

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 01/11/2023

Subject: Treasury Management Strategy Statement Amendment

Report of: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Report author: Patrick Rowe, Strategic Finance Manager

Responsible Director: Sukvinder Kalsi, Strategic Director of Finance

SUMMARY

The Council's Treasury Management Strategy (TMSS) was approved by Cabinet on 6 February 2023 and Full Council on 23 February 2023. The TMSS sets out the Council's approach for ensuring that capital investment plans remain affordable, that the associated financing is properly planned, and any cash held by the Council generates optimum returns in respect of security and liquidity.

This report asks Council to approve a minor addition to the Council's borrowing strategy to allow greater flexibility in the Council's borrowing options and ensure that the most appropriate borrowing at the best rate available is being achieved. The recommended excerpt (one additional paragraph) has been incorporated into the amended TMSS, which can be found at Appendix A. The suggested amendment is compliant with the CIPFA Treasury Management Code and CIPFA Prudential Code (both are 2021 versions).

RECOMMENDATIONS

1. That Council approves an amendment to the Council's borrowing strategy (Appendix A), allowing greater flexibility in the range of financing options available.
-

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	By allowing greater flexibility in the range of financing options available the Council can ensure it is accessing finance at the best available rate.

Financial Impact

The approval of this recommendation will allow greater flexibility in the Council's borrowing options to ensure that the most appropriate borrowing at the best rate available is being achieved.

Phil Triggs, Director of Treasury and Pensions, 20 September 2023

Verified by Sukvinder Kalsi, Director of Finance, 20 September 2023

Legal Implications

The Local Government Act 2003 and the regulations made under that Act require the Council to:

- set out an annual statement of its treasury management strategy for borrowing, having regard to the Prudential Code and setting out the Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) and must be approved by the Full Council. The Council's Treasury Management Strategy (TMSS) was approved by Cabinet on 6 February 2023 and Full Council on 23 February 2023. This report requests an amendment to the TMSS, which must also be approved by Full Council.

Jade Monroe, Chief Solicitor, 3 October 2023

DETAILED ANALYSIS

1. The Council is exploring alternative forms of financing as part of the wider borrowing strategy. The amendment will allow the opportunity for the Council to undertake alternative forms of funding through a wider network of lenders that offer community municipal investments.
2. The proposed additional wording to the TMSS (para 25) is as follows:

“The treasury management strategy will also allow the use of community municipal investments, a bond like instrument, where funds can be raised from multiple investor sources, including individuals.”
3. Any new funding undertaken under the suggested amendment in this report would be a small proportion of the Council's total debt portfolio and would therefore not exceed the authorised limit as approved by Council under the Prudential Code.

4. This amendment complies with the Treasury Management Code and any new transactions entered into would be in accordance with the Council's Treasury Management Practices.
5. The additional wording has been incorporated into the TMSS (paragraph 25), attached as Appendix A.

LIST OF APPENDICES

Appendix A – Amended Treasury Management Strategy Statement