

**Item 3k**

**Local Authority Bonds Task and Finish Group – report from Cllr Edward Lord JP OBE (Chairman)**

1. The Bonds Task and Finish group have met and reviewed the next stages of work, agreeing that by August 2012 the LGA need to have:
  - 1.1 A clear and shared understanding with member councils of what the proposed agency will look and feel like, with a shadow management team ready to start work.
  - 1.2 Signed up around 50 councils (and potentially also pension funds) and received, or at least had firm pledges of, the risk capital to allow us to build the agency.
  - 1.3 Reasonable certainty that Government will at best support and at worst not actively undermine the agency.
  - 1.4 Completed the procurement processes to appoint specialist advisors (financial and legal principally) via an OJEU process.
2. Part of this involves working with staff across the LGA to ensure the very best case is made. Local Partnerships, who are leading this work, have drawn on associates with specialist banking and financial expertise to take this forward.
3. The outline business case will shortly be circulated only going to LGA member councils. Distribution to Welsh councils will be coordinated and managed by WLGA.

**Wider discussions**

4. Two local government think tanks have recently developed reports on local authority bonds; officers have met them to ensure they understand the LGA proposals.

**Securing buy-in from member councils**

5. One of the key activities is to get sufficient councils signed up to be potential members. The advice from the Scandinavian collective agencies is that this can only really be successfully done by 1:1 visits to every council - large or small.

6. Early priority councils are likely to include:
  - 6.1 Councils that have expressed an interest in finding out about the agency either through their LGA membership or in response to our written approaches.
  - 6.2 Councils with significant capital programmes and who are likely to need to borrow.
7. It will be important that a balance of councils are approached; urban and rural, large and small, from different parts of England and Wales. Approaches to Welsh councils will be coordinated through the WLGA.

### **Consultation**

8. We consulted with the local government sector in September 2011, and had a cautiously positive response to our ideas. Our Outline Business Case set out what an agency might look like at a very high level.
9. Ideas are not yet set in stone, and it is likely that the councils will have thoughts about how the agency should look and feel. The benefit of a sector-led approach is we work with member councils to design an organisation that really meets member council needs.
10. The intention is to use the Outline Business Case as a basis to consult with local government.
11. A final early priority for work is to discuss the proposals with pension fund managers. This is because they will be potential key purchasers of local authority bonds.

### **Conclusion**

12. This is an exciting project, and one that has the potential to make a real difference to councils. The evidence from several other countries is that whilst the business case is necessary, a carefully managed plan of political engagement is crucial.
13. The LGA has those political talents in its network of councillors - one of our tasks is to ensure we use those talents to best effect.

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