

9. TREASURY MANAGEMENT STRATEGY AND CAPITAL STRATEGY 2025/26

1. Purpose

To set out the Annual Treasury management and Capital Strategy for 2025/26. These reports have been historically presented separately, however, due to the close co-relation of both strategies it was recommended that both strategies be presented in one paper. This is in line with other local authorities.

This Report is a statutory requirement linked to the independent financial status of the Authority; it meets our obligations to deliver the following:

- **Prudential indicators**, which in turn create the opportunity to borrow in order to fund capital spending
- an **Investment Strategy** for our cash resources.
- a **Capital Strategy**

The first purpose of the report is to meet statutory requirements governing Treasury Management functions, by asking Members to approve the annual Treasury Management Strategy Statement.

This report also requests approval for the revised Capital Strategy for 2025/26 to 2028/29. The Capital Strategy outlines a 4-year plan for capital investments, aligning with the strategic objectives of the Peak District National Park.

2. Context

2.1 The Peak District National Park Authority is required to abide by a series of financial codes of practice. In doing so it meets its obligations under the Local Government Act 2003 and the Local Authorities (Capital Finance & Accounting) Regulations England 2003.

2.2 Treasury management is the management of the Authority's investments and cash flows, its banking and financing requirements, the effective control of the risks associated with these activities, and the pursuit of optimum performance consistent with these risks. The Treasury Management Strategy for 2025/26 is set out at Appendix 1.

2.3 Part of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in line with the Authority's Treasury Management Strategy.

2.4 A second function of treasury management is the funding of the Authority's capital plans, assessing the need for borrowing, and longer-term cash flow planning.

2.5 The Authority's cash investments are managed under contract by North Yorkshire Council. The Annual Investment Strategies for both local authorities align to ensure consistency and transparency. The key principle for investment is security of funds rather than rate of return.

2.6 The requirement for a capital strategy is set out in CIPFA's Code of Practice on Treasury Management. The strategy is intended to provide a high-level overview of how capital expenditure, capital financing and treasury management contribute to the

provision of service objectives This takes account of stewardship, value for money, prudence, financial sustainability and affordability.

2.7 The Capital Strategy for 2025/26, set out at Appendix 3, describes the approach to our planned investment in refurbishing, developing and replacing capital assets, including property and premises, plant and equipment, and IT.

2.8 The Treasury Management and Capital Strategies set out in this report are designed to support good financial governance; they also underpin aspects of budget setting (e.g. capital investment) and working capital / cash flow management processes.

3. Proposals

3.1 To consider and approve the Treasury Management Strategy set out in Appendix 1

3.2 To consider and approve the Capital Strategy 2025/26 set out in Appendix 3

4. Recommendations

- 1. That the Treasury Management Strategy for 2025/26, which incorporates the Prudential Indicators and the Minimum Revenue Provision Policy Statement, set out in Appendix 1 be approved.**
- 2. That the Annual Investment Strategy from North Yorkshire Council set out in Appendix 2 be adopted as the over-arching Investment Strategy for the Authority's invested reserve funds.**
- 3. That the Capital Strategy for 2025/26 set out in Appendix 3 be approved.**
- 4. That the Capital Budget for 2025/26 set out in Appendix 4 be approved, noting that delivery of capital projects is subject to compliance with the legal and constitutional requirements of Standing Orders.**
- 5. That the Capital Programme for 2025/26 to 2028/29 set out in Appendix 5 be approved, noting that delivery of capital projects is subject to compliance with the legal and constitutional requirements of Standing Orders.**

5. Corporate Implications

a. Legal

The treasury management and capital functions of the Authority are governed by the provisions of Part 1 of the Local Government Act 2003, whereby the Authority must have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Authority formally adopts the current requirements of these codes as part of its Treasury Management Strategy, its Minimum Revenue Provision and its Capital Strategy. Statutory Government Guidance also requires the Authority to adopt an Investment Strategy in respect of areas not covered within the Treasury Management or Capital Strategies.

b. Financial

This report is produced in order to comply with the requirements of:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services.
- The CIPFA Prudential Code for Capital Finance in Local Authorities (revised 2021).
- The Department for Levelling Up, Housing and Communities (DLUHC)
- Local Government Investments and Minimum Revenue Provision.

The cost of the SLA agreement in place with NYC is found from the overall Finance budget. The fee in 2024/25 was £5.9K. The SLA agreement is in place until April 2026.

All other financial issues have been covered within the body of the report.

c. National Park Management Plan and Authority Plan

Having Treasury Management Strategy & Capital Strategy plans in place, that are reviewed annually, aligns with our National Park Authority Plan objective of 'Financial Resilience'. A Treasury Management Strategy, that links closely with the Capital Strategy, enhances financial resilience by effectively managing risks, ensuring liquidity, optimising funding, and supporting strategic decision-making.

d. Risk Management

The Prudential Code indicators help to manage risks inherent in borrowing for capital expenditure. The Treasury Management and Investment Strategy manages and minimises the risks inherent in the Authority's investing activities.

e. Net Zero

As part of NYC overall strategy, on occasion, some green or sustainable investments are placed with Standard Chartered bank and SMBC bank. However, their specific investment activity would be beyond the reach of NYC on a fund level, therefore unavailable for the Authority. Decisions can be made not to conduct investment activity in counterparties that may cause a reputational risk or not fit with corporate identity. The list of approved counterparties is reviewed and monitored by NYC.

Capital investment projects undertaken by the Authority will contribute towards achieving net zero wherever appropriate and possible. This may be directly through projects such as refurbishments of properties which includes the replacement of carbon intensive heating systems with renewable alternatives or indirectly through the investments facilitating lower carbon method of farming (e.g. the replacement of cattle sheds with modern alternatives allows lower carbon farming methodologies to be employed). All projects are subject to business cases which include an assessment of the carbon impact of the project and will be assessed on an individual basis.

6. Background papers (not previously published)

None.

7. Appendices

Appendix 1: Treasury Management Strategy 2025/26

Appendix 2: NYC Treasury Management Statement 2025/26

Appendix 3: Capital Strategy 2025/26

Appendix 4: Capital Budget 2025/26

Appendix 5: Capital Programme 2025/26 to 2028/29

Report Author and Responsible Officer, Job Title, and Publication Date

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