

Brighton & Hove City Council

OFFICER DECISION RECORD

This record relates to an officer decision taken under:

Specific Delegation by a Committee/Sub-Committee:
Policy & Resources Committee of 11 July 2014 Item 29 – Treasury
Management Policy Statement end of year review 2013/14

DECISION:

To commit to a subscription in the Municipal Bond Agency of £50,000

DECISION MAKER:

Executive Director of Finance & Resources (following consultation with the Chair of Policy & Resources Committee, and the Opposition Leaders)

DATE OF DECISION:

30 Sept 2014

REASONS FOR DECISION:

Policy & Resources delegated the authority to invest a maximum of £50,000 in an equity stake in the Municipal Bonds Agency. Following a meeting with the Local Government Association's representative where officers were able to ask questions about the proposition and its risks, a presentation to Unitary Treasurers at CIPFA Conference and a review of the Agency's Business Case, it is recommended to support the formation of the Agency.

This is an at risk investment that will be treated as capital expenditure rather than being a treasury management decision. The council is not assuming that its stake will grow although there is that possibility in the medium to long term if the agency is successful but there is also the possibility that the stake will be lost. However the council has limited its exposure to a maximum of £50,000, £25,000 in the initial equity subscription and £25,000 in the secondary equity subscription.

This is a decision in support of collaborative action by the local government community to ensure access to cheaper finance or at least by these actions driving down the cost of PWLB debt. There may also be an opportunity for the MBA to work with local government as an intermediary to accessing European Investment Bank finance.

DETAILS OF ALTERNATIVE OPTIONS CONSIDERED:

The alternative is not to invest at all or to invest a higher or lower sum.

The risk of loss has been mitigated by splitting the investment commitment between the Agency's Initial and Secondary subscriptions.

DECLARED CONFLICTS OF INTEREST:

None

BACKGROUND INFORMATION

Policy & Resources Committee report dated 11 July 2014



Signed -----

Executive Director of Finance & Resources

NB: This form must be submitted to the Head of Democratic Services for publication within 2 days of the decision having been taken.