

## **Municipal Bonds Agency**

### **Purpose**

For information and discussion

### **Summary**

1. Since the Executive Board approved the move of the Municipal Bonds Agency project into the mobilisation phase, significant progress has been made with testing the appetite for investing in/borrowing from the Agency. A project board has been established and work undertaken to set up a vehicle that will enable the LGA to legitimately seek the equity needed to establish the Agency.
2. A joint session, with the main conference sponsors, CCLA, covering investment and borrowing, which will cover the Municipal Bonds Agency, has been planned for the LGA Conference.
3. An oral update will be provided at the meeting.

### **Recommendation**

That the Leadership Board notes the report and continues to support the establishment of the Agency, while promoting its benefits to both member councils and the wider community.

### **Action/s**

Officers to be cognizant of the Board's comments.

**Contact officer:** Paul Raynes  
**Position:** Senior Responsible Officer  
**Phone no:** 020 7664 3037  
**Email:** [paul.raynes@local.gov.uk](mailto:paul.raynes@local.gov.uk)

## **Municipal Bonds Agency**

### **Background**

1. On 20 March 2014 the Executive Board endorsed the revised business case for the Municipal Bonds Agency; agreed that the project should move into the mobilisation phase of the project; approved an LGA investment of £500,000 into mobilisation subject to the identification of matched funding of £400,000 from councils by mid-July; and delegated decision making authority to a project board and ultimate authority to the Leadership Board.

### **Progress since March**

2. **Appetite for investment/borrowing.** Since March, Aidan Brady the Lead Adviser has travelled the country speaking directly to over 70 councils to test their appetite for investing in/borrowing from the Agency. Results from these conversations are promising and will continue. We are confident that the required matched funding will have been identified by mid-July. We intend to focus our efforts now in the regions where we have so far attracted less interest and in those of the core cities we have been unable to reach.
3. **The Project Board.** A project board with representatives of the LGA and each of the five Treasurers Societies has been established. It is chaired by the LGA's Strategic Director of Finance and Policy and also includes the project senior responsible officer and an expert in the capital markets. It is envisaged that the board will be supplemented by another capital markets/risk specialist as the project progresses.
4. **The LGA Conference.** In conjunction with CCLA the main conference sponsor, we will be delivering a parallel plenary session on the second day of the LGA Conference, entitled *Making the Balance Sheet Work for the Community*. This session will examine the economic and political environments driving council investment and borrowing decisions, before considering the use of council assets and the borrowing opportunities the Agency will offer.
5. As this is a dynamic and fast moving project, officers will provide further updates on progress at the meeting.

### **Next steps**

6. Members are asked to:
  - 6.1. Continue their support for the project
  - 6.2. Promote the benefits of the Agency within the local government community and through their political groups to colleagues at a national level, encouraging those that would like further information to contact Paul Raynes, the Senior Responsible Officer.

### **Financial Implications**

7. There are no financial implications beyond the £500,000 already committed by the LGA to mobilisation.