

REPORT TO COUNCIL – 30th July 2014

REPORT OF CABINET – 23rd July 2014

Cabinet met on 23rd July 2014

The following Members were present at the meeting:

Present:

Mayor Dorothy Thornhill	(Strategic partnerships/ external relationships and community safety)
Cllr D Scudder	(Deputy Mayor and Portfolio Holder for Corporate Strategy & Client Services.
Cllr Crout	(Community & Customer Services Portfolio Holder)
Cllr Johnson	(Portfolio Holder for Housing)
Cllr Sharpe	(Regeneration & Development Portfolio Holder)

Also present:

Councillors Nigel Bell (Labour)
Mo Mills (Labour)
Jackie Connal (Labour)
Peter Taylor (Liberal Democrat)

There were two recommendations to Council:

MUNICIPAL BONDS AGENCY

Cabinet received a report from the Director of Finance, the Local Government Association (LGA) was developing a proposal to establish a Municipals Bonds Agency. The benefits of doing this would be that local authorities should have access to cheaper rates of borrowing than may otherwise be the case.

The LGA were looking for authorities who may wish to invest in the Agency. This was in response to the LGA's view that the Public Works Loans Board (PWLB), currently the source of the majority of local authority borrowing, rates had become very expensive and inflexible.

The Director of Finance explained that the LGA needed to accumulate £8-10m in securities to go to Market, in order to get good rates and bond issue. If agreed, Watford would be supporting the agency through an investment of £20,000. The Director went onto explain that there was a risk the Council could lose the investment, however, there was good experience elsewhere and the prospect of a good return.

In response to a question from Councillor Bell, the Director of Finance commented that Stevenage Borough Council were also participating in the scheme and Birmingham City Council were contributing £200,000. Those Councils who were not investing were waiting to see what happened first, they did not have any specific issues with the scheme. The LGA now had enough investment to go forward with the first piece of work.

RESOLVED –

that Cabinet **recommends to Council that it**

- agrees to support the Local Government Agency in developing a Municipal Bonds Agency
- agrees to invest £20,000 into the Agency subject to approval of the final terms and conditions.

Appendices

Report to Cabinet

Appendix 1 – Municipal Bonds Agency Q&A from the LGA

Appendix 2 – Revised Business Case Summary from the LGA

Appendix 3 – Review of the Municipal Bonds Agency – Revised Business Case Summary from Capita