

# Funding the Future

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As the [FT has reported this](#) morning:

*Cash-strapped UK local authorities are to group together for the first time to raise hundreds of million of pounds of debt to shore up their finances during the coronavirus pandemic.*

*A group of up to 30 councils, including Westminster City in London and Barnsley borough in Yorkshire, plans to issue three bonds this year through the UK Municipal Bonds Agency, an entity set up five years ago to develop a municipal bond market in the UK.*

As they add:

*The new set of bonds follows the government's decision late last year to raise the interest rate sharply on its own local-authority loans, granted by the Public Works Loan Board, inspiring councils to look elsewhere for new and cheaper sources of funding.*

*The MBA will issue three bonds on behalf of dozens of local authorities, ranging from 10- to 45-year maturities, with the aim of raising at least £250m with each. They will be seeking yields lower than the PWLB rates.*

I am pleased. Colin Hines and I did a lot of work on the need for a market of this sort in the 2000s. We saw it as a key component of pension reform so that people could invest locally. We still think it a part of the funding mechanism for the Green New Deal. And we saw it as an essential component in localism.

I hope this works.