

Report to: **Lead Cabinet Member for Resources**

Date: **20 May 2016**

By: **Chief Operating Officer**

Title of report: **UK Municipal Bond Agency PLC**

Purpose of report: **To agree the Council's participation as a shareholder, required to enable the use of the Municipal Bonds Agency for the purpose of borrowing.**

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## **RECOMMENDATIONS**

**The Lead Member is recommended to agree:**

- 1. the Council's becoming a shareholder and committing funding to an investment of £40,000 to the UK Municipal Bond Agency PLC;**
  - 2. that further members' approval will be required to sign the Framework Agreement and its accompanying schedules including the joint and several guarantee.**
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### **1. Background**

1.1 A report was submitted to the Cabinet on 29 June 2015 on the Local Government Association (LGA) proposal to set up a collective Municipal Bond Agency (MBA), and the Cabinet agreed, in principle, that the Council should participate and the amendments to the Treasury Management strategy. This was followed with a report to the Lead Cabinet Member for Resources on 24 September 2015, which agreed to delegate authority to the Chief Finance Officer to take any action considered appropriate to give effect to the Council's participation, including determining the terms of and entering into any agreements considered necessary to be entered into including the Subscription Agreement.

1.2 There is no immediate plan/need for the Council to borrow through the UK MBA PLC so it is unlikely that the Council will seek to access bonds in the medium term. However, at the point of taking out a loan and/or signing the Framework Agreement, the Chief Finance Officer would review, carry out an assessment of MBA as one of the options, and seek members' approval. It is still recommended that the Council become a shareholder, to access shareholder preferential rates, whilst the MBA is still open to new shareholders

### **2. Supporting Information**

2.1 Background information is included in the Appendix 1 below detailing information about the Agency, key facets of the Framework Agreement and the advantages and disadvantages of entering into the Agreement, including an assessment of the risk that the Council will be called upon under the guarantee.

### **3. Conclusion and reasons for recommendations**

3.1 This continues to look to be a worthwhile project that, subject to a satisfactory level of support from councils, should be supported by the County Council. Lead Member is recommended to note the level of Council participation in, and commit funding to an investment of £40,000 in the UK Municipal Bond Agency PLC, and the proposed source of funding is to use some of the resources set aside within the Treasury Management for future borrowing opportunity.

**KEVIN FOSTER**  
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