



PUBLIC WORKS LOAN BOARD

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Circular No. 123

**To the Chief Financial Officer
of local authorities in
England, Wales and Scotland**

13 March 2001

Quota arrangements for 2001-02

Quotas

1. The Public Works Loan Commissioners have decided that the formula for quotas for 2001-02 will be the same as for 2000-2001. The principle underlying the quota formula will remain that of encouraging local authorities to apply their set-aside provisions to meet credit liabilities in line with Government intentions.

2. The quota entitlement for each authority will therefore be:

- (i) for authorities in England and Wales, the sum of:
 - ~ Basic and Supplementary Credit Approvals used in 2001-2002 *and*
 - ~ Repayments of principal due in 2001-2002 on loans from the Board;
- (ii) for authorities in Scotland, the sum of:
 - ~ Capital Consent Allocations used in 2001-2002 *and*
 - ~ Repayments of principal due in 2001-2002 on loans from the Board
 - less*
 - ~ Scheduled debt amortisation.

3. An authority's quota will be reduced to the extent of unadjusted overdrawn in a previous year.

4. Quota loans will continue to be made available at either 'Lower' or 'Higher' rates depending, in England and Wales, on the level of an authority's unapplied provision for credit liabilities and, in Scotland, the amount of an authority's unapplied capital receipts.

5. The Commissioners remain willing to consider making loans in addition to the quota entitlement in appropriate circumstances, to support the Government's stated policy that local authorities' requirements for borrowing should mostly be met by the Board and to assist the management of an authority's debt portfolio. Such loans have previously been granted to replace maturing market debt or short-term borrowings, and to help the restructuring of an authority's debt portfolio.

This version has been superseded

6. It is open to authorities to approach the Board if they consider they have a requirement not provided for within their quota entitlement. However, it is unlikely that the Commissioners will grant additional sums to authorities with external investments if, and to the extent it appears to them that, these investments could be used instead.

Reports under section 114 of the Local Government Finance Act 1988

7. The Commissioners have noted that when an authority's responsible officer makes a report under section 114 of the Local Government Finance Act 1988, there is no requirement to notify anyone other than the authority's auditor. As such a report could affect the authority's borrowing powers, the Commissioners have decided that an authority applying for a loan will be asked an additional question about section 114 reports. Details will be contained in the Board's main circular (see below).

Further Circular

8. The Board will, as usual, issue a further circular detailing in full its lending arrangements for 2001-02.

Review of the National Investment and Loans Office (NILO)

9. On 30 November 2000, in answer to a Parliamentary Question, the Economic Secretary to the Treasury announced a review by the Treasury of the management performance of NILO, which is the overarching administrative unit for the Board and two other small government departments. The aim of the review is to advise Treasury Ministers on the options to improve future delivery of Government objectives.

10. The review is due to be concluded by the end of March 2001. The Board will, as appropriate, bring to users' attention any conclusions that are likely to have an early and direct impact on the delivery of its services.

PWLB website

11. The Board now has a website which may be viewed at www.pwlb.gov.uk. The site contains the Board's latest publications, circulars and annual report, as well as the current Interest Rate Notice in force. Printed copies will continue to be sent to users for the time being but, in due course, the Board will survey users to determine whether the website information alone will be sufficient to meet user needs. The website has an online feedback facility and user comments will be welcomed.

Enquiries

12. Enquiries on this circular and the Board's lending arrangements generally may be made to by telephone to (020) 7270 3876 or 3874, by fax to (020) 7270 3860 or by e-mail to pwlb@nilo.gov.uk. Loan applications may be made by telephone only.

I H PEATTIE

Secretary