

<b>Cyngor Sir CEREDIGION County Council</b>	
<b>REPORT TO:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>5 July 2022</b>
<b>LOCATION:</b>	<b>Hybrid Meeting</b>
<b>TITLE:</b>	<b>Corporate Bonds and Sureties Policy</b>
<b>PURPOSE OF REPORT:</b>	<b>To provide feedback from the Corporate Resources Overview and Scrutiny Committee held on 21<sup>st</sup> June 2022</b>
<b>BACKGROUND:</b>	
<p>The draft Corporate Bonds and Sureties Policy was developed in order to ensure a clear, fair and consistent approach by Officer for approving and entering into bonds with third parties. Previously, Legal Services would request that Officers conduct due diligence on a case-by-case basis for schemes such as road adoption and tender processes should developers not complete works, however the development of a policy provides the potential to regularize the process, ensuring fairness and consistency in the assessment of a bondsperson being put forward.</p> <p>Members asked whether a list could be provided of persons recognized as a bondsman. Officers confirmed that a list would be constructed over time, however it would need to be continually monitored to ensure that they continue to meet the criteria.</p> <p>Members asked what percentage of currently managed via a bondsman compared to cash bonds. Officer noted that the majority of highways projects are managed via a bondsman due to challenges in providing money upfront.</p> <p>Members asked how easy it is for the Council to pay back the money and whether there is a time-limit for this, if the interest rate does not keep up with inflation. Officers noted that this would be subject to the agreement in place, and that agreements relating to highways are subject to a 3 year term, with 50% paid back at the end of part 1, and dropping to 10% at the end of the second stage.</p>	
<p><b>RECOMMENDATIONS:</b></p> <p>The Corporate Resources Overview and Scrutiny Committee were asked to consider the following recommendations:</p> <ul style="list-style-type: none"> <li>(i) a bond received in cash is the Council's preference.</li> <li>(ii) A bond which is secured by a third party requires the third party to have a credit rating Moody's of A3 or a credit rating with Standard &amp; Poor's or Fitch of A-.</li> <li>(iii) to Cabinet: to approve the Bonds and Sureties policy (Appendix 1)</li> </ul>	

Following a Members vote, it was agreed to recommend that Cabinet endorse the recommendations set out in the report, and also the following:

- to maintain a list of persons eligible to be a bondsman

**Councillor Rhodri Evans**

***Chairman of the Corporate Resources Overview and Scrutiny Committee***