

Cheltenham Borough Council

Council – 23 March 2026

Capital, Investment, Treasury Management Strategies 2026/27

Accountable member:

Councillor Peter Jeffries, Cabinet Member Finance and Assets

Accountable officer:

Adele Taylor, Director of Finance and Operations S151 Officer

Ward(s) affected:

All

Key Decision: No

Executive summary:

In December 2017, CIPFA published updates to the Prudential Code and The Treasury Management Code of Practice. The Prudential Code requires the Council to approve a Capital Strategy on an annual basis in advance of the forthcoming financial year. The Ministry for Housing, Communities and Local Government (MHCLG) also updated statutory guidance on treasury management which has resulted in changes to the Treasury Management Strategy and the introduction of a separate Investment Strategy.

Wider consultation took place across the Council in the preparation of these documents to reflect our collective vision for the use of assets and resources to drive economic recovery in the town following the pandemic and help facilitate growth. These have been reviewed again this year in light of the changes to the 2026/27 budget which was approved by Full Council on 27 February 2026. In particular, there is ongoing focus on the use of capital receipts to support our capital programme and treasury management activity.

In accordance with best practice, the Council has adopted and complies with the CIPFA Code of Practice on Treasury Management and the Prudential Code by relevant Capital Finance Regulations. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities.

Recommendations:

1) The Council considers and approves the following:

- **The Capital Strategy 2026/27 at Appendix 2;**
 - **The Investment Strategy 2026/27 at Appendix 3; and**
 - **The Treasury Management Strategy Statement 2026/27 at Appendix 4.**
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1. Implications

1.1 Financial and Asset implications

As detailed throughout this report.

Signed off by: Adele Taylor, Director of Finance and Operations (S151)
adele.taylor@cheltenham.gov.uk

1.2 Legal implications

None arising from the recommendations in this report.

Signed off by: One Legal, legalservices@onelegal.org.uk, Tel no: 01684 272012

1.3 Environmental and climate change implications

The capital and investment strategies outline how our assets and resources are planned to be used to meet our corporate priorities, including those relating to carbon neutrality. These schemes and subsequent funding were approved by Council on 27 February 2026.

Signed off by: Maizy McCann, Climate Emergency Officer

1.4 Corporate Plan Priorities

The capital and investment strategies outline how our assets and resources are planned to be used to meet our corporate priorities.

Signed off by: Ann Wolstencroft, Director of Corporate Resources

1.5 Equality, Diversity and Inclusion Implications

None directly related to the recommendations in this report.

1.6 Performance management – monitoring and review

The performance against our strategies will continue to be monitored by the Finance team throughout the year. The budget and the treasury management activity will be subject to scrutiny throughout the year from the Budget Scrutiny Working Group and Treasury Management Panel.

2 Background

- 1.1. Local authorities in England are legally obliged to “have regard” to the CIPFA Treasury Management Code and the Prudential Code by relevant Capital Finance Regulations.
- 1.2. Local authority investment decisions have made headlines over the past few years with questions being raised about the role of local authorities investing in property and assets as a means to generate income to compensate for the reduction in government funding. Investing in property and other assets is nothing new for this Council who have historically held major assets such as retail sites and commercial property. The scaling up of investments by local councils has been brought to the attention of DHCLG and CIPFA resulting in changes to the Treasury Management Code and the Prudential Code.
- 1.3. Chartered Institute of Public Finance (CIPFA) published its revised Treasury Management Code of Practice and Prudential Code for Capital Finance in December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.
- 1.4. CIPFA published its new 2017 guidelines of Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes and the Prudential Code for Capital Finance in Local Authorities just before the end of 2018. The Council is now required to prepare and approve three strategies/statements on an annual basis:
 - Capital Strategy;
 - Investment Strategy;
 - Treasury Management Strategy Statement
- 1.5. Additionally, a DHCLG consultation (now MHCLG) was concluded in August 2020 which now means that from 26 November 2020 local authorities are prohibited from using monies borrowed from the Public Works Loan Board (PWLB) to invest purely for yield. Borrowing can still be used for service expenditure and schemes focused on regeneration, housing or funding interventions to prevent negative outcomes for a local area.
- 1.6. The capital and investment strategies present how we continue to comply with these requirements by focusing our assets, resources and investments on our key corporate priorities to support the economic recovery of the town. The MRP policy for 2026/27 was approved as part of the final budget proposal for the General Fund revenue and capital budgets.
- 1.7. We have used the strategy documents to set out our approach to future capital, investment and funding decisions which balances social value, sustainability, regeneration, commercial and housing needs at a strategic level to ensure a lasting legacy can be left for the residents of Cheltenham.
- 1.8. This will guide the management of our current portfolio and guide future potential investment by establishing a clear vision, objectives and selection criteria.

3 Reasons for recommendations

- 3.1 The Council is required to approve these strategy documents in line with the CIPFA guidelines in advance of each financial year.

4 Consultation and feedback

- 4.1 Each strategy is attached at Appendices 2 - 4 and is based on information relating to the Council's local circumstances with accompanying information and advice supplied by the Council's treasury

advisors Arlingclose Limited.

4.2 The financial information included in these documents was approved by Council on 27 February 2026.

5 Key risks

5.1 The risks are in appendix 1

Report author:

Adele Taylor, Director of Finance and Operations (S151 Officer), adele.taylor@cheltenham.gov.uk

Appendices:

1. Risk Assessment
2. Capital Strategy 2026/27
3. Investment Strategy 2026/27
4. Treasury Management Strategy 2026/27

Background information:

1. The Housing Revenue Account Revenue and Capital Final Budget Proposal – Council 27 February 2026
2. The General Fund Revenue and Capital Final Budget Proposal - Council 27 February 2026

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
52	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> - Commercial strategy & activities - Quarterly budget monitoring - Cabinet engagement - budget proposals - Increased capacity in the finance team - Cabinet Away Day challenge and decisions - Ongoing monitoring of targets for workstreams/ser vices 	Section 151 Officer	Ongoing
403	Prioritisation of capital resources – If CBC are unable to prioritise medium term projects and programmes which require significant capital financing, then it will increasingly have to rely of borrowing to	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> - Ongoing review and alignment of the capital programme with the Corporate Plan - Quarterly budget monitoring - Cabinet engagement - 	Section 151 Officer	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	fund service investments increasing the pressure on our revenue budgets to fund repayments.						<ul style="list-style-type: none"> - budget proposals - Gateway reviews of all projects through the Corporate Programme office - Cabinet Away Day challenge and decisions - Business case and approval for all new projects, including allocation of resource and budgets 		
53	If General Balances are not strengthened then insufficient reserves will be available to cover unanticipated spend or deficits resulting in the levels which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial	ED Finance and Assets	5	3	15	Reduce	The MTFs is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2025/26 and in ongoing budget monitoring, consideration will continue to be given to the use of	Section 151 Officer	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	Strategy						fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.		
199	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and the constrained ability to grow the business rates in the town then the MTFS budget gap may increase.	ED Finance and Assets	4	3	12	Reduce	<p>The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.</p> <p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p>	Section 151 Officer	Ongoing

