

Report to:	EXECUTIVE
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	12 September 2016

APPROVAL TO BORROW FROM THE MUNICIPAL BONDS AGENCY

1.0 Purpose of the report:

- 1.1 To seek approval for the Council to enter into an arrangement with the UK Municipal Bonds Agency.

2.0 Recommendation(s):

- 2.1 To approve the Council's entry into the Framework Agreement and its accompanying schedules including the joint and several guarantee.
- 2.2 To delegate authority to the Director of Resources as Statutory Finance Officer and the Director of Governance and Partnerships as Monitoring Officer to sign those documents, as appropriate, on behalf of the Council.
- 2.3 To grant the Director of Resources delegated authority to agree amendments to the Framework Agreement as appropriate.

3.0 Reasons for recommendation(s):

- 3.1 The Council has limited sources of capital finance available to it with the main source of long- term borrowing being the Public Works Loan Board (PWLB). The cost of borrowing charged by the Public Works Loan Board rose significantly in 2010 and therefore the Local Government Association explored and then, with the support of a number of authorities, established the UK Municipal Bonds Agency as an alternative provider of long-term loans to the Public Works Loan Board.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No
- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

Not to sign the framework agreement which would limit the Council's sources of borrowing to those listed below and may result in the Council incurring increased costs of borrowing.

- Borrowing from the Public Works Loan Board (PWLB)
- Borrowing from other Local Authorities
- Borrowing from Pension Funds
- Borrowing from the European Investment Bank (EIB)
- Temporary Borrowing through money brokers

4.0 Council Priority:

4.1 The relevant Council Priority is: "Creating stronger communities and increasing resilience"

5.0 Background Information

5.1 The report attached at Appendix 5a seeks approval for the Council to enter into an arrangement with the UK Municipal Bonds Agency (the "Agency"). The Agency requires that local authorities borrowing from it enter into its Framework Agreement.

5.2 The Agreement includes an accession document confirming that the Council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required.

5.3 Does the information submitted include any exempt information? No

5.4 List of Appendices:

Appendix 5a: Report on the UK Municipal Bonds Agency Agreement

6.0 Legal considerations:

6.1 The Agency's Framework Agreement incorporates a joint and several guarantee that requires all local authorities borrowing from the Agency to guarantee the money owed by the Agency to those who have lent it money to fund its loans.

6.2 The Council has the power to enter into the Framework Agreement under Section 1 (1) of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 Please see the attached report.

10.0 Risk management considerations:

10.1 Please see the attached report.

11.0 Ethical considerations:

11.1 The Council follows the principles set out in its Sustainable Procurement Code of Practice.

12.0 Internal/ External Consultation undertaken:

12.1 Council's Treasury Management Panel.

13.0 Background papers:

13.1 None.

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 21/2016

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process?

No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed:

Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members present:

20.1

21.0 Call-in:

21.1

22.0 Notes :

22.1