

REPORT TO EXECUTIVE

Date of Meeting: 3 February 2026

REPORT TO COUNCIL

Date of Meeting: 24 February 2026

Report of: Strategic Director – Corporate Resources & s151 Officer

Title: Capital Strategy 2026-27

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To set out the proposed 2026/27 Capital Strategy.

2. Recommendations:

2.1 It is recommended that Council approve the Capital Strategy as set out in Appendix A.

3. Reasons for the recommendation:

3.1 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report.

The aim of the strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

4. What are the resource implications including non-financial resources:

4.1 The financial resources required are set out in the body of this report.

5. Section 151 Officer comments:

5.1 There are no significant changes to the strategy this year. As a result of Local Government Reorganisation, the Council is reliant on capital receipts to support the transition costs associated. Setting aside all capital receipts means the Council is even more reliant on borrowing to fund additional schemes, which will have a negative impact on the General Fund and HRA. As such, neither is in a position to take on further schemes without a fundamental improvement in interest rates.

6. What are the legal aspects?

6.1 The capital expenditure system is framed by the Local Government and Housing Act 1989 and the Local Government Act 2003. The CIPFA Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury management in the Public Services Code of Practice and Cross-Sectoral Guidance notes (the Treasury Management Code) were updated in December 2021. The Codes set out the obligation on all local authorities to prepare a Capital Strategy report and the requirements of the report. The proposed Capital Strategy for Exeter City Council for 2026-2027 is set out on Appendix A.

7. Monitoring Officer's comments:

7.1 This report raises no issues for the Monitoring Officer.

8. Equality Act 2010 (The Act)

8.1 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report is for information only

9. Carbon Footprint (Environmental) Implications:

9.1 No direct carbon/environmental impacts arising from the recommendations.

10. Report details:

10.1 The Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

The proposed Capital Strategy is attached at Appendix A.

10.2 The Capital Strategy is due to be reviewed and updated by the newly formed Capital Programme Board as part of a wider review of the process around the capital programme. The updated strategy will go to Council for approval within the next 12 months.

11. How does the decision contribute to the Council's Corporate Plan?

11.1 The Capital Programme contributes towards all of the key purposes, as set out in the Corporate Plan.

12. What risks are there and how can they be reduced?

12.1 Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

13. Are there any other options?

13.1 No

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

List of Appendices:

- Appendix A – Capital Strategy 2026-27