

Report to **South Downs National Park Policy & Resources Committee**
Date **19 February 2026**
By **Chief Finance Officer / Head of Finance and Corporate Services**
Title of Report **Treasury Management Strategy Statement 2026/27**
Decision

Recommendation: The Committee is recommended to:

- I. **Recommend that the National Park Authority (“NPA”) approves the Treasury Management Strategy Statement 2026/27 as set out in Appendix I, comprising the:**
 - **Treasury Management Policy Statement 2026/27;**
 - **Borrowing Strategy 2026/27;**
 - **Prudential and Treasury Indicators 2026/27 to 2028/29;**
 - **Minimum Revenue Provision Policy Statement; and**
 - **Annual Investment Strategy 2026/27 including the benchmark risk factor of 0.05%.**
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I. **Introduction**

- I.1 Part I of the Local Government Act 2003 requires the Authority to adopt and comply with requirements issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and investment guidance issued by the Secretary of State. This report is presented in order to comply with the requirements of:
 - The CIPFA Code of Practice on Treasury Management in the Public Services;
 - The CIPFA Prudential Code for Capital Finance in Local Authorities; and
 - The Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments and Minimum Revenue Provision.
- I.2 In accordance with Financial Procedures, Policy & Resources Committee will receive an annual strategy on treasury management policies and activities in advance of the financial year for recommendation to the Authority.
- I.3 This report proposes the Treasury Management Strategy Statement (TMSS) 2026/27 as set out in **Appendix I** comprising of the:
 - Treasury Management Policy Statement 2026/27;
 - Borrowing Strategy for 2026/27;
 - Prudential and Treasury Indicators 2026/27 to 2028/29;
 - Minimum Revenue Provision Policy Statement; and

- Annual Investment Strategy 2026/27, including the benchmark risk factor of 0.05%.

2. Policy Context

- 2.1 The TMSS supports the Authority’s overall financial objectives and reflects its risk appetite as a public authority, focusing on security and liquidity over yield. The TMSS will accommodate the Authority’s financing and investment requirements in pursuit of Partnership Management Plan objectives and approved capital programme investments.

3. Issues for consideration

Treasury Management Strategy Statement 2026/27

- 3.1 The Code of Practice on Treasury Management published by CIPFA (“the Code”) has been produced to satisfy a number of key purposes for treasury management including:

- to assist in the development and maintenance of firm foundations and clear objectives;
- to emphasise the overriding importance of effective risk management as the foundation;
- to encourage the pursuit of value for money.

- 3.2 To help facilitate the standardisation and codification of policies and practices. The Treasury Management Policy Statement set out in section 2 of **Appendix I** complies with the requirements of the Code. All monies will be invested by the Authority’s treasury team and investment income will be reported as part of quarterly monitoring.

Borrowing Strategy 2026/27

- 3.3 A key function of treasury management is to ensure that the Authority’s capital plans are appropriately funded by managing the longer-term cash flow requirements. The borrowing strategy identifies meeting the authority’s anticipated borrowing need from internal borrowing where possible i.e. avoiding external borrowing by utilising the Authority’s own cash flow balances. This will reduce the net revenue cost of borrowing and reduce counterparty risk within the Authority’s investment portfolio by reducing the portfolio size. The balance between internal and external borrowing will need to be continuously reviewed to consider long term interest rate forecasts and the ‘cost of carry’ (the difference between borrowing costs and investment rates) to reduce the risk of revenue loss between borrowing costs and investment returns.
- 3.4 The Authority is required to have regard to the Prudential Code and to set up Prudential Indicators to ensure that the Authority’s capital investment plans are affordable, prudent and sustainable. The Prudential and Treasury Indicators have been calculated and determined by officers in compliance with the Codes of Practice.
- 3.5 Where borrowing is undertaken, the Authority is required to pay off an element of its accumulated capital spend each year through a revenue charge known as the Minimum Revenue Provision (MRP). MHCLG regulations require the Authority to approve an MRP Statement in advance of each year, which is included in Section 6 of **Appendix I**.

Annual Investment Strategy 2026/27

- 3.6 The Annual Investment Strategy as set out in section 7 of **Appendix I** sets out the parameters within which the Authority’s cash balances and reserves will be invested. The strategy concentrates on two key areas:
- a) capital security through investment in institutions with the highest credit ratings, and;
 - b) liquidity by limiting the maximum period of investment.

- 3.7 There are no proposed changes to the Annual Investment Strategy for 2026/27.
- 3.8 The Annual Investment Strategy complies with the investment guide issued by the Secretary of State.
- 3.9 The investment strategy details the criteria used for selecting suitable counterparties for investing funds. The strategy recommends a weighted average benchmark risk indicator of 0.05% (unchanged from 2025/26). This risk indicator represents the probability of capital loss within the authority's investment portfolio. A risk factor of 0.00% cannot be achieved and the benchmark is a simple target that measures investment risk based on the financial standing of counterparties and the length of each investment based on historic default rates. The risk factor is a way of setting a parameter and monitoring the on-going security of the authority's portfolio but does not equate to an expected loss in the portfolio.
- 3.10 The Authority's bank balance continues to be maintained at £50,000. This process simply limits the risk of exposure to the Authority's operational bank but does not reflect an expectation of loss.
- 3.11 The Committee should note that the Ethical Investment Statement is currently under review following member feedback and advice is being sought from the Authority's Treasury Management Advisors.

Economic Background

- 3.12 **Appendix 2** to this report provides an economic overview provided by Brighton & Hove City Council's Treasury Advisors, MUFG.

Treasury Management Function

- 3.13 The Authority's treasury management and Section 151 function is provided through a service contract with Brighton & Hove City Council. The treasury function complies with all statutory powers and regulatory requirements and is carried out by staff with relevant training and qualifications to undertake the duties and responsibilities allocated to them.
- 3.14 The authority's day to day cash requirement is currently invested in Brighton & Hove City Council. This is considered the most cost effective way to run the service for the Authority, and has the following added benefits:
 - a) The Authority is able to have access to daily liquidity to manage day-to-day cash flow requirements;
 - b) By investing in Brighton & Hove City Council, the Authority benefits from enhanced rates as the average rate earned on the whole of the Brighton & Hove City Council's investment portfolio is payable to the Authority on its balances, including investments held on a longer term basis. The Authority, investing alone, would have barriers in investing in instruments that are readily open to larger authorities such as Brighton & Hove City Council.

The Authority also has the ability to temporarily borrow from Brighton & Hove City Council if there is a short-term liquidity requirement and where it would be more cost effective than seeking external counterparty borrowing, although the need to borrow will be avoided where possible through the management of a liquid investment balance and ensuring a regular maturity profile of external investments.

- 3.15 This report is presented by both the Section 151 Chief Finance Officer and the Head of Finance & Corporate Services who is able, if necessary, to seek independent advice from other treasury specialists other than from Brighton & Hove City Council.

4. Options & cost implications

- 4.1 The TMSS recommended in this report seeks to minimise the cost of external borrowing and optimise return on the Authority's investments, subject to ensuring the security of the Authority's resources.

5. Next steps

- 5.1 This report makes recommendations for Authority approval of the TMSS 2026/27. The Authority will be asked to approve these documents at its meeting of 20 March 2026.
- 5.2 Quarterly update reports and an annual report after the close of the financial year, in the form prescribed in the treasury management policies will be submitted to the Policy & Resources Committee.

6. Other implications

Implication	Yes/No
Will further decisions be required by another committee/full authority?	Yes - This report makes recommendations for full Authority approval.
Does the proposal raise any Resource implications?	Yes – Policy & Resources Committee will be advised at least four times a year on the financial implications arising from the Treasury Management activity.
How does the proposal represent Value for Money?	The Treasury Management Strategy recommended in this report seeks to minimise the cost of external borrowing and optimise return on the Authority’s investments, subject to ensuring the security of the Authority’s resources.
Which Partnership Management Plan Outcomes/Corporate plan objectives does this deliver against	This strategy document enables/provides the framework for the effective and efficient financial management of the Authority.
Links to other projects or partner organisations	Brighton & Hove City Council (contracted Treasury Management service provider).
How does this decision contribute to the Authority’s climate change objectives	N/A (no direct contribution but indirectly supports the activities of the Authority which deliver climate change objectives).
Are there any Social Value implications arising from the proposal?	No
Have you taken regard of the South Downs National Park Authority’s equality duty as contained within the Equality Act 2010?	Yes – there are no implications arising directly from the report.
Are there any Human Rights implications arising from the proposal?	No
Are there any Crime & Disorder implications arising from the proposal?	No
Are there any Health & Safety implications arising from the proposal?	No

Implication	Yes/No
Are there any Data Protection implications?	No

7. Risks Associated with the Proposed Decision

7.1 The management of risk is a key consideration as part of treasury management activity and is covered within the TMSS set out in **Appendix I** of this report.

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Appendices: 1. Treasury Management Strategy Statement 2026/27
2. Economic Overview

SDNPA Consultees: Chief Executive Officer; Director of Placemaking; Director of Landscape and Strategy; Chief Finance Officer; Head of Governance and Monitoring Officer; Legal Services; Business Service Manager.

External Consultees: None

Background Documents: This report is presented in accordance with the Authority’s Financial Regulations and Financial Procedures

