

There are no Equality and Diversity implications arising directly from the contents of this report.

6. Consultation

6.1 N/A.

7. Alternative Options Considered

N/A.

8. Statutory Officer Sign off (please tick)

Section 151 Officer	✓
Monitoring Officer	✓

9. Background Documents

N/A.

Contact Officers

Author noted on report header.